

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

CONDITION:

DECEMBER 31, 2013

DATE OF REPORT:

OCTOBER 29, 2014

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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EXAMINER:

MOSHE STEMPEL

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NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Acting Superintendent

March 4, 2016

Honorable Maria T. Vullo
Acting Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31163, 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 Roberts Wesleyan College, hereinafter referred to as “the Fund.” The Fund’s home office is located at 2301 Westside Dr., Rochester, NY 14624.

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)

The examiner recommends that the Fund contract with a licensed bank or trust company to serve as the Fund's custodian for the Fund's securities. (See item 6 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 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 Roberts Wesleyan College (the “College”) was incorporated by the Board of Regents under a provisional charter as The Chili Seminary on January 14, 1869. The Board of Regents amended the charter on January 7, 1885, renaming the institute as The A. M. Chesbrough Seminary. Further amendments were effected on April 20, 1945 and April 22, 1949, which changed the name of the institution to Roberts Junior College and Roberts Wesleyan College, respectively.

The College is organized for the purpose of providing an education that focuses on erudition, spiritual organization and service. Based on this mission, it develops thoughtful, spiritually mature and service-oriented people who will assist in transforming society. Under the provisions of its by-laws, the College is permitted to issue gift annuity agreements and it has done so since 1953. A special permit was granted to the College by the Department on May 3, 1994, 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.

Charles Schwab & Company, Inc. is the custodian of the Fund’s assets. Mercer Investment Consulting serves as the Fund’s investment consultant.

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 31 regular voting trustees. As of December 31, 2013, the board consisted of 19 trustees. The trustees elect a chairperson, two vice-chairpersons 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>1,443,873</u>	\$ <u>2,202,722</u>	\$ <u>758,849</u>
Liabilities	\$ <u>1,200,951</u>	\$ <u>1,125,306</u>	\$ <u>(75,645)</u>
Minimum required fund balance	\$ 114,376	\$ 111,391	\$ (2,985)
Excess fund balance (surplus)	<u>128,546</u>	<u>966,025</u>	<u>837,479</u>
Total annuity fund balance	\$ <u>242,922</u>	\$ <u>1,077,416</u>	\$ <u>834,494</u>
Total liabilities and annuity fund balance	\$ <u>1,443,873</u>	\$ <u>2,202,722</u>	\$ <u>758,849</u>

The decrease in liabilities reflects a decrease in the total number of annuities in force. Annuities decreased from 123 with annual payment amounts of \$154,321 as of December 31, 2008 to a total of 105 with annual payment amounts of \$142,889 as of December 31, 2013.

The increase in assets and surplus reflects an increase in the market value of investments in common stocks.

The Fund's admitted assets, as of December 31, 2013, were invested mainly in common stocks (95.37%).

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. CUSTODIAN

The Fund's custodian is Charles Schwab & Company, Inc. ("Charles Schwab"). The examiner determined that Charles Schwab is not a licensed bank or trust company.

The examiner recommends that the Fund contract with a licensed bank or trust company to serve as the Fund's custodian for the Fund's securities.

7. 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 the recommendation:

<u>Item</u>	<u>Description</u>
A	<p>The examiner recommends that the Fund record the approvals of the purchase and sale of all investments in the board of directors or committee minutes to ensure the completeness of reporting. This is a repeat recommendation from the prior report on examination.</p> <p>The Fund's investment manager administers the Fund's investments in accordance with the Fund's investment guidelines. The Fund's investment committee reviews the Fund's investments and investment performance to ensure that the Fund's investments comply with the Fund's investment guidelines.</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 contract with a licensed bank or trust company to serve as the Fund's custodian for the Fund's securities.	5

Respectfully submitted,

_____/s/
Moshe Stempel
Insurance Examiner

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

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

_____/s/
Moshe Stempel

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 31163

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:

MOSHE STEMPEL

as a proper person to examine the affairs of the

**SEGREGATED GIFT ANNUITY FUND OF THE
ROBERTS WESLEYAN COLLEGE**

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

FUND

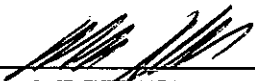
with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed my name
and affixed the official Seal of the Department
at the City of New York

this 8th day of May, 2014

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:


MICHAEL MAFFEI
ASSISTANT DEPUTY SUPERINTENDENT
AND CHIEF OF THE LIFE BUREAU

