



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES  
REPORT ON EXAMINATION  
OF THE  
BOARD OF BENEFITS SERVICES  
OF THE  
REFORMED CHURCH IN AMERICA

CONDITION:

September 30, 2007

DATE OF REPORT:

August 29, 2008

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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OF THE

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OF THE

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AS OF

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EXAMINER:

MANISH GAJIWALA

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NEW YORK STATE  
DEPARTMENT *of*  
FINANCIAL SERVICES

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Andrew M. Cuomo  
Governor

Benjamin M. Lawsky  
Superintendent

December 5, 2013

Honorable Benjamin M. Lawsky  
Superintendent of Financial Services  
New York, New York 10004

Sir:

In accordance with instructions contained in Appointment No. 22753, dated January 15, 2008 and annexed hereto, an examination has been made into the condition and affairs of the Board of Benefits Services of the Reformed Church in America, hereinafter referred to as “the Fund,” at its home office located at 475 Riverside Drive, New York, New York 10115.

Wherever “Department” appears in this report, it refers to the New York State Department of Financial Services.

On October 3, 2011, the Insurance Department merged with the Banking Department to create the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

## 1. EXECUTIVE SUMMARY

The material recommendations contained in this report are summarized below.

- The Fund's constitution and rules require that the general secretary and the treasurer of the Reformed Church be appointed ex-officio members of the Fund's board of directors, without voting authority. The Fund appointed an ex-officio member to its board of directors who did not hold any of the aforementioned titles. The examiner recommends that the Fund comply with its constitution and rules when appointing ex-officio members to its board of directors. (See item 3 of this report)
- The Fund does not have a formal disaster recovery plan or a business continuity plan. The examiner recommends that the Fund document its disaster recovery plan and its business continuity plan, and test such plans on a regular basis. (See item 6 of this report)

## 2. SCOPE OF EXAMINATION

The prior examination was conducted as of September 30, 2002. This examination covers the period from October 1, 2002 through September 30, 2007. As necessary, the examiner reviewed transactions occurring subsequent to September 30, 2007 but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a verification of assets and liabilities as of September 30, 2007 to determine whether the Fund's 2007 financial statements fairly present its financial condition. The examiner reviewed the Fund's income and disbursements necessary to accomplish such verification and utilized examination procedures, as deemed appropriate, in the review or audit of the following matters:

- Pension Fund history
- Management and control
- Corporate records
- Officers' and employees' welfare and pension plans
- Territory and plan of operation
- Market conduct activities
- Financial statements
- Member benefits

The examiner reviewed the corrective actions taken by the Fund with respect to violations, recommendations and comments contained in the prior report on examination. The results of the examiner's review are contained in item 7 of this report.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

### 3. DESCRIPTION OF FUND

#### A. History

The Board of Benefits Services of the Reformed Church in America was established by the General Synod of the Reformed Church in America (“Reformed Church”) and incorporated by an act of the Legislature of the State of New York (“the Legislature”) on April 16, 1923 under the original name of The Ministers’ Fund of the Reformed Church in America, Inc. (“Ministers’ Fund”). In June 1923, the General Synod designated the Ministers’ Fund as one of the regular boards of the Reformed Church. The original charter was amended by an act of the Legislature on March 23, 1938 in order that a retirement fund could be established for the benefit of lay workers of the Reformed Church. On March 19, 1954, the Fund officially changed its name to The Board of Pensions of the Reformed Church in America, Inc. On July 1, 2000, the Fund changed its name to The Board of Benefits Services of the Reformed Church in America in order to reflect more accurately the duties and responsibilities of the Fund.

According to the Fund’s constitution and rules, the purpose of the Fund is to provide retirement income, supplemental pensions, assistance grants, insurance benefits and personnel support services for all ordained ministers and their families, and for other employees of the Reformed Church.

The Fund’s bill of incorporation states, in part:

“Such corporation is not established, and shall not be maintained or conducted for pecuniary profit, and shall have the status of a religious, educational and benevolent corporation.”

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

#### B. Management

The Fund’s constitution and rules, amended and restated as of June 1, 2004, provide that the management and affairs of the Fund shall be vested in its board of directors, which shall be comprised of 16 directors. Three directors are elected from the General Synod for a period of one year, and 13 directors are elected for a period of three years by the General Synod Council. In addition, the general secretary and the treasurer of the Reformed Church shall be ex-officio members without voting authority. As of September 30, 2007, the board of directors consisted of

16 voting members and two non-voting members. Meetings of the board are held semi-annually or as often as called by the President of the Fund.

The 18 board members and their principal business affiliation, as of September 30, 2007, were as follows:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Mary Bauman Grand Rapids, MI	Attorney Miller Johnson, Snell & Cummiskey	2000
L. Woody Bedell* New York, NY	Director of Benefit Services Board of Benefits Services of the Reformed Church in America	2005
Thomas Bos Grand Rapids, MI	Pastor Orchard Hill Reformed Church	2001
Ellen Bylsma Grand Rapids, MI	Financial Planner Bylsma Financial Services & Sagepoint Financial	2006
John Chen Staten Island, NY	Financial Advisor US Treasury Department	2006
John DeKoster Hull, IA	Attorney DeKoster & DeKoster	2006
Philip Doeschot Saint Peters, MO	Pastor Christ's Church	2004
Mary Draayer Ankeny, IA	Relationship Manager, Retirement Services Principal Financial Group	2006
Wesley Granberg-Michaelson* Grand Rapids, MI	General Secretary Reformed Church in America	1994
Bradley Lewis Schenectady, NY	President General Synod Member	2005
Craig Neckers Grand Rapids, MI	Attorney Smith Haughey Rice & Roegge PC	2000
John Ornee Zeeland, MI	Vice President General Synod Member	2006

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>	<u>Year First Elected</u>
Paul Pratt Palos Heights, IL	Pastor Christ Community Church	2005
Irving Rivera Bronx, NY	Pastor, Fordham Manor Reformed Church General Synod Member	2000
Douglas Struyk Wyckoff, NJ	President Christian Health Care Center	2004
Donald Van Hemert Des Moines, IA	Retired	2004
Craig Vander Molen Portage, MI	Investment Manager LVM Capital Management	2006
Gerald Vander Wal II Wyorning, MI	Employee Benefits Manager Meijer Inc.	2005

\* Ex-officio member – not eligible to vote

The examiner's review of the minutes of the meetings of the board of trustees and its committees indicated that meetings were well attended and that each trustee attended a majority of meetings.

Daniel Kleinheksel and Janet Kruger were elected to serve on the board of the Board of Benefits Services on July 1, 2007, and the terms of office of Mary Bauman and Craig Neckers were scheduled to end on June 30, 2007. The Board of Benefits services continued to list Mary Bauman and Craig Neckers as directors, as of September 30, 2007, rather than Daniel Kleinheksel and Janet Kruger. Upon inquiry by the examiner about the accuracy of the list of directors as of September 30, 2007, the Fund indicated "the new members although elected effective 6/2007 did not attend their 1st meeting as board members until October 2007 and their predecessors had served and were responsible for any board decisions made in fiscal year 2007."

The examiner recommends that the Fund accurately list its board members in the annual statement to the superintendent.

In October, 2007, Carol Bechtel replaced Irving Rivera on the board as one of the directors from the General Synod. In April, 2008, Director Rev. Philip Doeschot replaced Thomas Bos as board president and Rev. Paul Pratt became the board vice president. In July, 2008, Carl Van Voorst was added to the board as a member.

As stated earlier, the Fund's constitution and rules state that the general secretary and the treasurer of the Reformed Church "shall be ex-officio members of the board of directors without voting authority."

As of September 30, 2007, the Fund did not list Susan Converse, who was the Treasurer, as an ex-officio member. Instead, L. Woody Bedell was listed as an ex-officio member, but Mr. Bedell did not hold the title of general secretary or treasurer of the Reformed Church.

The examiner recommends that the Fund comply with its constitution and rules when appointing ex-officio members to the board of directors.

The following is a listing of the principal officers of the fund as of September 30, 2007:

<u>Name</u>	<u>Title</u>
Thomas Bos	President
Wesley Granberg-Michaelson	General Secretary
Kenneth Bradsell	Secretary
Susan Converse	Treasurer

In April 2008, Rev. Philip Doeschot replaced Thomas Bos as board president, Barbara Boers replaced Susan Converse as treasurer and Rev. Paul Pratt was elected as vice president.

### C. Benefits

The operations of the Fund are divided into three major funds: the Reformed Church annuity fund; the general fund; and the insurance fund.

#### 1. Reformed Church Annuity Fund ("Annuity Fund")

This fund maintains four types of accounts for its members as described below.

- a. **Annuity Bond Fund** – This fund is a defined contribution plan that was established to purchase government securities with the proceeds of the pension funds for participants that decided not to begin withdrawals from their individual accounts after attaining age 65. This fund is no longer permitting new enrollees.

- b. **Pension Support and Pension Investment Funds** – These funds were established to provide lifetime annuity payments with a guaranteed interest rate of 4% after a participant reaches retirement age. The assets in these funds are held in the Reformed Church in America Fund (“RCA Fund”). The RCA Fund is a pooled account for various organizations under the Reformed Church. The Pension Support and Pension Investment Funds are no longer permitting new enrollees.
- c. **Nonqualified Deferred Compensation Plan (“NDCP”)** – The NDCP is a defined contribution plan designed to provide retirement income to ministers and lay workers that are employed in the various churches and organizations which make up the Reformed Church. The employer, which in most cases is the local church, either contributes the greater of 11% of the Effective Buying Power Household (“EBPH”), or a certain percentage of the employee’s actual salary (11% for ordained ministers and national employees and 8% for lay employees). This plan contains only employer contribution as participants were not allowed to contribute. The Board approves the investment options available to the plan participants. Each plan participant receives a quarterly statement from the plan administrator, Fidelity Investments Institutional Operations Company, Inc. (“Fidelity”). Plan participants, upon retirement, can opt to withdraw funds pursuant to either an individualized withdrawal plan or a commercial annuity. Both options are irrevocable after the commencement of payments. NDCP also allows participants to receive in-service withdrawals upon attaining age 59½ with proof of hardship. Ordained ministers can receive up to 10% of their account balance upon demonstrating intent to purchase housing. This plan is closed as of 1/1/2005, and new contributions are now deposited in the revised 403(b) plan referenced below.

- d. **Reformed Church 403(b) Pension Plan** – This is the revised 403(b) deferred compensation plan which is the only plan currently open to the participants in the Fund. The plan includes all employer and employee contributions since January 1, 2005. This plan mirrors the provisions of the NDCP, except the employer contribution for lay employees is optional. Participants' contributions to this account are completely voluntary and are initiated by plan participants pursuant to a Salary Deferral Agreement. Plan participants can contribute up to the annual elective deferral limit under Section 402(g) of the Internal Revenue Code but can exceed this limit based on certain catch-up provisions. Plan participants can receive withdrawals in the same manner as in the NDCP.

## 2. General Fund

The Fund provides supplemental pension benefits and allowances for retirees through the general fund. In addition, supplemental assistance to qualified members, children's benefits, accident or illness benefits and death related benefits are provided in accordance with the rules set forth in the Fund's constitution and rules.

## 3. Insurance Fund

The Fund provides various insurance coverages, including medical, dental, long-term disability, long-term care and life insurance for ordained ministers, general program council missionaries, and lay employees of the Reformed Church through the insurance fund. The benefits and administration of these plans are financed through premium payments from the member organizations. Previously, this insurance fund was subject to oversight by the Department; effective October 2004, the Fund made an irrevocable election for its Insurance Fund to be covered under ERISA.

#### 4. FINANCIAL STATEMENTS

The following statements show the Plan Net Assets of the Fund as of September 30, 2007 for the annuity fund and the general fund, as contained in the Fund's 2007 filed annual statement, and the Statement of Changes in Plan Net Assets for the fiscal years ended September 2006 and 2007. Effective with the 2007 annual statement filing year, the format of the annual statement was changed to report financial amounts on a GAAP basis; prior to 2007, financial amounts were reported on a statutory basis. As a result the financial results reported in the annual statements prior to fiscal year 2007 are not reflected in this report on examination. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Fund's financial condition as presented in its financial statements contained in the September 30, 2007 filed annual statement.

A. STATEMENT OF PLAN NET ASSETS  
AS OF SEPTEMBER 30, 2007

**Retirement Program (Annuity Fund)**

**Combined Statements of Net Assets Available for Benefits**

**Combining Information**

	<b>403(b)</b>		<b>Annuity</b>					
	<b>Retirement</b>	<b>Retirement</b>	<b>Bond</b>	<b>Support</b>	<b>Investment</b>	<b>2007</b>	<b>2006</b>	
	<b>Plan</b>	<b>Plan</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Total</b>	<b>Total</b>	
<b><u>Assets:</u></b>								
Investments, at fair value								
Mutual funds	\$51,233,021	\$301,433,489	\$20,059	\$948,165	\$601,555	\$354,236,289	\$ 19,521,961	
Participant loans receivable	232,485	0	0	0	0	232,485	207,466	
Insurance contracts	0	276,958	0	0	0	276,958	307,065	
The RCA Fund	<u>0</u>	<u>23,242</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,242</u>	<u>1,575,603</u>	
Total assets	<u>\$51,465,506</u>	<u>\$301,733,689</u>	<u>\$20,059</u>	<u>\$948,165</u>	<u>\$601,555</u>	<u>\$354,768,974</u>	<u>\$321,612,095</u>	
<b><u>Liabilities:</u></b>								
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 121	
Annuities payable	<u>0</u>	<u>276,958</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>276,958</u>	<u>307,065</u>	
Total liabilities	<u>\$ 0</u>	<u>\$ 276,958</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 276,958</u>	<u>\$ 307,186</u>	
<b>Net assets available for benefits</b>	<u>\$51,465,506</u>	<u>\$301,456,731</u>	<u>\$20,059</u>	<u>\$948,165</u>	<u>\$601,555</u>	<u>\$354,492,016</u>	<u>\$321,304,909</u>	

**General Fund**

**Statements of Net Assets**

	<b>2007</b>	<b>2006</b>
<b>Assets:</b>		
The RCA Fund	\$2,442,922	\$1,842,433
Buildings (net of depreciation of \$28,800)	<u>          0</u>	<u>          0</u>
Total assets	<u>\$2,442,922</u>	<u>\$1,842,433</u>
 <b>Liabilities and net assets:</b>		
Liabilities:		
Accounts payable	\$ <u>  70,118</u>	\$ <u>  78,936</u>
 Net assets:		
Unrestricted	\$1,569,740	\$  946,283
Temporarily restricted:		
Children's Fund	68,503	82,653
Permanently restricted:		
Assistance	333,446	333,446
Restricted legacies	<u>  401,115</u>	<u>  401,115</u>
Total permanently restricted	<u>\$  734,561</u>	<u>\$  734,561</u>
Total net assets	<u>\$2,372,804</u>	<u>\$1,763,497</u>

B. STATEMENT CHANGES IN PLAN NET ASSETS

**Retirement Program**

**Combined Statements of Changes Net Assets Available for Benefits**

**Year Ended September 30, 2007 and 2006**

	<u>Combining Information</u>						
	403(b) Retirement Plan	Retirement Plan	Annuity Bond Fund	Support Fund	Investment Fund	2007 Total	2006 Total
<b>Additions:</b>							
Investment income							
Interest	\$ 14,349	\$ 0	\$ 122	\$ 6,225	\$ 3,592	\$ 24,288	\$ 54,056
Dividends	2,492,380	17,058,515	0	0	0	19,550,895	10,740,017
Gain on sale on investments	722,383	3,260,676	0	0	0	3,983,059	2,386,129
Net appreciation in fair value	<u>2,431,665</u>	<u>13,404,798</u>	<u>1,895</u>	<u>\$92,438</u>	<u>\$56,505</u>	<u>\$15,987,301</u>	<u>\$ 7,364,283</u>
Total investment income	<u>\$ 5,660,777</u>	<u>\$33,723,989</u>	<u>\$2,017</u>	<u>\$ 98,663</u>	<u>\$60,097</u>	<u>\$39,545,543</u>	<u>\$20,544,485</u>
<b>Contributions:</b>							
Participants	\$ 2,336,908	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,336,908	\$ 1,843,903
Organizations	<u>7,114,644</u>	<u>1,981</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,116,625</u>	<u>6,597,939</u>
Total contributions	<u>\$ 9,451,552</u>	<u>\$ 1,981</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,453,533</u>	<u>\$ 8,441,842</u>
Total additions	<u>\$15,112,329</u>	<u>\$ 33,725,970</u>	<u>\$2,017</u>	<u>\$98,663</u>	<u>\$60,097</u>	<u>\$48,999,076</u>	<u>\$28,986,327</u>

	403(b) Retirement Plan	Retirement Plan	Annuity Bond Fund	Support Fund	Investment Fund	2007 Total	2006 Total
<b>Deletions:</b>							
Distributions to plan participants	\$ 2,220,598	\$ 11,882,835	\$ 1,023	\$ 117,047	\$ 22,399	\$ 14,243,902	\$ 13,841,811
Administrative fee - general fund	86,595	1,478,499	0	0	0	1,565,094	1,442,622
Chaplain's fund	0	1,451	0	0	0	1,451	1,451
<b>Additions:</b>							
Other expense	<u>24</u>	<u>180</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>204</u>	<u>255</u>
Total deletions	\$ <u>2,307,217</u>	\$ <u>13,362,965</u>	\$ <u>1,023</u>	\$ <u>117,047</u>	\$ <u>22,399</u>	\$ <u>15,810,651</u>	\$ <u>15,286,139</u>
Net increase (decrease) before transfers	\$12,805,112	\$ 20,363,005	\$ 994	\$ (18,384)	\$ 37,698	\$ 33,188,425	\$ 13,700,188
<b>Transfers:</b>							
To / from retirement funds	20,382	(20,382)	0	0	0	0	0
To / from General Fund	<u>0</u>	<u>0</u>	<u>(15)</u>	<u>(1,228)</u>	<u>(75)</u>	<u>(1,318)</u>	<u>515,000</u>
Net increase (decrease)	\$12,825,494	\$ 20,342,623	\$ 979	\$ (19,612)	\$ 37,623	\$ 33,187,107	\$ 14,215,188
<b>Net assets beginning of year</b>	<u>\$38,640,012</u>	<u>\$281,114,108</u>	<u>\$19,080</u>	<u>\$ 967,777</u>	<u>\$563,932</u>	<u>\$321,304,909</u>	<u>\$307,089,721</u>
<b>Net assets end of year</b>	<u>\$51,465,506</u>	<u>\$301,456,731</u>	<u>\$20,059</u>	<u>\$ 948,165</u>	<u>\$601,555</u>	<u>\$354,492,016</u>	<u>\$321,304,909</u>

**General Fund  
Statements of Activities  
Year Ended September 30, 2007**

	Unrestricted	Temporarily Restricted (Children's Fund)	Permanently Restricted	2007 Total	2006 Total
<b>Support and revenue:</b>					
General Synod benevolent contributions:					
Churches and individuals	\$ 36,032	\$ 0	\$ 0	\$ 36,032	\$ 26,856
Children's Fund	0	850	0	850	1,662
Special Thanks	43,361	0	0	43,361	50,181
Special General Synod Assessments	251,017	0	0	251,017	250,323
Investment income	79,214	0	0	79,214	59,090
Gain on sale of property	0	0	0	0	95,011
Administrative fee -					
RCA Retirement Program	1,565,093	0	0	1,565,093	1,442,622
Rent income	2,880	0	0	2,880	2,880
Other income	<u>14,949</u>	<u>0</u>	<u>0</u>	<u>14,949</u>	<u>5,681</u>
 Total support and revenue before net assets released	 <u>\$1,992,546</u>	 <u>\$ 850</u>	 <u>\$ 0</u>	 <u>\$1,993,396</u>	 <u>\$1,934,306</u>
 Net assets released from restriction:	 15,000	 (15,000)	 0	 0	 0
 Total support and revenue	 <u>\$2,007,546</u>	 <u>\$(14,150)</u>	 <u>\$ 0</u>	 <u>\$1,993,396</u>	 <u>\$1,934,306</u>

	Unrestricted	Temporarily Restricted (Children's Fund)	Permanently Restricted	2007 Total	2006 Total
<b>Expenses:</b>					
Program	\$ 487,524	\$ 0	\$ 0	\$ 487,524	\$ 509,941
<b>Support and revenue:</b>					
Promotion	7,481	0	0	7,481	7,706
Administration - General	638,564	0	0	638,564	576,534
Administration - Basic service costs	<u>251,838</u>	<u>0</u>	<u>0</u>	<u>251,838</u>	<u>275,528</u>
Total expenses	<u>\$1,385,407</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,385,407</u>	<u>\$1,369,709</u>
<b>Transfers:</b>					
Transfers (to) from Annuity Bond Fund	\$ 15	0	\$ 0	\$ 15	\$ (5,000)
Transfers (to) from Support Bond Fund	1,228	0	0	1,228	(500,000)
Transfers (to) from Investment Fund	75	0	0	75	(10,000)
Total transfers	<u>\$ 1,318</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,318</u>	<u>\$ (515,000)</u>
<b>Change in net assets</b>	<u>623,457</u>	<u>(14,150)</u>	<u>0</u>	<u>609,307</u>	<u>49,597</u>

## 5. TREATMENT OF MEMBERS

The examiner reviewed a sample of various types of retirement benefits to members and beneficiaries. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

Based upon the sample reviewed, no significant findings were noted.

## 6. DISASTER RECOVERY AND BUSINESS CONTINUITY PLANS

The objective of a disaster recovery plan is to provide reasonable assurance that data, systems and operations can be successfully recovered and be available to users in the event of a disaster. The objective of a business continuity plan is to reasonably ensure that the recovery of critical business processes could take place in the event of a disaster.

The examiner inquired about the status of the Fund's disaster recovery and business continuity plans. In response, the Fund indicated that there is no formal disaster recovery plan or business continuity plan in place. The Fund further suggested that its current staff would be able to reconstruct its information technology operations within five business days using offsite backup tapes, program media, and new hardware.

The examiner recommends that the Fund document its disaster recovery planning efforts by developing a formal written plan, and that the plan be tested on a regular basis. Such a plan should address hardware and system recovery, data retrieval procedures, emergency contact information, hardware/software vendor information, telecommunications recovery procedures, disaster declaration approval procedures, and physical recovery location. The plan should contain provisions to ensure periodical testing. The disaster recovery plan should be aligned with the business continuity plan, approved, and periodically reviewed by management to ensure that it meets the needs of the Fund. Documentation of the disaster recovery test plan and results (indicating problems found or successful completions) and documentation of management approval of the plan should be maintained.

The examiner also recommends that the Fund document its business continuity plan by developing a formal written plan that is tested on a regular basis. Such a plan should identify the recovery of critical business processes. The plan should also identify supporting systems applications, vendors that would assist with locating alternate processing and office site locations, forms and documentation arrangements, network and application restoration procedures, and procedures to be followed by Fund personnel during the disaster and recovery period. The plan should contain provisions to ensure periodical testing. The business continuity plan should be approved and periodically reviewed by management to ensure that it meets the needs of the Fund. Documentation of the business continuity test plan and results and documentation of management approval of the plan should be maintained.

## 7. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violations, recommendations and comments contained in the prior report on examination and the subsequent actions taken by the Fund in response to each citation:

<u>Item</u>	<u>Description</u>
A	<p>The Fund understated its liabilities “Accumulated contributions of members” and “Benefits due and unpaid” by \$585,280 and \$385,271, respectively. As a result, the amount reported for “Excess of admitted assets over net liabilities” was overstated by \$970,551.</p> <p>The examiner found that the workpapers generally supported the amounts reported in the filed annual statement during the current examination period.</p>
B	<p>The examiner recommended that the Fund take greater care in maintaining annual statement workpapers and in preparing the annual statement.</p> <p>The examiner was able to trace the amounts reported in the Fund’s 2007 annual statement to the supporting workpapers.</p>
C	<p>The examiner recommended that the Fund develop a written plan to provide adequate funding for the Annuity Bond Fund, Pension Support Fund and Pension Investment Fund. The examiner also recommends that the Fund submit the plan to the Department once it has been developed.</p> <p>The Fund had transferred adequate funding for each fund and has provided adequate funding since December 2006. The Fund filed a plan with the Department, during August, 2008.</p>
D	<p>The Fund violated Section 243.2(b)(4) of Department Regulation No. 152 by failing to maintain claim records as required by the Regulation.</p> <p>The Fund changed its third party administrator for its insurance plan and the new agreement contains a clause for maintaining claim records. Additionally, effective October 2004, the Fund made an irrevocable election for its insurance plan to be covered under the jurisdiction of ERISA.</p>

<u>Item</u>	<u>Description</u>
E	<p>The examiner recommended that the Fund amend the new claims administration agreement to include language which requires maintenance of claims files in accordance with Section 243.2(b)(4) of Department Regulation No.152.</p> <p>The Fund changed its third party administrator for its insurance plan and the new agreement contains a clause for maintaining claim records. Additionally, effective October 2004, the Fund made an irrevocable election for its insurance plan to be covered under the jurisdiction of ERISA.</p>
F	<p>The examiner recommended that the Fund segregate the duties of approving assistance grant payments and preparing and sending grant checks to recipients.</p> <p>The Fund segregated the duties between its retirement staff in New York and its finance staff in Michigan.</p>
G	<p>The Fund violated Section 2108(a)(4) of the New York Insurance Law by paying fees to a third party administrator for acting as an independent insurance adjuster without having an independent adjuster's license.</p> <p>The examiner reviewed the independent adjuster's license for its current third party administrator. Effective October 2004, the Fund made an irrevocable election for its insurance plan to be covered under the jurisdiction of ERISA.</p>
H	<p>The examiner recommends that the Fund conduct periodic reviews of all of its third party administrators to ascertain that the administrators are abiding by the terms of the contracts, and that they are treating the Fund members fairly and equitably.</p> <p>The third party administrators referenced above had been adjusting claims relative to the Fund's insurance plan. Subsequent to the issuance of the prior report on examination, the Fund reestablished its insurance plan as an ERISA funded plan. As a result, the examiner did not review any aspect of the Fund's insurance plan.</p>

## 8. SUMMARY AND CONCLUSIONS

Following are the recommendations contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The examiner recommends that the Fund accurately list its board members in the annual statement to the superintendent.	6
B	The examiner recommends that the Fund comply with its constitution and rules when appointing ex officio members to the board of directors.	7
C	The examiner recommends that the Fund document its disaster recovery planning efforts by developing a formal, written plan that is tested on a regular basis.	18
D	The examiner also recommends that the Fund document its business continuity plan by developing formal, written business continuity plan that is tested on a regular basis.	18

Respectfully submitted,

\_\_\_\_\_/s/  
Manish Gajiwala  
Senior Insurance Examiner

STATE OF NEW YORK     )  
  )SS:  
COUNTY OF NEW YORK    )

Manish Gajiwala, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

\_\_\_\_\_/s/  
Manish Gajiwala

Subscribed and sworn to before me  
this \_\_\_\_\_ day of \_\_\_\_\_

APPOINTMENT NO. 22753

**STATE OF NEW YORK**  
**INSURANCE DEPARTMENT**

I, ERIC DINALLO, Superintendent of Insurance of the State of New York,  
pursuant to the provisions of the Insurance Law, do hereby appoint:

**MANISH GAJIWALA**

as a proper person to examine into the affairs of the

**BOARD OF BENEFITS SERVICES OF THE  
REFORMED CHURCH IN AMERICA**

and to make a report to me in writing of the condition of the said

**PENSION FUND**

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name  
and affixed the official Seal of the Department  
at the City of New York

this 15th day of January, 2008



ERIC R. DINALLO  
Superintendent of Insurance

A handwritten signature in black ink, appearing to read "Eric Dinallo". The signature is written in a cursive style and is positioned above a horizontal line.

Superintendent