



- **Due Diligence:** Before making the investment, the insurance company conducts due diligence. This involves a thorough investigation of the investment's characteristics, risks, and potential returns. The company must be satisfied that the investment is suitable for inclusion in tied assets.
- **Documentation:** The insurance company documents the investment decision, including the reasons for selecting the investment and the results of the due diligence process. This documentation is important for demonstrating that the investment was made in accordance with the criteria and processes outlined in the regulatory framework.
- **Monitoring:** Once the investment is made, the insurance company monitors it closely to ensure that it continues to meet the criteria for inclusion in tied assets. This involves ongoing risk management and performance evaluation.
- **Review:** The insurance company periodically reviews its tied assets portfolio to ensure that it remains aligned with the company's risk tolerance and investment objectives. This review process may involve the sale of investments that no longer meet the criteria for inclusion in tied assets.

3. **Importance of the Criteria and Process:**

- **Compliance:** The criteria and process for allocating an investment to tied assets are designed to ensure that the investments in the tied assets portfolio are suitable for their intended purpose. This is crucial for the financial stability of the insurance company, as the tied assets are intended to cover the claims of policyholders.
- **Risk Management:** The criteria and process also serve to manage risk effectively. By ensuring that investments are of high quality, liquid, and diversified, the insurance company can reduce the risk of losses and ensure that it can meet its obligations promptly.
- **Transparency and Accountability:** The documentation and review processes associated with the allocation of investments to tied assets help to ensure transparency and accountability. This is important for demonstrating to regulators and stakeholders that the

