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AM Best Affirms Credit Ratings of Taiping Reinsurance Company Limited and Its Subsidiary

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FOR IMMEDIATE RELEASE

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

The ratings of TPRe reflect its balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management. The ratings also acknowledge the continued implicit and explicit support given by TPRe’s parent company, China Taiping Insurance Holdings Company Limited (CTIH), in terms of capital, investment, risk oversight and shared operational resources.

TPRe’s risk-adjusted capitalisation remained at the strongest level as of year-end 2021, as measured by Best’s Capital Adequacy Ratio (BCAR), albeit posted a decline due to higher investment exposure. The company’s consolidated capital and surplus slightly dropped by 3% in 2021, mainly due to decrease in the net fair value of investments. Over the short to intermediate term, AM Best expects TPRe’s BCAR to remain at strongest level. Other supportive factors to its balance sheet strength include strong liquidity, and prudent retrocession programmes.

TPRe’s net earnings returned to positive in 2021, but it is still weaker than its five-year average ROE, and the company projects its return on equity will gradually resume to mid-single digit in three years. In terms of business profile, the company provides a variety of non-life and life reinsurance solutions. Over 60% of its gross premium written

comes from non-life reinsurance business, which is predominately property. Leveraging its subsidiary status of CTIH, TPRé has established a strong foothold in the Greater China region and maintains a leading position in the non-life reinsurance markets in Hong Kong and Macau. In addition, TPRé continues to expand into other Asia markets and optimises the product mix of its life portfolio by reducing saving-type products and expanding its protection line of business. AM Best also believes that CTIH, as the controlling shareholder, will continue to render strong capital and financial support to TPRé in a timely manner when necessary, as evidenced by its track record of capital injections to TPRé over the years.

The ratings of TPRé China reflect its strategic importance to TPRé, as well as its high level of integration with, and the explicit support it receives from TPRé. AM Best expects TPRé China to remain a key contributor to TPRé's consolidated financials.

The company is well-positioned at the current rating level. Negative rating actions could occur if there is a material deteriorating trend in operating performance such that it no longer supports the current adequate assessment. Negative rating actions also could occur if there is a material deterioration in CTIH's credit profile or if CTIH reduces the level of support it provides to TPRé.

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 AM 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 AM Best's [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best's Credit Ratings](#). For information on the proper use of Best's Credit Ratings, Best's Performance Assessments, Best's Preliminary Credit Assessments and AM Best press releases, please view [Guide to Proper Use of Best's Ratings & Assessments](#).

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