

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.



Based on the detailed content from the FINMA Circular 2016/5 regarding the treatment of bonds and convertible bonds in the insurance sector, here are the evaluations for the two answers provided:

**Answer 1 Evaluation:**

**Relevance:** The answer is highly relevant, addressing specific categories, valuation methods, and regulatory considerations for bonds and convertible bonds as outlined in the document.

**Accuracy:** The descriptions match the document's specifics on how bonds and convertible bonds are categorized and evaluated, including the criteria for when convertible bonds are categorized as shares.

**Completeness:** Provides an extensive overview, including details on permissible and non-permissible values, categorization, and evaluation methods, closely matching the document's content.

**Clarity:** While the answer is detailed, the complexity and volume of information could be overwhelming. It could benefit from a clearer, more concise presentation to improve readability.

**Score: 3/4** - Highly accurate and relevant, but could be clearer in presentation.

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