

the need to liquidate investments under unfavorable conditions.

Profitability: While security and liquidity are paramount, the investments also need to generate a reasonable return. This balances the need to protect the capital with the requirement to grow the assets to cover liabilities and support the profitability of the insurer.

These principles guide the investment strategies to ensure that they align with the company's overall financial health and obligations to policyholders, aiming to achieve an optimal balance between risk and return within the regulatory framework.



Based on the detailed content from the FINMA Circular 2016/5 regarding investment principles for total assets in the insurance sector, here are the evaluations for both answers:

Answer 1 Evaluation:

Relevance: The answer includes relevant principles such as asset-liability management (ALM), profitability, diversification, liquidity, and considerations about expertise and organizational control, which align with the circular.

Accuracy: The specifics such as ALM, profitability, and diversification are accurately described and align with the principles listed in the document.

Completeness: While it covers all major principles, it could enhance completeness by referencing specific regulations or legal requirements as outlined in the document for added depth.

Clarity: The explanation is straightforward and structured in a way that makes the principles easy to understand.

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