



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
COLLEGES OF THE SENECA

CONDITION:

DECEMBER 31, 2012

DATE OF REPORT:

DECEMBER 9, 2013

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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OF THE

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OF THE

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EXAMINER:

HASAN AHMED

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Shirin Emami
Acting Superintendent

December 8, 2015

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

Madam:

In accordance with instructions contained in Appointment No. 30921, 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 College of Seneca hereinafter referred to as “the Fund.” The Fund’s home office is located at 337 Pulteney Street, Geneva, NY 14456.

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 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 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

The prior examination was conducted as of December 31, 2007. This examination covers the period from January 1, 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 examiner also reviewed the corrective actions taken by the Fund with respect to the violation and recommendation contained in the prior report on examination. The results of such review are contained in item 7 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 College is organized for the purpose of providing a student-centered learning environment that is globally focused, grounded in the values of equity and service, and pledged to developing citizens who will lead in the 21st century. Under the provisions of its by-laws, the College is permitted to issue gift annuity agreements and it has done so since 1989. A special permit was granted to the College by the Department on March 17, 1993, authorizing it to issue gift annuity agreements as specified in Section 1110 of the New York Insurance Law.

The issuance, maintenance and settlement of annuity agreements are handled by the Finance Office of the Colleges.

The Fund maintains an investment management agreement with State Street Bank and Trust Company of Boston, Massachusetts (the "Bank"). Under the agreement, the Bank provides recordkeeping, reporting, custodianship, and investment advisory services to the Fund.

The management of the College and the Fund and all of its affairs and property are entrusted to a board of trustees. The number of trustees is limited to 45 regular voting trustees. As of December 31, 2012 the board consisted of 42 trustees. The trustees elect the Chair of the Board of Trustees, the Vice-Chair of the Board of Trustees, the President of the Colleges, the Treasurer, and the Secretary. The nomination and election procedures of the trustees and their term of office are set by the by-laws.

4. CORPORATE GOVERNANCE

The examiner's review of a sample of benefit payments made to annuitants during the examination period revealed that only the name of the Hobart and William Smith Colleges, 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.

5. SIGNIFICANT FINANCIAL INFORMATION

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

	December 31, <u>2007</u>	December 31, <u>2012</u>	<u>(Decrease)</u>
Admitted assets	<u>\$2,076,514</u>	<u>\$1,545,733</u>	<u>\$(530,781)</u>
Liabilities	<u>\$1,161,056</u>	<u>\$1,066,427</u>	<u>\$ (94,629)</u>
Minimum required surplus	\$ 116,106	\$ 106,643	\$ (9,463)
Unassigned funds (surplus)	<u>799,352</u>	<u>372,663</u>	<u>(426,689)</u>
Total surplus	<u>\$ 915,458</u>	<u>\$ 479,306</u>	<u>\$(436,152)</u>
Total liabilities and surplus	<u>\$2,076,514</u>	<u>\$1,545,733</u>	<u>\$(530,781)</u>

The decrease in assets, liabilities and surplus reflects a decrease in the total annuity payment amounts. Annuity payment amounts decreased from \$187,443 as of December 31, 2007 to \$142,142 as of December 31, 2012; however, annuities in-force increased from 76 as of December 31, 2007 to 77 as of December 31, 2012.

The decrease in assets and unassigned funds (surplus) is also attributable to gross amount transferred to general funds of the corporation in the amount of \$257,952 in 2012.

The Fund's admitted assets, as of December 31, 2012, were mainly invested in common stocks (98.29%).

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. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violation and recommendation 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 Fund violated Section 1110(a) of the New York Insurance Law by using various annuity agreement forms that were not filed with the Department.</p> <p>The Fund filed the revised gift annuity agreement forms with the Superintendent.</p>
B	<p>The examiner recommended that the Fund use the revised annuity form agreement filed with the Superintendent.</p> <p>The Fund filed the revised gift annuity agreement forms with the Superintendent.</p>

8. 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.	5

Respectfully submitted,

_____/s/
Hasan Ahmed
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. 30921

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:

HASAN AHMED

as a proper person to examine the affairs of the

**SEGREGATED GIFT ANNUITY FUND OF THE
COLLEGES OF THE SENECA**

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

