

Research Update:

South China Insurance Co. Ltd. Ratings Affirmed At 'twAA'; Outlook Stable

November 24, 2021

Rating Action

Taiwan Ratings Corp. today affirmed its 'twAA' long-term issuer credit rating and financial strength rating on **South China Insurance Co. Ltd.** The outlook on the ratings remains stable. The ratings on South China Insurance reflect our view on the insurer's very strong capital and earnings and adequate investment risk profile, which provide a good buffer against business downturns and capital market volatility. We also view South China Insurance to have a satisfactory competitive position supported by its good operating performance. The insurer's relatively smaller scale and less geographic business diversification compared with regional peers somewhat offset these strengths.

In our view, some of South China Insurance's stand-alone credit characteristics are superior to those of the parent **Hua Nan Financial Holdings Co. Ltd.** group. However, as a strategically important group member, the ratings on South China Insurance are capped by the overall group credit profile.

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
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings - October 10, 2021
- 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

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

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Ratings List

Ratings Affirmed

South China Insurance Co. Ltd.

Issuer Credit Rating	twAA/Stable
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Financial Strength Rating	twAA/Stable
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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 for further information.

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