

- Investments in high-risk assets are regulated through a set of guidelines and requirements that aim to ensure the safety and stability of the investment portfolio. These regulations are designed to protect the interests of the investors by limiting their exposure to high-risk assets that could potentially result in significant losses.
- The primary regulation governing investments in high-risk assets is the requirement for these assets to be allocated within the tied assets of an insurance company. Tied assets are those assets that are specifically designated to be held by an insurance company to meet its obligations to policyholders. By requiring high-risk assets to be included within tied assets, regulators are ensuring that these assets are subject to the same level of scrutiny and oversight as other assets that are critical to the financial stability of the insurance company.
- The allocation of high-risk assets within tied assets is subject to specific limits and conditions. For example, the total allocation to high-risk assets cannot exceed 10% of the target amount of the tied assets. This limit is designed to prevent insurance companies from overexposing themselves to high-risk assets, which could increase the likelihood of significant losses.
- The regulations governing investments in high-risk assets also require that these assets be allocated in a manner that is consistent with the overall investment strategy of the insurance company. This means that the allocation of high-risk assets should be in line with the company's risk tolerance, investment objectives, and financial capacity.
- The regulations further require that the insurance company has the necessary expertise and resources to manage the risks associated with high-risk assets. This includes having a well-defined investment strategy, a robust risk management system, and adequate staff and infrastructure to support the investment process.

6. The regulations also require that the insurance company has a clear understanding of the



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