

# Central Reinsurance Corp.

## Ratings Detail (As Of February 5, 2010)\*

### Operating Company Covered By This Report

#### Central Reinsurance Corp.

Financial Strength Rating

*Local Currency*

A-/Stable/--

*Taiwan National Scale Rating*

twAA+/Stable

Counterparty Credit Rating

*Local Currency*

A-/Stable/--

*Taiwan National Scale Rating*

twAA+/Stable/NR

**Domicile**

Taiwan

\*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

## Rationale

The ratings on Central Reinsurance Corp. (Central Re) reflect the company's strong position in Taiwan's reinsurance market, strong underwriting performance, and adequate capitalization. Moderating factors include the challenges the insurer faces to expand its business, both locally and globally. The company's investment performance which exposes it to global market volatility and foreign exchange risk also constrains the ratings.

## Outlook

The stable outlook reflects our view that Central Re's strong position in the domestic market will remain intact and help the company to maintain its strong underwriting performance under its strong underwriting control. In addition, we expect the company will maintain a prudent overseas business strategy, including pricing and business development. Central Re's capitalization is therefore likely to remain adequate relative to its risk written, in our view. Moreover, we expect Central Re's operations to remain independent from its parent, the Evergreen group.

We may lower the ratings if Central Re's operating performance and capitalization weaken through the pursuit of an aggressive business expansion plan with a rising retention policy, or due to disappointing investment results. We may raise the ratings if Central Re can develop new, profitable growth models and the company's capitalization improves to a strong level, but we view this possibility to be limited over the next one to two years.