



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES  
REPORT ON EXAMINATION  
OF THE  
SEGREGATED GIFT ANNUITY FUND  
OF THE  
JEWISH GUILD FOR THE BLIND

CONDITION:

DECEMBER 31, 2014

DATE OF REPORT:

JANUARY 8, 2016

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

SEGREGATED GIFT ANNUITY FUND

OF THE

JEWISH GUILD FOR THE BLIND

AS OF

DECEMBER 31, 2014

DATE OF REPORT:

JANUARY 8, 2016

EXAMINER:

JOCELYNE TURENE

## TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE NO.</u>
1.	Executive summary	2
2.	Scope of examination	3
3.	Description of Fund	4
4.	Corporate governance	5
5.	Significant financial information	6
6.	Treatment of annuitants	7
7.	Annual statement reporting	8
8.	Prior report summary and conclusions	9
9.	Summary and conclusions	10



NEW YORK STATE  
DEPARTMENT *of*  
FINANCIAL SERVICES

Andrew M. Cuomo  
Governor

Maria T. Vullo  
Superintendent

September 21, 2016

Honorable Maria T. Vullo  
Superintendent of Financial Services  
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31403, dated December 8, 2015 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Jewish Guild for the Blind, hereinafter referred to as the "Fund." The Fund's home office is located at 15 West 65th Street, New York, New York 10023.

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

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

## 1. EXECUTIVE SUMMARY

The Fund violated Section 312(b) of the New York Insurance Law by failing to maintain statements signed by its board members indicating that they received and read the prior report on examination. The examiner recommends that the Fund maintain statements signed by its board members indicating that they received and read the prior report on examination. (See item 4 of this report)

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 December 31, 2014 filed annual statement. (See item 5 of this report)

The examiner's review of the Fund's treatment of annuitants did not reveal significant instances which deviated from the New York Insurance Law, Department regulations and circular letters and the operating rules of the Fund. (See item 6 of this report)

The examiner recommends that the Fund prepare its annual statements in accordance with the Department's instructions. (See item 7 of this report)

## 2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2009. This examination covers the period from January 1, 2010 through December 31, 2014. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2014 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 December 31, 2014 to determine whether the Fund's filed 2014 annual statement fairly presents its financial condition. The examiner reviewed the Fund's income and disbursements necessary to accomplish such verification. The examiner also reviewed the corrective actions taken by the Fund with respect to the violation and recommendation contained in the prior report on examination. The results of such review are contained in item 8 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

The Jewish Guild for the Blind (“the Corporation”) is organized for the purpose of assisting people who are blind or visually impaired, and who may have additional disabilities or chronic medical conditions, achieve lives of dignity and independence. Under the provisions of its by-laws, the Corporation is permitted to issue gift annuity agreements and it has done so since June 3, 1992. A special permit was granted to the Corporation by the Department on September 26, 1995, authorizing it to issue gift annuity agreements as specified in Section 1110 of the New York Insurance Law. All operations related to the issuance, maintenance and settlement of annuity agreements are handled by the Fund.

City National Bank (“CNB”) is the custodian for the Fund. CNB generates the checks, wire transfers, and ACH payments to the annuitants. Clifford Swam Investment Counsel is the investment counselor for the Fund and oversees the administration and investment management of the Fund. The Fund administers the gift annuity agreements and uses PG Calc for the gift annuity payment calculations. Actuarial services are provided by Milliman.

The management of the Corporation and the Fund and all of its affairs and property are entrusted to a board of trustees. The number of trustees is limited to 42 regular voting trustees. As of December 31, 2014, the board consisted of 10 trustees. The trustees elect the Chairman, the President, the Executive Vice President(s), the Treasurer and the Secretary. The nomination and election procedures of the trustees and their terms of office are set by the by-laws.

#### 4. CORPORATE GOVERNANCE

Section 312 of the New York Insurance Law states, in part:

“(b) A copy of the report shall be furnished by such insurer or other person to each member of its board of directors and each such member shall sign a statement which shall be retained on the insurer’s files confirming that such member has received and read such report. . . ”

The Fund did not maintain statements signed by each board member indicating that they received and read the prior report on examination.

The Fund violated Section 312(b) of the New York Insurance Law by failing to maintain statements signed by its board members indicating that they received and read the prior report on examination. The examiner recommends that the Fund maintain statements signed by its board members indicating that they received and read the prior report on examination.

## 5. SIGNIFICANT FINANCIAL INFORMATION

The following table indicates the Fund's financial growth (decline) during the period under review:

	December 31, <u>2009</u>	December 31, <u>2014</u>	Increase (Decrease)
Admitted assets	\$ <u>2,324,900</u>	\$ <u>1,939,861</u>	\$( <u>385,039</u> )
Liabilities	\$ <u>2,123,780</u>	\$ <u>1,650,628</u>	\$( <u>473,152</u> )
Minimum required fund balance	\$ 198,085	\$ 157,736	\$ (40,349)
Excess fund balance (surplus)	<u>3,035</u>	<u>131,497</u>	<u>128,462</u>
Total annuity fund balance	\$ <u>201,120</u>	\$ <u>289,233</u>	\$ <u>88,113</u>
Total liabilities and annuity fund balance	\$ <u>2,324,900</u>	\$ <u>1,939,861</u>	\$( <u>385,039</u> )

The decrease in assets and liabilities reflects a decrease in the total number of annuities in force. Annuities decreased from 89 with annual payment amounts of \$267,903 as of December 31, 2009 to a total of 75 with annual payment amounts of \$234,273 as of December 31, 2014.

The increase in excess fund balance of \$128,462 and total annuity fund balance of \$88,113 reflect the decrease in actuarial reserve.

The Fund's admitted assets, as of December 31, 2014, were invested mainly in bonds (53.60%) and common stocks (38.63%). All bonds held were investment grade.

## 6. TREATMENT OF ANNUITANTS

The examiner reviewed a sample of annuity files to determine whether the annuitants were treated fairly and in accordance with the provisions of the annuity agreements. The examination also consisted of a review of the various controls involved, a check of the accuracy of the computations and the tracing of accounting data to the books of account.

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

## 7. ANNUAL STATEMENT REPORTING

The Department's instructions for completing line 1, "Current Year" column of the income section of the New York State Segregated Gift Annuity Fund Annual Statement for the year ended December 31, 2014 state:

"'Current Year' Column: Should reflect the gross amount of gifts received during the year conditioned upon annuity agreements."

The \$15,000.00 of gifts conditioned upon annuity agreements reported as received during the year in the 2014 Annual Statement does not agree with the gross amount of \$10,000.00 of gifts reported in the 2014 schedule of gift annuities in force.

The examiner recommends that the Fund prepare its annual statements in accordance with the Department's instructions.

## 8. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violation and recommendation 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 violated Section 1110(a) of the New York Insurance Law by using gift annuity agreement forms that were not filed with the Superintendent. This is a repeat violation</p> <p>On January 13, 2016, the Fund submitted the gift annuity agreement forms to the Superintendent for approval.</p>
B	<p>The examiner recommends that the Fund expedite the approval with the Superintendent of any gift annuity agreement forms used during the examination period that have not been approved by the Superintendent. This is a repeat violation</p> <p>On January 13, 2016, the Fund submitted the gift annuity agreement forms to the Superintendent for approval.</p>

## 9. SUMMARY AND CONCLUSIONS

Following are the violation and recommendations contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The Fund violated Section 312(b) of the New York Insurance Law by failing to maintain statements signed by its board members indicating that they received and read the prior report on examination.	5
B	The examiner recommends that the Fund maintain statements signed by its board members indicating that they received and read the prior report on examination.	5
C	The examiner recommends that the Fund prepare its annual statements in accordance with the Department's instructions.	8

Respectfully submitted,

\_\_\_\_\_/s/  
Jocelyne Turene  
Insurance Examiner

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

Jocelyne Turene, being duly sworn, deposes and says that the foregoing report, subscribed by her,  
is true to the best of her knowledge and belief.

\_\_\_\_\_/s/  
Jocelyne Turene

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

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, SHIRIN EMAMI, Acting Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

JOCELYNE TURENE

as a proper person to examine the affairs of the

SEGREGATED GIFT ANNUITY FUND OF THE  
JEWISH GUILD FOR THE BLIND

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

FUND

with such other information as she shall deem requisite.

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

this 8th day of December, 2015

SHIRIN EMAMI

Acting Superintendent of Financial Services

By:



MARK MCLEOD

ASSISTANT CHIEF - LIFE BUREAU

