



Investment Policy: What is Important and Why?

Over Strategic Asset Alliance’s 25+ years working with insurers, we have developed and continue to enhance our Investment Policy Statement best practices. The best practices specify the components that should be included and how the policies should be organized and written. To help insurers and risk pools better understand these components, we’ve provided an overview of our Investment Policy “Best Practices.”



Key Components:

What Is It?

Why Is It Important?

I. Preamble	An introductory statement declaring the effective date of the policy and its purpose as it pertains to your company’s investment process.	Identifies key elements outlined within the Investment Policy and requirements your investment portfolio will adhere to.
II. Investment Responsibilities <i>i.e. Board of Directors, Investment Committee, CEO, CFO, CIO, Investment Manager(s), Consultant and Custodians</i>	A detailed outline identifying all internal and external parties with an active role in your insurer’s investment process.	Defines each party’s role and duties and ensure each party adheres to the duties assigned to them.
III. Investment Return and Management Objectives	An outline of your company’s goals and how investment performance will tie into the overall business.	Makes certain all parties understand what the company’s investment portfolio should be achieving.
IV. Asset Allocation & Risk Management Guidelines	A tabular outline of all portfolio limitations, target allocations, desired ranges and any other specific measures.	Ensures that the investment portfolio adheres to its required structure, as determined by the Board, Committee, etc.
V. Prohibited Investments & Activities	An overview of specific prohibited investments or investment activities.	Safeguards the investment portfolio from any unwanted deviations; ensuring the portfolio complies with what is outlined.
VI. Investment Performance & Reporting	A list of all standard and customized benchmarks that have been approved for measuring portfolio performance.	Notifies all parties of how performance of the investment portfolio will be evaluated and how often.
VII. Strategic Asset Allocation & Portfolio Benchmarking	An outline of how the investment portfolio is expected to perform against the benchmark.	Sets expectations for the portfolio’s performance and how returns will support the company’s overall business.
VIII. Investment Policy & Guidelines Evaluation	A schedule of how often the investment policy will be reviewed.	A consistent review schedule is needed to account for any material changes in regulation, rating agency criteria, or business conditions.

Smaller-sized insurance companies and government risk pools can sample **SAA Solutions’ Investment Policy generator** to generate a sample investment policy, while implementing these best practices: [Click Here to Generate a Sample Policy](#)

For More Information: www.saai.com

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