REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
OUR LADY OF VICTORY HOMES OF CHARITY

AS OF December 31, 2023

EXAMINER: Manish Gera

DATE OF REPORT: July 18, 2025

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KATHY HOCHUL
Governor

ADRIENNE A. HARRIS
Superintendent

September 2, 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. 32637, dated August 2, 2024 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of Our Lady of Victory Homes of Charity. The Fund's home office is located at 780 Ridge Road, Lackawanna, New York 14218.

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

1. EXECUTIVE SUMMARY

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. The examiner directs 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. (See item 3E of this report)

The examiner's review of a sample of transactions did not reveal any differences which materially affected the Fund's financial condition as presented in its financial statements contained in the December 31, 2023 filed annual statement. (See item 4 of this report)

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 directs 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)

2. SCOPE OF EXAMINATION

This Scope of Examination summarizes the nature of the Superintendent of the Department of Financial Services' examination and assessment of Our Lady of Victory Homes of Charity. Segregated Gift Annuity Fund (the "Fund") through which Our Lady of Victory Homes of Charity (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 Corporation 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, 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 6 of this report.

3. DESCRIPTION OF FUND

A. History

Our Lady of Victory Homes of Charity was chartered in 1908 and is organized the purpose of promoting devotion to Our Lady of Victory and the support of needy children and families of Western New York. The Corporation was originally formed under the name Association of Our Lady of Victory. The Corporation adopted its present name on January 27, 1961. The Corporation established the Fund to issue gift annuity agreements in return for gifts from donors in 1977. The Superintendent of Insurance granted to the Corporation a Charitable Annuity Society special permit on January 16, 1984.

B. Structure

The management of the Corporation and the Fund and all of its affairs and property are entrusted to a 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 fund consisting of 3 individual funds comprising $215,225 in total assets. The Corporation also held $67,835,927 in investments as of December 31, 2023. The Fund, as of December 31, 2023, held total admitted assets of $5,333,097.

D. Third-party Service Providers

Key Bank is the custodian of the Fund's assets and issues annuity payments. The Fund also maintains a licensing agreement with PG Calc to manage its gift illustrations and calculations. Investment management and trades are coordinated by the Corporation's staff and the Finance and Investment Committee of the Board, in conjunction with external investment advisors at OneDigital (formerly Westminster Consulting).

E. Oversight Structure

Section 312(b) of the New York Insurance Law states, in part:

> "(b) A copy of the report shall be furnished by such insurer or other person to each member of its board of directors and each such member shall sign a statement which shall be retained in the insurer's files confirming that such member has received and read such report . . ."

The examiner's review revealed that the Fund failed to obtain statements signed by each board member indicating that they received and read the prior report on examination.

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.

The examiner directs 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.

4. ASSETS & 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:

	December 31, 2018	December 31, 2023	(Decrease)
Admitted assets	$7,815,621	$5,333,097	$(2,482,524)
Liabilities	$4,462,808	$2,839,535	$(1,623,273)
Minimum required fund balance	$ 446,281	$ 283,954	$ (162,327)
Excess fund balance (surplus)	2,906,532	2,209,608	(696,924)
Total annuity fund balance	$3,352,813	$2,493,562	$ ($859,251)
Total liabilities and annuity fund balance	$7,815,621	$5,333,097	$(2,482,524)

The decrease in assets, liabilities and annuity fund balance reflects a decrease in the total number of annuities in force. Annuities decreased from 484 with annual payment amounts of $578,659 as of December 31, 2018 to a total of 319 with annual payment amounts of $410,873 as of December 31, 2023.

The Fund's admitted assets, as of December 31, 2023, were mainly invested in equity securities (95.65%).

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.

Section 1110(a) of the New York Insurance Law states, in part:

> ". . . Every such corporation or association shall, before making such agreement, file with the superintendent copies of its forms of agreements with annuitants . . ."

The examiner's review of a sample of 4 newly issued gift annuities by the Fund during the examination period noted that in 4 newly issued annuities, the Fund used forms that differed from the gift annuity agreements filed with the Superintendent. The deviating form numbers found in the sample were 1da-I-NY and 1da-def-NY.

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 directs that the Fund file with the Superintendent all gift annuity agreement forms that were used and not previously filed with the Superintendent.

6. PRIOR REPORT VIOLATION AND RECOMMENDATIONS

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:

Item	Description
A	The examiner recommends that the board of directors, or a committee thereof, approve the purchases and sales of all investments and note such approvals in the minutes. The Corporation's board of directors, or a committee thereof, reviewed the purchases and sales of the Fund's investments annually and noted the same in the minutes.
B	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 diversification.
C	The Fund violated Section 1110(a) of the New York Insurance law by issuing annuities that exceeded the maximum rates allowed. A similar finding was noted by the Department's actuary but not noted in the exam report.
D	The examiner recommends that the Fund implement appropriate monitoring controls that will ensure that when annuities are issued, payout rates do not exceed the maximum rates provided in the filed schedule, in compliance with Section 1110(a) of the New York Insurance Law. A similar finding was noted by the Department's actuary but not noted in the exam report.

7. VIOLATIONS

Following are the violations contained in this report:

Item	Description	Page No(s).
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.	5
B	The examiner directs 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.	5
C	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.	7
D	The examiner directs that the Fund file with the Superintendent all gift annuity agreement forms that were used and not previously filed with the Superintendent.	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. 32637

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 OUR LADY OF VICTORY HOMES OF CHARITY

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 2nd day of August, 2024

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU