

These principles are crucial for the insurance company to manage its investments effectively, ensuring that its assets are aligned with its obligations, generating returns, diversified to mitigate risk, liquid enough to meet cash flow needs, and managed by competent and independent staff.

Answer 2:

The primary investment principles for total assets, as outlined in the FINMA Circular 2016/5 for insurers, include the following:

**Asset-Liability Management (ALM):** When selecting investments, an insurance company considers the structure and development of its obligations. This includes matching the assets and liabilities in terms of durations and cash flows to ensure that the investments can meet the future claims and other liabilities when they become due.

**Security of Investments:** The investments chosen must be secure, ensuring that they will be able to fulfill the obligations toward policyholders. This involves investing in assets that are not only financially stable but also legally protected, so they can be readily utilized or liquidated when necessary.

**Appropriate Diversification:** To minimize risks, investments must be appropriately diversified across different asset classes, geographic regions, and issuers. Diversification helps to manage and mitigate potential losses in any single investment or sector.

**Liquidity:** The investment portfolio must maintain sufficient liquidity to meet the insurance company's foreseeable needs. This is crucial for managing claims and other financial obligations without

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