



**Risk Understanding:** The financial, legal, and operational risks associated with the investment should be fully understood.

**Creditworthiness of Debtor:** The debtor's creditworthiness must be verifiable.

**Encumbrances:** The asset must be unencumbered and not subject to any rights of set-off or similar claims.

#### Process for Allocating Investments to Tied Assets

**Allocation Decision:** The insurance company decides which assets are to be allocated to tied assets based on their ability to cover the target amount of the tied assets. This decision is based on the valuation of the assets, their liquidity, and the overall investment strategy of the company.

**Documentation and Record-Keeping:** Assets allocated to tied assets must be recorded and identified in such a way that the company can demonstrate at any time which assets belong to tied assets. This includes maintaining up-to-date records and being able to quickly verify the coverage of the target amount by the tied assets.

**Compliance with Investment Limits:** The allocation must comply with any specific investment limits or restrictions outlined in the Circular, ensuring that the portfolio remains diversified and aligned with the insurer's risk capacity.

**Ongoing Review and Adjustment:** Allocated assets should be regularly reviewed to ensure they continue to meet the necessary criteria and are performing as expected. Adjustments should be made as needed to respond to changes in market conditions or the financial health of the insurance company.

