For completing Grants and Annuities Societies - Annual Statement of Segregated Annuity Fund

(California Insurance Code Sections (“CICS”) [11520 through 11524](http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=INS&division=2.&title=&part=2.&chapter=12.&article=))

 **GENERAL INSTRUCTIONS**

1. **Filing Requirements**:

1. ALL Societies licensed in California are required to file the Annual Statement of Segregated Annuity Fund with this Department in accordance with [CICS 11521.3(c)](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=INS&sectionNum=11521.3.), even if there is no outstanding annuity reserve in California.
2. A completed Annual Statement of Segregated Annuity Fund prepared in MS-Excel and PDF format with signature and notarization (if needed) must be submitted online through the Department’s website via [Online Assistance System for Insurance Submittals (OASIS)](https://www.insurance.ca.gov/0250-insurers/0400-oasis/). A copy of the Segregated Trust Account's Investment Summary must be included as part of the Annual Statement PDF file.

**NOTE: Please DO NOT password protect documents submitted through OASIS.**

2. **Reporting Period**:

Corresponds to the Society’s operating period (fiscal or calendar year basis). Change in reporting period (to or from calendar/fiscal year) is subject to prior approval from this Department.

3. **Filing Date**:

Must be filed within one hundred twenty (120) days after the end of the Society’s reporting period.

4. **Filing Format**:

Must submit signed PDF and Excel formats via OASIS.

5. **Questions on filing**: e-mail: Financial.Records@insurance.ca.gov

# **JURAT PAGE**

Commenced issuance of annuities:

Date when the Society first issued annuity agreements in the United States.

CA Company Code:

This field corresponds to the G&A identification number assigned by the California Department of Insurance to all licensed Societies.

Administrative Office:

Location of the Society's main administrative office.

Mailing Address:

Address where the Society receives mail, if other than the administrative office address; may be a P.O. Box number with the associated zip code.

Annual Statement Contact Name, Title, and Phone Number:

Phone number should include area code and extension, where applicable.

Officers, Directors or Trustees:

Show full names (initials not acceptable) and indicate a number sign (#) following the names of those officers and directors who did not occupy the indicated position in the prior AS.

**BALANCE SHEET**

Assets must be physically and legally segregated from other assets of the Society pursuant to Section 11521.1(a) of the California Insurance Code:

"The funds and other property, together with interest and dividends thereon and proceeds therefrom, conditioned upon issuance of the certificate holder's contracts to pay annuities, shall be maintained under a separate trust agreement for reserves held for the benefit of California annuitants and shall be held legally and physically segregated from the other assets of the certificate holder. The amendments to this subdivision enacted during the 1993 portion of the 1993‑94 Regular Session shall apply to any organization that is issued a new certificate of authority on or after January 1, 1994. Any grants and annuities society that holds a certificate of authority on January 1, 1994, and that is not in compliance with this subdivision as of that date, shall comply with these amendments by January 1, 1998."

All investments supporting the reserve should be governed by CICS 11521.2:

*“ (a) The reserve required by the table of commensurate values for each annuity contract issued must be invested in investments specified in Sections 1170 through 1182 except that a certificate holder may invest in investment companies registered under the federal Investment Company Act of 1940, and in securities, including interests in those investment companies, listed and traded on the New York Stock Exchange, the American Stock Exchange or regional stock exchanges or the National Market System of the Nasdaq Stock Market or successors to such exchanges or market having the same qualifications, to the extent of the lesser of net worth (assets over liabilities and reserves) of the certificate holder or 50 percent of these general investments. This section does not permit investment in options or commodity exchanges.*

*(b) The certificate holder may invest in other investments as permitted by and subject to the written consent of the commissioner.”*

Line 1 - Bonds

Should agree with the total of Schedule A, Column 8, Line 49999.

Line 2.1 – Common Stocks

Should agree with Schedule B, Section 1, Column 6, Line 51999.

Line 2.2 – Preferred Stocks

Should agree with Schedule B, Section 2, Column 6, Line 52999.

Line 3 - Cash

Line 3.1 should agree with the total of Schedule C, Column 5, Line 61999.

Line 3.2 should agree with the total of Schedule C, Column 5, Line 62999.

Line 4 - All other assets

Any asset which cannot be readily classified under lines 1, 2 or 3, should be grouped and reported with an identifying title in lines 4.1, 4.2 or 4.3 accordingly.

For example: All real estate investments can be reported on Line 4.1 and all mortgage loans can be reported on Line 4.2.

Details of the investments are reported in Schedule D.

Line 4.1 should agree with the subtotal of Schedule D, Column 5, Line 64999.

Line 4.2 should agree with the subtotal of Schedule D, Column 5, Line 65999.

Line 4.3 should agree with the subtotal of Schedule D, Column 5, Line 66999.

Line 6 - Annuity payments due and unpaid

Payments of annuity benefits due and unpaid at the end of the year.

Line 7 - Borrowed money

Report the unpaid balance outstanding at the end of the year on any borrowed money plus accrued interest.

Line 8 - Other liabilities due and accrued

Other amount due and accrued which cannot be classified under lines 6 or 7 should be reported with an identifying title in lines 8.1 and 8.2.

Line 10 - Reserve for Annuity Agreements

Should agree with Schedule F, Section 2, Column 13, Line 82999.

Line 11 - Excess fund balance [surplus]

This amount CANNOT be negative. If a deficit is reported, a corrective action plan to address the deficit and documentation of the resolution must be submitted with the Annual Statement.

**Note:** A copy of the Segregated Trust Account’s Investment Summary (listing all assets in the California segregated trust account) must be submitted with the Annual Statement.

**INCOME AND EXPENSE STATEMENT**

Line 1 - Considerations received for annuity agreements

Report gross amount of the considerations received from annuitants for all annuity agreements issued during the year. **DO NOT deduct reinsurance premium paid during the year.**

Should agree with the total of Schedule F, Section 1, Column 7, Line 81999.

Line 2 - Investment income received

Report investment income received from all forms of investment, including investment fee earned less accrued interest/dividends paid and investment expense paid.

Line 2.1 - Bonds

Should agree with the total of Schedule A, Column 9, Line 49999, plus Schedule H, Column 9, Line 101999, less Schedule G, Column 7, Line 91999.

Line 2.2 – Common Stocks

Should agree with the total of Schedule B, Column 7, Line 51999, plus Schedule H, Column 9, Line 102999, less Schedule G, Column 7, Line 92999.

Line 2.3 – Preferred Stocks

Should agree with the total of Schedule B, Column 7, Line 52999, plus Schedule H, Column 9, Line 103999, less Schedule G, Column 7, Line 93999.

Line 2.4 - Cash

Should agree with the total of Schedule C, Column 4, Line 63999.

Line 2.5 – Other Assets

Should agree with the total of Schedule D, Column 6, Line 69999, plus Schedule H, Column 9, Line 104999, less Schedule G, Column 7, Line 94999.

Line 3 - Transfers into Annuity Fund

Include amount(s) transferred into the Annuity Fund during the year which may or may not directly relate to the annuity agreements issued by the Society.

For example: Contributions made from the Society, or funds transferred from the General or Segregated Account for payments of annuity benefits.

Line 4 – Income/ (losses) from other sources

Line 4.1 - Realized capital gains/ (losses)

Report the excess of considerations received over the cost for an asset matured, sold or disposed of during the reporting year.

Should agree with Schedule H, Column 8, Line 109999

Line 4.2 - Unrealized capital gains/ (losses)

Report the changes in market value of the invested assets during the year.

Should agree with Schedule I, Column 5, Line 119999

On Lines 4.3 and 4.4, report and label separately any other income not listed above.

Line 6 - Annuity payments

Total actual annuity benefits paid during the year to California annuitants according to the terms of the annuity agreements.

Line 7 - Transfers out of Annuity Fund

Line 7.1 - Amount Withheld From Current Gift

Total of the amount withheld from the Annuity Fund in connection with annuity agreements issued during the reporting year. This should agree with the total of Schedule F, Section 1, Column 8, Line 81999.

Line 7.2 - Withdrawals upon Termination of Annuity Agreements

Total of the amount withdrawn upon death of the annuitant(s) or other termination of annuity agreement. Any withdrawals of this type must not impinge on the minimum reserve required under CICS 11521.

Schedule J, Section 1 must be completed and Certification at the bottom page must be signed

Line 7.3 - Other Withdrawals

All withdrawals from the Annuity Fund in connection with annuity agreements issued in the prior years should be guided by the CICS 11521.1 (b):

*"Nothing in subdivision (a) shall prevent the certificate holder from withdrawing from time to time, pursuant to an appropriate resolution of its board of trustees, that amount or amounts as are determined, in a manner which is satisfactory to the commissioner, to be excess over and above its reserve required to be maintained under the provisions of Section 11521."*

Schedule J, Section 2 must be completed and a Board Resolution must be provided. Certification at the bottom page must be signed.

Line 8.1 - Reinsurance Premium Paid

Report total premium paid on reinsurance contracts entered into during the reporting period. This amount should equal Schedule E, Section 1, Column 6.

On Lines 8.2 and 8.3, report and label separately any other expenses incurred

**Note: DO NOT** include any fee, compensation or expense payments to Trustee/custodian if such payment is prohibited per terms of the trust/custodian agreement for the California Segregated Annuity Fund.

**SCHEDULE A - BONDS**

Bonds are obligations issued by business units, governmental units, certain nonprofit units and have a fixed schedule for one or more future payments of principal and interest. If no entries are to be made, write “None” or “Not Applicable” across the Schedule.

**Includes**: Commercial paper, negotiable certificates of deposit, repurchase agreements and collateralized mortgage obligations (CMOs).

**Excludes**: Bond mutual funds. Bond mutual funds should be included in Schedule B, Section 1.

Column 2 – CUSIP #

Committee on Uniform Securities Identification Procedures (CUSIP)
These "CUSIP" numbers and symbols are used when recording all buy or sell security transactions. CUSIP numbers are available from the broker’s confirmation or the certificate.

Column 3 - Description

Give a complete and accurate description of all bonds owned. Include the location of company if bond is not publicly traded.

Column 4 - Interest Rate

Show rate of interest as stated on the face of the bond.

Column 6 - Par Value

Par value is equivalent to the face value of the bond adjusted for repayment of principal, if any.

Column 7 - Cost

Report the cost at: (1) original cost of acquiring the bond, including broker's commission and incidental expenses or (2) fair market value of the bond when the gift was placed in the segregated annuity fund.

Column 8 - Statement Value (Market Value)

Statement value should be the market value of the bond.

Column 9 - Interest Received

Enter amount of interest income received in cash.

Line 49999 should equal the sum of Lines 4101 through 4145 (including 41999, if applicable).

**SCHEDULE B - STOCKS**

Shares of capital stock represent units of ownership in a corporation. If no entries are to be made, write “None” or “Not Applicable” across the Schedule.

**Includes**: Common and preferred stocks, all mutual fund shares including **money market** mutual fund shares, transferable savings and loan association shares, warrants and options to purchase stock.

Column 2 – CUSIP #

Committee on Uniform Securities Identification Procedures (CUSIP) - These "CUSIP" numbers and symbols are used when recording all buy or sell security transactions. CUSIP numbers are available from the broker’s confirmation or the certificate, or the stock trading symbols for publicly traded securities.

Column 3 - Description

Give a complete and accurate description of all stocks owned. Include the location of company if stock is not publicly traded.

Column 5 - Cost

Report the cost at: (1) original cost of acquiring the stock, including broker's commission and incidental expenses or (2) fair market value of the stock when the gift was placed in the segregated annuity fund.

Column 6 - Statement Value (Market Value)

Statement value should be the market value of the stock.

Column 7 - Dividends Received

Enter amount of Dividend income received in cash or reinvested in additional shares.

Line 51999 should equal the sum of Lines 5101 through 5140 (including 51999.1 and 51999.2, if applicable) for common stocks.

Line 52999 should equal the sum of Lines 5211 through 5235 (including 52999.1 and 52999.2, if applicable) for preferred stocks.

Line 59999 should equal the sum of Lines 51999 through 52999.

**SCHEDULE C - CASH**

This Schedule shows all banks, trust companies, savings and loan associations in which deposits were maintained by the Society at any time during the year. In addition, any cash in the Society’s office should also be reported in this Schedule. If no entries are to be made, write “None” or “Not Applicable” across the Schedule.

**NOTE:** Money market deposit account (FDIC insured) can be reported in this Schedule. Money market **mutual funds** (brokerage account) should be reported in **Schedule B**.

Column 2 - Depository

Show full name and location of the depository. State if the depository is affiliated with the Society.

Column 3 - Interest Rate

Report the rate of interest in effect as of the reporting year-end.

Column 5 - Balance

Ending balance in the depository's account and at company's office (Line 62999).

Line 61999 should equal the sum of Lines 6101 through 6115.

Line 63999 should equal the sum of Lines 61999 and 62999.

**SCHEDULE D - ALL OTHER ASSETS**

This Schedule includes those investments that are not reportable in any of the Schedules A, B or C. If no entries are to be made, write “None” or “Not Applicable” across the Schedule.

Includes: Real estate and mortgage loans.

Column 5 - Statement Value (Market Value)

Statement value should be the market value of the asset.

Column 7 - Amount of encumbrances at the end of reporting period

If there is a loan taken out on the asset, report the amount of principal outstanding on the loan. For a loan subject to a participation agreement, include only the Society's pro-rata share of loan principal.

Line 64999 should equal the sum of Lines 6401 through 6415.

Line 65999 should equal the sum of Lines 6501 through 6510.

Line 66999 should equal the sum of Lines 6601 through 6610.

Line 69999 should equal the sum of Lines 64999, 65999 and 66999.

**SCHEDULE E – REINSURANCE**

Showing all annuity agreements reinsured

* If the Society enters into a reinsurance agreement with an insurance company, it must do so with an admitted insurer (CICS 11523.5). A copy of the reinsurance agreement must be submitted to the Department.
* If the Society does not have any reinsurance agreements in effect, it should write either “None” or “Not Applicable” across the Schedule.

**SCHEDULE F - SUMMARY OF IN FORCE ANNUITY AGREEMENTS**

If no entries are to be made, write “None” or “Not Applicable” across the Schedule.

Section 1 - Annuity Agreements issued **during the current year**

Include in this section only the transactions that relate to the annuity agreements issued to California residents by the Society during the reporting year.

Two entries should be reported for all joint life annuity agreements issued but should only be counted as one agreement issued in Column 9.

Column 2 - Annuitant Name and/or Agreement Number

Identify name of the individual who receives the annuity benefit and/or the annuity agreement number.

Column 3 - Age

Age of the annuitant at the nearest birthday at the time the annuity agreement was issued.

Column 4 – Sex

Sex of the annuitant - Indicate "M” for male and “F” for female.

Column 5 - Date of Issue

The effective date of the annuity agreement issued to the annuitant.

Column 6 - Type of Annuity Agreement

Identify the type of annuity agreement such as:

- Single Life Immediate Annuity

- Joint Life Immediate Annuity

- Single Life Deferred Annuity

- Joint Life Deferred Annuity

The above listing is not all inclusive.

Column 7 - Value of Property Transferred

Report the gross amount of the property value contributed to the Society.

Line 81999 should agree with Page 3, Line 1.

Column 8 - Amount Withheld

Identify the value of property contributed which was withheld from (not deposited into) the segregated annuity fund in connection with each of the individual annuity agreement issued during the current year.

Amount Withheld CANNOT be greater than the difference between Value of Property Transferred (Column 7) and Initial Reserve (Column 13).

Line 81999 should agree with Page 3, Line 7.1.

Column 9 - Number of Agreements

Count of each annuity agreement issued during the year.

NOTE: Each joint annuity agreement will be counted as one even though there are two entries to reflect both annuitants’ information for a joint life annuity agreement.

Column 10 - Annual Amount Payable

Amount of annuity benefits payable to the annuitant on an annual basis.

Column 11 - Payment Interval

Indicate whether the annuity benefit is payable on an annual, semiannual, quarterly or monthly basis.

Column 12 - Table and Rate of Interest Used

 **Refer to** [**Bulletin 2004-2**](https://www.insurance.ca.gov/0250-insurers/0300-insurers/0200-bulletins/bulletin-notices-commiss-opinion/bulletin-2004-2.cfm) **for details.**

Identify the annuity mortality table and the interest rate used to calculate the reserve in Column 13.

Column 13 - Initial Reserve

Initial reserve established on the issuance date of the annuity agreement.

Reserve should be calculated in accordance with [CICS 11521](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=INS&sectionNum=11521.3.):

*"Upon granting to such organization or person a certificate of authority to receive such transfers, the commissioner shall require it to establish and maintain a reserve fund adequate to meet the future payments under its outstanding annuity contracts and in any event not less than an amount computed as follows:*

1. *In the case of annuities payable under agreements made prior to January 1, 1950, in accordance with the standard of valuation based upon McClintock's table of mortality among annuitants, with interest assumption at 3½ percent per annum.*
2. *In the case of annuities payable under agreements made on and after January 1, 1950, in accordance with the standard of valuation based upon the 1937 Standard Annuity Table, with interest assumption at 2½ percent per annum, or other table of mortality derived from recent annuity experience, with interest assumption not higher than is currently yielded on safe securities, as may be prescribed by the commissioner.*

*For any failure on its part to establish and maintain such reserve fund, the commissioner shall revoke its certificate of authority."*

In the case of annuities payable under agreements made on or after January 1, 1992, the Commissioner has prescribed the a-1983 Table basis for mortality with interest assumption at 6 percent per annum in Department Bulletin No. 91-6.

Line 81999 should equal the sum of Lines 8101 through 8135 (including 81999.1, if applicable).

**NOTE:** Proof of payment of the filing fees for annuity agreements listed in Section 1 must be submitted.

Section 2 - Annuity Agreements outstanding at the end of the year

Include in this section all transactions that relate to annuity agreements issued to California residents by the Society and outstanding at the end of the year.

The information to be reported in Columns 9, 10, 12 and 13 **should be summarized based on each of the mortality tables** utilized by the Society to establish the Reserve in accordance with CICS 11521.

Line 82999 should equal the sum of Lines 8201 through 8235 (including 82999.2, if applicable).

**SCHEDULE J – withdrawal of Funds (Section 2 – Other Withdrawals)**

Pursuant to CICS 11521.1(b), must attach the Board Resolution.

**Reserve Basis and Reasonably Commensurable Value (RCV) of Annuities**

**Refer to Bulletin 2004-2 for changes effective January 1, 2005**

**NOTES TO FINANCIAL STATEMENTS**

Please attach an additional page (as necessary) to the Annual Statement to provide explanation to the following, when noted:

1. **Deficit**

The assets in segregated account should at all times be sufficient to support the California reserve pursuant to CICS 11521. In the event that a deficit is reported during the period, the Society is required to provide a detailed action plan to address this issue, and documentation to substantiate the resolution of the deficit.

1. **Annuity Payments**

Generally, the amount of annuity payments (Page 3, Line 6) that the Society makes during the year should be equal to the annual amount payable (Page 7, Column 10) reported (without new annuity contracts issued, terminated annuity contracts, and deferred annuity contracts during the period). If there is a significant discrepancy between the annuity payments and annual amount payable, or if the Society reports “0” on Page 3, Line 6, an explanation should be provided and a copy of the Gift Annuity Reserve Report must be submitted (See sample below).

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If payments were made from an account other than the Segregated Account (i.e. General Account), provide an explanation and disclose the total amount paid to donors.

**CHECKLIST**

\_\_\_\_\_ Electronic filing – Prepared in MS-Excel and signed PDF formats, and submitted via OASIS

\_\_\_\_\_ Jurat Page

\_\_\_\_\_ Balance Sheet

\_\_\_\_\_ Segregated Trust Account’s Investment Summary must be submitted as part of PDF file.

\_\_\_\_\_ Income and Expense Statement

\_\_\_\_\_ Schedule A – Bonds

\_\_\_\_\_ Schedule B – Stocks

\_\_\_\_\_ Schedule C – CASH and Schedule D – Other Assets

\_\_\_\_\_ Schedule E – Reinsurance

\_\_\_\_\_ Schedule F – Summary of In Force Annuity Agreements

\_\_\_\_\_ Schedule G – Bonds, Stocks, and other Assets ACQUIRED during the current year

\_\_\_\_\_ Schedule H – Bonds, Stocks, and other Assets DISPOSED during the current year

\_\_\_\_\_ Schedule I – Unrealized Capital Gains and Losses

\_\_\_\_\_ Schedule J – Withdrawal of Funds

 \_\_\_\_\_ Board Resolution

\_\_\_\_\_ GENERAL INTERROGATORIES

\_\_\_\_\_ NOTES TO FINANCIAL STATEMENTS, as necessary