

3. **Regulatory Compliance**: The investments must comply with regulatory requirements. This includes adhering to the guidelines set by the regulatory body for the insurance industry, such as the Swiss Financial Market Supervisory Authority (FINMA). Compliance ensures that the investments are transparent, ethical, and in line with the broader regulatory framework governing the insurance sector.

These principles are designed to ensure that the investments are safe, liquid, profitable, and compliant, thereby supporting the insurance company's financial stability and its ability to meet its obligations to policyholders.

Answer 2:

The primary investment principles for total assets, as outlined in the FINMA Circular 2016/5 for insurers, include the following:

1. **Asset-Liability Management (ALM)**: When selecting investments, an insurance company considers the structure and development of its obligations. This includes matching the assets and liabilities in terms of durations and cash flows to ensure that the investments can meet the future claims and other liabilities when they become due.
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