



# NEWS RELEASE

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A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

## FOR IMMEDIATE RELEASE

### CONTACTS: Analysts

**Billy Kwan**  
+852-2827-3405  
[blly.kwan@ambest.com](mailto:blly.kwan@ambest.com)

**Moungmo Lee**  
+852-2827-3402  
[moungmo.lee@ambest.com](mailto:moungmo.lee@ambest.com)

### Public Relations

**Rachelle Morrow**  
+(1) 908 439 2200, ext. 5378  
[rachelle.morrow@ambest.com](mailto:rachelle.morrow@ambest.com)

**Jim Peavy**  
+(1) 908 439 2200, ext. 5644  
[james.peavy@ambest.com](mailto:james.peavy@ambest.com)

## A.M. Best Upgrades Ratings of Central Reinsurance Corporation

**HONG KONG, June 10, 2010**—A.M. Best Co. has upgraded the financial strength rating to A (Excellent) from A- (Excellent) and the issuer credit rating (ICR) to “a” from “a-” of **Central Reinsurance Corporation** (Central Re) (Taiwan). The outlook for both ratings is stable.

The rating actions reflect Central Re’s rapid restoration of its capital level, continuous improvement in risk management and stable operating performance. The ratings also factor the company’s ability to execute its overseas expansion plan and the improvement in the underwriting results of its overseas portfolio.

Central Re’s adjusted capital and surplus (including equalization reserve) increased by 28.9% to TWD 14 billion (USD 438 million) in 2009. Surplus growth due to strong operating earnings has enabled the company to quickly rebuild its capital level after the capital reduced by 7.4% during the financial turmoil in 2008. In A.M. Best’s view, the company’s current risk-adjusted capitalization, as demonstrated by Best’s Capital Adequacy Ratio (BCAR), is excellent and adequate to support its forecasted premium growth in the next three years.

Central Re has directed more resources on developing its enterprise risk model (ERM) program in recent years. The board of directors and senior management are highly involved in the ERM program. Each member of senior management is assigned as a “risk owner” to a particular risk and is responsible to manage that risk. A.M. Best believes that Central Re’s overall risk and

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catastrophe exposures are well managed through its companywide ERM framework.

Central Re has maintained profitable and stable underwriting results, with its combined ratio falling within the 88%-96% level in the past five years. Given that Taiwan is a catastrophe-prone country, Central Re's stable and consistent underwriting performance has demonstrated its prudent underwriting controls and risk management practices.

Offsetting factors are the keen competition in both the domestic and overseas reinsurance market in which Central Re operates.

For Best's Credit Ratings, an overview of the rating process and rating methodologies, please visit [www.ambest.com/ratings](http://www.ambest.com/ratings).

The principal methodologies used in determining these ratings, including any additional methodologies and factors that may have been considered, can be found at [www.ambest.com/ratings/methodology](http://www.ambest.com/ratings/methodology).

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