

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

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FOR IMMEDIATE RELEASE

HONG KONG - SEPTEMBER 29, 2017

A.M. Best has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Ratings 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), collectively known as Taiping Re Group. The outlook of these Credit Ratings (ratings) is stable.

The ratings of Taiping Re and Taiping Re China reflect their strong consolidated risk-adjusted capitalization, profitable operating results and continuous efforts to diversify their portfolio by expanding into the life reinsurance and overseas non-life reinsurance segments.

The ratings also acknowledge the financial flexibility and operational support received from their parent, China Taiping Insurance Holdings Company Limited (CTIH). To support the business growth of Taiping Re Group’s life reinsurance business and the establishment of the Taiping Re China subsidiary, CTIH has made several rounds of capital injections to Taiping Re Group since 2012. A.M. Best expects that Taiping Re Group’s risk-adjusted capitalization will remain solid with CTIH’s capital support, despite the projected high business growth.

The ratings of Taiping Re China reflect its strategic importance to Taiping Re, as well as its high level of integration with, and the explicit support it receives from, Taiping Re. Taiping Re China is the primary revenue contributor to Taiping Re Group’s China book, which accounts for approximately 50% of Taiping Re Group’s consolidated non-life reinsurance portfolio.

An offsetting rating factor is the rising investment risk and concentration risk from alternative investments, as the group’s single largest alternative investment comprises over 20% of Taiping Re Group’s capital and surplus. Additionally, catastrophe risk is expected to increase significantly in the next three years, according to the business plan, although this risk is expected to be mitigated somewhat through the purchase of adequate reinsurance protection.

Positive rating actions for Taiping Re Group are unlikely in the near future. Negative rating actions could occur if the group experiences operating losses that substantially weaken its risk-adjusted capitalization level, or if CTIH reduces the level of support it provides to Taiping Re Group.

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 Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Understanding Best's Credit Ratings](#). For information on the proper media use of Best's Credit Ratings and A.M. Best press releases, please view [Guide for Media - Proper Use of Best's Credit Ratings and A.M. Best Rating Action Press Releases](#).

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