REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
AMERICANS FOR BEN-GURION UNIVERSITY

AS OF December 31, 2023

EXAMINER: Adelia Gbadamosi

DATE OF REPORT: April 7, 2025

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May 19, 2025

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. 32611, dated June 21, 2024 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the American Associates, Ben-Gurion University of the Negev, at its home office located at 1001 6th Avenue, 19th Floor, New York, NY 10018.

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

1. EXECUTIVE SUMMARY

The Investment Policy Statement should be approved by the Board of Directors, or a committee thereof. (See item 4A of this report)

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 Americans for Ben-Gurion University (the "Fund") through which the Americans for Ben-Gurion University (the "Corporation") 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 University 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 recommendations contained in the prior report on examination. The results of such review are contained in item 7 of this report.

3. DESCRIPTION OF FUND

A. History

The Americans for Ben-Gurion University was chartered in 1973 and is organized for the purpose of promoting, encouraging, aiding and advancing higher and secondary education, research and training in all branches of knowledge in Israel and elsewhere. The University established the Fund to issue gift annuity agreements in return for gifts from donors in 1994. The Superintendent of Insurance granted to the Corporation a Charitable Annuity Society special permit on February 17, 1999. The name of the Corporation changed on May 26, 2021, and the Fund's name was changed on September 7, 2021. The previous name of the University was American Associates, Ben-Gurion University of the Negev.

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 with assistance from PNC Bank.

C. Assets under the Board of Directors

As of the September 30, 2023 audited financial statements, the Corporation's Board of Directors oversaw an endowment comprising $641,979,276 in total assets. The Fund, as of December 31, 2023, held total admitted assets of $16,698,596.

D. Third-party Service Providers

PNC Bank is the Fund's custodian and investment manager. PNC Bank also performs administrative functions such as remitting benefit payments to annuitants; providing IRS Form 1099R tax forms to annuitants; submitting monthly investment statements, annual reserve reports and quarterly market value reporting to the Fund. Prior to 2024, Dan O'Connell, CPA, had prepared the Fund's annual statement. Since 2024, Olbricht Kiley Group prepares the Fund's annual statements.

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 examiner's review of the Board of Directors' minutes revealed that it failed to approve the Fund's Investment Policy Statement ("IPS").

The Investment Policy Statement should be approved by the Board of Directors, or a committee thereof.

PNC Bank is the Fund's investment adviser and custodian.

PNC Bank prepared and provided a form investment policy statement 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	$14,507,691	$16,698,596	$ 2,190,905
Liabilities	$12,723,799	$ 9,586,185	$ (3,137,614)
Minimum required fund balance	$ 1,272,380	$ 958,618	$ (313,762)
Excess fund balance (surplus)	511,512	6,153,793	5,642,281
Total annuity fund balance	$ 1,783,892	$17,112,411	$15,328,519
Total liabilities and annuity fund balance	$14,507,691	$16,698,596	$ 2,190,905

The increase in assets and annuity fund balance was primarily due to the change in the allocation of assets from 40% equity and 60% fixed income to 60% equity and 40% fixed income. The change resulted in higher returns and higher asset values. Additionally, during the examination period, the Fund did not withdraw the residual values of terminated contracts. This contributed to the excess of admitted assets over reserves. The decrease in liabilities reflects a decrease in the total number of annuities in force. Annuities decreased from 218 with annual payment amounts of $1,520,533 as of December 31, 2018 to 181 annuities with annual payment amounts of $1,077,157 as of December 31, 2023.

The Fund's admitted assets, as of December 31, 2023, were invested mainly in equity securities (93.14%).

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 VIOLATIONS AND RECOMMENDATIONS

Following are the violations and 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 Fund violated Section 312(b) of the New York Insurance Law by failing to obtain and maintain signed statements from the board members indicating that they received and read the prior report on examination. The Fund obtained and maintained signed statements from the board members indicating that they received and read the prior report on examination.
B	The examiner recommends that the Fund comply with Section 312(b) of the New York Insurance Law by obtaining and maintaining the signature of each board member indicating that they received and read the prior report on examination. The Fund obtained and maintained the signature of each board member indicating that they received and read the prior report on examination.
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 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, 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.

Item	Description
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. During the examination period, the Fund used gift annuity agreement forms which were not filed with the Superintendent. However, in 2022 the Fund filed gift annuity agreement forms which were accepted by the Superintendent.
E	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. During the examination period the Fund used gift annuity agreement forms that were not filed with the Superintendent. However, in 2022 the Fund filed gift annuity agreement forms which were accepted by the Superintendent.
F	The examiner recommends that upon the death of an annuitant, the Fund obtained and maintain a death certificate or other reliable documentary evidence that supports such information terminating an annuity contract. During the examination period, the Fund obtained and maintained death certificates that support terminating an annuity contract.
G	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. During the examination period, the examiner noted no new discrepancies in the Fund's filed annual statements.

8. RECOMMENDATIONS

Following are the recommendations contained in this report:

Item	Description	Page No(s).
A	The Investment Policy Statement should be approved by the Board of Directors, or a committee thereof.	5
B	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. 32611

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 AMERICANS FOR BEN-GURION UNIVERSITY, 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 21st day of June, 2024

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU