

Research Update:

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

August 26, 2022

Rating Action

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

The ratings reflect the insurer's above-average capital strength among local life insurers, as well as its consistent actuarial profits that benefit from a higher weighting on health products. Farglory Life's small domestic market position and higher investment risks compared to local peers' somewhat offset these strengths.

The negative outlook continues to reflect our view that Farglory Life will maintain only a thin capital buffer to withstand potential market volatility over the next one to two years. The company reported better profits than we expected in 2021; nonetheless, the growth of its risk assets during the year has outpaced its capital mainly due to enlarged equity investments. We believe an unexpected market decline or further high investment risk asset growth by Farglory Life could weaken the insurer's capital and earnings over the next one to two years. Meanwhile, we forecast that if the insurer increases its foreign exchange risk materially this could also weaken its overall credit strength.

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 – November 11, 2021

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

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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 for further information. Complete ratings information is available to subscribers of Rating Research Service at rrs.taiwanratings.com.tw. All ratings affected by this rating action can be found on Taiwan Ratings' public website at www.taiwanratings.com.

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