

Research Update:

# Farglory Life Insurance Co. Ltd. 'twA+' Ratings Affirmed; Outlook Negative

August 30, 2021

## Rationale

Taiwan Ratings Corp. today affirmed its 'twA+' issuer credit rating and financial strength rating on **Farglory Life Insurance Co. Ltd.** The outlook on the long-term ratings remains negative.

The negative rating outlook continues to reflect our view that Farglory Life's capital buffer to withstand potential market volatility will remain thin over the next two years. Although the company reported better profits over the past few quarters than we had expected, its capital buffer remains thin considering the growth of its risk assets such as equities and weaker value-of-in-force accumulation. We believe unexpected market volatility or continuous investment risk asset growth by Farglory Life could weaken the insurer's capitalization over the next one to two years.

The ratings continue to reflect the insurer's above-average capital strength among local life insurers. Farglory Life's small market position in the domestic market as well as higher investment risks compared to peers' somewhat offsets these strengths.

## Related Criteria & Research

### Related Criteria

- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- Criteria | Insurance | General: Insurers Rating Methodology - July 01, 2019
- General Criteria: Principles Of Credit Ratings - February 16, 2011
- Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model - June 07, 2010

### Related Research

- Taiwan Ratings' Ratings Definitions – August 10, 2020

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## Ratings List

### Ratings Affirmed; Outlook

#### Farglory Life Insurance Co. Ltd.

Issuer Credit Rating	twA+/Negative
Financial Strength Rating	twA+/Negative

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.

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