REPORT ON EXAMINATION
OF THE
SEGREGATED GIFT ANNUITY FUND
OF THE
DIOCESE OF BUFFALO

AS OF DECEMBER 31, 2024

EXAMINER: Adelia Gbadamosi

DATE OF REPORT: April 27, 2026

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June 25, 2026

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

Dear Kaitlin Asrow:

In accordance with instructions contained in Appointment No. 32777, dated May 5, 2025 and annexed hereto, an examination has been made into the condition and affairs of the Segregated Gift Annuity Fund of the Diocese of Buffalo. The Fund's home office is located at 795 Main Street, Buffalo, New York 14203-1250.

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 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 Fund should 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. (See item 3E 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 termination of an annuity contract. (See item 5 of this report)

The Fund should report the $(34,416) under the title, "Cash Transfer" on line 8.1 on Page 2 of its annual statement. (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 Diocese of Buffalo through which the Diocese of Buffalo (the "Diocese") provides annuity benefits.

The prior examination was conducted as of December 31, 2019. This examination covers the period from January 1, 2020 through December 31, 2024. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2024 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 Diocese 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, 2024 to determine whether the Fund's filed 2024 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 comment and recommendation 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 Diocese of Buffalo, N.Y. was chartered in 1951 and is organized for the purpose of assisting any charitable, religious, benevolent, recreational, welfare or educational corporation, association, institution, committee or agency existing within the state of New York and elsewhere, and more particularly within the bounds of the Roman Catholic Diocese of Buffalo, New York. The Diocese established the Fund to issue gift annuity agreements in return for gifts from donors in 2000. The Superintendent of Insurance granted to the Diocese a Charitable Annuity Society special permit on February 25, 2005.

B. Structure

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

C. Assets under the Board of Trustees

As of the August 31, 2024 audited financial statement, the Diocese's Board of Trustees oversaw $31,018,825 in total investments. The Diocese has no endowment. The Fund, as of December 31, 2024, held total admitted assets of $1,053,403.

D. Third-party Service Providers

All functions related to investments are handled by the Fund's investment manager, Christian Brothers Investment Services, Inc. ("CBIS") and St. Joseph Investment Fund (SJIF). The custodian for CBIS is Brown Brothers Harriman. Banking services are provided by Key Bank. PG Calc is used for actuarial services, including reserve calculations and annuity illustrations.

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.

The examiner reviewed the investment transactions for the period under examination and noted that the Fund failed to obtain broker's advices or other supporting documentation for its investment transactions to reconcile such advices to the monthly statements furnished by the custodian.

The Fund should 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.

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, 2019	December 31, 2024	Increase (Decrease)
Admitted assets	$960,279	$1,053,403	$ 93,124
Liabilities	$155,938	$ 76,526	$ (79,412)
Minimum required fund balance	$ 15,594	$ 7,153	$ (8,441)
Excess fund balance (surplus)	788,747	969,724	180,977
Total annuity fund balance	$804,341	$ 976,877	$172,536
Total liabilities and annuity fund balance	$960,279	$1,053,403	$ 93,124

Assets and annuity fund balance increased because of investment gains. The decrease in liabilities reflects a decrease in the total number of annuities in force. Annuities decreased from 24 with annual payment amounts of $21,273 as of December 31, 2019 to a total of 7 with annual payment amounts of $10,935 as of December 31, 2024.

The Fund's admitted assets, as of December 31, 2024, were invested in equity securities (100%).

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.

The examiner's review of a sample of 6 annuity contracts terminated revealed that in 3 of the 6 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 copies of death certificates or other reliable documentary evidence that supports the termination of an annuity contract.

6. ANNUAL STATEMENT REPORTING

The following comment was noted in the prior report on examination:

> "In the Fund's filed 2019 annual statement, it reported $(34,416) as a miscellaneous asset on line 8.1. The asset did not have a title. The examiner asked the Diocese for a description of that asset. The Diocese noted that the account was for cash transfers set up when the Fund switched banks. The cash transfer account is for funds that were transferred over and never paid back and will be moved to the Diocese's general fund when the annuity program is terminated. Similar negative totals were reported in the prior exam years.
> The Fund should have reported the $(34,416) under the title Cash Transfer in 2019."

During the examination period, the Fund failed to add the title "Cash Transfer" to the $(34,416) as a miscellaneous asset on page 2, line 8.1 of its filed annual statements.

The Fund should report the $(34,416) under the title, "Cash Transfer" on line 8.1 on Page 2 of its annual statement.

7. PRIOR REPORT COMMENT AND RECOMMENDATION

Following are the comment and recommendation contained in the prior report on examination and the subsequent actions taken by the Fund in response to each citation:

Item	Description
A	In February 2020, the Diocese of Buffalo filed for Chapter 11 bankruptcy protection due to law suits alleging child sex abuse by priests, nuns and others. According to the Fund, the Diocese is still in bankruptcy and is actively working with the creditors to come to a settlement and hoping to be out of bankruptcy in 2027.
B	The Fund should have reported the $(34,416) under the title, “Cash Transfer” in 2019. The Fund failed to take corrective action in response to this prior report on examination. A similar recommendation appears in this report.

8. VIOLATION AND 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 members indicating that they received and read the prior report on examination.	5
B	The examiner directs that 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.	5
C	The Fund should 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.	5
D	Upon the death of an annuitant, the Fund should obtain and maintain death certificates or other reliable documentary evidence that supports the termination of an annuity contract.	7
E	The Fund should report the $(34,416) under the title, "Cash Transfer" on line 8.1 on Page 2 of its annual statement.	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. 32777

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 DIOCESE OF BUFFALO, N.Y.

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 22nd day of May, 2025

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Mark McLeod

MARK MCLEOD
ASSISTANT DEPUTY SUPERINTENDENT - LIFE BUREAU