

The examiner recommends that the Investment Strategy Statement be approved by the Board of Trustees.

The examiner recommends that the Fund review at least annually its written investment policy setting forth guidelines on investments and delegation of management and the conformance of its delegees to that investment policy and statutory guidance and that it memorialize those reviews in either board minutes or materials.

B. Monitoring

The examiner reviewed the Board of Trustees minutes to determine whether the board had been provided with a report concerning the Fund's investment of required admitted assets. The minutes did not contain any indication that the board was provided with a report concerning the Fund's investment of required admitted assets.

The examiner recommends that the Board of Trustees, or a committee thereof, be provided, at least annually, with a report concerning the Fund's investment of required admitted assets and note such in the minutes.

5. ASSETS AND LIABILITIES SUMMARY

The following summary table indicates the increase in various categories of the Fund's assets, liabilities, and fund balance during the period under review:

	December 31, <u>2016</u>	December 31, <u>2021</u>	<u>Increase</u>
Admitted assets	<u>\$638,537</u>	<u>\$857,519</u>	<u>\$218,982</u>
Liabilities	<u>\$568,672</u>	<u>\$613,608</u>	<u>\$ 44,936</u>
Minimum required fund balance	\$ 56,867	\$ 61,361	\$ 4,494
Excess fund balance (surplus)	<u>12,998</u>	<u>182,550</u>	<u>169,552</u>
Total annuity fund balance	<u>\$ 69,865</u>	<u>\$243,911</u>	<u>\$174,046</u>
Total liabilities and annuity fund balance	<u>\$638,537</u>	<u>\$857,519</u>	<u>\$218,982</u>

The increase in assets, liabilities and annuity fund balance reflects an increase in the total number of annuities in force. Annuities increased from 25 with annual payment amounts of \$68,147 as of December 31, 2016 to a total of 32 with annual payment amounts of \$75,355 as of December 31, 2021.

The Fund's admitted assets, as of December 31, 2021, were invested in equity securities (95.37%).

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.

The examiner's review of the one annuity contract terminated during the examination period revealed that the Fund failed to obtain a copy of the death certificate to confirm termination of the annuity contract.

The examiner's review of the sample also revealed that the Fund failed to maintain a copy of the annuity agreement and a copy of the canceled check as well as documentary evidence showing proof of residuum transfer for the sample terminated contract.

The examiner recommends that upon the death of an annuitant, the Fund obtain and maintain a death certificate or other reliable documentary evidence that supports such information terminating an annuity contract. The examiner also recommends that the Fund maintain a copy of the annuity agreement and a copy of the canceled check and documentary evidence showing proof of residuum transfer for terminated contracts.

7. ANNUAL STATEMENT REPORTING

The examiner's review of the Fund's filed 2021 annual statement revealed that the Fund reported \$71,956 as annuity payments to the donors during the year conditioned upon annuity agreement on page 3, line 8. However, the Fund's Monthly Breakdown from January through December 2021 totaled \$67,634, a difference of \$4,322 or 6.39%.

The examiner recommends that the Fund exercise due care in the preparation of its filed annual statements.

8. 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 citation:

<u>Item</u>	<u>Description</u>
A	<p>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</p> <p>The Department no longer provides specific guidance for diversification.</p>
B	<p>The examiner recommends that the Fund use on the custodian agreement and any associated accounts the name it agreed to by board resolution as part of its permit application to the Department for a special permit to issue charitable gift annuities in New York.</p> <p>The Fund failed to use on the custodian agreement and any associated accounts the name it agreed to by board resolution as part of its permit application to the Department for a special permit to issue charitable gift annuities in New York. This is a repeat recommendation.</p>
C	<p>The Fund violated Section 1110(a) of the New York Insurance Law by using gift annuity agreement forms that were not filed with the Superintendent.</p> <p>The Fund used gift annuity agreement forms that were filed with the Superintendent.</p>
D	<p>The examiner recommends that the Fund file with the Superintendent all gift annuity agreement forms that were used and not previously filed with the Superintendent.</p> <p>The Fund filed with the Superintendent all gift annuity agreement forms that were used and not previously filed with the Superintendent.</p>
E	<p>The Fund used on all annuity benefit payment checks the name it agreed to by board resolution as part of its permit application to the Department for a special permit to issue charitable gift annuities in New York.</p> <p>The Fund continued to use the name Stony Brook Foundation on its bank statements. A similar recommendation appears in this report on examination.</p>

9. SUMMARY AND CONCLUSIONS

Following are the recommendations contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	The Fund violated Section 312(b) of the New York Insurance Law by failing to obtain signed statements from the board members indicating that they received and read the prior report on examination.	6
B	The examiner recommends that the Fund comply with Section 312(b) of the New York Insurance Law by obtaining the signature of each board member indicating that they have received and read any current or future filed report on examination	6
C	The examiner recommends that the Fund obtain broker's advices or other supporting documentation for its investment transactions and that this documentation be reviewed on a timely basis and reconciled to the applicable custodial statements for that period.	6
D	The examiner recommends that the Fund's name that appears on the board resolution issued in accordance with its permit application to the Department for a special permit to issue charitable gift annuities in New York be included on all custodian statements.	6
E	The examiner recommends that the Fund adopt an Investment Strategy Statement ("ISS") that refers to the prudent investor standard as defined in Section 11-2.3 of the Estates, Powers and Trusts Law, which standard, as specified in Section 1110(b) of the New York Insurance Law, governs the manner in which the required admitted assets of a segregated gift annuity fund shall be invested. The Fund should exercise reasonable care, skill and caution to make and implement investment and management decisions as a prudent investor would for the entire portfolio. In doing so, the Fund should take into account present and future distributions to or for the beneficiaries and create a plan to meet the needs of those distributions to establish the ISS's risk, return, and time horizon objectives	7
F	The examiner recommends that the Investment Strategy Statement be approved by the Board of Trustees.	8

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
G	The examiner recommends that the Fund review at least annually its written investment policy setting forth guidelines on investments and delegation of management and the conformance of its delegees to that investment policy and statutory guidance and that it memorialize those reviews in either board minutes or materials.	8
H	The examiner recommends that the Board of Trustees, or a committee thereof, be provided, at least annually, with a report concerning the Fund's investment of required admitted assets and note such in the minutes.	8
I	The examiner recommends that upon the death of an annuitant, the Fund obtain and maintain a death certificate or other reliable documentary evidence that supports such information terminating an annuity contract.	10
J	The examiner recommends that the Fund maintain a copy of the annuity agreement and a copy of the canceled check and documentary evidence showing proof of residuum transfer for terminated contracts.	10
K	The examiner recommends that the Fund exercise due care in the preparation of its filed annual statements.	11

Respectfully submitted,

_____/s/
Hasan Ahmed
Senior 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. 32390

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, ADRIENNE A. HARRIS, 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
STONY BROOK FOUNDATION, INC.***

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 27th day of May, 2022

*ADRIENNE A. HARRIS
Superintendent of Financial Services*

By:



***MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU***

