



**REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
HADASSAH, THE WOMEN'S ZIONIST ORGANIZATION OF
AMERICA, INC.
AS OF DECEMBER 31, 2022**

EXAMINER: Adelia Gbadamosi

DATE OF REPORT: September 22, 2023

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

SEGREGATED GIFT ANNUITY FUND

OF THE

HADASSAH, THE WOMEN'S ZIONIST
ORGANIZATION OF AMERICA, INC.

AS OF

DECEMBER 31, 2022

DATE OF REPORT:

SEPTEMBER 22, 2023

EXAMINER:

ADELIA GBADAMOSI

TABLE OF CONTENTS

<u>ITEM</u>		<u>PAGE NO.</u>
1.	Executive summary	2
2.	Scope of examination	3
3.	Description of Fund	4
	A. History	4
	B. Structure	4
	C. Assets under the national board	4
	D. Third party payment service provider	4
4.	Investment review	5
	A. Investment policy statement	5
	B. Monitoring	5
5.	Assets and liabilities summary	6
6.	Treatment of annuitants	7
7.	Prior report summary and conclusions	8
8.	Summary and conclusions	10

KATHY HOCHUL
Governor



ADRIENNE A. HARRIS
Superintendent

January 19, 2024

Honorable Adrienne A. Harris
Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 32507, dated May 17, 2023 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Segregated Gift Annuity Fund of the Hadassah, the Women's Zionist Organization of America, Inc. The Fund's home office is located at 40 Wall Street, New York, NY 10005.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

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. (See item 4A of this report)

The examiner recommends that the national board, 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. (See item 4B 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

This Scope of Examination summarizes the nature of the Superintendent of the Department of Financial Services' ("Department" or "DFS") examination and assessment of the Hadassah, the Women's Zionist Organization of America, Inc. Annuity Fund (the "Fund") through which the Hadassah, the Women's Zionist Organization of America, Inc. (the "Organization") provides annuity benefits.

The prior examination was conducted as of December 31, 2017. This examination covers the period from January 1, 2018 through December 31, 2022. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2022 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, 2022 to determine whether the Fund's filed 2022 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 and violation contained in the prior report on examination. The results of such review are contained in item 7 of this report.

This report outlines DFS's supervisory expectations or priorities and articulates DFS's general views regarding the exceptional circumstances where the Foundation or Fund, in relation to their annuity activities, could have better satisfied statutory standards or to adhered to practices or methods of dealing that are regularly observed among similar circumstances.

The Fund is subject to the solvency and examination requirements of New York Insurance Law § 1110 and of New York Insurance Law articles 1, 2, 3, 25, and 74.

The investment of the Fund's required admitted assets is subject to N.Y. Estates, Powers and Trust Law § 11-2.3. The investment of the remainder of the Fund's admitted assets is subject to N.Y. Not-for-Profit Corporation Law Article 5-a. Both establish that the trustees are to invest the assets consistent with prudent person standards.

3. DESCRIPTION OF FUND

A. History

Hadassah, the Women's Zionist Organization of America, Inc. was chartered in 1912 and is organized for the purpose of providing medical relief and ministering to the physical and spiritual well-being of needy persons in the State of Israel; encouraging and supporting medical education in the State of Israel; assisting in the rescue and immigration to the State of Israel of Jewish children and youth from areas where Jewish life and institutions are threatened; fostering the ethics and ideals of Judaism among its members and among Jewish youth; and helping to strengthen American democracy. The Organization established the Fund to issue gift annuity agreements in return for gifts from donors in 1993. The Superintendent of Insurance granted to the Organization a Charitable Annuity Society special permit on December 24, 1993.

B. Structure

The management of the Fund and all of its affairs and property are entrusted to the National Board. All operations related to the issuance, maintenance and settlement of annuity agreements are handled by the Fund.

C. Assets under the National Board

As of the December 31, 2022 audited financial statement, the Organization's National Board oversaw an endowment comprising \$303,789,486 in total assets. The Fund, as of December 31, 2022, held total admitted assets of \$36,461,988.

D. Third Party Payment Service Provider

State Street Global Advisors, the custodian of the Fund's securities, prepares and sends out IRS Form 1099's and makes benefit payments to the annuitants.

4. INVESTMENT REVIEW

A. Investment Policy Statement

New York Estate Powers and Trust Law § 11-2.3(b)(3)(A) requires trustees to “pursue an overall investment strategy to enable the trustee[s] to make appropriate present and future distributions to or for the benefit of the beneficiaries under the governing instrument, in accordance with risk and return objectives reasonably suited to the entire portfolio.”

New York Not-for-Profit Corporation Law § 552(e)(2) calls for “an overall investment strategy having risk and return objectives reasonably suited to the fund and to the institution.” New York Not-for-Profit Corporation Law § 552(f) states that each “institution shall adopt a written investment policy setting forth guidelines on investments ... and delegation of management and investment functions in accord with the standards of this article.”

State Street Global Advisors is the Fund’s investment adviser and custodian.

State Street Global Advisors prepared and provided a form investment policy statement (“IPS”) to the Fund. The Fund adopted that form as its IPS.

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 delegates 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 national board’s minutes to determine if 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 national board, 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 decline in various categories of the Fund's assets, liabilities, and fund balance during the period under review:

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2022</u>	<u>(Decrease)</u>
Admitted assets	<u>\$51,023,099</u>	<u>\$36,461,988</u>	<u>\$(14,561,111)</u>
Liabilities	<u>\$34,600,569</u>	<u>\$28,393,583</u>	<u>\$ (6,206,986)</u>
Minimum required fund balance	\$ 3,459,057	\$ 2,839,358	\$ (619,699)
Excess fund balance (surplus)	<u>12,963,473</u>	<u>5,229,047</u>	<u>(7,734,426)</u>
Total annuity fund balance	<u>\$16,422,530</u>	<u>\$ 8,068,405</u>	<u>\$ (8,354,125)</u>
Total liabilities and annuity fund balance	<u>\$51,023,099</u>	<u>\$36,461,988</u>	<u>\$(14,561,111)</u>

The decrease in assets, liabilities, and fund balance was due to a decline in new gifts while annuity payments remain the same resulting from increased annuitant longevity. The decrease was also due to financial market downturns that have happened since COVID, especially in 2021. Annuities decreased from 1,642 with annual payment amounts of \$4,370,896 as of December 31, 2017 to 1,239 with annual payment amounts of \$3,503,209 as of December 31, 2022.

The Fund's admitted assets, as of December 31, 2022, were invested mainly in equity securities (96.49%).

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.

6. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violation and 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 Fund adopt an Investment Strategy Statement 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.</p> <p>The Fund adopted an Investment Strategy Statement that refers to the prudent investor standard as defined in Section 11-2.3 of the Estates, Powers and Trusts Law as specified in Section 1110(b) of the New York Insurance Law.</p>
B	<p>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.</p> <p>During the examination period, the Organization's Investment Management Group was provided, at least annually, with a report concerning the Fund's investment of required admitted assets and they are noted in the minutes. As the Investment Management Group is not a committee of the board, a similar recommendation appears in this report on examination.</p>
C	<p>The Fund violated Section 1110(a) of the New York Insurance Law by using a gift annuity agreement form that differed from the gift annuity agreement form that was filed with the Superintendent.</p> <p>During the examination period, the Fund used gift annuity agreement forms that were comparable to those on file with the Superintendent.</p>

<u>Item</u>	<u>Description</u>
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 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.</p> <p>During the examination period the Fund obtained death certificates or information from the Social Security Death Master File Index that supported the termination of an annuity contract.</p>
F	<p>The examiner recommends that the Fund prepare its filed annual statements in accordance with the instructions for completing the New York State Segregated Gift Annuity Fund Annual Statement.</p> <p>The examiner noted no new discrepancies during her review.</p>

8. SUMMARY AND CONCLUSIONS

Following are the recommendations contained in this report:

<u>Item</u>	<u>Description</u>	<u>Page No(s).</u>
A	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.	5
B	The examiner recommends that the national board, 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

Respectfully submitted,

/s/
Adelia Gbadamosi
Senior Insurance Examiner

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

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

/s/
Adelia Gbadamosi

Subscribed and sworn to before me
this _____ day of _____

APPOINTMENT NO. 32507

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:*

ADELIA GBADAMOSI

as a proper person to examine the affairs of the

***SEGREGATED GIFT ANNUITY FUND OF THE
HADASSAH, THE WOMEN'S ZIONIST ORGANIZATION OF AMERICA, INC.***

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 17th day of May, 2023

*ADRIENNE A. HARRIS
Superintendent of Financial Services*

By:



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

