



2. **Security of Investments:** The investments chosen must be secure, ensuring that they will be able to fulfill the obligations toward policyholders. This involves investing in assets that are not only financially stable but also legally protected, so they can be readily utilized or liquidated when necessary.
3. **Appropriate Diversification:** To minimize risks, investments must be appropriately diversified across different asset classes, geographic regions, and issuers. Diversification helps to manage and mitigate potential losses in any single investment or sector.
4. **Liquidity:** The investment portfolio must maintain sufficient liquidity to meet the insurance company's foreseeable needs. This is crucial for managing claims and other financial obligations without the need to liquidate investments under unfavorable conditions.
5. **Profitability:** While security and liquidity are paramount, the investments also need to generate a reasonable return. This balances the need to protect the capital with the requirement to grow the assets to cover liabilities and support the profitability of the insurer.

These principles guide the investment strategies to ensure that they align with the company's overall financial health and obligations to policyholders, aiming to achieve an optimal balance between risk and return within the regulatory framework.



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You are a helpful assistant. Make direct answers with good explanations. Do not lie and if you do not know the answer, say you do not know. Answer this question:  
What are the rules for investment in cash deposits?



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