

Bulletin:

Fubon Insurance's Pandemic Losses Call For Timely Group Support

March 17, 2023

This report does not constitute a rating action.

Fubon Insurance Co. Ltd. can absorb heavy losses on pandemic-related policies in 2022. This is given our view that the parent group is willing to provide the necessary capital support.

Fubon Insurance made deeper losses in 2022 than we expected, but its creditworthiness is likely to stay intact. The insurer (twAA+/Stable/--) recorded a net loss of new Taiwan dollar (NT\$) 39.96 billion and had a combined ratio of 237% for 2022. This compared with our earlier forecast of NT\$25.22 billion and 181%, respectively (for more information, see Related Research). The weaker results largely reflect higher losses than we expected on pandemic-related insurance policies on a retained basis.

We continue to view the insurer as a core member of the **Fubon Financial Holding Co. Ltd.** group. As such, the ratings and outlook on the insurer reflect our view of the consolidated group credit profile.

Fubon Insurance's enlarged losses and inadequate regulatory capital ratio will require sufficient capital support from the group to restore the ratio to above the regulatory minimum level. We have not incorporated any capital injection in our forecast for the insurer's capitalization due to the lack of a concrete timeline and amount of any proposed capital plan.

Related Research

- Full Analysis: Fubon Insurance Co. Ltd., Dec. 13, 2022
- Fubon Insurance Faces Weakening Capitalization; 'A-' Ratings Affirmed On Core Group Status; Outlook Stable, Oct. 27, 2022.

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