

These limits help in managing the inherent volatility and risks associated with equity investments, ensuring that they remain a manageable portion of the insurers' overall investment portfolio.



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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 the specific limitations for investing in real estate within tied assets?



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.



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