



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
INTERNATIONAL HOUSE

CONDITION:

DECEMBER 31, 2013

DATE OF REPORT:

OCTOBER 9, 2014

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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OF THE

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EXAMINER:

AKIKO MEDLEY

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Shirin Emami
Acting Superintendent

February 17, 2016

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

Madam:

In accordance with instructions contained in Appointment No. 31154, dated April 9, 2014 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the International House, hereinafter referred to as “the Fund,” at its home office located at 500 Riverside Drive, New York, NY 10027.

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'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, 2013 filed annual statement. (See item 4 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 5 of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2008. This examination covers the period from January 1, 2009 through December 31, 2013. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2013 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, 2013 to determine whether the Fund's filed 2013 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

International House (the “Corporation”) is a not for profit student housing complex that was founded in 1924 by John D. Rockefeller, Jr. and the Cleveland Dodge family. The Corporation houses about 700 graduate students and interns, which is comprised of two-thirds international students and one-third American students. The students and interns attend over 75 academic and training institutions in the New York City area. The Corporation was organized for the purpose of providing for the improvement of the social, intellectual, spiritual and physical condition of students from any land, and without discrimination because of religion, nationality, race, color, or sex, who are studying in the colleges, universities and professional schools of the city of New York. Under the provisions of its by-laws, the Corporation is permitted to issue gift annuity agreements and it has done so since 1997. A special permit was granted to the Corporation by the Department on September 24, 1999, 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 handled by the Fund. The Fund employs Bank of New York Mellon (“BNY Mellon”) as its custodian and for the issuance of the benefit payments. Beck, Mack & Oliver, LLC, an investment firm, manages the Fund’s investments. Mr. Daniel O’Connell, a certified public accountant, calculates the Fund’s reserves and provides assistance with the preparation of its annual statements.

The management of the Corporation and the Fund and all of its affairs and property are entrusted to a board of trustees. The number of trustees shall not be fewer than ten regular voting trustees. As of December 31, 2013, the board consisted of 37 trustees. The trustees elect a chairman of the board, a chairman of the executive committee, a president, a treasurer and a secretary. The nomination and election procedures of the trustees and their term of office are set by the by-laws.

4. 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>2013</u>	<u>Increase</u> <u>(Decrease)</u>
Admitted assets	<u>\$816,724</u>	<u>\$554,264</u>	<u>\$(262,460)</u>
Liabilities	<u>\$604,719</u>	<u>\$ 4,495</u>	<u>\$(600,224)</u>
Minimum required surplus	\$100,000	\$ 450	\$ (99,550)
Unassigned funds (surplus)	<u>112,005</u>	<u>549,320</u>	<u>437,315</u>
Total surplus	<u>\$212,005</u>	<u>\$549,770</u>	<u>\$337,765</u>
Total liabilities and surplus	<u>\$816,724</u>	<u>\$554,264</u>	<u>\$(262,460)</u>

Note: Any differences are due to rounding.

The decrease in assets and liabilities reflects a decrease in the total number of annuities in force. Annuities decreased from nine with annual payment amounts of \$134,872 as of December 31, 2008 to a total of four with annual payment amounts of \$820 as of December 31, 2013.

The increase in surplus is attributable to a net decrease in actuarial reserves of \$445,004 in 2013.

The Fund's admitted assets, as of December 31, 2013, were mainly invested in common stocks (63.16%) and bonds (32.77%).

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

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 recommendation:

<u>Item</u>	<u>Description</u>
A	<p>The examiner recommends that the board of trustees, or a committee thereof, approve the purchase and sale of all investments, and note such approvals in the minutes.</p> <p>The examiner noted in the Fund's board minutes that the board of trustees' approved the purchases and sales of all investments.</p>
B	<p>The examiner recommends that the Fund should amend the custodial agreement to reflect State Street Bank as bank custodian.</p> <p>The Fund amended its custodial agreement to reflect that BNY of Mellon is the Fund's custodian.</p>

Respectfully submitted,

_____/s/
Akiko Medley
Insurance Examiner

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

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

_____/s/
Akiko Medley

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 31154

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:

AKIKO MEDLEY

as a proper person to examine the affairs of the

**SEGREGATED GIFT ANNUITY FUND OF THE
INTERNATIONAL HOUSE**

and to make a report to me in writing of the condition of said

FUND

with such other information as she 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 9th day of April, 2014

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:


MICHAEL MAFFEI

ASSISTANT DEPUTY SUPERINTENDENT
AND CHIEF OF THE LIFE BUREAU

