



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
UNITED JEWISH APPEAL – FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC.

CONDITION:

DECEMBER 31, 2013

DATE OF REPORT:

JULY 11, 2014

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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AS OF

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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 18, 2016

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

Madam:

In accordance with instructions contained in Appointment No. 31170, dated May 8, 2014 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the United Jewish Appeal – Federation of Jewish Philanthropies of New York, Inc., hereinafter referred to as “the Fund,” at its home office located at 130 East 59th Street, Room 1008, New York, NY 10022.

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 that appears on the special permit issued in accordance with Section 1110 of the New York Insurance Law be included on all annuity benefit payment checks. (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 violation 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 United Jewish Appeal – Federation of Jewish Philanthropies of New York, Inc., (hereinafter referred to as the “Society”) formerly known as the United Jewish Appeal Federation of Jewish Philanthropies Campaign, Inc., is organized to aid, support and provide relief, settlement and rehabilitation to Jews and/or non-Jews in the United States of America and in many foreign countries throughout the world. Under the provision of its by-laws, the Society has issued gift annuity agreements, and it has done so since 1991. A permit was granted to the Society, by the Department on May 23, 1994, authorizing it to issue gift annuity agreements as specified in Section 1110 of the New York Insurance Law. Operations relating to the issuance and maintenance of annuity agreements are handled by the Fund.

The Fund previously utilized Fiduciary Trust Company International to manage its investments and make benefit payments to annuitants. As of October 2009, the Fund contracted with State Street Global Advisors for custodial services, investment management services, and remittance of payments to annuitants. The Fund’s annual statements are prepared by John Freeston, an independent contractor.

The management of the Society and the Fund along with all of its affairs and property are entrusted to a board of directors. The number of directors is limited to one hundred and sixty-six members, plus any honorary officers authorized to participate in and vote at board meetings as directors. As of December 31, 2013, the board of directors consisted of one hundred and sixty four members. The directors elect a president, a chair of the board, the commission chairs, a chair of the Philanthropic Leadership Group, and general chair of the Campaign, a treasurer and a secretary. In addition, it may elect from the candidates selected by the Committee for Nomination of Officers one (1) or more assistant treasurers or assistant secretaries, honorary officers and such other officers with such other powers and duties as it may determine by resolution. The nomination and election procedures of the trustees 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>\$24,937,312</u>	<u>\$32,294,835</u>	<u>\$7,357,523</u>
Liabilities	<u>\$22,207,982</u>	<u>\$24,776,985</u>	<u>\$2,569,003</u>
Minimum required fund balance	\$ 2,220,798	\$ 2,477,698	\$ 256,900
Excess fund balance (surplus)	<u>508,532</u>	<u>5,040,152</u>	<u>4,531,620</u>
Total annuity fund balance	<u>\$ 2,729,330</u>	<u>\$ 7,517,850</u>	<u>\$4,788,520</u>
Total liabilities and annuity fund balance	<u>\$24,937,312</u>	<u>\$32,294,835</u>	<u>\$7,357,523</u>

The increase in assets, liabilities and surplus reflects an increase in the total number of annuities in force. Annuities increased from 894 with annual payment amounts of \$3,362,378 as of December 31, 2008 to a total of 946 with annual payment amounts of \$3,493,794 as of December 31, 2013.

The Fund's admitted assets, as of December 31, 2013, were invested mainly in common stocks (96.76%).

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 reviewed a sample of 20 annuity files to determine whether the annuitants were treated fairly and in accordance with the provisions of the annuity agreements. The examiner's review of a sample of the annuity benefit payments made to annuitants during the examination period revealed that only the name of the Society, not the Fund's name, appeared on the annuity benefit checks.

The examiner recommends that the Fund's name that appears on the special permit issued in accordance with Section 1110 of the New York Insurance Law be included on all annuity benefit payment checks.

Subsequent to the date of this report (July 11, 2014), on March 9, 2016 the Department received documentary evidence from the Fund that confirms that the Fund's custodian, State Street Global Advisors, is not able to print the Fund's entire name as reflected in its Department issued permit on its checks due to character limitations in the custodian's checks. The Fund proposed the alternate name of "UJA-Federation of Jewish Philanthropies of NY, Inc.," which was found to be non-objectionable.

6. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following is the violation contained in the prior report on examination and the subsequent actions taken by the Fund in response to the citation:

<u>Item</u>	<u>Description</u>
A	<p>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.</p> <p>The Fund maintained statements signed by its board members indicating that they received and read the prior report on examination.</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 that appears on the special permit issued in accordance with Section 1110 of the New York Insurance Law be included on all annuity benefit payment checks.	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. 31170

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
UNITED JEWISH APPEAL-FEDERATION OF JEWISH PHILANTHROPIES
OF NEW YORK, 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 8th day of May, 2014

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:


MICHAEL MAFFEI

ASSISTANT DEPUTY SUPERINTENDENT
AND CHIEF OF THE LIFE BUREAU

