policyholders in the event of the insolvency of the insurance company. It reflects the importance of transparency, security, liquidity, risk management, and financial stability in the management of tied assets and the broader insurance industry.
Answer 2:
The treatment of claims of non-life insurers against reinsurers in the context of tied assets, according to the FINMA Circular 2016/5, involves specific guidelines to ensure these claims contribute effectively and securely to the insurer's solvency requirements. Here’s how these claims are treated:

Principles for Claims of Non-Life Insurers Against Reinsurers
1. **Offsetting Against Tied Assets**: The reinsured portions of the provisions are offset against the tied assets of non-life insurance companies. This means that recoveries expected from reinsurers are considered part of the assets backing the insurer’s obligations.

2. **Application for Offsetting**: The process requires an application to FINMA whenever an insurer wishes to offset the reinsured portions of its provisions against the tied assets. This involves specifying the reinsurer and the amount covered by reinsurance.

Crediting and Limits
1. **General Crediting**: Generally, the reinsured portions are credited at 100% of the current portion's amount. However, for reinsurers in run-off, the crediting is reduced to 75%.

2. **Limits Based on Credit Rating**:
  - **Credit Rating 2 or Better**: Up to 20% of the target amount of the tied assets.
  - **Credit Rating Level 3**: Up to 10% of the target amount.
  - **Credit Rating Level 4**: Up to 5% of the target amount.
  - **Credit Rating Level 5**: Reinsured portions cannot be offset against the tied assets.

3. **Group Reductions**: If the reinsurer is part of the same insurance group as the insurer