

Media Release:

# Taian Insurance Co. Ltd. Ratings Affirmed At 'twAA'; Outlook Stable

June 28, 2023

## Overview

- Taian Insurance Co. Ltd. will likely maintain excellent capitalization over the next two years with its prudent capital policy.
- We revised our assessment of the insurer's liquidity to adequate from exceptional to reflect its higher reinsurance receivables and lower liquid assets.
- We affirmed our long-term financial strength ratings and issuer credit rating on Taian Insurance at 'twAA'.
- The stable rating outlook reflects our expectation that the Taiwan-based property and casualty insurer will maintain a very strong financial risk profile over the coming two years.

## Rating Action

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

## Rationale

The rating affirmation reflects our expectation that Taian Insurance can sustain excellent capitalization over the next two years, despite significant pandemic policy losses in 2022. We expect the insurer's underwriting profits to normalize in 2023. This follows the insurer's retrieval of incurred but not reported reserves in 2022, after it updated claim assumptions toward the end of the impact of COVID insurance.

Nevertheless, we revised our assessment of Taian Insurance's liquidity to adequate from exceptional. We believe that the insurer will maintain its current liquidity level over the next one to two years. This reflects its reinsurance receivables currently under reinsurance recovery process with its reinsurer. In our view, the process for settling reinsurance receivables will constrain Taian Insurance's liquid assets.

### PRIMARY CREDIT ANALYST

**Kaifu Hu**  
Taipei  
+886-2-2175-6814  
kaifu.hu  
@spglobal.com  
kaifu.hu  
@taiwanratings.com.tw

### SECONDARY CONTACT

**Serene Hsieh, FRM, CPA**  
Taipei  
+886-2-2175-6820  
serene.hsieh  
@spglobal.com  
serene.hsieh  
@taiwanratings.com.tw

## Outlook

The stable rating outlook reflects our view that Taian Insurance will maintain very strong capital and earnings over the next two years, providing a good buffer for potential losses. The outlook also reflects our assessment that the insurer will sustain satisfactory underwriting results, with support from prudent underwriting and proactive business management.

At the same time, we believe Taian Insurance can preserve its competitive position in key products, particularly personal-line businesses.

### Downside scenario

We may lower the ratings on Taian Insurance if the following occurs:

- We lower our assessment of the insurer's capital and earnings to strong or below from very strong. This could result from surprise losses, insufficient risk coverage (including catastrophe risks) or large-scale capital deductions; or
- The insurer's risk exposure deteriorates due to heightened exposure to foreign-exchange risks or increased allocations to high-risk assets such as equities and property.

### Upside scenario

We may raise the ratings if Taian Insurance improves its competitive position over the next two years. The insurer could achieve this by building a clear niche position with pricing advantages that deliver consistently above-average operating performance, while maintaining very strong capital and earnings.

## Environmental, social, and governance

ESG credit indicators: E-2, S-2, G-2

ESG factors have no material influence on our credit rating analysis of Taian Insurance.

## Ratings Score Snapshot

Taian Insurance Co. Ltd.	To	From
<b>Business risk profile</b>	<b>Satisfactory</b>	<b>Satisfactory</b>
Competitive position	Satisfactory	Satisfactory
IICRA	Intermediate	Intermediate
<b>Financial risk profile</b>	<b>Very strong</b>	<b>Very strong</b>
Capital and earnings	Very strong	Very strong
Risk exposure	Moderately low	Moderately low
Funding structure	Neutral	Neutral
<b>Modifiers</b>		
Governance	Neutral	Neutral
Liquidity	Adequate	Exceptional
<b>Financial strength rating</b>	<b>twAA</b>	<b>twAA</b>
<b>ESG credit indicators</b>	<b>E-2, S-2, G-2</b>	<b>E-2, S-2, G-2</b>

IICRA--Insurance Industry And Country Risk Assessment.

## Related Criteria & Research

### Related Criteria

- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: National And Regional Scale Credit Ratings Methodology - June 08, 2023
- 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, Nov. 11, 2021

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

## Ratings List

### Ratings Affirmed

#### Taian Insurance Co. Ltd.

Issuer Credit Rating	twAA/Stable
Financial Strength Rating	twAA/Stable

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).

Copyright © 2023 by Taiwan Ratings Corporation (TRC). All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of TRC. The Content shall not be used for any unlawful or unauthorized purposes. TRC and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively TRC Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. TRC Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. TRC DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall TRC be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. TRC's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. TRC assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. TRC does not act as a fiduciary or an investment advisor except where registered as such. While TRC has obtained information from sources it believes to be reliable, TRC does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, TRC reserves the right to assign, withdraw or suspend such acknowledgement at any time and in its sole discretion. TRC disclaims any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

TRC keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of TRC may have information that is not available to other TRC business units. TRC has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

TRC receives compensation for its solicited ratings and certain analyses, normally from issuers, originators, arrangers, or underwriters of securities or from obligors. TRC reserves the right to disseminate its opinions and analyses. TRC's public ratings and analyses are made available on its Web sites, [www.taiwanratings.com](http://www.taiwanratings.com) (free of charge), and [rrs.taiwanratings.com.tw](http://rrs.taiwanratings.com.tw) (subscription), and may be distributed through other means, including via TRC publications and third-party redistributors. Please click [here](#) for any other conflict of interests that may affect the credit rating as requested by the regulator.