

determine the net exposure, all receivables and investments instruments in the tied assets vis-à-vis this party must be accumulated, and guarantees issued to the insurance company are also included in the calculation of net exposure. Investments in currencies other than the reference currency are limited to 20% of the target amount of the tied assets. Upon request, an insurance undertaking may deviate from these limits for the real estate investment category and apply for its own limits.

Answer 2:

The specific limitations for investing in real estate within tied assets, according to the FINMA Circular 2016/5, are designed to ensure that these investments are secure, liquid, and capable of being realized in case of the insurer's insolvency. Here are the key limitations:

Maximum Allocation Limits: Investments in real estate are limited to 25% of the total tied assets. This is to prevent over-concentration in real estate, which could be less liquid compared to other asset classes.

Individual Property Limit: The investment in any single property should not exceed 5% of the tied assets to avoid significant exposure to any single asset.

Liquidity and Marketability: Real estate investments must be easily realizable and their valuation subject to little uncertainty. This typically excludes specialized properties like hotels, leisure facilities, or buildings in progress, which may be harder to sell or value.

Location and Use Restrictions: The properties should be suitable for insurance purposes, meaning they should not be subject to restrictions or characteristics that could impair their value or

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