must be updated regularly to reflect current market conditions. This is to ensure that the real estate's book value aligns closely with what it could realistically fetch on the market.

These limitations ensure that real estate investments are secure, not overly concentrated, and liquid enough to meet the insurance company's obligations, especially in scenarios of financial distress or claims payouts.

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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 are synthetic bonds and how are they used?

Synthetic bonds are a type of financial instrument used in investment strategies, which essentially combine various elements of debt and derivatives to create a bond that mimics the performance of other assets. Here's how they are used:

1. **Creation and Structure**: Synthetic bonds are created by combining traditional debt securities, like bonds, with derivatives such as options, swaps, or futures. The goal is to replicate the cash flows and risk profiles of a particular asset or set of assets. For example, an investor might combine a zero-coupon bond (a bond that pays no interest until maturity) with a derivative that provides income based on the performance of a stock index.

2. **Purpose**: These bonds are typically used to gain exposure to a certain asset class or market without actually owning the physical assets. This can be beneficial for managing risk, diversifying portfolios, or accessing markets that might be otherwise out of reach due to cost, regulatory, or other constraints.

3. **Risk Management**: Synthetic bonds allow investors to tailor the risk and return

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