REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
AMNESTY INTERNATIONAL OF THE U.S.A., INC.

AS OF December 31, 2023

EXAMINER: Adelia Gbadamosi

DATE OF REPORT: November 19, 2024

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December 11, 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. 32612, dated May 16, 2024 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Amnesty International of the U.S.A., Inc. The Fund's home office is located at 311 West 43rd Street, 7th Floor, New York, NY 10036.

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

1. EXECUTIVE SUMMARY

The Fund should 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'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 Segregated Gift Annuity Fund of the Amnesty International of the U.S.A., Inc. (the "Fund") through which the Amnesty International of the U.S.A., Inc. (the "Corporation", or "AIUSA") provides annuity benefits.

The prior examination was conducted as of December 31, 2018. This examination covers the period from January 1, 2019 through December 31, 2023. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2023 but prior to the date of this report (i.e., the completion date of the examination).

This report outlines DFS's supervisory expectations or priorities and articulates DFS's general views regarding the exceptional circumstances where the Corporation or Fund, in relation to their annuity activities, could have better adhered to statutory standards and guidance or 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, 2023 to determine whether the Fund's filed 2023 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 result of such review is contained in item 7 of this report.

3. DESCRIPTION OF FUND

A. History

Amnesty International of the U.S.A., Inc. was chartered in 1966 and is organized for the purpose of protecting human rights. The Corporation established the Fund to issue gift annuity agreements in return for gifts from donors in 1996. The Superintendent of Financial Services granted to the Corporation a Charitable Annuity Society special permit on February 11, 1999.

B. Structure

The Fund is overseen by the Corporation's board of directors. All operations related to the issuance, maintenance, and settlement of annuity agreements are handled by the Fund.

C. Assets under the Board of Directors

As of the December 31, 2023 audited financial statement, the Corporation's Board of Directors oversaw an endowment comprising $3,647,417 in total assets. The Corporation, as of December 31, 2023, also held $23,376,939 in investments, at fair value. The Fund, as of December 31, 2023, held total admitted assets of $2,016,598.

D. Third-party Service Providers

BNY Mellon is the Fund's custodian. BNY Mellon also performs administrative functions such as remitting benefit payments to annuitants, providing 1099R tax forms to annuitants, the submission of monthly investment statements, annual reserve reports and quarterly market value reporting to the Fund. Trillium Asset Management provides investment management services for the Fund.

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) requires institutions to adopt "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) provides 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."

The Organization prepared and provided a custom tailored investment policy statement ("IPS") to the Fund. The Fund adopted that form as its IPS.

The Fund should 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. ASSETS AND LIABILITIES SUMMARY

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

	December 31, 2018	December 31, 2023	Increase (Decrease)
Admitted assets	$1,881,737	$2,016,598	$ 134,861
Liabilities	$1,569,193	$ 930,717	$(638,476)
Minimum required fund balance	$ 156,919	$ 93,072	$ (63,847)
Excess fund balance (surplus)	155,624	992,809	837,185
Total annuity fund balance	$ 312,544	$1,085,881	$ 773,337
Total liabilities and annuity fund balance	$1,881,737	$2,016,598	$ 134,861

The increase in assets and annuity fund balance was due to the addition of six new contracts and the retention of the residuum of the terminated contracts in the pool. Liabilities decreased due to a sharp decline of in-force contracts during the examination period, the closing of the marketing of the Fund to non-annuitants and actuarial changes as the contracts mature. Annuities decreased from 130 annuities with payment amounts of $212,600 as of December 31, 2018 to a total of 86 annuities with annual payment amounts of $140,488 as of December 31, 2023.

The Fund's admitted assets, as of December 31, 2023, were invested mainly in equity securities (51.53%) and bonds (44.09%).

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.

7. PRIOR REPORT RECOMMENDATIONS

Following is the recommendation 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 strengthen the diversification of its investment holdings. If the trustee has determined that it is in the interests of the beneficiaries not to diversify, then it should memorialize the reasons for that determination in terms of the ISS's risk, return, and time horizon parameters. The Department no longer provides specific guidance for investment diversification.

8. RECOMMENDATIONS

Following is the recommendation contained in this report:

Item	Description	Page No(s).
A	The Fund should 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

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. 32612

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 AMNESTY INTERNATIONAL OF THE U.S.A., 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 16th day of May, 2024

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU