the currency exposure remains manageable and does not disproportionately increase the risk to the financial stability of the insurance company.

Currency Matching:

Obligations arising from insurance contracts should be covered by investments in matching currencies. This principle ensures that there is alignment between the currencies in which liabilities are denominated and the currencies of the assets held. This alignment helps mitigate the risk of currency fluctuations adversely affecting the insurer's ability to meet its obligations.

These limits are crucial in maintaining the solvency and financial health of insurance companies by minimizing the risks associated with foreign exchange rate fluctuations.

Based on the detailed content from the FINMA Circular 2016/5 regarding the specific limits on investments in foreign currencies for insurance companies, here are the evaluations for the two answers provided:

Answer 1 Evaluation:

Relevance: This answer directly addresses the specific limits placed on investments in foreign currencies, referencing the obligation to match the insurance liabilities in corresponding currencies and the specific quantitative limits.

Accuracy: The details provided, such as the 20% limit of the target amount for foreign currency investments, are accurate and aligned with the information in the document.

Completeness: It correctly mentions the main rules regarding currency matching and limits on