



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES  
REPORT ON EXAMINATION  
OF THE  
SEGREGATED GIFT ANNUITY FUND  
OF THE  
OUR LADY OF VICTORY HOMES OF CHARITY

CONDITION:

DECEMBER 31, 2013

DATE OF REPORT:

NOVEMBER 15, 2014

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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OF THE

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OF THE

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AS OF

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EXAMINER:

HUGHROY MIGHTY

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NEW YORK STATE  
DEPARTMENT *of*  
FINANCIAL SERVICES

Andrew M. Cuomo  
Governor

Shirin Emami  
Acting Superintendent

January 25, 2016

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

Madam:

In accordance with instructions contained in Appointment No. 31161, dated May 8, 2014 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Our Lady of Victory Homes of Charity, hereinafter referred to as “the Fund.” The Fund’s home office is located at 780 Ridge Road, Lackawanna, New York 14218.

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 recommends that the Fund obtain copies of the death certificates of annuitants for annuity contracts terminated. (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, 2009 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 recommendation 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

Our Lady of Victory Homes of Charity (the “Corporation”) was organized for the purpose of running an orphanage. The orphanage ceased to exist as of October 1956. Currently, Our Lady of Victory Homes of Charity promotes devotion to Our Lady of Victory and supports needy children and families of Western New York by supporting the Institutions founded by Father Baker. The Corporation was originally formed under the name Association of Our Lady of Victory. The Corporation’s name changed to its present name on January 27, 1961. Under the provisions of its by-laws, the Corporation is permitted to issue gift annuity agreements and it has done so since 1977. A special permit was granted to the Corporation by the New York State Insurance Department on January 16, 1984, 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.

M & T Investment Group is the custodian of the Fund’s investments and the Fund’s investment manager. The Fund maintains a checking account with M & T Bank from which annuity benefit payments are issued. The Fund also maintains a licensing agreement with PG Calc, Inc. (gift annuity software) to manage its gift annuity program.

The management of the Corporation and the Fund along with all of its affairs and property are entrusted to a board of directors. The number of directors is limited to five regular voting directors. As of December 31, 2013, the board consisted of five directors. The officers of the Corporation consist of: a president who shall be ex-officio the Bishop of Buffalo; a vice-president who shall be ex-officio the Auxiliary Bishop of Buffalo; a secretary who shall be ex-officio the Chancellor of the Diocese of Buffalo; and a treasurer and executive vice president who shall be ex-officio the Executive Vice-President and Treasurer of Our Lady of Victory Homes of Charity.

#### 4. SIGNIFICANT FINANCIAL INFORMATION

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

	December 31, <u>2008</u>	December 31, <u>2013</u>	<u>Increase</u>
Admitted assets	<u>\$5,836,177</u>	<u>\$8,188,491</u>	<u>\$2,352,314</u>
Liabilities	<u>\$4,154,908</u>	<u>\$5,463,570</u>	<u>\$1,308,662</u>
Minimum required surplus	\$ 395,706	\$ 475,093	\$ 79,387
Unassigned funds (surplus)	<u>1,285,563</u>	<u>2,249,828</u>	<u>964,265</u>
Total surplus	<u>\$1,681,269</u>	<u>\$2,724,921</u>	<u>\$1,043,652</u>
Total liabilities and surplus	<u>\$5,836,177</u>	<u>\$8,188,491</u>	<u>\$2,352,314</u>

The increase in assets, liabilities and surplus reflects an increase in the total amount of annuities. Annuity payments increased from \$574,588 as of December 1, 2008 to \$669,263 as of December 31, 2013 while the number of annuities decreased from 643 as of December 31, 2008 to 599 as of December 31, 2013.

The increase in assets and surplus is also attributable to investment gains.

The Fund's admitted assets, as of December 31, 2013, were invested mainly in bonds (98.60%). 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.

The examiner's review of a sample of 25 annuity contracts terminated revealed that in 21 cases reviewed, the Fund did not obtain a copy of the death certificate to confirm termination of the annuity contract.

The examiner recommends that the Fund obtain copies of the death certificates of annuitants for annuity contracts terminated.

## 6. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following is the recommendation contained in the prior report on examination and the subsequent action taken by the Fund in response to such recommendation:

<u>Item</u>	<u>Description</u>
A	<p>The examiner recommends that the Fund exercise due care in the preparation of its annual statements and supporting schedules.</p> <p>The Fund prepared its annual statements in accordance with the Department's annual statement instructions.</p>

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 Fund obtain copies of the death certificates of annuitants for annuity contracts terminated.	6

Respectfully submitted,

\_\_\_\_\_/s/  
Hughroy Mighty  
Insurance Examiner

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

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

\_\_\_\_\_/s/  
Hughroy Mighty

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

APPOINTMENT NO. 31161

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:

**HUGHROY MIGHTY**

as a proper person to examine the affairs of the

**SEGREGATED GIFT ANNUITY FUND OF THE  
OUR LADY OF VICTORY HOMES OF CHARITY**

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 8th day of May, 2014

BENJAMIN M. LAWSKY  
Superintendent of Financial Services

By:



MICHAEL MAFFEI  
ASSISTANT DEPUTY SUPERINTENDENT  
AND CHIEF OF THE LIFE BUREAU

