REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
ROBERTS WESLEYAN COLLEGE

As of December 31, 2023

EXAMINER: Hasan Ahmed

DATE OF REPORT: August 5, 2025

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October 16, 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. 32638 dated July 1st, 2024, and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Roberts Wesleyan College. The Fund's home office is located at 2301 Westside Drive, Rochester, NY 14624.

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 of trustees 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 Fund should use on all annuity benefit checks the name it agreed to by board resolution as part of its permit application to the Department for a special permit to issue charitable gift annuities in New York. (See item 3E 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).

Upon the death of an annuitant, the Fund should obtain and maintain a death certificate or other reliable documentary evidence that supports such information terminating an annuity contract. (See item 5 of this report).

The Fund should exercise due care in the preparation of its filed annual statements. (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' (the "Department") examination and assessment of the Roberts Wesleyan College Segregated Annuity Fund (the "Fund") through which the Roberts Wesleyan College (the "Organization") 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 Organization 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 violation and 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 Roberts Wesleyan College was chartered in 1869 and is organized for the purpose of providing an education that focuses on erudition, spiritual organization and service. The Organization established the Fund to issue gift annuity agreements in return for gifts from donors in 1953. The Superintendent of Insurance granted to the Organization a Charitable Annuity Society special permit on May 3, 1994.

B. Structure

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

C. Assets under the Board of Trustees

As of the June 30, 2023 audited financial statement, the Organization's Board of Trustees endowment consisting of 180 individual funds comprising $33,941,628 in total assets. The Fund, as of December 31, 2023, held total admitted assets of $1,580,016.

D. Third Party Payment Service Provider

LVW Advisors is the Fund's investment manager. Charles Schwab is the custodian of the Fund's assets. The Fund has a third party agreement with PG Calc. Under the agreement, PG Calc is responsible for the administration of the Fund's annuity contracts.

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 Fund failed to obtain statements signed by each member of its board of trustees 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 of trustees 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.

The examiner's review of a sample of benefit payments made to terminated annuitants during the examination period revealed that only the name of the Organization, and not the Fund's name, appeared on the annuity benefit checks.

The Fund should use on all annuity benefit checks the name it agreed to by board resolution as part of its permit application to the Department for a special permit to issue charitable gift annuities in New York.

4. 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:

	December 31, 2018	December 31, 2023	(Decrease)
Admitted assets	$2,335,536	$1,580,016	$(755,520)
Liabilities	$ 917,977	$ 379,820	$(538,157)
Minimum required fund balance	$ 88,292	$ 37,363	$ (50,929)
Excess fund balance (surplus)	1,329,267	1,162,833	(166,434)
Total annuity fund balance	$1,417,559	$1,200,196	$(217,363)
Total liabilities and annuity fund balance	$2,335,536	$1,580,016	$(755,520)

The decrease in assets, liabilities, and annuity fund balance reflects a decrease in the total number of annuities in force. Annuities decreased from 88 with annual payment amounts of $127,723 as of December 31, 2018, to a total of 73 with annual payment amounts of $53,391 as of December 31, 2023.

The Fund's admitted assets, as of December 31, 2023, were invested in mainly in equity securities (93.35%).

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 the one gift annuity issued by the Fund during the examination period noted that the Fund used a form that differed from the gift annuity agreement filed with the Superintendent. The deviating form type found in the sample was Two-Life Survivor Immediate Payment Gift Annuity.

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.

The examiner's review of a sample of 4 annuity contracts terminated revealed that in 2 of the 4 cases (50%) reviewed, the Fund failed to obtain a copy of the death certificate to confirm termination of the annuity contract.

Upon the death of an annuitant, the Fund should obtain and maintain a death certificate or other reliable documentary evidence that supports such information terminating an annuity contract.

6. ANNUAL STATEMENT REPORTING

The Department's instructions for completing the New York State Segregated Gift Annuity Fund Annual Statement for the years ending December 31, 2021, Assets, states the following, in part:

"Line 6.2…

"Current Year" Column: Should agree with Schedule C, Column 6, Cash in Segregated Gift Annuity Fund's Office…"

In the Fund's filed 2021 annual statement, it reported $29,604 in cash on deposit for the year in Assets, Line 6.2. In Schedule C, Column 6, the Fund reported $31,235 in total Cash on deposit. The Fund should have reported $31,235 in cash on deposit during the year in Assets, Line 6.2.

The Instructions for Completing Schedule C – Cash, Money Market, Certificates of Deposit section of the New York State Segregated Gift Annuity Fund Annual Statement for December 31, 2023 states the following, in part:

"This Schedule shows all banks, trust companies, savings and loan associations in which deposits were maintained by the Segregated Gift Annuity Fund at any time during the year and the balances, if any, as of December 31 of the current year. The details for the individual deposit accounts are to be reported either under "OPEN ACCOUNTS" or "CLOSED ACCOUNTS…

…NOTE: Report only money market deposit accounts in this Schedule. Money market mutual funds (brokerage accounts) should be reported in Schedule B."

In the filed 2023 annual statement, the Fund reported $16,465 in cash and $24,507 at Charles Schwab Bank in Schedule B – Money Market Mutual Funds. The examiner determined that these items should have been reported in Schedule C – Cash, Money Market, and Certificates of Deposit.

The Fund should exercise due care in the preparation of its filed annual statements.

7. PRIOR REPORT VIOLATIONS, RECOMMENDATIONS & COMMENTS

Following are the violations, recommendations and comments 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 consistently use the name that appears on the board resolution issued in accordance with Section 1110 of the New York Insurance Law in all its operations.. The Fund failed to use the name that appears on the board resolution as part of its permit application in all its operations. A similar recommendation appears in this report on examination.
B	The examiner recommends that the Fund obtain broker's advices or other supporting documentation for its investment transactions and that this documentation be reviewed on a timely basis and reconciled to the applicable custodial statements for that period. The Fund obtains broker's advices or other supporting documentation for its investment transactions and that this documentation be reviewed on a timely basis and reconciled to the applicable custodial statements for that period.
C	The examiner recommends that the Fund's investments be further diversified. If the Fund's board of trustees reasonably determines that it is in the interest of the beneficiaries not to diversify, then a proper memorialization of either decision and the supporting rationale, should be prepared when that decision is made. The Department no longer provides specific guidance on diversification.
D	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. The Fund failed to ensure that all gift annuity agreement forms have the appropriate form number as approved by the Superintendent printed on each form issued.
E	The examiner recommends that the Fund exercises due care in the preparation of its filed annual statements. The examiner noted new discrepancies in the Fund's annual statements. A similar recommendation appears in this report on examination..

8. VIOLATIONS, RECOMMENDATIONS & COMMENTS

Following are the violations, recommendations and comments 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 of trustees 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 should use on all annuity benefit checks the name it agreed to by board resolution as part of its permit application to the Department for a special permit to issue charitable gift annuities in New York.	5
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	7
E	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
F	Upon the death of an annuitant, the Fund should obtain and maintain a death certificate or other reliable documentary evidence that supports such information terminating an annuity contract.	7
G	The Fund should exercise due care in the preparation of its filed annual statements.	8

Respectfully submitted,

/s/
Hasan Ahmed
Senior Insurance Examiner

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

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

/s/
Hasan Ahmed

Subscribed and sworn to before me

this _____ day of _____

APPOINTMENT NO. 32638

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:*

HASAN AHMED

as a proper person to examine the affairs of the

SEGREGATED GIFT ANNUITY FUND OF THE ROBERTS WESLEYAN 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 1st day of July, 2024

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU