



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
GUIDING EYES FOR THE BLIND, INC.

CONDITION:

DECEMBER 31, 2013

DATE OF REPORT:

SEPTEMBER 19, 2014

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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OF THE

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EXAMINER:

JAMES WANG

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Shirin Emami
Acting Superintendent

February 5, 2016

Honorable Shirin Emami
Acting Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31153, dated April 9, 2014 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Guiding Eyes for the Blind, Inc., hereinafter referred to as “the Fund.” The Fund’s home office is located at 611 Granite Springs Road, Yorktown Heights, New York 10598.

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 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, 2013 filed annual statement. (See item 4 of this report)

The examiner recommends that the Fund's name be included on all annuity benefit payment checks. This is a repeat recommendation. (See item 5 of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2008. This examination covers the period from January 1, 2009 through December 31, 2013. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2013 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, 2013 to determine whether the Fund's filed 2013 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 recommendation contained in the prior report on examination. The results of such review are contained in item 6 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 Guiding Eyes for the Blind, Inc. (the “Corporation”) is organized for the purpose of enriching the lives of blind and visually impaired men and women by providing them with the freedom to travel safely, thereby assuring greater independence, dignity and new horizons of opportunity. Under the provisions of its by-laws, the Corporation is permitted to issue gift annuity agreements and it has done so since 1992. A special permit was granted to the Corporation by the Department on January 5, 1999, authorizing it to issue gift annuity agreements as specified in Section 1110 of the New York Insurance Law.

The Fund solicits new annuities and maintains the annuity files at its home office. All operations related to the maintenance and settlement of annuity agreements are performed by Fiduciary Trust Company International (“Fiduciary”). Fiduciary is also the investment manager and custodian of the Fund’s investments.

The management of the Corporation and the Fund and all of its affairs and property are entrusted to a board of directors. The number of directors is limited to not more than 35, or less than three directors. As of December 31, 2013 there were 16 directors. The directors elect a chairman, president, secretary, treasurer and any other officers deemed necessary. The nomination and election procedures of the directors and their term of office are set by the by-laws.

4. SIGNIFICANT FINANCIAL INFORMATION

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

	December 31, <u>2008</u>	December 31, <u>2013</u>	<u>Increase</u>
Admitted assets	\$ <u>1,571,349</u>	\$ <u>2,356,647</u>	\$ <u>785,298</u>
Liabilities	\$ <u>946,526</u>	\$ <u>1,148,580</u>	\$ <u>202,054</u>
Minimum required surplus	\$ 94,653	\$ 114,858	\$ 20,205
Unassigned funds (surplus)	<u>530,171</u>	<u>1,093,209</u>	<u>563,038</u>
Total surplus	\$ <u>624,823</u>	\$ <u>1,208,067</u>	\$ <u>583,244</u>
Total liabilities and surplus	\$ <u>1,571,349</u>	\$ <u>2,356,647</u>	\$ <u>785,298</u>

The increase in assets, liabilities and surplus reflects an increase in the total number of annuities in force. Annuities increased from 58 with annual payment amounts of \$124,994 as of December 31, 2008 to a total of 71 with annual payment amounts of \$162,458 as of December 31, 2013.

The Fund's admitted assets, as of December 31, 2013, were invested mainly in common stocks (92.26%). All bonds held were investment grade.

5. 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.

The examiner's review of a sample of benefit payments made to annuitants during the examination period revealed that the checks were issued from an account in the name of Fiduciary, the Fund's custodian and investment manager. At the time the annuity benefit checks are ready to be issued, Fiduciary transfers an aggregate amount from the Fund's investment account to Fiduciary's account to cover the checks. Fiduciary provides the Fund with monthly statement of all checks, paper and electronic, that were written. The Fund's name is not on the annuity checks issued to annuitants; Fiduciary's name is the only name on the checks.

The examiner recommends that the Fund's name be included on all annuity benefit payment checks. This is a repeat recommendation.

Subsequent to September 19, 2014, the date of this report, the Fund submitted evidence that it implemented procedures to include the Fund's name on all annuity benefit payment checks.

6. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following is the recommendation contained in the prior report on examination and the subsequent action taken by the Fund in response to the recommendation:

<u>Item</u>	<u>Description</u>
A	<p>The examiner recommends that the Fund's name be included on all annuity benefit payment checks.</p> <p>The Fund failed to take corrective action. The examiner's review of a sample of annuity benefit checks revealed that the annuity benefit checks were in the Fiduciary's name, not in the Fund's name. Therefore, a repeat recommendation appears in this report.</p>

7. SUMMARY AND CONCLUSIONS

Following is the recommendation contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The examiner recommends that the Fund's name be included on all annuity benefit payment checks. This is a repeat recommendation.	6

Respectfully submitted,

_____/s/
James Wang
Insurance Examiner

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

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

_____/s/
James Wang

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 31153

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, BENJAMIN M. LAWSKY, 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:

JAMES WANG

as a proper person to examine the affairs of the

**SEGREGATED GIFT ANNUITY FUND OF THE
GUIDING EYES FOR THE BLIND, INC.**

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

FUND

with such other information as he 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 9th day of April, 2014

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:


MICHAEL MAFFEI

ASSISTANT DEPUTY SUPERINTENDENT
AND CHIEF OF THE LIFE BUREAU

