



STRATEGIC ASSET ALLIANCE
THE INSURANCE INVESTMENT SPECIALIST

Investment Seminar for Gov't Risk Pools: Sample Case Study Asset Allocation Considerations: A Global / Technology Approach?

Background/Set-Up

Tess Monaghan has been the pool's associate executive director for two years and is on track to assume the executive directorship within the next eight years. Financial results for the pool have remained strong with a continuing focus on conservative management and actuarial practices. Additionally, improved information systems and predictive analytics were allowing the pool to become more adept at pricing risk, managing claims, and identifying emerging liability trends.

The investment program didn't seem to keep pace with the forward-looking technological changes being implemented across the pool's business of pricing and managing risk. Recently, Tess has been considering and learning more about "blockchain" technologies and investment strategies involving "smart tokens" which would be programmed using artificial intelligence to preserve some investment strategy or "state" even as market fluctuates. To Tess, it sounded a bit like a pitch from "The Matrix" movies, but the concept still aligned with the innovations being implemented with respect to the pool's evolving approach to pricing and managing risk.

While Tess did not outright dismiss the idea, it did cause her to think again more globally about investments as she did nearly two years earlier. She wanted to approach the Board/Staff/Advisors to review broader global issues and how the investment portfolio might be better positioned to benefit from emerging global trends and to hedge against emerging global threats.

Questions/Decisions:

1. Does the pool's current asset allocation align with the top concerns found across the global insurance investment community?
2. How do global demographic trends, and its affect on the GDP, affect the Pool's view about the global economy's opportunities and threats?
3. Should the pool consider global sector funds to either replace or augment the pool's current equity exposure?
4. How should the wide-sweeping global changes influence your view of the Pool's current investment program? Does it facilitate change?

INVESTMENT SEMINAR FOR GOVERNMENT RISK POOLS

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