REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
JEWISH GUILD FOR THE BLIND

AS OF December 31, 2019

EXAMINER: Manish Gera

DATE OF REPORT: October 7, 2020

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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OF THE

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November 6, 2023

Honorable Adrienne A. Harris
Superintendent of Financial Services
New York, New York 10004

Dear Adrienne A. Harris:

In accordance with instructions contained in Appointment No.32111, dated September 18, 2020 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. The Fund's home office is located at 15 West 65th Street, New York, New York 10023.

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

1. EXECUTIVE SUMMARY

The examiner recommends that the Fund obtain broker's advices or other supporting documentation for its investment transactions and that this documentation be reviewed on a timely basis and reconciled to the applicable custodial statements for that period. (See item 3E of this report)

The examiner recommends that the Fund review at least annually its written investment policy setting forth guidelines on investments and delegation of management and the conformance of its delegees to that investment policy and statutory guidance and that it memorialize those reviews in either board minutes or materials. (See item 4A of this report)

The examiner recommends that the board of directors, or a committee thereof, be provided, at least annually, with a report concerning the Fund's investment of required admitted assets and note such in the minutes. (See item 4B of this report)

The examiner recommends that upon the death of an annuitant, the Fund obtain and maintain a death certificate or other reliable documentary evidence that supports such information terminating an annuity contract. (See item 5 of this report)

The examiner recommends that the Fund commence the process for the escheatment of stale checks to the Office of the State Comptroller two years after a check remains outstanding or was returned uncashed unless the annuitant was determined to be deceased utilizing the Social Security Death Master Index file or similar services. (See item 7 of this report)

2. SCOPE OF EXAMINATION

This Scope of Examination summarizes the nature of the Superintendent of the Department of Financial Services' ("Department" or "DFS") examination and assessment of the Jewish Guild for the Blind Segregated Annuity Fund (the "Fund") through which Jewish Guild for the Blind (the "Corporation") provides annuity benefits.

The prior examination was conducted as of December 31, 2014. This examination covers the period from January 1, 2015 through December 31, 2019. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2019 but prior to the date of this report (i.e., the completion date of the examination).

This report outlines DFS's supervisory expectations or priorities and articulates DFS's general views regarding the exceptional circumstances where the Corporation or Fund, in relation to their annuity activities, could have better adhered to statutory standards and guidance or practices or methods of dealing that are regularly observed among similar circumstances.

The Fund is subject to the solvency and examination requirements of New York Insurance Law § 1110 and of New York. Insurance Law articles 1, 2, 3, 25, and 74.

The investment of the Fund's required admitted assets is subject to N.Y. Estates, Powers and Trust Law § 11-2.3. The investment of the remainder of the Fund's admitted assets is subject to N.Y. Not-for-Profit Corporation Law Article 5-a. Both establish that the trustees are to invest the assets consistent with prudent person standards

The examination comprised a verification of assets and liabilities as of December 31, 2019 to determine whether the Fund's filed 2019 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, recommendations and/or comments contained in the prior report on examination. The results of such review are contained in item 7 of this report.

3. DESCRIPTION OF FUND

A. History

The Jewish Guild for the Blind was chartered in 1916 and is organized for the purpose addressing and preventing vision loss. The Corporation provides coordinated care for eye health, vision rehabilitation and behavioral health as well as related services directed at prevention, early detection and intervention of vision disorders. The Corporation established the Fund to issue gift annuity agreements in return for gifts from donors on June 3, 1992. The Superintendent of Insurance granted to the Corporation a Charitable Annuity Society special permit on September 26, 1995.

B. Structure

The management of the Corporation and the Fund and all of its affairs and property are entrusted to a board of directors. The Fund administers the gift annuity agreements and uses PG Calc for the gift annuity payment calculations.

C. Assets under the Board of Directors

As of the December 31, 2019 IRS Form 990, the Corporation's Board of Directors oversaw an endowment comprising $9,613,958 in total assets. The Fund, as of December 31, 2019, held total admitted assets of $1,404,025.

D. Third Party Payment Service Provider

In 2019, State Street was contracted to as the custodian for the Fund. State Street generates the checks, wire transfers, ACH payments to the annuitants and oversees the administration and investment management of the Fund. Actuarial services are provided by Milliman. Prior to 2019, City National Bank ("CNB") was the custodian for the Fund. CNB generated the checks, wire transfers, and ACH payments to the annuitants. Clifford Swan Investment Counsel was the investment counselor for the Fund and oversaw the administration and investment management of the Fund.

E. Oversight Structure

The examiner reviewed the investment transactions for the period under examination and noted that the Fund did not obtain broker's advices or other supporting documentation for its

investment transactions to reconcile such advices to the monthly statements furnished by the custodian.

The examiner recommends that the Fund obtain broker's advices or other supporting documentation for its investment transactions and that this documentation be reviewed on a timely basis and reconciled to the applicable custodial statements for that period.

4. INVESTMENT REVIEW

A. Investment Policy Statement

New York Estate Powers and Trust Law § 11-2.3(b)(3)(A) requires trustees to "pursue an overall investment strategy to enable the trustee[s] to make appropriate present and future distributions to or for the benefit of the beneficiaries under the governing instrument, in accordance with risk and return objectives reasonably suited to the entire portfolio."

New York Not-for-Profit Corporation Law § 552(e)(2) requires institutions to adopt "an overall investment strategy having risk and return objectives reasonably suited to the fund and to the institution." New York Not-for-Profit Corporation Law § 552(f) provides that each "institution shall adopt a written investment policy setting forth guidelines on investments … and delegation of management and investment functions in accord with the standards of this article."

State Street is the Fund's investment adviser and custodian.

State Street prepared and provided a form investment policy statement ("IPS") to the Fund. The Fund adopted that form as its IPS.

The examiner recommends that the Fund review at least annually its written investment policy setting forth guidelines on investments and delegation of management and the conformance of its delegees to that investment policy and statutory guidance and that it memorialize those reviews in either board minutes or materials.

B. Monitoring

The examiner reviewed the board of directors minutes to determine if the board had been provided with a report concerning the Fund's investment of required admitted assets. The minutes did not contain any indication that the board was provided with a report concerning the Fund's investment of required admitted assets.

The examiner recommends that the board of directors, or a committee thereof, be provided, at least annually, with a report concerning the Fund's investment of required admitted assets and note such in the minutes.

5. ASSETS AND LIABILITIES SUMMARY

The following summary table indicates the decline in various categories of the Fund's assets, liabilities, and fund balance during the period under review:

	December 31, 2014	December 31, 2019	(Decrease)
Admitted assets	$1,939,861	$1,404,025	$(535,836)
Liabilities	$1,650,628	$1,228,498	$(422,130)
Minimum required fund balance	$ 157,736	$ 122,850	$ (34,886)
Excess fund balance (surplus)	131,497	52,677	(78,820)
Total annuity fund balance	$ 284,233	$ 175,527	$(108,706)
Total liabilities and annuity fund balance	$1,939,861	$1,404,025	$(535,836)

The decrease in assets, liabilities and annuity fund balance reflects a decrease in the total number of annuities in force. Annuities decreased from 76 with annual payment amounts of $234,273 as of December 31, 2014 to a total of 74 with annual payment amounts of $230,606 as of December 31, 2019.

The Fund's admitted assets, as of December 31, 2019, were invested mainly in equity securities (95.09%).

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.

The examiner's review of a sample of 4 annuity contracts terminated revealed that in 2 of the 4 cases (50%) reviewed, the Fund did not obtain a copy of the death certificate to confirm termination of the annuity contract.

The examiner recommends that upon the death of an annuitant, the Fund obtain and maintain a death certificate or other reliable documentary evidence that supports such information terminating an annuity contract.

7. ABANDONED PROPERTY

Section 1310 of the Abandoned Property Law ("APL") states the following, in part:

> "1. Any person or entity who holds any intangible personal property, including the proceeds of a sale of tangible property, which is not otherwise subject to the provisions of this chapter or any other law regarding the disposition of unclaimed property belonging to any other person, and which has remained unclaimed for a period of two years by the person or persons appearing to be entitled to receive such property, may request in writing, in such form and manner as the comptroller may by regulation prescribe, that the comptroller consent to receive payment or delivery of such property.
>
> 2. Within thirty days of the receipt of a request pursuant to subdivision one of this section, the comptroller shall send a written determination to the person or entity who filed such request which shall either: (i) consent to the request; (ii) consent to the request subject to such conditions as he deems necessary and appropriate; or (iii) deny the request. Any determination by the comptroller denying consent or placing conditions upon the consent shall specifically state the basis for such determination and such denial or conditional consent shall be reviewable in a proceeding pursuant to article seventy-eight of the civil practice law and rules."

The examiner noticed the following differences between annuity payments to donors and others and the annuity payments per the reserve listing for the period under examination:

Annuity Payments to Donors & Others (Page 3, Line 8 of the Annual Statement):

2015	2016	2017	2018	2019
$232,912	$207,984	$206,781	$207,361	$204,600

Annuity Payments per Reserve Listing, Beginning and End of Year:

	Beginning of Year	End of Year
2015	$234,273	$234,622
2016	$234,622	$235,113
2017	$235,113	$233,333
2018	$233,333	$234,248
2019	$234,248	$230,606

In response to correspondence, the Organization indicated that the differences were due to held payments for two annuitants. The total of the payments for these two annuitants was $26,520.

In both instances, the Fund initially sent payments to these annuitants but the checks have been returned to the Custodian, City National Bank since 2015 and 2016, respectively. Additionally, while payments were made to annuitants in subsequent periods, they were held by the Fund pending further research on each annuitants' status. The Organization researched whether these two annuitants passed away, but to no avail. Further, the Organization wrote to the annuitants several years after the last checks were sent. However, the mail was returned to the Organization, with no forwarding address.

As the checks for these two annuitants were not cashed, and as the annuitants have remained unaccounted for, the Organization should have contacted the Office of the State Comptroller to begin the process of escheatment two years after the checks were returned to the Fund as uncashed.

The examiner recommends that the Fund commence the process for the escheatment of stale checks to the Office of the State Comptroller two years after a check remains outstanding or was returned uncashed unless the annuitant was determined to be deceased utilizing the Social Security Death Master Index file or similar services.

8. PRIOR REPORT SUMMARY AND CONCLUSIONS

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

Item	Description
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. The Fund has complied with the recommendation.
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. The Fund has complied with the recommendation.
C	The examiner recommends that the Fund obtain copies of the death certificates of annuitants for annuity contracts terminated. The Fund has not complied with the recommendation. A similar recommendation appears in this report on examination.

9. SUMMARY AND CONCLUSIONS

Following are the recommendations contained in this report:

Item	Description	Page No(s).
A	The examiner recommends that the Fund obtain broker's advices or other supporting documentation for its investment transactions and that this documentation be reviewed on a timely basis and reconciled to the applicable custodial statements for that period.	5
B	The examiner recommends that the Fund review at least annually its written investment policy setting forth guidelines on investments and delegation of management and the conformance of its delegees to that investment policy and statutory guidance and that it memorialize those reviews in either board minutes or materials.	6
C	The examiner recommends that the board of directors, or a committee thereof, be provided, at least annually, with a report concerning the Fund's investment of required admitted assets and note such in the minutes.	6
D	The examiner recommends that upon the death of an annuitant, the Fund obtain and maintain a death certificate or other reliable documentary evidence that supports such information terminating an annuity contract.	8
E	The examiner recommends that the Fund commence the process for the escheatment of stale checks to the Office of the State Comptroller two years after a check remains outstanding or was returned uncashed unless the annuitant was determined to be deceased utilizing the Social Security Death Master Index file or similar services.	10

Respectfully submitted,

/s/
Manish Gera
Insurance Examiner

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

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

/s/
Manish Gera

Subscribed and sworn to before me

this _____ day of _____

APPOINTMENT NO. 32111

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, ***LINDA A. LACEWELL****, 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:*

MANISH GERA

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 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 September, 2020

LINDA A. LACEWELL
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU