REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
BIRTHRIGHT ISRAEL FOUNDATION

AS OF DECEMBER 31, 2023

EXAMINER: Adelia Gbadamosi

DATE OF REPORT: August 20, 2025

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November 13, 2025

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

Dear Kaitlin Asrow:

In accordance with instructions contained in Appointment No. 32643, dated September 13, 2024 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Birthright Israel Foundation. The Fund's home office is located at 711 Third Avenue, 10th Floor, New York, New York 10017.

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

1. EXECUTIVE SUMMARY

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 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 directs that the Fund use gift annuity agreement forms which contain the same wording as those on file with the Superintendent. (See item 6 of this report)

Upon the death of an annuitant, the Fund should obtain and maintain copies of death certificates or other reliable documentary evidence that supports the terminating of an annuity contract. (See item 6 of this report)

The Fund should maintain documentation supporting the removal of terminated residual amounts from the reserve liability. (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 Birthright Israel Foundation through which the Birthright Israel Foundation (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 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

Birthright Israel Foundation was chartered in 1999 and is organized for the purpose of strengthening Jewish identity by ensuring that eligible young Jewish adults between the ages of 18 and 32 from around the world are given the opportunity to visit Israel on an educational journey. The Foundation established the Fund to issue gift annuity agreements in return for gifts from donors in 2014. The Superintendent of Financial Services granted to the Foundation a Charitable Annuity Society special permit on July 14, 2014.

B. Structure

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

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 $7,012,217 in total assets. The Fund, as of December 31, 2023, held total admitted assets of $774,010.

D. Third-party Service Providers

PNC Bank is the custodian of the Fund's assets. The bank is responsible for investment management, handles benefit payments to annuitants, and annuity calculations.

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."

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

PNC Bank prepared and provided a form investment policy statement ("IPS") to the Fund. The Foundation also prepared one for the Fund as well. The Fund adopted them 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 in various categories of the Fund's assets, liabilities, and fund balance during the period under review:

	December 31, 2018	December 31, 2023	Increase
Admitted assets	$265,915	$774,011	$508,096
Liabilities	$164,004	$546,733	$382,729
Minimum required fund balance	$ 16,400	$ 54,673	$ 38,273
Excess fund balance (surplus)	85,511	172,605	87,094
Total annuity fund balance	$101,911	$227,278	$125,367
Total liabilities and annuity fund balance	$265,915	$774,011	$508,096

The increase in assets, liabilities and annuity fund balance reflects an increase in the total number of annuities in force. Annuities increased from 14 with annual payment amounts of $20,384 as of December 31, 2018 to a total of 30 with annual payment amounts of $58,275 as of December 31, 2023.

The Fund's admitted assets, as of December 31, 2023, were invested mainly in equity securities (96.94%).

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.

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 9 newly issued gift annuities by the Fund during the examination period noted that in 6 newly issued annuities, the Fund used forms that differed from the gift annuity agreements filed with the Superintendent. The deviating form number was Form 2-L, which was not filed with and accepted by the Superintendent.

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 the remaining 3 newly issued gift annuities in the sample revealed that the wording of the forms used differed from the wording of the filed forms. The deviating wording was found in Form 1-L.

The examiner directs that the Fund use gift annuity agreement forms which contain the same wording as those on file with the Superintendent.

The examiner's review of a sample of 3 annuity contracts terminated during the examination period revealed that in 2 of the 3 cases (66.67%) 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 copies of death certificates or other reliable documentary evidence that supports the terminating of an annuity contract.

The examiner requested the documentation which supported the removal of the policy amounts from the reserve liability of the 3 sampled annuitants who were terminated. The Fund failed to provide the information.

The Fund should maintain documentation supporting the removal of terminated residual amounts from the reserve liability.

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 examiner recommends that the Fund's board of directors review the activities of the Fund at least annually and note the same in the minutes. The Fund reviewed the activities of the Fund at least annually and noted it in the minutes.
B	The examiner recommends that the Fund utilize gift annuity agreement forms that were previously filed with and accepted by the Superintendent. The Fund failed to take corrective action in response to this prior report recommendation. A similar action appears in this report.
C	The examiner recommends that the Fund 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. During the examination period, the Fund used the name it agreed to on its special permit on the account use to make benefit payments to its annuitants.
D	The Fund violated Section 1110(a) of the New York Insurance Law by issuing annuities that exceeded the maximum rates allowed. During the review of the Fund's 2023 reserves, the Department's actuaries noted that the Fund paid some rates which exceeded the Department's maximums. However, the Fund confirmed to the actuaries that going forward, it will pay rates below the Department's maximums.
E	The examiner recommends that the Fund implement appropriate controls that will ensure 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. The Fund confirmed to the Department's actuaries that going forward, it will pay rates below the Department's maximums.

Item	Description
E	The Fund violated Section 307(a)(1) of the New York Insurance Law by failing to file the annual statement with the superintendent. During the examination period, the Fund filed the annual statement with the Superintendent.
F	The examiner recommends that the Fund file its annual statement with the Department on or before March 1st of the following year. During the examination period, the Fund filed its annual statements with the Department on or before March 1st of the following year.

8. VIOLATION & RECOMMENDATIONS

Following are the violation and recommendations contained in this report:

Item	Description	Page No(s).
A	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
B	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
C	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
D	The examiner directs that the Fund use gift annuity agreement forms which contain the same wording as those on file with the Superintendent.	7
E	Upon the death of an annuitant, the Fund should obtain and maintain copies of death certificates or other reliable documentary evidence that supports the terminating of an annuity contract.	7
F	The Fund should maintain documentation supporting the removal of terminated residual amounts from the reserve liability.	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. 32643

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 BIRTHRIGHT ISRAEL FOUNDATION

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 13th day of September, 2024

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
DEPUTY CHIEF - LIFE BUREAU