



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
HEBREW IMMIGRANT AID SOCIETY, INC.

CONDITION:

DECEMBER 31, 2012

DATE OF REPORT:

DECEMBER 31, 2013

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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EXAMINER:

HUGHROY MIGHTY

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Anthony J. Albanese
Acting Superintendent

November 3, 2015

Honorable Anthony J. Albanese
Acting Superintendent of Financial Services
New York, New York 10004

Sir:

In accordance with instructions contained in Appointment No. 30925, dated March 18, 2013 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Hebrew Immigrant Aid Society, Inc., hereinafter referred to as “the Fund,” at its home office located at 333 Seventh Ave, 16th Floor, New York, NY 10001.

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, 2012 filed annual statement. (See item 4 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 5 of this report)

The examiner recommends that the Fund prepare its filed annual statements according to the Department's instructions. (See item 6 of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2007. This examination covers the period from January 1, 2008 through December 31, 2012. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2012 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, 2012 to determine whether the Fund's filed 2012 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 violations and recommendation contained in the prior report on examination. The results of such 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

Hebrew Immigrant Aid Society, Inc. (“HIAS, Inc.”) is organized for the purpose of providing essential lifesaving services to world Jewry, through its mission of rescue, reunion and resettlement. HIAS, Inc. also addresses the migration needs of other people who are threatened and oppressed. Under the provisions of its by-laws, HIAS, Inc. is permitted to issue gift annuity agreements and it has done so since 2004. A special permit was granted to HIAS, Inc. by the Department on April 28, 2004, authorizing it to issue gift annuity agreements as specified in Section 1110 of the New York Insurance Law.

HIAS, Inc. maintains a custodian and investment management services agreement with PNC Bank. PNC Bank is responsible for all administrative and investment management duties for the HIAS, Inc.’s Charitable Gift Annuity program. HIAS, Inc. performs calculations and gift management for its Charitable Gift Annuity program.

The management of HIAS, Inc. and the Fund and all of its affairs and property are entrusted to a board of trustees. The number of trustees is limited to 60 regular voting trustees. As of December 31, 2012, the board consisted of 24 trustees. The trustees elect a chair of the board, a president, not more than six (6) vice chairs of the board, one of whom may be designated the first vice chair during the last eligible year of the term of the incumbent chair of the board, a treasurer, an assistant treasurer, a secretary, an assistant secretary, and such other officers as may be appropriate. The nomination and election procedures of the trustees and their terms of office are set by the by-laws.

4. SIGNIFICANT FINANCIAL INFORMATION

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

	<u>December 31,</u> <u>2007</u>	<u>December 31,</u> <u>2012</u>	<u>Increase</u> <u>(Decrease)</u>
Admitted assets	\$ <u>2,578,116</u>	\$ <u>2,653,871</u>	\$ <u>75,755</u>
Liabilities	\$ <u>2,045,429</u>	\$ <u>2,204,217</u>	\$ <u>158,788</u>
Minimum required surplus	\$ 204,545	\$ 221,417	\$ 16,872
Unassigned funds (surplus)	<u>328,142</u>	<u>228,237</u>	<u>(99,905)</u>
Total surplus	\$ <u>532,687</u>	\$ <u>449,654</u>	\$ <u>(83,033)</u>
Total liabilities and surplus	\$ <u>2,578,116</u>	\$ <u>2,653,871</u>	\$ <u>75,755</u>

The increase in assets and liabilities reflects an increase in annuity payment amounts. The increase in liabilities is also attributable to additional statutory reserve requirements in the Fund's filed annual statements. Annuity payments increased from \$275,038 as of December 31, 2007 to \$296,124 as of December 31, 2012; however, annuities in force decreased from 130 as of December 31, 2007 to a total of 128 as of December 31, 2012.

The decrease in surplus is due in part to a net increase in actuarial reserves of \$124,038 in 2008 which is partly offset by a net decrease in actuarial reserves of \$41,968 in 2011.

The Fund's admitted assets, as of December 31, 2012, were invested mainly in common stocks (96.31%).

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

6. ANNUAL STATEMENT REPORTING

The examiner's review of the Fund's filed 2012 Annual Statement revealed that the Fund failed to complete the General Interrogatories as required by the Department's instructions.

The examiner recommends that the Fund prepare its filed annual statements according to the Department's instructions.

7. 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 annuity agreement forms that were not filed with the Superintendent.</p> <p>The Fund filed its annuity agreement forms with the Department.</p>
B	<p>The examiner recommended that the Fund submit to the Superintendent any gift annuity agreement forms used during the examination period, or subsequent to that period, that differ from the forms previously submitted by the Fund to the Superintendent.</p> <p>The Fund filed its annuity agreement forms with the Department.</p>

8. 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 prepare its filed annual statements according to the Department's instructions.	7

Respectfully submitted,

_____/s/
Hughroy Mighty
Insurance Examiner

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

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

_____/s/
Hughroy Mighty

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 30925

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:

HUGHROY MIGHTY

as a proper person to examine the affairs of the

**SEGREGATED GIFT ANNUITY FUND OF THE
HIAS, 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 18th day of March, 2013

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:



MICHAEL MAFFEI
ASSISTANT DEPUTY SUPERINTENDENT
AND CHIEF OF THE LIFE BUREAU

