conditions. This flexibility allows for a more nuanced approach to investment management, but it also requires a high level of expertise and risk management skills on the part of the insurance company.

6. In summary, the limits set for investments in equities and equity securities are designed to ensure that the investments are managed prudently, with a focus on risk management and diversification. They reflect the need to balance the potential for higher returns with the risk of losses, and they provide a framework for the insurance company to make informed investment decisions that are consistent with its regulatory obligations and its risk management objectives.
Answer 2:
The limits set for investments in equities and equity securities by insurance companies, as outlined in the FINMA Circular 2016/5, include the following:

1. **Equity Allocation Limit**:
  - Investments in shares and other equity securities must not exceed 30% of the target amount of the tied assets.

2. **Market Value Consideration**:
  - Equity securities and convertible bonds with the character of shares are counted at market value at most. This is to ensure that the valuation reflects current market conditions, reducing the risk of overvaluation.

3. **Liquidity Requirement**:
  - All securities in this category must be traded on a liquid, regulated market and be available for sale at short notice. This ensures that the assets can be liquidated quickly if needed to meet claims or other financial obligations.

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