§ 1110. Charitable annuity societies exempt; special permits. (a) The superintendent may, in his or her discretion, issue a special permit to make annuity agreements with donors to any duly organized domestic or foreign non-stock corporation or association conducted without profit and engaged in active operation for at least ten years prior thereto solely in bona fide charitable, religious, missionary, educational or philanthropic activities. The permit shall authorize such corporation or association to receive gifts of cash and other property conditioned upon, or in return for, its agreement to pay an annuity to the donor, or his or her nominee, and to make and carry out such annuity agreement. Every such corporation or association shall, before making such agreement, file with the superintendent copies of its forms of agreements with annuitants and a schedule of its maximum annuity rates, which shall be computed so as to return to it upon the annuitant's death a residue at least equal to one-half the original gift or other consideration for such annuity. The maximum annuity rates may be unisex in nature and shall be computed on the basis of currently applicable mortality tables for calculating the reserves for individual annuities pursuant to section four thousand two hundred seventeen of this chapter. The yield of the ten year treasury bond plus two percent as of April thirtieth, rounded to the nearest 0.25%, shall be used to calculate the maximum annuity rates to become effective as of July first of the same year and the ten year treasury bond yield plus two percent as of October thirty-first, rounded to the nearest 0.25%, shall be used to calculate the maximum annuity rates to become effective as of January first of the following year. No other factors shall be used to calculate the maximum annuity rates.

(b) Every such domestic corporation or association shall maintain admitted assets at least equal to the greater of (i) the sum of its reserves on its outstanding agreements, calculated in accordance with section four thousand two hundred seventeen of this chapter, and a surplus of ten per centum of such reserves, or (ii) the amount of one hundred thousand dollars. In determining such reserves a deduction shall be made for all or any portion of an annuity risk which is reinsured by a life insurance company authorized to do business in this state. The required admitted assets shall be invested in accordance with the prudent investor standard as defined in section 11-2.3 of the estates,

powers and trusts law and shall not be subject to the investment limitations set forth in this chapter. Such assets shall be segregated as separate and distinct funds, independent of all other funds of such corporation or association, and shall not be applied to pay its debts and obligations or for any purpose except the aforesaid annuity benefits.

(c) No such corporation or association organized under the laws of another state shall be permitted to make such annuity agreements in this state unless it complies with all requirements of this section imposed upon like domestic corporations or associations.

(d) No such corporation or association shall make or issue in this state any annuity contract before obtaining a permit issued in accordance with the provisions of this section except that if its requisite reserve on its outstanding annuity agreements computed in accordance with section four thousand two hundred seventeen of this chapter does not exceed the amount of one million dollars, it may make gift annuity agreements in this state and shall be exempted from securing a permit provided it maintains the reserve required by section four thousand two hundred seventeen of this chapter and a surplus of at least twenty-five per centum of such reserve. If the superintendent finds, after notice and hearing, that any such corporation or association, having such a permit, has failed to comply with the requirements of this section, the superintendent may revoke or suspend such permit or order it to cease making new annuity contracts until it complies. The superintendent may, in the superintendent's discretion, either dispense with the requirement of annual statements by such corporations or associations or accept a sworn statement by two or more of its principal officers, in such form as will satisfy the superintendent that the requirements of this section are being complied with.

(e) Except as provided in this section every such corporation or association shall be exempt from the provisions of this chapter, other than articles one, two, three, twenty-five and seventy-four of this chapter.

(f) The superintendent may, in the superintendent's discretion, examine any such corporation or association that is exempt from obtaining a permit pursuant to subsection (d) of this section.