STATEMENT OF INVESTMENT POLICY AND OBJECTIVES
Professional Insurance Agents of Connecticut
Connecticut Young Insurance Professionals

APPROVED BY BOARD: <u>February 10, 2000</u>

In compliance with the *Connecticut Young Insurance Professionals* board fiduciary responsibilities and in accordance with association bylaws, policy and procedures, the directors of the *Connecticut Young Insurance Professionals* have established the following investment policy.

Purpose
The purpose of this statement is to establish a clear understanding of the investment policy, guidelines and objectives of the *Connecticut Young Insurance Professionals* between its directors and the investment manager. It provides the investment manager with investment guidelines, direction and a framework within which they are expected to work and be measured. The intent of this investment plan is to be sufficiently specific, to be meaningful but flexible enough to be practical.

Investment Policy
The assets of the *Connecticut Young Insurance Professionals* are to be invested with the objective of achieving the greatest return consistent with the fiduciary character of the association and to maintain a level of liquidity that is sufficient to meet the need of cash payments by the association. The first consideration of the corporate directors shall be to minimize risk and to achieve growth in the principal value so that the purchasing power of such value is maintained with respect to the rate of inflation.

Director Responsibility
The association directors have a responsibility for the investment of organizational assets. The directors shall discharge their duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an organization of a like character and with like aims.

Delegation of Investment Management
The management of the association assets and the responsibility for investment decision is delegated to the investment manager under contract with PIACT. The investment manager will have discretion within the investment policies and objectives set forth in the statement.

Accordingly, the directors require the investment manager to adhere to the "prudent man rule" under such federal laws as now apply, or may in the future apply to investment of association funds.

Permissible Investments
The following are acceptable asset classes:

- CDs - FDIC insured only
- Mutual Funds
- U.S. Government Securities
- Bonds
- Money Market Funds

All assets should have a readily ascertainable market value and must be readily marketable. Written authorization from the Board of Directors is required by any investment advisor wishing to invest in a security not specifically identified as permissible under this agreement.

Asset Allocation
The directors believe that it is appropriate for the portfolio to assume a low degree of investment risk with diversification of the portfolio assets among different classes of investments, as appropriate, as a means of reducing risk.

The proportion of assets allocated for equity investments is the most important determinant of volatility of future returns. As indicated by long-term historical data, the risk of equity ownership has been rewarded with a higher rate of return.

When allocations exceed specified limits at the end of any six (6) month period the directors shall review their options and advise their investment manager of the adjustments to be made.

Asset Class

	Maximum
Fixed income instrument	55%
Bonds	20%
Growth mutual fund	10%
Cash (money market)	15%

The growth mutual fund investments should be with blue chip stocks. To minimize the risk of large losses, U.S. large companies, U.S. small companies and foreign company securities should be considered as diversification within equity investments.

A quality rating of A or better is required for the purchase of any bond fund.

Operating cash should be invested in a money market, with a minimum of $1,000 in checking account in order to maximize interest potential.

Investment Objectives
The investment objective of the portfolio will be to attain a favorable relative return for the entire portfolio, consistent with preservation of capital emphasizing some income generation and long term growth.

Total portfolio results and the segmented asset classes will be compared to the following indices, as appropriate:

Standard & Poor's 500
Russell 2000
EAFE - Europe, Australia, and Far East
Shearson Lehman Brothers Government/Corporate Bond
30-day Treasury Bill

It is expected that each asset class will demonstrate better performance than its relative index over a full market cycle (3 to 5 years).

Evaluation and Review
On a timely basis, but not less than once annually, the Connecticut Young Insurance Profession directors will review, based on cost, actual investment results achieved to determine whether:

- the investment managers performed in accordance with the policy guidelines set forth
- asset allocation and securities selection decisions were reasonable
- the investment manager performed satisfactory when compared with:
    - objectives stated in investment policy statement
    - other fund managers
    - market indices
- the investment manager provided monthly reports to the directors and staff; that the investment manager made recommendations at the time of the reports
- review commissions and fees charged
- the investment policy continues to be appropriate to provide income to meet contractual obligations of the association and monies not needed for these agreements is invested to grow the asset base.
- printed statements should be provided to the organization as available