



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
SARAH LAWRENCE COLLEGE

CONDITION:

DECEMBER 31, 2012

DATE OF REPORT:

SEPTEMBER 27, 2013

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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OF THE

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SARAH LAWRENCE COLLEGE

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EXAMINER:

ASHOK REDDY

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Shirin Emami
Acting Superintendent

November 19, 2015

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

Madam:

In accordance with instructions contained in Appointment No. 30938, 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 Sarah Lawrence College, hereinafter referred to as “the Fund.” The Fund’s home office is located at 1 Mead Way, Bronxville, NY 10708.

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 directors, or a committee thereof, approve the purchases and sales of all investments and note such approvals in the minutes. (See item 4 of this report)

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 5 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 6 of this report)

2. SCOPE OF EXAMINATION

This is the first examination of the Fund since it received its special permit to issue gift annuity agreements in 2008. This examination covers the period from January 17, 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 results of such review are contained in item 5 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

Sarah Lawrence College (the “College”) is organized for the purpose of providing the training and educational needs of young women over the age of sixteen years who have completed at least the equivalent of a full high school course and under the rules of the Board of Regents are qualified for admission to the freshman class of a standard college and to educate and train such young women in the subjects usually covered by at least the first two years of a college course, including instruction in fine arts, science, languages, literature, and social subjects, and prescribe and maintain courses of study in such subjects of a standard established by the approval of the Regents of the University of the State of New York for at least two years of college work.

Under the provisions of its by-laws, the College is permitted to issue gift annuity agreements and it has done so since 1997. A special permit was granted to the College by the Department on January 17, 2007, authorizing it to issue gift annuity agreements as specified in Section 1110 of the New York Insurance Law.

All operations related to the issuance, maintenance and settlement of annuity agreements are outsourced to State Street Global Advisors. The financial staff, headed by the Vice President of Finance, is responsible for accounting for and reporting on the gift annuity program.

The management of the organization and the Fund and all of its affairs and property are entrusted to a board of trustees. The number of trustees is limited to 38 regular voting trustees but not less than 19 regular voting trustees. As of December 31, 2012, the board consisted of 30 trustees. The trustees elect the Chair of the Board, one or more Vice Chairs of the Board and the Secretary of the Board. The nomination and election procedures of the trustees and their terms of office are set by the by-laws.

4. CORPORATE GOVERNANCE

The examiner reviewed the board of trustees' minutes to determine if the board approved the purchases and sales of investments during the examination period. The minutes did not contain any indication that the board approved the specific 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.

5. SIGNIFICANT FINANCIAL INFORMATION

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

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2012</u>	<u>Increase</u> <u>(Decrease)</u>
Admitted assets	\$ <u>1,944,983</u>	\$ <u>1,998,821</u>	\$ <u>53,838</u>
Liabilities	\$ <u>1,601,445</u>	\$ <u>1,515,477</u>	\$ <u>(85,968)</u>
Minimum required surplus	\$ 160,145	\$ 151,548	\$ (8,597)
Unassigned funds (surplus)	<u>183,393</u>	<u>331,796</u>	<u>148,403</u>
Total surplus	\$ <u>343,538</u>	\$ <u>483,344</u>	\$ <u>139,806</u>
Total liabilities and surplus	\$ <u>1,944,983</u>	\$ <u>1,998,821</u>	\$ <u>53,838</u>

The increase in assets and surplus is due to unrealized capital gains during the exam period.

The decrease in liabilities is due to a decrease in annuity payments. Annuity payments decreased from \$168,789 as of December 31, 2008 to \$149,129 as of December 31, 2012; however, annuities in force increased from 41 as of December 31, 2008 to a total of 46 as of December 31, 2012.

The Fund's admitted assets, as of December 31, 2012, were mainly invested in common stocks (75.28%) and cash (24.72%).

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

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 board of directors, or a committee thereof, approve the purchases and sales of all investments and note such approvals in the minutes.	5

Respectfully submitted,

_____/s/
Ashok Reddy
Insurance Examiner

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

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

_____/s/
Ashok Reddy

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 30938

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:

ASHOK REDDY

as a proper person to examine the affairs of the

**SEGREGATED GIFT ANNUITY FUND OF THE
SARAH LAWRENCE COLLEGE**

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

