



The Continuing Care Retirement Communities Act

(Article 64A, Chapter 58, North Carolina General Statutes)

Modernizing Oversight - What It Means for Residents

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Article 64A – By the Numbers

- Signed: July 3, 2025
- Effective date: December 31, 2025
- Start date: January 11, 2019
- Days from start to finish: 2,365
(~ 6.5 years)
- Task force members: 20
- Pages: 56
- Parts: 15
- Definitions: 58

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

SESSION LAW 2025-58
HOUSE BILL 357

AN ACT TO ENACT THE CONTINUING CARE RETIREMENT COMMUNITIES ACT, AS
RECOMMENDED BY THE DEPARTMENT OF INSURANCE.

The General Assembly of North Carolina enacts:

SECTION 1. Article 64 of Chapter 58 of the General Statutes is repealed.

SECTION 2. Chapter 58 of the General Statutes is amended by adding a new Article
to read:

"Article 64A.

"Continuing Care Retirement Communities.

"Part 1. General Provisions.

"§ 58-64A-1. Title.

This Article shall be known and may be cited as the "Continuing Care Retirement
Communities Act."

"§ 58-64A-2. Legislative intent.

The General Assembly recognizes that continuing care retirement community residents often
expend a significant portion of their savings when contracting with a provider for continuing care
and devastating consequences can result if a provider becomes insolvent or unable to provide
continuing care. It is the intent of the General Assembly to promote the dignity and protect the
health, safety, and welfare of older citizens of North Carolina by (i) encouraging the development
of continuing care retirement communities and (ii) requiring providers offering or providing
continuing care in this State to obtain a license and to be monitored and regulated by the North
Carolina Department of Insurance under this Article. This Article applies to both for-profit and
nonprofit providers.

"§ 58-64A-5. Definitions.

The following definitions apply to this Article:

- (1) Accepted actuarial standards of practice. – Standards of practice that conform
with Actuarial Standards of Practice No. 3 for Continuing Care Retirement
Communities, Revised Edition, effective June 1, 2022, including subsequent
amendments and editions.
- (2) Actuarial opinion. – An opinion issued by an actuary in accordance with
accepted actuarial standards of practice.
- (3) Actuarial study. – An analysis that includes an actuary's opinion of whether
the provider or applicant is in satisfactory actuarial balance in accordance with
accepted actuarial standards of practice.
- (4) Actuary. – An individual qualified to sign an actuarial opinion in accordance
with the American Academy of Actuaries' qualification standards and who is
a member in good standing with the American Academy of Actuaries.
- (5) Advertisement. – Any written, visual, or electronic information provided to
potential residents, or their representatives, to induce those persons to
subscribe to or enter into a nonbinding reservation agreement, binding



Why the Law Changed

North Carolina's original CCRC law, written in the 1980s, had remained largely unchanged for more than three decades — even as the industry evolved and resident risks became more complex.

Outdated Legal Foundation

- Nonprofit, single-site model
- Religious or fraternal affiliation
- North Carolina-only operations

Industry Evolution

- For-profit and hybrid ownership models
- Multi-site and multi-state systems
- Complex ownership and management structures

Regulatory Issues

- Expansions
- Continuing care at home
- Governance and related-party oversight
- Operating reserve
- Financial reporting and confidentiality
- Regulatory intervention authority

Overview of Article 64A

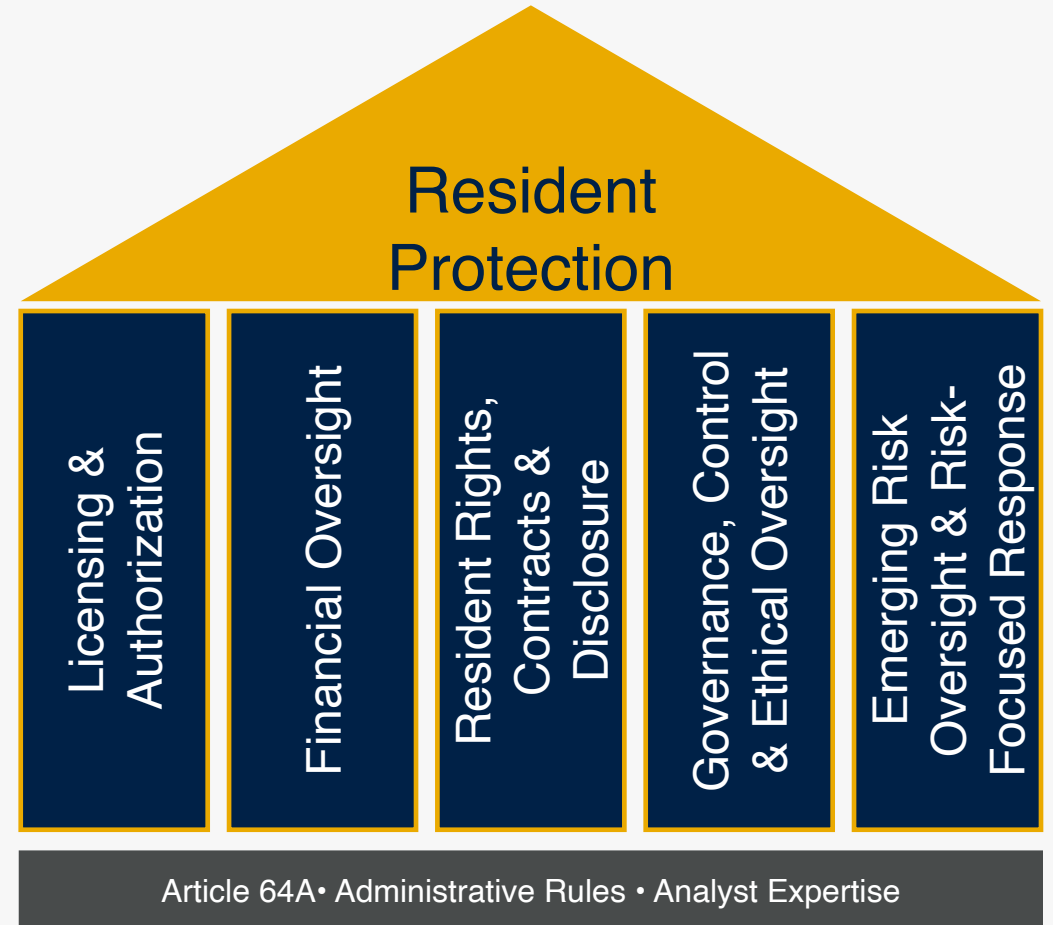
Article 64A modernizes North Carolina's CCRC law, creating a detailed statutory framework for oversight, financial reporting, and enforcement.

- **Expanded financial safeguards:** New or enhanced requirements for escrow, operating reserves, quarterly reporting, and actuarial studies—plus early warning mechanisms for emerging risk.
- **Expanded disclosure requirements:** Providers must disclose financial ratios, refund liabilities, and governance information, and the Department must post disclosure statements online for residents and prospective residents.
- **Strengthened regulatory authority:** Establishes descriptive hazardous-condition standards, corrective action plan procedures, and proportionate enforcement tools.
- **Unified oversight structure:** Connects all areas of regulation—licensing, financial monitoring, governance, resident rights, and enforcement—into a single statutory system.

The Five Pillar Framework

Developed by the Department to translate Article 64A into a clear, practical system of risk-focused oversight.

- **Pillar 1 – Licensing & Authorization** - Ensures only qualified providers are approved and that licensing remains tied to financial feasibility and contract obligations.
- **Pillar 2 – Financial Oversight** - Continuous monitoring of solvency, liquidity, and financial performance to detect deterioration early.
- **Pillar 3 – Resident Rights, Contracts & Disclosure** - Guarantees transparency, timely information, and fairness in resident agreements/contracts and disclosures.
- **Pillar 4 – Governance, Control & Ethical Oversight** - Promotes accountable leadership, independence of boards, and integrity in related-party transactions.
- **Pillar 5 – Emerging Risk Oversight & Risk-Focused Response** - Provides investigative and other regulatory tools to address emerging or cross-pillar risks before they escalate.

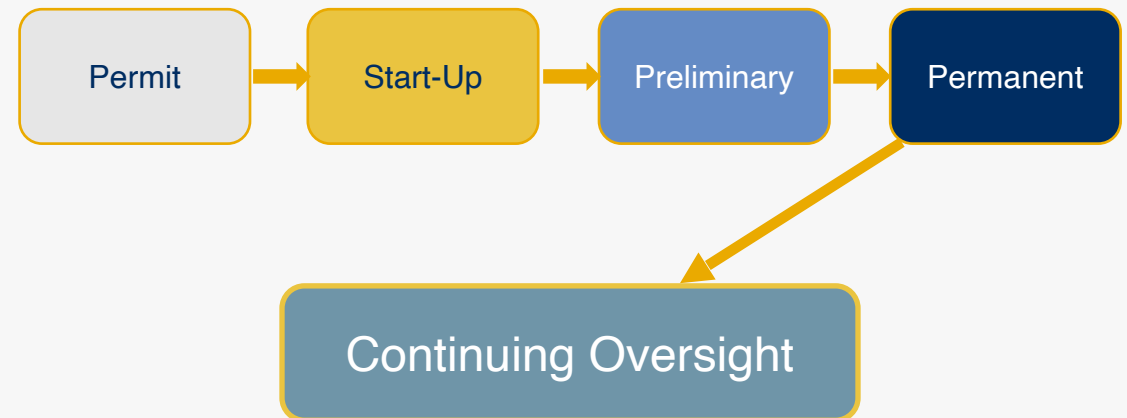


Pillar 1 - Licensing & Authorization

“Gatekeeping”

Article 64A establishes a clear four-step process that protects both prospective residents and residents and ensures only qualified providers are authorized to operate a continuing care retirement community.

- **Permit to Accept Deposits** — may market, use nonbinding reservations, and take deposits ≤ \$5,000 (escrowed); periodic status reports to DOI. (G.S. 58-64A-50(d)–(e); 58-64A-70; 58-64A-75)
- **Start-Up Certificate** — may enter binding reservation agreements & contracts; accept entrance fees/deposits > \$5,000 (escrowed); begin site prep and build model units. (G.S. 58-64A-55(d)–(e))
- **Preliminary Certificate** — confirms feasibility (financial/market/actuarial); at least 50% ILUs pre-sold (or approved alternative); authorizes construction/convert structures. (G.S. 58-64A-60(a), (a)(5), (c), (e))
- **Permanent License** — issued when conditions are met (e.g., 70% ILU commitments or alternative, financing and operating reserve in place); restricted license possible; provider may open & provide care; continuing reports required. (G.S. 58-64A-65(a)–(d), (f)–(h))
- **Timing & Expirations** — DOI decision timelines for each filing; permit and start-up generally expire after 36 months (extensions possible). (G.S. 58-64A-70; 58-64A-75)



Authority: G.S. 58-64A-50, -55, -60, -65, -70, -75

Pillar 2 - Financial Oversight

“Vital Signs”

Article 64A strengthens the Department’s early-warning tools for financial stability and resident protection.

- **Continuous monitoring of solvency, liquidity, and operating performance** — via annual audited financials (community-level detail; GAAP) and required formats. (G.S. 58-64A-200)
- **Quarterly and annual filings analyzed for early warning of financial stress** — quarterly unaudited FS, occupancy, and governance/organizational changes due within 45 days; additional reporting can be required (G.S. 58-64A-205; 58-64A-215)
- **Focus on refund liabilities, liquidity, and actuarial sustainability** — actuarial study every 3 years (or more often if needed) and mandatory notifications for late refunds, reserve shortfalls, and covenant issues. (G.S. 58-64A-210; 58-64A-220)
- **Timely, proportionate intervention before a provider’s condition worsens** — information from these filings feeds hazard determinations and responses (e.g., CAPs, supervision). (G.S. 58-64A-285, -290, -335)

New Early-Warning Tools: Quarterly Reports / Mandatory Notifications / Actuarial Reports



Key vital signs monitored by the Department

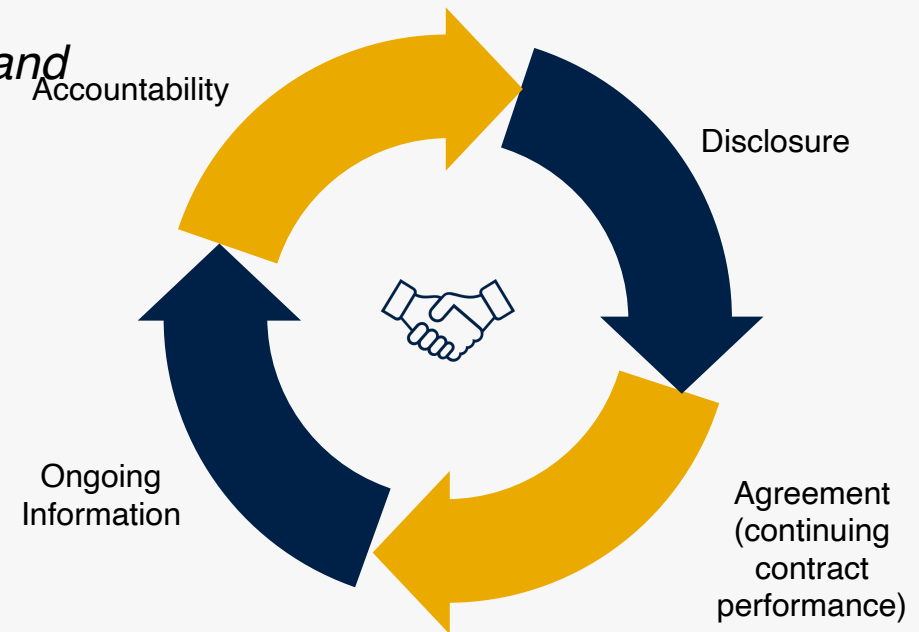
Authority: G.S. 58-64A-200; -205; -210; -215; -220 (see Pillar 5 for intervention: -285; -290; -335)

Pillar 3 – Resident Rights, Contracts & Disclosures

“Assurance”

Article 64A strengthens resident protections through enhanced contracts, expanded disclosure requirements, and greater ongoing transparency.

- **Enhanced contract standards** — binding reservation agreements, clarified refund terms, and a mandatory cautionary notice for prospective residents (*G.S. 58-64A-170; 58-64A-175*).
- **Expanded disclosure requirements** — more detailed financial and governance information (*G.S. 58-64A-150(a)*)
- **Ongoing transparency** — semiannual resident meetings with senior management and at least one independent governing body member; and notifications to DOI and residents when specified events occur (*G.S. 58-64A-360(b); 58-64A-220*).
- **Public and electronic accessibility** — the Department posts current disclosure statements online; electronic delivery permitted with resident consent (*G.S. 58-64A-150(i); 58-64A-160(b); 58-64A-165(c); 58-64A-155*).



Resident protections extend beyond signing — through continuous communication and oversight.

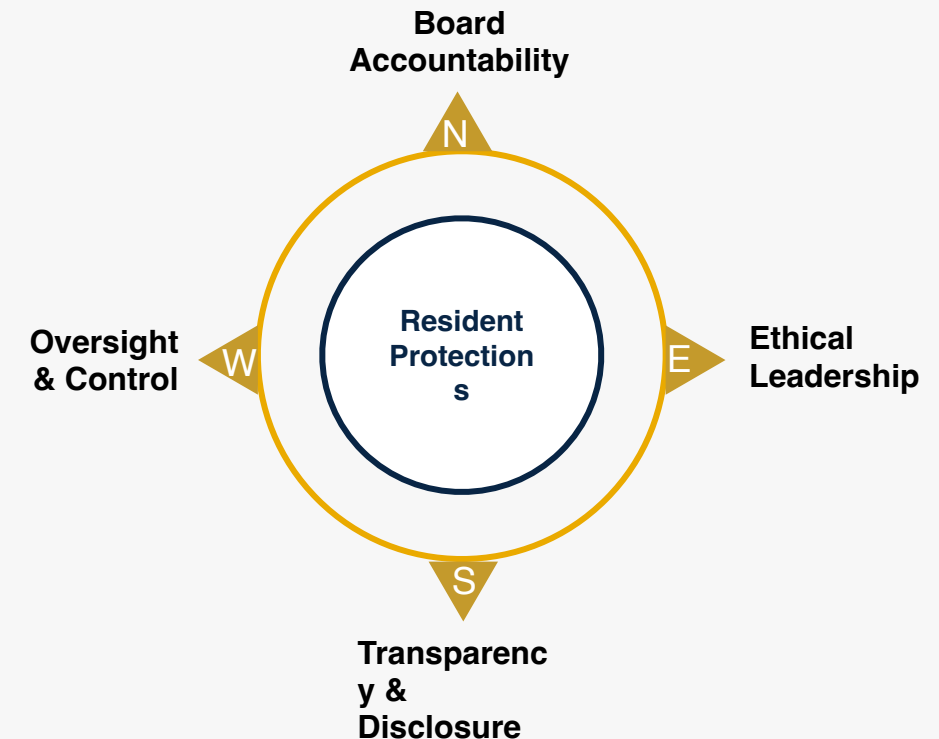
Authority: *G.S. 58-64A-150(a),(i); 58-64A-155; 58-64A-160(b); 58-64A-165(c); 58-64A-170; 58-64A-175; 58-64A-220; 58-64A-360(b)*

Pillar 4 – Governance, Control & Ethical Oversight

“Compass”

Governance sets the direction for accountability and integrity.

- **N — Board accountability & fitness.** Commissioner must find the governing body, management, and any controlling person competent, experienced, and of good integrity. (G.S. 58-64A-55(c)(5))
- **E — Ethical leadership & conflicts.** Disclosure Statement reports who leads, their roles/experience, related-party interests, and any reportable legal/regulatory history. (G.S. 58-64A-150(a)(6)–(8))
- **S — Transparency & reporting.** Quarterly updates on changes to the governing body, president, CEO, and CFO, with a brief bio for each new leader. (G.S. 58-64A-205(3))
- **W — Oversight & control.** Commissioner approval required for changes in control; governance-related hazardous conditions trigger early, proportionate intervention. (G.S. 58-64A-235; 58-64A-285)



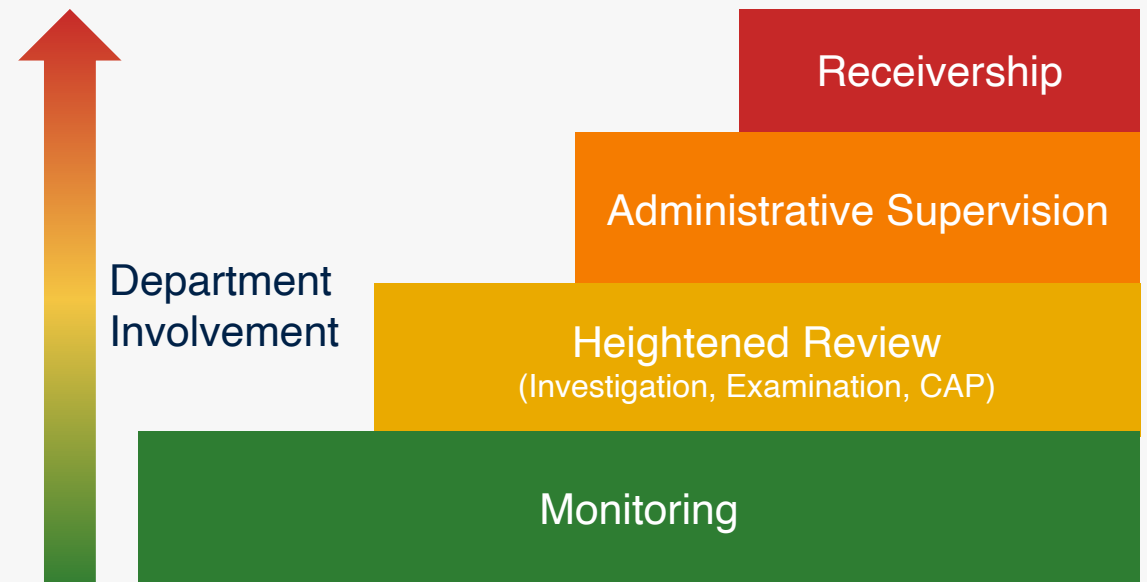
Authority: G.S. 58-64A-55(c)(5), -150(a)(6)–(8), -205(3), -235, -285

Pillar 5 – Emerging Risk Oversight & Risk-Focused Response

“Intervention”

Article 64A gives the Department graduated tools to detect, verify, and respond to emerging risks — before resident security is threatened.

- **Defines “hazardous conditions” for early action.** (G.S. 58-64A-285)
- **Investigations & examinations to verify risk** — Commissioner may investigate and conduct examinations of books/records (including related parties) to determine condition and compliance. (G.S. 58-64A-295, -380)
- **Corrective Action Plans (CAP) with resident visibility** (submit, approve, implement, report progress to residents). (G.S. 58-64A-290)
- **Graduated intervention, proportionate to risk** — Monitoring/Heightened Review → Administrative Supervision → Court Rehab/Liquidation (with resident/depositor notices). (G.S. 58-64A-290, -335)
- **Guardrails while weak; flexible remedies** — impaired/insolvent providers can’t sign new contracts without approval (15 days); remedies may be combined. (G.S. 58-64A-330, -325)



Graduated oversight – acting early to stabilize providers and protect residents

Authority: G.S. 58-64A-215, -285, -290, -295, -325, -330, -335, -380

Bringing It All Together: What It Means for Residents

Article 64A establishes a unified system of oversight designed to protect residents, strengthen providers, and promote long-term stability.

- **Clearer commitments up front** — clearer refund terms, and a conspicuous cautionary notice before you sign.
- **More information, easier access** — expanded Disclosure Statements, posted online, plus required updates and semiannual meetings with leadership (incl. an independent board member).
- **Stronger financial safeguards** — audits + apples-to-apples quarterlies, actuarial reviews, and mandatory notifications so issues are seen sooner.
- **Accountable governance** — who's in charge, conflicts/related-party interests, and control changes are disclosed and reviewable.
- **Early, proportionate intervention** — corrective plans first; supervision or court remedies only if needed—aimed at stabilizing providers and protecting residents.



Thank You / Questions

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