

properties, can pose higher risks.

5. **Alternative Investments**: This includes investments in hedge funds, private equity, and commodities, which are often subject to less regulation, have higher volatility, and involve higher fees and limited liquidity.

6. **Investments in High-Risk Tranches of Securitized Products**: Such as the equity or junior tranches of structured credit products, which are significantly more volatile and risky compared to senior secured tranches.

These investments are usually subject to strict regulatory limits regarding their proportion in the insurer's portfolio to mitigate systemic risks and ensure that the company can meet its obligations to policyholders.



Based on the FINMA Circular 2016/5, here are the evaluations for the answers related to high-risk investments for insurance companies:

Answer 1 Evaluation

- Relevance:** This answer discusses various high-risk investment categories that are generally considered risky in the financial industry.
- Accuracy:** While the examples provided (equities, lower-rated bonds, derivatives, etc.) are known as high-risk investments, they lack direct reference to the specifics highlighted in the FINMA Circular, which emphasizes the nuances of how these are to be handled by insurance companies.



- Completeness:** This answer provides a comprehensive overview of high-risk investments but



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