



maintains an appropriate risk management system for the relevant asset classes.

These limitations and conditions are crucial for ensuring that the credit exposure of tied assets is managed in a way that prioritizes the solvency and liquidity needs of the insurance company, protecting against potential losses from counterparty defaults.



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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:
How are mortgage receivables treated under the tied assets regulations?



Mortgage receivables are treated under tied assets regulations according to specific criteria to ensure they are secure and adequate to cover the claims of insured persons. Here's how they are managed:

Criteria for Including Mortgage Receivables in Tied Assets:

1. **Permissible Property Types:** The mortgaged property must qualify under the specified categories (residential buildings, commercial buildings, and permitted buildings under building law).
2. **Valuation:** Mortgages must be tied to properties that are easily realizable and whose valuation is subject to minimal uncertainty. The mortgage receivables are evaluated at nominal value but must be secure, implying that the underlying properties have reliable, sustainable value.
3. **Loan-to-Value Ratio:** The lending value of the property should not exceed the maximum allowed loan-to-value ratio, ensuring that the mortgage does not exceed the realizable value of the property.



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