



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES  
REPORT ON EXAMINATION  
OF THE  
SEGREGATED GIFT ANNUITY FUND  
OF THE  
GUIDEPOSTS A CHURCH CORPORATION

CONDITION:

DECEMBER 31, 2018

DATE OF REPORT:

JULY 17, 2019

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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EXAMINER:

HASAN AHMED

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NEW YORK STATE  
DEPARTMENT *of*  
FINANCIAL SERVICES

Andrew M. Cuomo  
Governor

Linda A. Lacewell  
Superintendent

October 23, 2019

Honorable Linda A. Lacewell  
Superintendent of Financial Services  
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31911, dated May 20, 2019 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Guideposts A Church Corporation, hereinafter referred to as the “Fund.” The Fund’s home office is located at 39 Old Ridgebury Road, Suite 27, Danbury, CT 06810.

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 recommends that the board of trustees, or a committee thereof, approve the purchases and sales of all investments and note such approvals in the minutes. (See item 3C of this report)

The Fund violated Section 1110(a) of the New York Insurance Law by using gift annuity agreement forms that differed from the gift annuity agreement forms that were filed with the Superintendent. The examiner recommends that the Fund file with the Superintendent all gift annuity agreement forms that were used and not previously filed with the Superintendent. (See item 5 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)

## 2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2013. The examination comprised a verification of assets and liabilities as of December 31, 2018 to determine whether the Fund's filed 2018 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 recommendations 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

#### A. History

Guideposts A Church Corporation (the “Corporation”) is organized for the purpose of: communicating positive spiritual values based on Judeo-Christian principles; teaching and advancing Christianity, including specific messages and beliefs articulated by Norman Vincent Peale; and the continuance of denominational churches. The Corporation established a program to issue gift annuity agreements in return for gifts from donors, and it has done so since 1995. A special permit was granted to the Corporation by the Department on July 1, 1995, for the purpose of issuing gift annuity agreements as specified in Section 1110 of the New York Insurance Law.

#### B. Services

Bank of America Private Bank (“Bank of America”) is the custodian of the Fund's assets. Bank of America performs investment management. Benefit payments to annuitants, annuity calculations, and the production of tax forms, such as Form 1099, are performed by PG Calc. All operations related to the issuance, maintenance and settlement of annuity agreements as well as the preparation of the annual statements are handled by the Fund.

#### C. Corporate Governance

The management of the Corporation, the Fund, and all of its affairs and property are entrusted to a board of trustees. The number of trustees is limited to no fewer than 9 and no more than 15 regular voting trustees. The trustees elect a president and chief executive officer, one or more vice presidents, and a secretary. The nomination and election procedures of the trustees and their terms of office are set by the by-laws. As of December 31, 2018, the board consisted of 11 trustees.

The examiner requested the board of trustees minutes for the examination period to determine whether the board approved the purchase and sales of investments during the examination period. The minutes did not contain any indication that the board approved the purchases and sales of investments during the examination period

The examiner recommends that the board of trustees, or a committee thereof, approve the purchases and sales of all investments and note such approvals in the minutes.



#### 4. SIGNIFICANT FINANCIAL INFORMATION

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

	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2018</u>	<u>Increase</u> <u>(Decrease)</u>
Admitted assets	<u>\$5,443,423</u>	<u>\$3,324,555</u>	<u>\$(2,118,868)</u>
Liabilities	<u>\$3,491,344</u>	<u>\$2,538,233</u>	<u>\$ (953,111)</u>
Minimum required fund balance	\$ 349,134	\$ 253,823	\$ (95,311)
Excess fund balance (surplus)	<u>1,602,945</u>	<u>532,499</u>	<u>(1,070,446)</u>
Total annuity fund balance	<u>\$1,952,079</u>	<u>\$ 786,322</u>	<u>\$(1,165,757)</u>
Total liabilities and annuity fund balance	<u>\$5,443,423</u>	<u>\$3,324,555</u>	<u>\$(2,118,868)</u>

The decrease in assets, liabilities and annuity fund balance reflects a decrease in the total number of annuities in force. Annuities decreased from 738 with annual payment amounts of \$464,059 as of December 31, 2013 to a total of 599 with annual payment amounts of \$341,450 as of December 31, 2018.

The Fund's admitted assets, as of December 31, 2018, were invested mainly in common stocks (87.11%) and bonds (8.33%). 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.

Section 1110(a) of the New York Insurance Law states, in part:

“. . . Every such corporation or association shall, before making such agreement, file with the superintendent copies of its forms of agreements with annuitants . . .”

The examiner’s review of a sample of 5 newly issued gift annuities during the examination period noted that in 2 annuities, the Fund used forms that differed from the gift annuity agreements filed with the Superintendent. The deviating form numbers found in the sample are 2Sda-I-NY and 2Sda-D-NY.

The Fund violated Section 1110(a) of the New York Insurance Law by using gift annuity agreement forms that differed from the gift annuity agreement forms that were filed with the Superintendent. The examiner recommends that the Fund file with the Superintendent all gift annuity agreement forms that were used and not previously filed with the Superintendent.

The examiner’s review of a sample of 4 annuity contracts terminated revealed that in 1 of the 4 cases (25%) 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.

## 6. 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:

<u>Item</u>	<u>Description</u>
A	<p>The examiner recommends that the board of trustees, or a committee thereof, approve the purchases and sales of all investments and note such approvals in the minutes</p> <p>The Fund did not provide meeting minutes of board of trustees noting approval of the purchases and sales of investments in the minutes. A similar recommendation appears in this report on examination.</p>
B	<p>The examiner recommends that the Fund obtain broker's advices or other supporting documentation for its investment transactions and reconcile such advices to the monthly statements provided by the custodian.</p> <p>The Fund obtained broker's advices/other supporting documentation for its investment transactions and reconciled such advices to the month statements provided by the custodian.</p>
C	<p>The examiner recommends that the Fund diversify its investment holdings.</p> <p>The examiner's review determined that the Fund properly diversified its investment holdings.</p>

## 7. 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 examiner recommends that the board of trustees, or a committee thereof, approve the purchases and sales of all investments and note such approvals in the minutes.	5
B	The Fund violated Section 1110(a) of the New York Insurance Law by using gift annuity agreement forms that differed from the gift annuity agreement forms that were filed with the Superintendent.	7
C	The examiner recommends that the Fund file with the Superintendent all gift annuity agreement forms that were used and not previously filed with the Superintendent.	7
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.	7

Respectfully submitted,

\_\_\_\_\_/s/  
Hasan Ahmed  
Senior Insurance Examiner

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

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

\_\_\_\_\_/s/  
Hasan Ahmed

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

*APPOINTMENT NO. 31911*

*NEW YORK STATE*

***DEPARTMENT OF FINANCIAL SERVICES***

*I, LINDA A. LACEWELL, 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:*

***HASAN AHMED***

*as a proper person to examine the affairs of the*

***SEGREGATED GIFT ANNUITY FUND OF THE  
GUIDEPOSTS A CHURCH CORPORATION***

*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 20th day of May, 2019*

***LINDA A. LACEWELL***  
*Acting Superintendent of Financial Services*

By:



***MARK MCLEOD***  
***DEPUTY CHIEF - LIFE BUREAU***

