



STRATEGIC ASSET ALLIANCE  
THE INSURANCE INVESTMENT SPECIALIST

## **Insurer Investment Forum: Sample Case Study**

### **The Board's Decision: Keep or Replace the Investment Manager**

#### **Background/Set-Up**

You are a member of the Board of Directors of the Belichick Mutual Insurance Company ("BMIC"). BMIC, at \$2 billion in assets, sells a diversified book of property/casualty products in its regional market of six neighboring states.

BMIC's Board of eight members is small enough so that it has seen little need to have formal committees. Instead, all Board members can vote and participate on key decisions.

You have been given cards that represent each of the Board members, their current position on the Board, and their background. Please note the following about each of your fellow Board members. (Additional details are included on the back of the card you have chosen. It is your choice whether or not to share these details with other Board members.)

- #1 - Chairman of the Board, BMIC Founder
- #2 - President of BMIC, Board Member
- #3 - Past President of BMIC, Board Member
- #4 - #8 - Board Member

#### **Situation/Board Meeting**

Over the last few years, BMIC has gotten worse than benchmark investment performance from its external fixed income manager. This experience has been compounded by whispers of less than ethical behavior at that investment manager.

With all of this controversy, senior management is considering a change from its fixed income manager, which, despite these issues, has developed a strong and very responsive relationship with the company over the last ten years.

To be prudent, before proceeding, senior management wants to get a better idea of the Board's preferences in this rather heated environment.

#### **Questions/Decisions**

1. Does the Board agree that it is time to change its fixed income manager? Why or why not? ("No decision" at this time is not an option for this case.)



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2. What characteristics should BMIC look for in the preferred investment manager (regardless of decision)?