REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
UNITED STATES MERCHANT MARINE ACADEMY ALUMNI FOUNDATION, INC.

AS OF DECEMBER 31, 2023

EXAMINER: Adelia Gbadamosi

DATE OF REPORT: September 4, 2025

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November 17, 2025

Honorable Kaitlin Asrow
Acting Superintendent of Financial Services
New York, New York 10004

Dear Kaitlin Asrow:

In accordance with instructions contained in Appointment No. 32646, dated November 26, 2024 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the United States Merchant Marine Academy Alumni Foundation, Inc. The Fund's home office is located at 300 Steamboat Road, Kings Point NY 11024.

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 maintain signed statements from the board members indicating that they received and read the prior report on examination. The examiner directs the Fund to 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. (See item 3E 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 5 of this report)

The Fund should prepare its annual statements in accordance with the annual statement instructions. (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 (the "Fund") of the United State Merchant Marine Alumni Association Foundation, Inc. through which the United State Merchant Marine Alumni Association Foundation, Inc. (the "Foundation") 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 Foundation 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 violations, recommendations and/or comments 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 United States Merchant Marine Academy Alumni Foundation, Inc. was chartered in 1944 and is organized for the purpose of supporting the United States Merchant Marine Academy Alumni Foundation, Inc.'s mission of educating and graduating Merchant Marine Officers who will become leaders in the commercial and defense transportation services of the United States. The Foundation established the Fund to issue gift annuity agreements in return for gifts from donors in 1991. The Superintendent of Insurance granted to the Foundation a Charitable Annuity Society special permit on March 16, 2009.

B. Structure

The management of the Foundation and the Fund and all of its affairs and property are entrusted to a board of directors.

C. Assets under the Board of Directors

As of the December 31, 2023 audited financial statement, the Foundation's board of directors oversaw an endowment consisting of $18,155,837 in total assets. The Fund, as of December 31, 2023, held total admitted assets of $203,901.

D. Third-party Service Providers

All operations related to the issuance, maintenance and settlement of annuity agreements are handled by the Metropolitan Life Insurance Company ("MetLife") under a reinsurance agreement. MetLife also handles accounting and investments. Under the 2009 agreement, the Foundation ceded its annuities to MetLife under a reinsurance arrangement.

E. Corporate Governance

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

> "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 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 the Fund to 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.

4. 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	$ 0	$203,901	$203,901
Liabilities	$ 35,234	$100,000	$ 64,766
Minimum required fund balance	$ 64,766	$ 10,000	$ (54,766)
Excess fund balance (surplus)	35,234	93,901	58,667
Total annuity fund balance	$100,000	$103,901	$ 3,901
Total liabilities and annuity fund balance	$100,000	$203,901	$103,901

In 2018, the Fund reported total assets of $0, net reserves of $35,234, and minimum required fund balance (10% of net reserves) of $64,766 in the annual statement. At the time, the Fund violated Section 1110(b) of the New York Insurance Law when it failed to maintain admitted assets at least equal to the greater of 110% of the total amount of reserves on its outstanding agreements, or $100,000.

The Department's audit of the 2019 annual statement determined that the Fund continued to be insolvent, with a deficiency in the amount of $36,366.

On July 3, 2020, the Department notified the Fund of its insolvent condition and the need to fund the deficiency immediately. In response, the Foundation submitted the Fund's revised 2019 annual statement on July 6, 2020, which included the amount in reserve for its reinsured annuities. Further, the Fund submitted evidence of cash on deposit of $102,298 and reported cash on deposit in the refiled annual statement of $100,000. The cash infusion cured the Fund's apparent insolvent condition.

The 2023 totals listed above were based on the examiner's calculations.

The Fund did not issue any gift annuities during the exam period.

5. TREATMENT OF ANNUITANTS

The Fund's 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**.**

6. ANNUAL STATEMENT REPORTING

The examiner's review of the Fund's filed annual statements for all years under examination revealed the following:

1. In all years under examination, the Fund's assets did not equal the total liabilities and annuity fund balance.
2. In 2023, the Fund reported $0 in admitted assets. However, it maintained an interest-bearing money market account in the amount of $203,901.
3. In all years under examination, the Fund reported income as $0 although it received interest on its money market account. Further, in all years under examination, the Fund failed to report interest income in Exhibit 1 and its money market account in Schedule C.
4. The Fund should have reported $913 in interest income in 2023.

The Fund should prepare its filed annual statements in accordance with the instructions for completing the New York State Segregated Gift Annuity Fund Annual Statement.

7. PRIOR REPORT VIOLATIONS, RECOMMENDATIONS & COMMENTS

Following are the violation, recommendations and comment 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 maintain workpapers that show how the Fund derives the amounts reported in its filed annual statements. During the examination period, the Fund failed to complete its filed annual statements according to annual statement instructions. A similar recommendation appears in this report on examination.
B	The Fund violated Section 1110(b) of the New York Insurance Law when it failed to maintain admitted assets at least equal to the greater of 110% of the total amount of reserves on its outstanding agreements, or $100,000. The Fund opened a money market account and the funds cured its insolvent condition.
C	The examiner recommends that the Fund maintain proper records of newly issued, in force, and terminated annuitants. During the examination period, the Fund did not issue any annuities, and it maintained proper records of terminated annuitants.
D	On July 3, 2020, the Department notified the Fund of its insolvent condition and the need to fund the deficiency immediately. In response, the Fund resubmitted the annual statement on July 6, 2020, with the amount in reserve for the reinsured annuities. Further, the Fund submitted evidence of cash on deposit of $102,298 and reported cash on deposit in the refiled annual statement of $100,000. The cash infusion cured the apparent insolvent condition. As of December 31, 2023, the Fund has cash on deposit of $203,900.63. The Fund continues to remain solvent.

8. 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 maintain 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 and maintaining the signature of each board member indicating that they received and read the prior report on examination.	5
C	The Fund should prepare its annual statements in accordance with the annual statement instructions.	8

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. 32646

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 UNITED STATES MERCHANT MARINE ACADEMY ALUMNI FOUNDATION, 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 26th day of November, 2024

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU