

3. Valuation:

- Bonds are generally valued using either the scientific or straight-line cost amortization method plus accrued interest. This approach ensures that the value recorded reflects the amortized cost, thereby maintaining the initial yield to maturity.

4. Non-Permissible Values:

- Certain types of bonds that are structured to transfer risk, like those issued by special purpose vehicles for securitized receivables, are excluded from permissible investments. This includes bonds linked to insurance-linked securities (e.g., catastrophe bonds), which are categorized under "Structured Products."

5. Regulations and Limits:

- Bonds from foreign issuers are subject to specific regulations ensuring that they meet Swiss legal and investment standards. The insurance undertaking must follow the guidelines for foreign counterparties as well.

These guidelines ensure that the investments in bonds and convertible bonds align with the overall investment principles of safety, profitability, and liquidity, thereby supporting the insurer's obligations to policyholders and maintaining financial stability.

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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 specific limits are placed on investments in foreign currencies?



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