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A.M. Best Affirms Credit Ratings of Taiping Reinsurance Company Limited and Its Subsidiary

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AMB#	Company Name
094637	Taiping Reinsurance (China) Company Ltd.
085029	Taiping Reinsurance Company Limited

FOR IMMEDIATE RELEASE

HONG KONG - SEPTEMBER 29, 2016

A.M. Best has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of "a" of **Taiping Reinsurance Company Limited** (Taiping Re) (Hong Kong) and its wholly owned subsidiary, **Taiping Reinsurance (China) Company Ltd.** (Taiping Re China) (China). The outlook of these Credit Ratings (ratings) is stable.

The ratings of Taiping Re and Taiping Re China reflect their solid consolidated risk-adjusted capitalization, profitable operating results, and diversified business profile by expanding into life reinsurance and overseas non-life reinsurance segments. The ratings also acknowledge the capital contributions and operational support received from their parent, China Taiping Insurance Holdings Company Limited (CTIH).

To support the growth of its life reinsurance business and the establishment of the Taiping Re China subsidiary, CTIH has made several rounds of capital injections to Taiping Re since 2012, increasing its capital and surplus to HKD 6.7 billion (USD 864 million) at the end of June 2016. Taiping Re's consolidated risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), is expected to be at a solid level despite the strong premium growth in the life reinsurance segment.

Taiping Re's consolidated operating results have been favorable since 2013, after the company experienced underwriting losses in financial-year 2011 and 2012 due to a series of natural catastrophes in the Asia-Pacific region in 2011. In addition, the company has recorded favorable investment returns in the past few years.

The ratings of Taiping Re China reflect its strategic importance to Taiping Re, as well as the high level of integration with and the explicit support it receives from Taiping Re.

An offsetting rating factor is the challenging operating environment Taiping Re and Taiping Re China face amid soft reinsurance market conditions in China and the international market. Additionally, with the establishment of two new domestic reinsurers and the recapitalization of existing onshore reinsurers in China, this increased reinsurance market capacity is expected to intensify competition in the near term.

Positive rating actions for Taiping Re and Taiping Re China are unlikely in the near future. Negative rating actions could occur if Taiping Re or Taiping Re China experience operating losses or dividend payouts that weaken its risk-adjusted capitalization level substantially, or if CTIH's credit profile deteriorates significantly.

Ratings are communicated to rated entities prior to publication. Unless stated otherwise, the ratings were not amended subsequent to that communication.

This press release relates to Credit Ratings that have been published on A.M. Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best's [Recent Rating](#)

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A.M. Best is the world's oldest and most authoritative insurance rating and information source.

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