

Research Update:

# China Life Insurance Co. Ltd. Ratings Affirmed At 'twAA'; Outlook Negative

July 23, 2020

## Rating Action

Taiwan Ratings Corp. today affirmed its 'twAA' issuer credit rating and financial strength rating on **China Life Insurance Co. Ltd.** The outlook on the long-term rating is negative.

The ratings continue to reflect China Life's strong competitive position in the local market with a solid market share and track record of above-average profitability. The ratings also reflect the insurer's better than industry average capital buffer and lower weighting in equity investments. Counterbalancing these strengths is the insurer's higher investment concentration risk on the financial sector by global standards and, similar to local peers, the vulnerability of its capital adequacy to external volatilities.

The ratings also reflect our expectation that China Life will remain largely operationally and financially independent from the China Development Financial Holding Corp. group over the next one to two years and our belief that the ratings on the insurer will remain insulated from movement in the group credit profile.

## Related Criteria & Research

### Related Criteria

- General Criteria: Group Rating Methodology - July 01, 2019
- Understanding Taiwan Ratings' Rating Definitions - June 26, 2018
- Criteria | Insurance | General: Insurers Rating Methodology - July 01, 2019
- Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model - June 07, 2010
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009

### Related Research

- Taiwan-Based China Life Insurance Outlook Revised To Negative On Market Volatility, Low Interest Rate; Ratings Affirmed – May 8, 2020

(Unless otherwise stated, these articles are published on [www.taiwanratings.com](http://www.taiwanratings.com))

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## Ratings List

### Ratings Affirmed

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#### China Life Insurance Co. Ltd.

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Issuer Credit Rating	twAA/Negative
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Financial Strength Rating	twAA/Negative
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.taiwanratings.com](http://www.taiwanratings.com) for further information.

Complete ratings information is available to subscribers of Rating Research Service at [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw). All ratings affected by this rating action can be found on Taiwan Ratings' public website at [www.taiwanratings.com](http://www.taiwanratings.com).

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