Chartered Insurance Institute Pension Scheme 1993
Statement of Investment Principles – May 2021

1. Introduction

The Trustees of the Chartered Insurance Institute Pension Scheme 1993 ("the Scheme") have drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of the Pensions Act 1995 ("the Act") and associated legislation including the Occupational Pension Schemes (Investment) Regulations 2005 (as amended). The Statement sets out the principles that govern decisions about the Scheme's investments. The Trustees' investment responsibilities are governed by the Scheme's Trust Deed and Rules, of which this Statement takes full regard.

In preparing this Statement the Trustees have taken investment advice from Mercer Limited ("Mercer"). In developing their investment strategy and drawing up this Statement, the Trustees have also consulted the Principal Employer, the Chartered Insurance Institute (the "Institute").

2. Process For Choosing Investments

In April 2021, the Trustees undertook a "buy-in" by using the Scheme's invested assets to purchase a bulk annuity insurance policy with Legal and General Assurance Society Limited ("L&G"), who are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority. Under this policy, L&G undertake, via the Scheme, to pay the Scheme's benefit obligations as they fall due. In due course, the intention is that the buy-in asset will be moved to a buy-out contract, with the support of the Institute, and the Scheme will be wound up.

The Trustees purchased the policy with L&G having considered appropriate advice from its advisors. The Trustees have subsequently terminated the appointment of Mercer as discretionary investment manager, by way of Mercer's Dynamic De-risking Solution ("DDS"). The advice received is, in the Trustees opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

3. Investment Objectives

The Trustees' objective is to invest the Scheme's assets in the best interest of the members and beneficiaries. Where conflicts of interest occur, decisions are made in the sole interest of the members and beneficiaries. The Trustees believe the best way of achieving this is by securing all members' benefits with an insurance company.

Given this objective, and having purchased a bulk annuity insurance policy with L&G, the Trustees' objective is to fully buy-out the members' benefits with L&G and, at that stage, wind-up the Scheme. The Trustees are working with the Institute and the Scheme's advisors to meet this objective and expect to secure the members' benefits in this way. The timeframe to meet this objective is over the next 6 - 18 months.

The objective set out above and the risks and other factors referenced in this Statement are those that the Trustees determine to be financially material considerations. Non-financial considerations are discussed in section 5.

Should there be a material change in the Scheme's circumstances, the Trustees will seek appropriate advice from their advisors prior to carrying out any appropriate actions.

4. Risk Management and Measurement

There are various risks to which any pension scheme is exposed. Following the decision to purchase a bulk annuity insurance policy, the Trustees have identified the following risks:

- The primary risk upon which the Trustees focus is that arising through a mismatch between the Scheme's assets and its liabilities and the Institute's ability to support this mismatch risk.

- Investment in a bulk annuity policy represents a concentrated risk of the annuity provider not making the required payments. The policy in place is governed by substantial insurance market solvency regulations and the Trustees have further mitigated this credit risk through careful choice of provider and contract terms. The Trustees recognise that the investment in the bulk annuity contract is illiquid.

- The Scheme is exposed to operational risk in relation to the buy-in with L&G, who are taking on all of the risks in relation to the Scheme's defined benefit liabilities.

- Given that the Scheme's assets are now invested in full in the bulk annuity insurance policy with L&G, the main risk to progressing to buy-out is the ability of the Institute to fund the additional premium required to move to buy-out. The Trustees are comfortable with this risk in light of the security of members' benefits provided by purchasing the bulk annuity policy and moving to buy-out.

- The Trustees recognise that environmental, social and corporate governance concerns, including climate change, have a financially material impact on return delivered by the Scheme's asset. With the purchase of a bulk annuity, the Trustees' responsibility for the management of these risks is limited and passed onto L&G.

5. Review of this Statement

The Trustees will review this Statement without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believe to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

Agreed by the Trustees of the Chartered Insurance Institute Pension Scheme 1993