



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 limits are set for investments in equities and equity securities?



The limits set for investments in equities and equity securities by insurance companies, as outlined in the FINMA Circular 2016/5, include the following:

**1. Equity Allocation Limit:**

- Investments in shares and other equity securities must not exceed 30% of the target amount of the tied assets.

**2. Market Value Consideration:**

- Equity securities and convertible bonds with the character of shares are counted at market value at most. This is to ensure that the valuation reflects current market conditions, reducing the risk of overvaluation.

**3. Liquidity Requirement:**

- All securities in this category must be traded on a liquid, regulated market and be available for sale at short notice. This ensures that the assets can be liquidated quickly if needed to meet claims or other financial obligations.

These limits help in managing the inherent volatility and risks associated with equity investments, ensuring that they remain a manageable portion of the insurers' overall investment portfolio.



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