

Rating Research Services

INSURER FINANCIAL STRENGTH RATING DEFINITIONS

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(**Editor's notes:**This definition article is no longer current. It has been superseded by the article titled "Taiwan Ratings' Ratings Definitions" published on Oct. 29, 2013.)

INSURER FINANCIAL STRENGTH RATING DEFINITIONS

A Taiwan Ratings Corporation (TRC) insurer financial strength rating is a current opinion of the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms.

This opinion is not specific to any particular policy or contract, nor does it address the suitability of a particular policy or contract for a specific purpose or purchaser. Furthermore, the opinion does not take into account deductibles, surrender or cancellation penalties, timeliness of payment, nor the likelihood of the use of a defense such as fraud to deny claims.

twAAA

An insurer rated 'twAAA' has extremely strong financial security characteristics, relative to other insurers in the Taiwan market. 'twAAA' is the highest insurer financial strength rating assigned by TRC.

twAA

An insurer rated 'twAA' has very strong financial security characteristics, relative to other insurers in the Taiwan market, differing only slightly from those rated higher.

twA

An insurer rated 'twA' has strong financial security characteristics, relative to other insurers in the Taiwan market, but is somewhat more likely to be affected by adverse business conditions than are insurers with higher ratings.

twBBB

An insurer rated 'twBBB' has good financial security characteristics, relative to other insurers in the Taiwan market, but is more likely to be affected by adverse business conditions than are higher-rated insurers.

twBB

An insurer rated 'twBB' has marginal financial security characteristics, relative to other insurers in the Taiwan market. Positive attributes exist, but adverse business conditions could lead to insufficient ability to meet financial commitments.

twB

An insurer rated 'twB' has weak financial security characteristics, relative to other insurers in the Taiwan market. Adverse business conditions will likely impair its ability to meet financial commitments.

twCCC

An insurer rated 'twCCC' has very weak financial security characteristics, relative to other insurers in the Taiwan market, and is dependent on favorable business conditions to meet financial commitments.

twCC

An insurer rated 'twCC' has extremely weak financial security characteristics, relative to other insurers in the Taiwan market, and is likely not to meet some of its financial commitments.

twR

An insurer rated 'twR' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.

Plus (+) or minus (-)

Ratings from 'twAA' to 'twCCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

CreditWatch

CreditWatch highlights the potential direction of a rating, focusing on identifiable events and short-term trends that cause ratings to be placed under special surveillance by TRC. The events may include mergers, recapitalizations, voter referenda, regulatory actions, or anticipated operating developments. Ratings appear on CreditWatch when such an event or a deviation from an expected trend occurs and additional information is needed to evaluate the rating. A listing, however, does not mean a rating change is inevitable, and whenever possible, a range of alternative ratings will be shown. CreditWatch is not intended to include all ratings under review, and rating changes may occur without the ratings having first appeared on CreditWatch. The "positive" designation means that a rating may be raised; "negative" means that a rating may be lowered; "developing" means that a rating may be raised, lowered or affirmed.

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