REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
CATHOLIC NEAR EAST WELFARE ASSOCIATION

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. 32616 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 Catholic Near East Welfare Association. The Fund's home office is located at 1011 First Ave, New York, NY 10022.

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 Investment Policy Statement should be approved by the board of trustees. (See item 4A of this report)

The Fund should resubmit its annuity agreement forms and add a separate line on which the issue date on the new contract can be written for as long as it does not appear on the lower left page corner of the contract. (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 Catholic Near East Welfare Association Segregated Annuity Fund (the "Fund") through which the Catholic Near East Welfare Association (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 Catholic Near East Welfare Association was chartered in 1942 and is organized for the purpose of supporting the pastoral mission and institutions of the Eastern Catholic churches. The Association established the Fund to issue gift annuity agreements in return for gifts from donors in 1967. The Superintendent of Insurance granted to the Organization a Charitable Annuity Society special permit on December 11, 1973.

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 December 31, 2023 audited financial statement, the Organization's Board of Trustees oversaw an endowment comprising $28,858,011 in total assets. The Fund, as of December 31, 2023, held total admitted assets of $4,662,358.

D. Third Party Payment Service Provider

Knights of Columbus Asset Advisors is the Fund's investment manager. Fidelity Investments is the custodian of the Fund's assets and also serves as an investment manager for the Fund. Bolton Partners, an actuarial consulting firm, certifies the Fund's reserve calculation.

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.

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) calls for "an overall investment strategy having risk and return objectives reasonably suited to the fund and to the institution." New York Nor-for-Profit Corporation Law § 552(f) states 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 Fund's Investment Policy Statement revealed that the board failed to approve the IPS.

The Investment Policy Statement should be approved by the board of trustees.

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	$6,854,832	$4,662,358	$(2,192,474)
Liabilities	$5,745,766	$3,572,340	$(2,173,426)
Minimum required fund balance	$ 493,275	$ 327,329	$ (165,946)
Excess fund balance (surplus)	615,791	762,689	146,898
Total annuity fund balance	$1,109,066	$1,090,018	$ (19,048)
Total liabilities and annuity fund balance	$6,854,832	$4,662,358	$(2,192,474)

The decrease in assets, liabilities, and annuity fund balance reflects a decrease in the total number of annuities in force. Annuities decreased from 554 with annual payment amounts of $634,934 as of December 31, 2018, to a total of 348 with annual payment amounts of $413,709 as of December 31, 2023. The increase in the excess fund balance is a result of the Fund holding its residuum to offset potential future market losses and increases in future expenses.

The Fund's admitted assets, as of December 31, 2023, were invested in mainly in equity securities (67.71%) and other invested assets (29.43%).

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.

The examiner compared the policy forms used during the examination period to those on file with the Department and noted that the Fund substituted the year of the contract for the date on the policy form.

The Fund should resubmit its annuity agreement forms and add a separate line on which the issue date on the new contract can be written for as long as it does not appear on the lower left page corner of the contract.

7. PRIOR REPORT RECOMMENDATIONS

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 Investment Strategy Statement be approved by the board of directors. The Fund failed to have the Investment Policy Statement approved by the board of directors. A similar recommendation appears in this report on examination.
B	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.
C	The examiner recommends that the Fund resubmit its annuity agreement forms and add a separate line on which the issue date on the new contract can be written for as long as it does not appear on the lower left page corner of the contract. The issue date on the new contract reviewed as part of the review of the sample annuity agreements failed to appear on the lower left page corner of the contract. A similar recommendation appears in this report on examination.
D	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. The examiner noted no new discrepancies during the examination period.

7. VIOLATION & RECOMMENDATIONS

Following are the violation and recommendations 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 Investment Policy Statement should be approved by the board of trustees.	6
D	The Fund should resubmit its annuity agreement forms and add a separate line on which the issue date on the new contract can be written for as long as it does not appear on the lower left page corner of the contract.	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. 32616

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 CATHOLIC NEAR EAST WELFARE ASSOCIATION

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