3. Credit rating level 3: This is an upper medium grade, indicating that the investment is safe, provided no unforeseen events affect the overall economy or industry. The borrower's ability to meet its financial obligations is strong, but more vulnerable to the adverse effects of changes in external circumstances and economic conditions.
4. Credit rating level 4: This is a lower medium grade, indicating that problems are to be expected if the overall economy deteriorates. The borrower's ability to meet its financial obligations is adequate, but more vulnerable to adverse economic conditions.
5. Credit rating level 5: This is a category for all investments that do not meet the requirements for classification in one of the credit rating categories 1-4.

These credit rating levels are used to assess the risk associated with the tied assets of an insurance company. The higher the credit rating, the lower the risk of default, and the safer the investment. Conversely, lower credit ratings indicate higher risk and potentially less secure investments. The insurance company is required to use recognized rating agencies or its own credit ratings when assigning tied assets to the credit rating categories, ensuring that the assessments are reliable and reflect the true risk associated with the investments.

Answer 2:

The five credit rating levels that can be assigned to tied assets are detailed as follows:

Credit Rating Level 1: This represents the highest grade where the debtor possesses the highest creditworthiness. The default risk is considered virtually negligible, suggesting an outstanding ability of the debtor to meet financial obligations even over a long term.