

# Investment Policy for an Insurance Company

## The Assignment

The client, a general insurance company in Lebanon, wished to create an investment policy for the investment staff, the management, and any other stakeholders on investment guidelines and priorities.

## Our Solution

We formulated an investment policy that described the parameters for investing funds and identified the investment objectives, tolerance for risk, constraints on the investment portfolio, and how the investment program would be managed and monitored. The investment policy included guidelines on the following:

**Scope and investment objectives:** Investment objectives of the company

**Roles and responsibilities:** Identifying the roles of all persons involved in the investment program by title and responsibility.

**Suitable and authorized investments:** Guidelines on selecting investment types, investment advisors, interest rate risk, maturities, and credit quality.

**Investment diversification:** Approach to investment diversification, identifying the method that would be used to create a mix of assets that would achieve and maintain the investment objectives.

**Safekeeping, custody, and internal controls:** Guidelines to enhance the separation of duties and reduce the risk of fraud.

**Authorized financial institutions, depositories, and broker/dealers:** Process for creating a list of financial institutions, depositories, and broker/dealers that would provide the services necessary for executing the investment program.

**Risk and performance standards:** Appropriate benchmarks against which the portfolio should be measured and compared.

**Reporting and disclosure standards:** Frequency of reporting to the board and the management team.

## Takeaways for the Client

A policy that outlined the expectations, objectives and guidelines of the investment options and established an investment structure for the investment options to provide a sufficient level of diversification across asset classes and provided guidelines for each of the investment options that addressed the level of risk and return, in accordance with stated objectives. It established formalized criteria to monitor, evaluate, and compare the performance results on a regular basis and ensured compliance with prudence, due diligence, diversification and other applicable fiduciary standards imposed by law.

### ASSIGNMENT DETAILS

- ▲ SECTOR  
INSURANCE
- ▲ DOMAIN  
RISK MANAGEMENT
- ▲ GEOGRAPHY  
MENA
- ▲ PROJECT DURATION  
3 Months