

Media Release:

Ratings On Prudential Life Insurance Co. of Taiwan Placed On CreditWatch Negative On Parent's Potential Strategic Change

February 24, 2020

Overview

- We believe U.S.-based Prudential Financial Inc. could re-evaluate its international business strategy and lead to a change in the strategic position of its Taiwan subsidiary, Prudential Taiwan, including a potential disposal plan.
- We believe the potential strategy change raises uncertainty over Prudential Taiwan's continuing role within the global financial group, including group support.
- We are therefore placing our 'twAAA' long-term issuer credit rating and financial strength rating on Prudential Taiwan on CreditWatch with negative implications.

Rating Action

Taiwan Ratings Corp. today placed its 'twAAA' long-term issuer credit rating and financial strength rating on **The Prudential Life Insurance Company of Taiwan Inc.** (Prudential Taiwan) on CreditWatch with negative implications.

Rationale

The CreditWatch placement reflects the increasing uncertainty over Prudential Taiwan's creditworthiness, given our view that the U.S.-based parent group, Prudential Financial Inc., may reevaluate the strategic importance and ownership structure of the Taiwan subsidiary. We assess Prudential Taiwan as a highly strategic member of the parent group; however, we believe there is now uncertainty as to whether this degree of strategic importance will sustain if the group re-evaluates its international strategy, including the potential disposal of the Taiwan subsidiary.

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CreditWatch

We aim to resolve the CreditWatch placement after analyzing the potential impact of any change in the group status of Prudential Taiwan. The attitude of the US-based parent group on whether to deliver support on a persistent basis would be one of the key factors that we will focus on.

We would lower the ratings by one or more notches if we see a greater possibility that the parent group will withdraw from the Taiwan Market, thereby weakening the strategic fit of the Taiwan subsidiary to the parent group.

We would affirm the ratings if we conclude that Prudential Taiwan will continue to receive support from the parent group on a timely and consistent basis, and that Prudential Taiwan remains highly strategic to the parent group.

Related Criteria

- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- Understanding Taiwan Ratings' Rating Definitions, www.taiwanratings.com - June 26, 2018
- Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model, June 7, 2010
- General Criteria: Use Of CreditWatch And Outlooks, September 14, 2009

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Ratings List

CreditWatch Action

	To	From
The Prudential Life Insurance Company of Taiwan Inc.		
Issuer Credit Rating	twAAA/Watch Neg/-	twAAA/Stable/-
Financial Strength Rating	twAAA/Watch Neg/-	twAAA/Stable/-

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