

Bulletin:

Chung Kuo Insurance's Capital Restructuring To Support Its Capital Strength

April 26, 2024

This report does not constitute a rating action.

Taiwan Ratings Corp. today said Chung Kuo Insurance Co. Ltd.'s capital restructuring plan will help the Taiwan-based insurer sustain very strong capital and earnings, with potential group capital support.

Chung Kuo Insurance has announced that it will conduct a paid-in capital write off of new Taiwan dollar (NT\$) 5.33 billion to make up the accumulated losses from pandemic insurance policies. Meanwhile, the insurer's parent **Mega Financial Holding Co. Ltd.** will participate in the subsidiary's new capital raising of NT\$4.5 billion.

The fundraising should be sufficient to maintain Chung Kuo Insurance's excellent capitalization and absorb potential reinsurance recovery losses over the next two years. Mega Financial has made up to NT\$8 billion capital injections in 2022 and 2023. The capital injections, which underpin our view that the parent group is strongly committed to financially supporting Chung Kuo Insurance, have no impact on our ratings or outlook on the insurer (twAA/Stable/--) .

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