REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
IONA COLLEGE

AS OF December 31, 2022

EXAMINER: Manish Gera

DATE OF REPORT: July 31, 2024

TABLE OF CONTENTS

ITEM		PAGE NO.
1.	Executive summary	2
2.	Scope of examination	3
3.	Description of Fund	4
	A. History	4
	B. Structure	4
	C. Assets under the board of trustees	4
	D. Third-party service providers	4
4.	Assets and liabilities summary	5
5.	Treatment of annuitants	6
6.	Subsequent event	7
7.	Prior report summary and conclusions	8
8.	Summary and conclusions	9

September 12, 2024

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

Dear Adrienne A. Harris:

In accordance with instructions contained in Appointment No. 32511, dated May 25, 2023 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Iona College. The Fund's home office is located at 715 North Avenue, New Rochelle, NY 10801.

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

1. EXECUTIVE SUMMARY

The Fund violated Section 1110(a) of the New York Insurance Law by using gift annuity agreement forms that differed from the gift annuity agreement forms that were filed with the Superintendent. 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. (See item 5 of this report)

The examiner recommends that the Fund ensure that all gift annuity agreement forms have the appropriate form number as approved by the Superintendent printed on each form issued. (See item 5 of this report)

Iona College's name was changed to Iona University. The Fund's name change was approved by the Department on March 22, 2024. (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' examination and assessment of the Iona College Segregated Gift Annuity Fund (the "Fund") through which Iona College (the "College") 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 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 College 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.

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 violations, recommendations and/or comments contained in the prior report on examination. The results of such review are contained in item 8 of this report.

3. DESCRIPTION OF FUND

A. History

Iona College was chartered in 1940 and is organized for the purpose of offering highly accredited undergraduate degrees in liberal arts, science, and business administration, as well as master's degrees and numerous advanced certificate programs. The College established the Fund to issue gift annuity agreements in return for gifts from donors in 2013. The Superintendent of Insurance granted to the College a Charitable Annuity Society special permit on October 17, 2013.

B. Structure

The management of the College and the Fund and all of its affairs and property are entrusted to a board of trustees. All operations related to the issuance and maintenance of annuity agreements are handled by the Fund.

C. Assets under the Board of Trustees

As of the June 30, 2022 audited financial statement, the College's Board of Trustees oversaw an endowment comprising $192,517,000 in total assets. The Fund, as of December 31, 2022, held total admitted assets of $317,493.

D. Third-party Service Providers

High Ground Trust Company is the custodian and investment manager of the Fund's assets. High Ground also manages the gift annuity program, provides legal consultations to the College's staff and donors, explanations of the tax implications of gift annuities, preparation and review of legal documents, calculation of annuity payments, charitable income tax deduction, investment of the annuity corpus, and processing of quarterly annuity payments.

4. ASSETS & LIABILITIES SUMMARY

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

	December 31, 2017	December 31, 2022	Increase
Admitted assets	$186,773	$317,493	$130,720
Liabilities	$ 59,640	$166,718	$107,078
Minimum required fund balance	$ 5,964	$ 16,672	$ 10,708
Excess fund balance (surplus)	121,169	134,103	12,934
Total annuity fund balance	$127,133	$150,775	$ 23,642
Total liabilities and annuity fund balance	$186,773	$317,493	$130,720

The increase in assets, liabilities and annuity fund balance reflects an increase in the total number of annuities in force. Annuities increased from 5 with annual payment amounts of $4,085 as of December 31, 2017 to a total of 9 with annual payment amounts of $10,655 as of December 31, 2022. In addition, the increase in assets was attributable to investment gains.

The Fund's admitted assets, as of December 31, 2022, were invested mainly in equity securities (65.29%) and money market mutual funds (34.56%).

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 3 newly issued gift annuities by the Fund during the examination period noted that in 1 newly issued annuity, the Fund used a form that differed from the gift annuity agreements filed with the Superintendent. The deviating form number found in the sample is 2L-2D-C-D.

The Fund violated Section 1110(a) of the New York Insurance Law by using gift annuity agreement forms that differed from the gift annuity agreement forms that were filed with the Superintendent.

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.

The-examiner's review of a sample of 3 newly issued gift annuities by the Fund during the examination period. In the sample selected, the examiner noted that 1 out of the 3 newly issued gift annuities reviewed had contracts which did not have the appropriate form number as approved by the Superintendent printed on the forms.

The examiner recommends that the Fund ensure that all gift annuity agreement forms have the appropriate form number as approved by the Superintendent printed on each form issued.

6. SUBSEQUENT EVENT

Iona College's name was changed to Iona University. The Education Department of the State of New York officially granted the charter amendments on April 12, 2022 to change the corporate name of "Iona College" to "Iona University", effective July 1, 2022. Separately, the Fund's name change was approved by the Department on March 22, 2024.

7. 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:

Item	Description
A	The examiner recommends that the Fund's board of trustees, or a committee thereof, review the activities of the Fund at least annually and note the same in the minutes. The Fund has complied with the recommendation.
B	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. The Fund has complied with the recommendation.
C	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. The Fund has complied with the recommendation.
D	The examiner recommends that the Fund use the name, as agreed upon by resolution of the board of trustees, for its custodian account. The Fund has complied with the recommendation.

8. SUMMARY AND CONCLUSIONS

Following are the violation, recommendations and comment contained in this report:

Item	Description	Page No(s).
A	The Fund violated Section 1110(a) of the New York Insurance Law by using gift annuity agreement forms that differed from the gift annuity agreement forms that were filed with the Superintendent.	6
B	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.	6
C	The examiner recommends that the Fund ensure that all gift annuity agreement forms have the appropriate form number as approved by the Superintendent printed on each form issued.	6
D	Iona College's name was changed to Iona University. The Fund's name change was approved by the Department on March 22, 2024	7

Respectfully submitted,

/s/
Manish Gera
Senior Insurance Examiner

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

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

/s/
Manish Gera

Subscribed and sworn to before me

this _____ day of _____

APPOINTMENT NO. 32511

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:*

MANISH GERA

as a proper person to examine the affairs of the

SEGREGATED GIFT ANNUITY FUND OF THE IONA 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 25th day of May, 2023

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU