

reservables (ABS, CDOs, etc.)/insurance-linked securities (e.g., cat bonds) are assigned to the category "Structured products" (margin no. 197). Bonds with a conditional debt waiver (write-off bonds) cannot be allocated to restricted assets. The evaluation of bonds and convertible bonds is done using either the scientific cost amortization method or the straight-line cost amortization method, as specified in Art. 88 para. 1 and Art. 88a AVO. The maximum imputed value is determined according to these methods plus accrued interest. Convertible bonds that fall into the category of bonds in accordance with margin no. 188 can be accounted for using the cost amortization method. Structured products, which are investments in the form of a bond or debenture in which a cash instrument is linked to one or more derivative financial instruments, are subject to specific conditions for admissibility, crediting, and valuation. These conditions include the individual components meeting the requirements of the corresponding category of tied assets, no delivery or purchase obligations, and no additional funding obligations. The structured products are valued according to one of the methods specified for bonds and convertible bonds, and the selected procedure must be maintained until the structured product is sold or redeemed.

Answer 2:

In the FINMA Circular 2016/5 for insurers, bonds and convertible bonds are treated with specific guidelines to ensure they meet the investment criteria for safety, profitability, and liquidity. Here's how they are generally treated:

Types of Bonds and Convertible Bonds:

Permitted investments include government bonds, bonds issued by cantons, cities, municipalities, and other public corporations, corporate bonds, and medium-term notes issued by a

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