Best Rating Definitions

Country Risk Tier (CRT) Definitions

A.M. Best defines country risk as the risk that country-specific factors could adversely affect the claims-paying ability of an insurer.

Country risk is evaluated and factored into all Best's Credit Ratings. Countries are placed into one of five tiers, ranging from "CRT-1" (Country Risk Tier 1) for countries with a stable environment with the least amount of risk, to "CRT-5" (Country Risk Tier 5) for countries that pose the most risk and, therefore, the greatest challenge to an insurer's financial stability, strength and performance.

A.M. Best's Country Risk Tiers are not credit ratings and are not directly comparable to a sovereign debt rating, which evaluates the ability and willingness of a government to service its debt obligations.

Country Risk Tier (CRT)	Definition
CRT-1	Predictable and transparent legal environment, legal system and business infrastructure; sophisticated financial system regulation with deep capital markets; mature insurance industry framework.
CRT-2	Predictable and transparent legal environment, legal system and business infrastructure; sufficient financial system regulation; mature insurance industry framework.
CRT-3	Developing legal environment, legal system and business environment with developing capital markets; developing insurance regulatory structure.
CRT-4	Relatively unpredictable and nontransparent political, legal and business environment with underdeveloped capital markets; partially to fully inadequate regulatory structure.
CRT-5	Unpredictable and opaque political, legal and business environment with limited or nonexistent capital markets; low human development and social instability; nascent insurance industry.

Country Risk Report Definitions

A.M. Best Country Risk Reports are designed to provide a brief, high-level explanation of some of the key factors that determine a country's Country Risk Tier assignment. It is not intended to summarize A.M. Best's opinion on any particular insurance market or the prospects for that market.

Country Risk Reports provide scores for three categories of risk for each country.

These scores are (1) Very Low; (2) Low; (3) Moderate; (4) High and (5) Very High.

Category of Risk	Definition
Economic Risk	The likelihood that fundamental weaknesses in a country's economy will cause adverse developments for an insurer. A.M. Best's assessment of economic risk evaluates the state of the domestic economy, government finances and international transactions, as well as prospects for growth and stability.
Political Risk	The likelihood that government or bureaucratic inefficiencies, societal tensions, inadequate legal system or international tensions will cause adverse developments for an insurer. Political risk comprises the stability of the government and society, the effectiveness of international diplomatic relationships, the reliability and integrity of the legal system and of the business infrastructure, the efficiency of the government bureaucracy, and the appropriateness and effectiveness of the government's economic policies.
Financial System Risk	Financial system risk (which includes both insurance and non-insurance financial system risk) is the risk that financial volatility may erupt due to inadequate reporting standards, weak banking system or asset markets, and/or poor regulatory structure. In addition, it includes an evaluation of whether the insurance industry's level of development and public awareness, transparent and effective regulation and reporting standards, and sophisticated regulatory body will contribute to a volatile financial system and compromise the ability of an insurer to pay claims.

Best Rating Definitions (Continued)

Best's Long-Term Issuer Credit Rating (ICR) Definitions

A Best's Issuer Credit Rating (ICR) is an independent opinion of an entity's ability to meet its ongoing financial obligations and can be issued on either a long- or short-term basis.

A long-term ICR is an opinion of an entity's ability to meet its ongoing senior financial obligations, while a short-term ICR is an opinion of an entity's ability to meet its ongoing financial obligations with original maturities generally less than one year.

An ICR is an opinion regarding the relative future credit risk of an entity. Credit risk is the risk that an entity may not meet its contractual financial obligations as they come due. An ICR does not address any other risk.

In addition, an ICR is not a recommendation to buy, sell or hold any securities, contracts or any other financial obligations, nor does it address the suitability of any particular financial obligation for a specific purpose or purchaser.

Rating Categories	Rating Symbols	Rating Notches*	Category Definitions
Exceptional	aaa	–	Assigned to entities that have, in our opinion, an exceptional ability to meet their ongoing senior financial obligations.
Superior	aa	aa+ / aa–	Assigned to entities that have, in our opinion, a superior ability to meet their ongoing senior financial obligations.
Excellent	a	a+ / a-	Assigned to entities that have, in our opinion, an excellent ability to meet their ongoing senior financial obligations.
Good	bbb	bbb+ / bbb–	Assigned to entities that have, in our opinion, a good ability to meet their ongoing senior financial obligations.
Fair	bb	bb+ / bb–	Assigned to entities that have, in our opinion, a fair ability to meet their ongoing senior financial obligations. Credit quality is vulnerable to adverse changes in industry and economic conditions.
Marginal	b	b+ / b–	Assigned to entities that have, in our opinion, a marginal ability to meet their ongoing senior financial obligations. Credit quality is vulnerable to adverse changes in industry and economic conditions.
Weak	ccc	ccc+ / ccc–	Assigned to entities that have, in our opinion, a weak ability to meet their ongoing senior financial obligations. Credit quality is vulnerable to adverse changes in industry and economic conditions.
Very Weak	cc	–	Assigned to entities that have, in our opinion, a very weak ability to meet their ongoing senior financial obligations. Credit quality is very vulnerable to adverse changes in industry and economic conditions.
Poor	c	–	Assigned to entities that have, in our opinion, a poor ability to meet their ongoing senior financial obligations. Credit quality is extremely vulnerable to adverse changes in industry and economic conditions.

*Best's Long-Term Issuer Credit Rating Categories from "aa" to "ccc" include Rating Notches to reflect a gradation within the category to indicate whether credit quality is near the top or bottom of a particular Rating Category. Rating Notches are expressed with a "+" (plus) or "-" (minus).

Best's Financial Strength Rating (FSR) Definitions

A Best's Financial Strength Rating (FSR) is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations.

An FSR is not assigned to specific insurance policies or contracts and does not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder.

An FSR is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser.

(Continued on next page)

Best's Financial Strength Rating (FSR) Definitions (Continued)

Rating Categories	Rating Symbols	Rating Notches*	Category Definitions
Superior	A+	A++	Assigned to insurance companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
Excellent	A	A–	Assigned to insurance companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
Good	B+	B++	Assigned to insurance companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
Fair	B	B–	Assigned to insurance companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
Marginal	C+	C++	Assigned to insurance companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
Weak	C	C–	Assigned to insurance companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
Poor	D	–	Assigned to insurance companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.

* Each Best's Financial Strength Rating Category from "A+" to "C" includes a Rating Notch to reflect a gradation of financial strength within the category. A Rating Notch is expressed with either a second plus "+" or a minus "-".

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Credit risk is the risk that an entity may not meet its contractual, financial obligations as they come due.

Credit ratings do not address any other risk, including but not limited to, liquidity risk, market value risk or price volatility of rated securities.

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Australia

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Top 50 Global Reinsurance Groups

Ranked by unaffiliated gross premium written in 2016

2017 Ranking	Company	Reinsurance Premiums Written (US$ million)				Total Shareholders' Funds[2] (US$ million)	Ratios[3] (%)		
		Life & Non-Life		Non-Life only					
		Gross	Net	Gross	Net		Loss	Expense	Combined
1	Swiss Re Ltd.	35,622	33,570	21,878	21,430	35,716	61.3	33.6	94.8
2	Munich Reinsurance Company	33,154	31,891	18,784	17,931	33,493	63.3	32.4	95.8
3	Hannover Rück SE[4]	17,232	15,192	9,699	8,414	10,264	66.8	27.2	94.0
4	SCOR S.E.	14,569	13,238	5,942	5,323	7,055	59.5	33.6	93.1
5	Berkshire Hathaway Inc.[5]	12,709	12,709	8,037	8,037	286,359	N/A	N/A	89.4
6	Lloyd's[6, 7]	11,576	8,694	11,576	8,694	34,101	53.2	39.2	92.3
7	Reinsurance Group of America Inc.	10,107	9,249	N/A	N/A	7,093	N/A	N/A	N/A
8	China Reinsurance (Group) Corporation	7,857	7,517	3,342	3,262	10,384	64.4	37.5	101.9
9	Great West Lifeco	6,195	6,112	N/A	N/A	13,857	N/A	N/A	N/A
10	Korean Reinsurance Company	5,554	3,903	4,880	3,312	1,755	81.7	17.6	99.2
11	PartnerRe Ltd.	5,357	4,954	4,189	3,837	6,688	60.2	33.4	93.6
12	General Insurance Corporation of India[8]	5,210	4,678	5,153	4,626	7,681	79.8	21.4	101.1
13	Transatlantic Holdings, Inc	4,330	3,969	4,330	3,969	5,203	59.5	33.8	93.2
14	Everest Re Group Ltd.[9]	4,247	3,885	4,247	3,885	8,075	50.1	27.5	77.6
15	XL Group plc	4,240	3,527	3,975	3,515	12,961	56.3	32.1	88.4
16	MS&AD Insurance Group Holdings, Inc.[8, 10, 17]	3,192	N/A	3,192	N/A	24,583	N/A	N/A	N/A
17	MAPFRE RE, Compania de Reaseguros S.A.[11]	2,426	2,180	1,813	1,584	1,348	68.3	23.6	91.9
18	RenaissanceRe Holdings Ltd.	2,375	1,535	2,375	1,535	4,867	37.8	34.7	72.5
19	R+V Versicherung AG[12]	2,348	2,305	2,348	2,305	2,265	73.8	25.3	99.1
20	The Toa Reinsurance Company, Limited[8, 10]	2,251	1,970	2,251	1,970	1,725	67.7	26.0	93.7
21	Axis Capital Holdings Limited	2,250	1,946	2,250	1,946	6,272	55.1	32.8	87.8
22	Arch Capital Group Ltd.[13]	2,029	1,568	2,029	1,568	9,106	52.3	33.5	85.8
23	Assicurazioni Generali SpA	1,936	1,936	791	791	27,047	56.0	23.3	79.3
24	QBE Insurance Group Limited	1,698	1,390	1,698	1,390	10,334	55.1	32.7	87.8
25	Endurance Specialty Holdings, Ltd	1,632	1,314	1,632	1,314	5,142	47.0	30.9	77.9
26	Pacific LifeCorp	1,570	1,172	N/A	N/A	11,140	N/A	N/A	N/A
27	Tokio Marine Holdings, Inc[10, 14]	1,553	1,318	1,553	1,318	32,092	58.5	37.1	95.6
28	IRB - Brasil Resseguros S.A.	1,515	1,089	1,412	1,004	1,023	67.7	26.9	94.6
29	Odyssey Re Holdings Corp.	1,464	1,335	1,464	1,335	3,833	52.3	34.3	86.6
30	Aspen Insurance Holdings Limited	1,413	1,269	1,413	1,269	3,648	55.7	34.3	90.0

Top 50 Global Reinsurance Groups (continued)

Ranked by unaffiliated gross premium written in 2016

2017 Ranking	Company	Reinsurance Premiums Written (US$ million) Life & Non-Life Gross	Life & Non-Life Net	Non-Life only Gross	Non-Life only Net	Total Shareholders' Funds[2] (US$ million)	Ratios[3] (%) Loss	Expense	Combined
31	Caisse Centrale de Reassurance	1,386	1,352	1,254	1,225	2,529	74.8	15.3	90.1
32	Validus Holdings, Ltd.[15]	1,381	1,263	1,381	1,263	4,004	38.2	27.3	65.5
33	Deutsche Rueckversicherung AG	1,287	758	1,238	727	245	66.0	36.1	102.1
34	Sirius International Group, Ltd.	1,269	938	1,269	938	2,209	57.8	35.3	93.1
35	Qatar Reinsurance Company, Limited	1,249	364	1,249	364	772	72.9	24.7	97.6
36	Taiping Reinsurance Co. Ltd[10]	1,183	1,078	639	545	886	56.6	36.3	92.9
37	Markel Corporation	1,041	899	1,041	899	8,467	50.3	36.9	87.2
38	American Agricultural Insurance Company[16]	900	341	900	341	576	73.8	19.0	92.8
39	Maiden Holdings, Ltd.	824	766	824	766	1,361	78.9	30.5	109.4
40	Chubb Limited	739	676	739	676	48,275	45.8	33.7	79.4
41	W.R. Berkley Corporation	709	648	709	648	5,081	61.8	38.8	100.6
42	Allied World Assurance Company Holdings, AG	706	665	706	665	3,552	52.9	29.4	82.3
43	Peak Reinsurance Company Ltd	698	620	664	586	841	65.5	31.9	97.4
44	Hiscox Ltd	695	324	695	324	2,237	39.1	26.5	65.6
45	African Reinsurance Corporation	642	556	598	512	815	55.5	35.3	90.8
46	Sompo Japan Nipponkoa Holdings, Inc[8, 10]	631	610	631	610	16,802	N/A	N/A	N/A
47	Third Point Reinsurance Ltd	617	615	617	615	1,450	67.1	41.4	108.5
48	ACR Capital Holdings Pte, Ltd.	591	298	591	298	789	72.4	43.4	115.8
49	Nacional de Reaseguros, S.A.	561	399	473	313	336	58.8	31.7	90.4
50	Greenlight Capital Re, Ltd.	536	526	536	526	892	74.2	31.2	105.5

1 All non-USD currencies converted to USD using foreign exchange rate at company's fiscal year-end.

2 As reported on Balance Sheet.

3 Non-life only.

4 Net premium written data not reported, net premium earned substituted.

5 Loss and expense ratio detail not available on a GAAP basis.

6 Lloyd's premiums are reinsurance only. Premiums for certain groups within the rankings also may include Lloyd's Syndicate premiums when applicable.

7 Total shareholders' funds includes Lloyd's members' assets and Lloyd's central reserves.

8 Fiscal year-end March 31, 2017

9 Based on Everest Re Group Ltd. consolidated financial statements and includes Mt. Logan Re Ltd.

10 Net asset value used for total shareholders' funds.

11 Premium data excludes intergroup reinsurance.

12 Ratios are as reported and calculated on a gross basis.

13 Based on Arch Capital Group Ltd. consolidated financial statements and includes Watford Re segment.

14 TSF of Tokio Marine Holdings Inc. at year-end Mar. 31, 2017, premium data based on Tokio Millennium Re AG year-end Dec. 31, 2016.

15 Based on Validus Holdings, Ltd. consolidated financial statements and includes AlphaCat segment.

16 Data and ratios based on U.S. Statutory Filing.

17 Data includes MS Amlin through December 31, 2016.

N/A Information not applicable or not available at time of publication.

Source: A.M. Best

Australia – Ratings Review

Australia is a CRT-1 country with very low levels of economic, political, or financial system risk. The economy has experienced positive economic growth for a decade, even during the 2008 financial crisis.

In 2016, Australia posted a 2.5% growth rate. Growth is expected to rise to over 3% during 2017, before moderating over the medium term. Growth has been underpinned by prudent macroeconomic policies, strong exports, and household consumption.

Economic Risk: Very Low

- The Australian economy is well-diversified and dominated by its services sector, which accounts for nearly 70% of GDP. The largest components are finance, property, and business services.
- The government insists it will reach a balanced budget by 2021, but the viability of this goal is weakening as the budget deficit grows. Additional fiscal consolidation might be necessary to attain a balanced budget in that time frame.
- Long-term unemployment levels have risen since the mining investment downturn, and structural unemployment has increased marginally.
- Investment outside the mining sector has lagged, but is expected to rise in the coming years, supporting the country's strong economy. Projected rising domestic consumption should also support GDP growth.
- Rising nationalism and populist policies threaten Australia's net export position, as export demand could weaken.

Political Risk: Very Low

- The Liberal-National coalition came to power in 2016, but lacks a strong majority. Political instability is possible prior to the 2019 elections.
- Australia's legal system remains very strong, stable, and transparent, with minimal corruption. The stable regulatory environment, combined with the country's resilient economy, makes Australia an attractive location for foreign direct investment.
- After much political debate, the government passed the corporate tax reform legislation which will lower the corporate tax rate to 25% by 2026. While this will increase the budget deficit, it could attract more companies to settle in Australia.
- The government has also focused on accelerating competition, innovation, and productivity in the service sector, particularly in the tech industry.

Financial System Risk: Very Low

- The Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investment Commission (ASIC) regulate the insurance industry in Australia. APRA also serves as the regulator of the entire financial services industry and conforms to international standards.
- Monetary policy is expected to remain accommodating. In 2016, the Reserve Bank of Australia lowered its inflation policy rate to 1.5%.
- Interest rates remain low, but house prices and household-debt ratios have risen. Considering Australia's banking system has a large amount of exposure in the housing market, it should vigilantly monitor this sector.
- Credit lending to private citizens has risen rapidly in the past several years and is projected to rise even further in coming years, which could expose the credit market to risk should economic downturn occur.

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
Ansvar Insurance Limited	a–	Stable	A–	Stable
Chubb Insurance Company of Australia Limited	aa+	Stable	A++	Stable
First American Title Insurance Company of Australia Pty Limited	a	Stable	A	Stable
General Reinsurance Australia Ltd	aa+	Stable	A++	Stable
General Reinsurance Life Australia Ltd.	aa+	Stable	A++	Stable
Guild Insurance Limited	a–	Stable	A–	Stable
The Hollard Insurance Company Pty Ltd	a–	Stable	A–	Stable
The New India Assurance Company Limited (Australia Branch)	a–	Stable	A–	Stable
Pacific International Insurance Pty Limited	bbb	Stable	B++	Stable

Notes: This Country Risk Report is effective as of 22 August 2017. This report is designed to provide a brief, high level, explanation of some of the key factors that determine a country's Country Risk Tier assignment. It is not intended to summarize A.M. Best's opinion on any particular insurance market, or the prospects for that market. All credit ratings are effective as of 27 August 2017. For current ratings please visit www.ambest.com.

Cambodia – Ratings Review

Cambodia, a CRT-5 country, has a high level of economic, political, and financial system risk.

The economy has grown at a rapid pace recently, 7% in 2016. GDP growth is expected to be stable over the next few years, but long-term growth will be dampened by changes in climate.

Inflation has been relatively modest and is forecast to remain around 3.0% in the short term.

Economic Risk: High

- The World Bank reclassified Cambodia as a low middle-income country in 2016. The new status will hamper the country's access to certain aid streams.
- Cambodia's rapidly growing economy is dominated by agriculture, tourism, construction, and garment-making. Agriculture employs approximately 49% of the population.
- Cambodia's agrarian economy is one of the most vulnerable economies to climate change in the world. The country, in collaboration with the United Nations Development Programme, has initiated a nation-wide effort aimed at monitoring climate change and adapting to its repercussions.
- Tourism is a growing sector, with significant increases in the number of foreign visitors over the last decade.

Political Risk: High

- The Cambodian People's Party (CPP), led by Hun Sen, is expected to remain in power until the 2018 elections. The strength of the opposition party, the Cambodia National Rescue Party (CNRP), has been weakened due to internal strife and a slew of legal cases against its top party members.
- Cambodia's infrastructure is poor, and additional investment is needed. Access to electricity is limited and remains a challenge for the majority of the population.
- An "Industrial Development Plan" was enacted in 2015. Among other objectives, it aims to bolster the weak industrial sector via investments in infrastructure and special enterprise zones.
- Cambodia ranks 131 out of 190 countries in the World Bank's Ease of Doing Business. It ranks particularly low in the areas of starting a business and contract enforcement.

Financial System Risk: High

- The Ministry of Economy and Finance's Insurance and Pension Division regulates the insurance industry.
- Cambodia's central bank, the National Bank of Cambodia, is responsible for monetary policy and supervision of the banking industry.
- Cambodia has made strides in strengthening its financial system. It implemented a capital requirement and a liquidity coverage ratio. However, the financial system remains underdeveloped.
- Credit has grown at an accelerated pace over the past few years, raising questions of sustainability. According to the International Monetary Fund, credit grew on average by 30% from 2012 to 2015.

Notes: This Country Risk Report is effective as of 22 August 2017. This report is designed to provide a brief, high level, explanation of some of the key factors that determine a country's Country Risk Tier assignment. It is not intended to summarize A.M. Best's opinion on any particular insurance market, or the prospects for that market.

China – Ratings Review

China, a CRT-3 country, has experienced rapid economic expansion in recent years. In 2016, real GDP growth was 6.7%. Growth is expected to decelerate slightly, moderating around 6% over the next five years. The central government has spurred growth through stimulative monetary and fiscal policies. Inflation has been moderate, reaching only 2% in 2016, but is forecast to rise to 3% in the medium term.

China, the world's most populous country, is home to the world's second-largest economy by total GDP, according to the International Monetary Fund.

Economic Risk: Low

- China has experienced robust economic growth since the 1990s, driven largely by expansionary public investment in industry. Growth has been slowing somewhat recently, due to excesses in investment and industrial production.
- Market liberalisation has been gradual but subject to significant government intervention, with sizeable state ownership.
- China has attempted to pivot the economy away from industrial production towards a services-based economy to provide for more inclusive and broad-based growth.
- China's consumption has been subdued. The IMF has recommended that the government increase funding for pensions, health, and education, in the hopes of boosting consumption.

Political Risk: Moderate

- The Communist Party governs the country. The party's current president, Xi Jinping, took office in 2013 and is expected to remain in power until the 2018 election.
- One of President Xi Jinping's key initiatives is tackling corruption. Hundreds of thousands of government officials have been either indicted or disciplined for corrupt activities. Despite the crackdown, China still ranks low on Transparency International's Corruption Perceptions Index.
- The government loosened its One-Child Policy to allow families to have two children. This change in policy stems from the need to balance out the country's rapidly ageing population.
- To tackle the problem of income inequality and sluggish consumption, the government has reformed the individual income tax system.

Financial System Risk: Moderate

- The Chinese Insurance Regulatory Commission (CIRC) regulates the insurance industry. The Insurance Law was amended in 2009 to enhance regulation in core areas such as strengthening of the supervisory authority and solvency and investment guidelines. CIRC recently introduced the Solvency Aligned Risk Management Requirement and Assessment (SARMRA) as a metric to measure risk management and capital adequacy.
- Credit growth has been a primary driver of the economy. Rapid growth has raised concerns, as excessive lending weakens the country's ability to withstand shocks. Reforms to transition China's growth away from credit and towards consumption should mitigate this risk. Furthermore, China has been working to strengthen the supervision of financial institutions.
- Government intervention in the housing market has quelled excessive demand and speculation, which previously sparked what investors feared was a housing bubble. Close monitoring of the real estate market should continue.

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
Aioi Nissay Dowa Insurance (China) Company Limited	a–	Stable	A–	Stable
China Continent Property & Casualty Insurance Company Ltd	a	Stable	A	Stable
China Life Reinsurance Company Ltd.	a	Stable	A	Stable
China Property & Casualty Reinsurance Company Ltd.	a	Stable	A	Stable
China Reinsurance (Group) Corporation	a	Stable	A	Stable
General Reinsurance AG (Shanghai Branch)	aa+	Stable	A++	Stable
Hyundai Insurance (China) Co., Ltd.	bbb	Negative	B++	Negative
Lloyd's Insurance Company (China) Limited	a+	Stable	A	Stable
NIPPONKOA Insurance Company (China) Limited	a–	Stable	A–	Stable
Ping An Health Insurance Company of China, Ltd.	a–	Stable	A–	Stable
Qianhai Reinsurance Co., Ltd.	a–	Stable	A–	Stable
Starr Property & Casualty Insurance (China) Company, Limited	a	Stable	A	Stable
Taiping Reinsurance (China) Company Ltd.	a	Stable	A	Stable

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Hong Kong – Ratings Review

Hong Kong is a CRT-2 financial services centre with low levels of economic and political risk, and very low levels of financial system risk.

The country's economy is closely tied to mainland China's. Real gross domestic product (GDP) grew 1.9% in 2016. The economy is forecast to expand moderately – between 2.0% and 3.0% – over the medium term, as China's growth decelerates somewhat and US monetary policy tightens. Inflation is expected to remain moderate, in the 2.5% to 3.0% range.

Economic Risk: Low

- Hong Kong has a free market economy that is well-known for its globally integrated financial services industry and is heavily dependent on trade. Hong Kong's primary trading partner is mainland China.
- Hong Kong's deep integration in the global market makes it vulnerable to spillover effects from large economies like the US and China and general fluctuations in global demand. Fiscal buffers do shield Hong Kong from some of the risk.
- The currency is pegged to the US dollar under the Linked Exchange Rate System. Following the Federal Reserve's recent decision to raise interest rates, Hong Kong raised its short-term interest rates as well.
- Home prices continue to rise due to credit expansion and tight housing market supply.

Political Risk: Low

- Hong Kong became a Special Administrative Region (SAR) of China in 1997 and operates under the "One Country, Two Systems" model. Amidst fears over increased Beijing interference and possible abolition of the system, President Xi Jinping has assured Hong Kong that the current agreement will remain in place.
- In March 2017, Hong Kong elected a new chief executive, Carrie Lam. The new government is likely to focus on maintaining the country's attractiveness to foreign investors.
- Hong Kong's business environment is investor-friendly and transparent, placing it #4 out of 190 economies in the World Bank's 2017 Ease of Doing Business Index.
- Pro-democracy sentiment has been on the rise, resulting in some peaceful protests. Such protests are expected to continue in the near to medium term.

Financial System Risk: Very Low

- In June 2017, the Independent Insurance Authority for Hong Kong (IIA) assumed the regulatory duties of the Office of the Commissioner of Insurance for the insurance industry. The IIA is planning to move Hong Kong towards a risk-based capital system, which will improve the system's viability.
- Hong Kong's housing market has elicited concerns over record high prices and the potential for a higher interest rate environment. To address this issue, Hong Kong has designed a "Long-Term Housing Strategy," which will hopefully improve supply, and has tightened lending rules.
- Hong Kong's financial system has traditionally been well-regulated and supervised. The country continues to strengthen financial sector stability through new standards for securities, IMF recommended initiatives, and stronger coordination between the government and regulators.

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
AIG Insurance Hong Kong Limited	a	Stable	A	Stable
Asia Capital Reinsurance Group Pte. Ltd. (Hong Kong Branch)	a–	Negative	A–	Negative
Blue Cross (Asia-Pacific) Insurance Limited	a	Stable	A	Stable
China BOCOM Insurance Company Limited	a–	Stable	A–	Stable
China Merchants Insurance Company Limited	a–	Stable	A–	Stable
China Taiping Insurance (HK) Company Limited	a	Stable	A	Stable
Federal Insurance Company (Hong Kong Branch)	aa+	Stable	A++	Stable
Hong Leong Insurance (Asia) Limited	a–	Stable	A–	Stable
The New India Assurance Company Limited (Hong Kong Branch)	a–	Stable	A–	Stable
Peak Reinsurance Company Limited	a–	Stable	A–	Stable
The People's Insurance Company of China (Hong Kong), Limited	a–	Stable	A–	Stable
Starr International Insurance (Asia) Limited	a	Stable	A	Stable
Sun Hung Kai Properties Insurance Limited	a	Stable	A	Stable
Taiping Reinsurance Company Limited	a	Stable	A	Stable
Tugu Insurance Company Limited	bbb	Negative	B++	Negative
Wing Lung Insurance Company Limited	a–	Stable	A–	Stable

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India – Ratings Review

India, a CRT-4 country, has a moderate level of economic and financial system risk and a high level of political risk. India is one of the world's fastest-growing emerging markets, with GDP growth of 6.8% last year. Its economy has benefited from the low oil price environment, and the government has instituted economic reforms aimed at sustaining growth. Ensuring the country's rapid growth is inclusive will remain a challenge.

Since 2008, inflation has declined and is expected to stabilise around 5% over the medium term.

Economic Risk: Moderate

- India's modernising economy centres around services and agriculture. The economy has experienced robust growth rates, averaging around 7% a year for nearly two decades, driven by household consumption and the expansion of knowledge-based services.
- India's agricultural sector will face increasing threats, as climate change-related rain storms and devastating natural disasters escalate.
- High inflation has historically challenged India's economy, but hit a record low of 2.18% in June 2017. Lower inflation will enable the central bank to ease monetary policy if it deems it necessary.
- Further fiscal consolidation will be needed to shrink the country's public debt ratio.

Political Risk: High

- India has a bicameral federal parliament, which is currently dominated by the Bharatiya Janata Party (BJP), which is led by the widely popular Prime Minister Narendra Modi. In recent state elections, the BJP won four out of five races. The next legislative election is scheduled for 2019.
- The Commercial Act of 2016 created new commercial-centred courts in an effort to accelerate the resolution of commercial arbitration cases.
- India implemented its largest tax reform in July 2017, replacing multiple indirect taxes with a simplified Goods and Services Tax (GST).
- Tensions between India and Pakistan over Kashmir remain elevated. In July 2017, India rejected China's offer to mediate, affirming its commitment to only bilateral negotiations.
- India ranked 79 out of 176 countries in Transparency International's 2016 Corruption Perceptions Index. Corruption is particularly prevalent at the lower court levels and in the police force.

Financial System Risk: Moderate

- The insurance industry is regulated by the Insurance Regulatory and Development Authority (IRDA).
- The 2016 demonetisation programme, which cut India's money supply by 86%, resulted in currency appreciation. The move aimed to crackdown on the shadow economy and improve tax revenues, but inadvertently undermined consumption and created cash shortages.
- Vulnerabilities in the banking sector lie in the rising number of non-performing assets (NPAs). Recognising this weakness, the government granted the Reserve Bank of India additional powers to tackle the growth of NPAs.
- The recently adopted Insolvency and Bankruptcy Code shortens the time taken to resolve non-performing assets.

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
General Insurance Corporation of India	a–	Stable	A–	Stable
National Insurance Company Limited	bbb u	Negative	B++u	Negative
The New India Assurance Company Limited	a–	Stable	A–	Stable
The Oriental Insurance Company Limited	bbb+	Stable	B++	Stable
United India Insurance Company Limited	bbb+	Negative	B++	Stable

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Indonesia – Ratings Review

Indonesia, a CRT-4 country, has moderate levels of economic and financial system risk and a high level of political risk. Indonesia's economy has experienced robust growth over the past few years, posting a 5% growth rate in 2016. The low commodity price environment did, however, partially dampen growth. Public investment, household consumption, and strong exports will be important growth drivers. The inflation rate fell to 3.5% in 2016 and is projected to fluctuate above 4% for the next few years, but will likely remain within the central bank's targeted range.

Economic Risk: Moderate

- Indonesia's commodity exports are expected to grow due to recovering commodity prices and increased global demand. Stronger exports should support projected GDP growth of 5% in 2017.
- To boost growth, the country needs to address the high level of bureaucracy, especially in the oil-and-gas sector.
- Although Indonesia's recently implemented tax amnesty has not been as successful as hoped for, the programme did succeed in raising US$11 billion, which will ease some pressures on the fiscal budget and provide funding for infrastructure projects.
- Government deficits and debt-to-GDP ratios are expected to remain stable and manageable in the coming years, reflecting the government's fiscal reform efforts.

Political Risk: High

- President Joko Widodo took office in October 2014 on a platform focused on improving the business climate and economic growth. Recently, he has focused on investing in much-needed infrastructure projects.
- Weak oil-and-gas prices have left tax revenues below initially estimated levels. To mitigate this, the government has pursued other revenue-raising strategies such as a tax amnesty programme and cuts to fuel and electricity subsidies. The government is aiming to increase its tax to GDP ratio from the current 10.3% to 16% by 2019.
- Patronage in government continues to facilitate inefficiencies and corruption. Efforts have been made to curtail corruption, but success has been limited.
- Civil unrest over labour, environmental, and land disputes continues. Most protests are peaceful, but they have and could continue to delay infrastructure projects.

Financial System Risk: Moderate

- The insurance industry is regulated by the Financial Services Authority of Indonesia (OJK). The OJK is responsible for supervision of the entire financial services sector.
- The Basel III framework has been implemented in the financial sector, and supervision of the financial sector has been improved. Despite reforms, financial supervision remains weak and should continue to be enhanced.
- The banking system appears resilient and is capitalised well enough to withstand severe shocks. Asset quality is expected to improve, and systemic risk appears minimal.
- Monetary policy will most like tighten in the coming months as currency depreciation and rising inflation continues. This will dampen domestic consumption.

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
PT Asuransi Jasa Indonesia (Persero)	bbb+	Stable	B++	Stable
PT Asuransi Samsung Tugu	a–	Stable	A–	Stable
PT Asuransi Tokio Marine Indonesia	a–	Stable	A–	Stable
PT Tugu Pratama Indonesia	a–	Stable	A–	Stable

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Indonesia

Japan – Ratings Review

As a CRT-2 country, Japan experiences low levels of economic, political and financial system risk. Growth increased to 1.0% in 2016, an improvement from the 0.5% growth in 2015. Additional fiscal stimulus and a strong export performance are expected to drive growth. Inflation turned negative in 2016 but is expected to return to positive levels this year and to maintain an upward trajectory over the short term. However, inflation is not expected to reach the Bank of Japan's target over the medium term.

Economic Risk: Low

- The auto industry, electronics, metals, and textiles are critical sectors in Japan's trade-oriented economy.
- Japan's economic growth has relied on fiscal stimulus. Investment, although strengthened, remains relatively weak, as does consumption.
- Japan imports almost all of its energy needs, leaving it vulnerable to potential disruptions or shocks in the global supply chain. However, the lower oil price environment since mid-2014 has been a net positive for the Japanese consumer.
- Japan's debt-to-GDP ratio is over 220%. Japan will need to implement fiscal consolidation due to its high levels of debt. The consumption tax hike, which was intended to raise government revenues, has been delayed until 2019 owing to weak consumer demand.

Political Risk: Low

- Prime Minister Shinzo Abe came into office in 2012, on a platform of fiscal, monetary, and structural reform. The ruling coalition holds a super-majority in both houses of the Diet, enabling easy passage of legislation.
- The Japanese government has a history of political stability and democratic practices. There is minimal corruption and a strong legal system.
- One of the government's priorities is labour market reform to increase productivity. The reforms will be aimed at diminishing the considerable pay gap between regular and non-regular workers, capping overtime pay, and expanding childcare. Additionally demographic shifts will result in labour shortages. Some labour reforms may be met with opposition from vocal unions.
- Japan's corporate tax rate is relatively high compared to its regional neighbours. The government has been lowering the corporate tax rate in recent years, but has encountered some resistance due to the country's high debt burden.

Financial System Risk: Low

- The Financial Services Agency (FSA) regulates both the banking and insurance industries. In Japan, there are 38 life insurers, 30 non-life insurers, and 11 holding insurance companies.
- In the latter half of 2016, Japan's central bank, the Bank of Japan, introduced a "yield curve control" policy that aims to overshoot the inflation target of 2% until inflation stabilises above 2%. Inflation in 2016 stood at -0.1%.
- Bank profitability has been persistently weak in the low interest rate environment. According to the IMF, low interest rates have encouraged banks and insurers to pursue riskier investments in the hopes of higher returns. Furthermore, the IMF has raised concerns about potential for solvency issues in the regional banks and life insurance companies.

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
Aioi Nissay Dowa Insurance Company Limited	aa	Stable	A+	Stable
American Family Life Assurance Company of Columbus (Japan Branch)	aa–	Stable	A+	Stable
Assicurazioni Generali S.p.A. (Japan Branch)	a	Stable	A	Stable
The Dai-ichi Life Insurance Company, Limited	aa–	Stable	A+	Stable
Hyundai Marine and Fire Insurance Co., Ltd. (Japan Branch)	a	Negative	A	Negative
Meiji Yasuda Life Insurance Company	aa–	Stable	A+	Stable
Mitsui Sumitomo Insurance Company, Limited	aa	Stable	A+	Stable
The New India Assurance Company Limited (Japan Branch)	a–	Stable	A–	Stable
Nippon Life Insurance Company	aa–	Stable	A+	Stable
Sompo Japan Nipponkoa Insurance Inc.	aa–	Stable	A+	Stable
Starr Indemnity & Liability Company (Japan Branch)	a	Stable	A	Stable
The Toa Reinsurance Company, Limited	a+	Stable	A	Stable
Tokio Marine & Nichido Fire Insurance Co., Ltd.	aa+	Stable	A++	Stable

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Korea – Ratings Review

South Korea, a CRT-2 country, has very low economic risk and low levels of political and financial system risk. Its economy is well-integrated with the international economy and it is a large exporter. Politically, the country has undergone considerable change in the past year due to the impeachment of former President Park Geun-hye. Relations with North Korea remain contentious.

GDP grew 2.8% during 2016 and is projected to increase modestly in the medium term, as the commodity price environment improves. Inflation is projected to rise, but should remain below 2%.

Economic Risk: Very Low

- South Korea's economy depends heavily on exports, which poses a key risk as shocks to the global economy would have significant negative repercussions for the country.
- Low public debt allows the government some fiscal flexibility. Public debt in 2016 was estimated at 36% of GDP.
- South Korea's rapidly ageing population, one the fastest in the world, will pressure government finances and economic growth potential. According to government projections, government debt is expected to rise to 60% by 2060 due to an ageing population and the associated increase in costs related to pensions and healthcare.
- Unemployment is currently low, below 4%, but female labour force participation is lackluster and youth unemployment is high. The labour force is generally well-educated and highly skilled.

Political Risk: Low

- South Korea elected President Moon Jae-in, leader of the Democratic Party of Korea (DPK), in May 2017, following the impeachment earlier in the year of former President Park on corruption charges. However, the DPK does not hold a majority in Parliament, complicating its ability to pass legislation.
- Corruption does pose a larger problem in South Korea than in most OECD countries. South Korea ranked #52 out of 176 countries in Transparency International's Corruption Perceptions Index.
- The new government aims to increase taxes on the highest income earners, reduce corruption by containing the chaebols (large family-owned enterprises), and create more jobs.
- Tensions with North Korea remain elevated, owing to North Korea's continuous missile testing, nuclear ambitions, and retaliatory US-South Korean military exercises. President Moon has called for additional international dialogue with North Korea and the potential for additional sanctions.

Financial System Risk: Low

- The insurance sector is regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). The legal basis for their supervision was established under the Insurance Business Act.
- The financial sector has sufficient capital and adequate liquidity, but bank profitability is low. The IMF has recommended that South Korea tighten prudential regulations on its banking industry.
- Household debt has risen above average OECD levels and currently acts as a drag on current consumption levels. High household debt also increases the risk to banks who have significant exposure to the housing market. Insurers are also affected, as they have been a primary credit lender to the housing sector in recent years.

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
Construction Guarantee Cooperative	aa–	Stable	A+	Stable
Dongbu Insurance Co., Ltd.	a+	Stable	A	Stable
Federal Insurance Company (Korea Branch)	aa+	Stable	A++	Stable
General Reinsurance AG (Seoul Branch)	aa+	Stable	A++	Stable
Hanwha General Insurance Company Limited	a–	Stable	A–	Stable
Hyundai Marine & Fire Insurance Co., Ltd.	a	Negative	A	Negative
KB Insurance Co., Ltd.	a	Stable	A	Stable
Korea P&I Club	a–	Stable	A–	Stable
Korean Reinsurance Company	a	Stable	A	Stable
Meritz Fire & Marine Insurance Co., Ltd.	a–	Stable	A–	Stable
NongHyup Property and Casualty Insurance Company Limited	a–	Stable	A–	Stable
RGA Reinsurance Company (South Korea Branch)	aa–	Stable	A+	Stable
Samsung Fire & Marine Insurance Co., Ltd.	aa+	Stable	A++	Stable

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Macau – Ratings Review

Macau, a CRT-2 region, is a Special Administrative Region of China and formerly a Portuguese colony. It has a moderate level of economic risk and low levels of political and financial system risk. Its economy is closely linked with China's and is highly dependent on the tourism and gaming sectors.

Macau is still recovering from an economic contraction induced by the government's anti-corruption initiative and decelerating Chinese growth. It is expected to return to growth in 2017, at a rate of 2%. Growth will be supported by rising casino revenues and other non-gaming activities.

Economic Risk: Moderate

- Macau's economy is heavily dependent on the gaming industry, exposing it to considerable concentration risk. Tourism has grown in recent years due to China's decision to relax travel restrictions between the two entities. However, new restrictions on cash machine withdrawals in Macau (imposed in May 2017) could limit tourism spending.
- In efforts to diversify its economy, Macau does offer low corporate tax rates and other incentives for non-gaming companies.
- Macau does not have any public debt due to high taxes on gaming. Free from debt servicing burdens, the government has fiscal flexibility. Macau also consistently runs current account surpluses, thus bolstering its foreign reserves.
- Unemployment levels are very low, falling below 2% for the past couple of years.

Political Risk: Low

- Because Macau is a Special Administrative Region of China, like Hong Kong, it operates under a "one country, two systems" model. Its current chief executive, Fernando Chui Sai, has been in power since 2009 and is expected to remain in power until his term ends in 2019.
- Money laundering is a problem for Macau's growing casino business. Macau instituted more stringent anti-money laundering rules in 2016.
- Thanks to its prudent fiscal policies, Macau has been able to offer its citizens cash handouts via its "Wealth Partaking Scheme" since 2008. In 2017, permanent residents will receive 9,000 pacatas, and its non-permanent residents, 5,400 pacatas. The scheme aims to redistribute the gains of economic development.
- Labour unrest has been on the rise since the mid-2000s. As the economy continues to recover from recession, labour unrest is expected to decline.

Financial System Risk: Low

- The insurance industry in Macau is regulated by the Insurance Supervision Department of the Macau Monetary Authority (AMCM). AMCM also regulates the banking industry.
- Macau's currency is pegged to Hong Kong's, limiting its control over interest rates. Its ample amount of foreign reserves helps mitigate this restriction.
- Housing prices have fallen to their 2013 levels, but the sector remains closely regulated. Concerns over the lack of affordable housing persist.
- According to the International Monetary Fund, the financial sector is stable and maintains strong earnings, good asset quality, and sufficient liquidity.

Macau

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
AIG Insurance Hong Kong Limited (Macau Branch)	a	Stable	A	Stable
China Taiping Insurance (Macau) Co., Ltd.	a	Stable	A	Stable
Luen Fung Hang Insurance Company Limited	a	Stable	A	Stable
Macau Insurance Company Limited	a–	Stable	A–	Stable
Macau Life Insurance Company Limited	bbb u	Developing	B++u	Developing

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Malaysia – Ratings Review

Malaysia, a CRT-3 country, has a moderate level of political risk and low levels of economic and financial system risk. Its average growth rates have far exceeded global trends for the past two decades. In 2016, the country recorded real gross domestic product (GDP) growth of 4.2%. Private consumption and trade are expected to support future growth. Challenges to the economy include income inequality, fiscal consolidation reforms, and ongoing corruption investigations.

The inflation rate was 2.1% in 2016, and is projected to increase to 3% over the medium term.

Economic Risk: Low

- Malaysia has a well-diversified economy, with a broad base of manufacturing and service industries. It has successfully limited its dependence on oil-and-gas exports, which now account for only 10% of GDP.
- Thanks to fiscal consolidation measures, fiscal deficits have fallen in recent years, and the country continues to generate a current account surplus. Its debt-to-GDP ratio is expected to remain stable in future years, averaging around roughly 55%.
- Malaysia's remains one of the fastest-growing economies in the region, with 2017 growth being spurred by improved domestic demand.

Political Risk: Moderate

- The United Malays National Organization is the dominant political party. Although officially cleared of corruption charges, Prime Minister Najib Razak remains under public scrutiny and political tensions linger.
- Prime Minister Najib has recently supported a more pro- Muslim stance, which, in an ethnically diverse nation, sows discord and division. This change in stance contradicts the rhetoric of unity espoused in his "1Malaysia" programme.
- The government supports a pro-business environment and has focused on improving infrastructure and strengthening sectors like financial services and electronics.
- The government has shown fiscal prudence with its cutting of fuel subsidies and its fiscal consolidation plans.
- Corruption poses a risk to political stability and foreign direct investment. The Malaysian Anti-Corruption Commission has just launched an investigation into FELDA Global Ventures Holdings, one of the world's largest palm oil producers.

Financial System Risk: Low

- The insurance industry in Malaysia is regulated by the central bank, Bank Negara Malaysia.
- Malaysia's banks are well-capitalised and able to withstand external shocks. Continued government support and consistent funding bolsters their stability.
- High household debt levels raise some concern, but the potential risk is mitigated by the banks' strong capitalisation. Some vulnerability in the corporate sector has also emerged.
- Further international corruption and embezzlement investigations into 1MDB (1Malaysia Development Berhad), the Malaysian sovereign wealth fund set up by Prime Minister Najib, could lead to increased financial system risk. 1MDB missed a restructured payment in July 2017, following the failure to secure buyers for its Bandar Malaysia property.
- Currency depreciation continues amid US interest rate increases and subdued oil prices.

Malaysia

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
Asia Capital Reinsurance Malaysia Sdn Bhd	a–	Negative	A–	Negative
Energas Insurance (L) Limited	a	Stable	A	Stable
General Insurance Corporation of India (Labuan Branch)	a–	Stable	A–	Stable
Labuan Reinsurance (L) Ltd	a–	Stable	A–	Stable
Lonpac Insurance Bhd	a–	Positive	A–	Positive
Malaysian Reinsurance Berhad	a–	Positive	A–	Positive
Singapore Reinsurance Corporation Limited (Labuan Branch)	a–	Stable	A–	Stable
Trust International Insurance & Reinsurance Company B.S.C. (c) Trust Re, Labuan (Malaysia Branch)	a–	Stable	A–	Stable
Tune Protect Re Ltd	bbb+	Stable	B++	Stable
Wentworth Insurance Company Limited (Labuan Branch)	a	Stable	A	Stable

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New Zealand – Ratings Review

New Zealand is a CRT-2 country with low levels of economic and financial system risk and a very low level of political risk. In 2016, New Zealand experienced robust growth of 4%, driven by investment and tourism. Future growth is expected to fall to 3% in 2017 and will moderate at around 2.5% in the medium term. Risks to future growth include poor export performance, a potential economic slowdown in China, and adverse weather conditions. Inflation is forecast to continue to rise until stabilising at 2%, remaining within the central bank's targeted range.

Economic Risk: Low

- New Zealand's economy is largely dependent on the services (69% of GDP) and industry (26% of GDP) sectors.
- Short-term growth is expected to remain strong, driven by net migration, strong residential and business investment, and low interest rates.
- The government plans to increase investment in sectors such as transportation, housing infrastructure, and education, which will support long-term growth.
- Fiscal budgeting remains prudent and future fiscal policy is expected to be marginally contractionary, while still supporting the needs of the growing population.

Political Risk: Very Low

- Despite the sudden resignation of Prime Minister John Key in December 2016, the country's governance is strong, evidenced by stable democratic institutions and practices.
- The National Party, a pro-business party, has been in control of government since 2008 and won a plurality in the election in September 2017. Meanwhile, the Labour Party, the opposition, made large gains in the election.
- In the World Bank's 2017 Ease of Doing Business Index, New Zealand ranked as the best country in the world in which to do business, making it an ideal destination for foreign direct investment.
- Government policies aim to minimise governmental interference in the markets, favouring low taxes, free trade agreements, and limited business regulation.

Financial System Risk: Low

- In 2010, the regulatory responsibilities of the Reserve Bank of New Zealand were expanded to cover the insurance industry.
- The banking sector is characterised by strong financial stability and the capacity to withstand any unexpected shocks. However, continued oversight is essential to ensuring the system's strength.
- The banking sector's credit exposure in the dairy industry does raise some concern. Although dairy prices have improved recently, high debt-to-income ratios on dairy farms remain a vulnerability.
- The government has taken measures to correct the housing market's demand/supply imbalance. However, further steps such as tax policies might be necessary, as higher house prices have driven up debt to income ratios among many homeowners.

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
Aioi Nissay Dowa Insurance Company, Limited (New Zealand Branch)	aa	Stable	A+	Stable
American Income Life Insurance Company (New Zealand Branch)	aa–	Stable	A+	Stable
Beneficial Insurance Limited	bbb–	Positive	B+	Positive
BNZ Life Insurance Limited	a	Stable	A	Stable
CBL Insurance Limited	a–	Stable	A–	Stable
CIGNA Life Insurance New Zealand Limited	a–	Stable	A–	Stable
Co-operative Life Limited	bbb+	Stable	B++	Stable
Consumer Insurance Services Limited	bbb+	Stable	B++	Stable
DPL Insurance Limited	bbb–	Stable	B+	Stable
The Education Benevolent Society Incorporated	bbb	Stable	B++	Stable
Fidelity Life Assurance Company Limited	a–	Stable	A–	Stable
First American Title Insurance Company of Australia Pty Limited (New Zealand Branch)	a	Stable	A	Stable
FMG Insurance Limited	a	Stable	A	Stable
Foundation Life (NZ) Limited	a–	Stable	A–	Stable
General Reinsurance Australia Ltd (New Zealand Branch)	aa+	Stable	A++	Stable
General Reinsurance Life Australia Limited (New Zealand Branch)	aa+	Stable	A++	Stable
Health Services Welfare Society Limited	bb+	Positive	B	Positive
The Hollard Insurance Company Pty Ltd (New Zealand Branch)	a–	Stable	A–	Stable
Kiwi Insurance Limited	a–	Stable	A–	Stable
Lifetime Income Limited	bb–	Stable	B–	Stable
Mitsui Sumitomo Insurance Company Limited (New Zealand Branch)	aa	Stable	A+	Stable
The New India Assurance Company Limited (New Zealand Branch)	a–	Stable	A–	Stable
New Zealand Medical Professional Limited	bbb–	Stable	B+	Stable
nib nz limited	a–	Stable	A–	Stable
Pacific International Insurance Pty Ltd (New Zealand Branch)	bbb	Stable	B++	Stable
Partners Life Limited	bbb+	Stable	B++	Stable
Pinnacle Life Limited	bb+	Stable	B	Stable
Police Health Plan Limited	a–	Stable	A–	Stable
Product Care (NZ) Limited	bbb	Negative	B++	Negative
Provident Insurance Corporation Limited	bbb	Stable	B++	Stable
Quest Insurance Group Limited	bb	Stable	B	Stable
RGA Reinsurance Company (New Zealand Branch)	aa–	Stable	A+	Stable
Sovereign Assurance Company Limited	aa–	Stable	A+	Stable
Tokio Marine & Nichido Fire Insurance Company Limited (New Zealand Branch)	aa+	Stable	A++	Stable
TOWER Insurance Limited	a– u	Negative	A– u	Negative
Union Medical Benefits Society Limited	a	Stable	A	Stable
Virginia Surety Company, Inc. (New Zealand Branch)	a–	Stable	A–	Stable
Youi NZ Pty Limited	bbb	Stable	B++	Stable

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Pakistan – Ratings Review

Pakistan, a CRT-5 country, with a high level of economic risk and very high levels of political and financial system risk. Real GDP growth accelerated in 2016 to 4.7%, driven by improvements in macroeconomic stability. GDP growth is projected to continue to rise gradually, as economic reforms continue.

Pakistan lags the region in terms of human development indicators. Much can be done to improve education and to increase spending on key social services.

Economic Risk: High

- Services and agriculture are critical contributors to the economy. However, agricultural sector is subject to extreme weather conditions and events that can adversely impact economic growth. Remittances are also a sizeable revenue source, which support private consumption.
- China has been a key financier of Pakistan's infrastructure projects, through the China-Pakistan Economic Corridor.
- Pakistan's US$6.3 billion agreement with the International Monetary Fund Extended Fund Facility ended in September 2016. Under the agreement, Pakistan attempted to modernise the country's power infrastructure.
- Public debt levels remain high, at roughly 65% of GDP. Slowing fiscal consolidation will contribute to persistent debt risk.

Political Risk: Very High

- The country is currently governed by the Pakistan Muslim League (PML). Prime Minister Nawaz Sharif was removed from office by the Supreme Court in July 2017 following corruption charges against him and his family, which has shaken political stability. Shahid Khaqan Abbasi was sworn in as the new prime minister in August 2017; elections are expected in 2018.
- The PML's uneasy relationship with the military also poses as a potential threat to continued stability.
- The government seeks to end power shortages by the end of 2017. Power shortages have traditionally deterred foreign investors and caused popular outrage.
- Corruption continues to challenge the business environment. Pakistan ranked 116 out of 176 countries in Transparency International's 2016 Corruption Perceptions Index.
- Raising tax collection rates is a government priority. The current government aims to increase tax collections to 15% by 2018. Additional tax revenues will help lower the government's fiscal deficit.
- Protests driven by religious and political motives are expected to continue, and can become violent.

Financial System Risk: Very High

- The State Bank of Pakistan, the country's central bank, is responsible for regulating the financial sector. The insurance industry is regulated by the Securities and Exchange Commission of Pakistan.
- The banking system is showing signs of improving strength. Non-performing loans have decreased, credit growth has improved, and capital levels are above regulatory requirements. Profitability is constrained by low interest rates.
- The IMF recommends enhancing financial inclusion to drive growth, particularly for women, low-income citizens, and rural populations. Financial inclusion has improved, but there is significant progress yet to be made.

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Philippines – Ratings Review

The Philippines is a CRT-4 country with a moderate level of economic risk and high levels of political and financial system risk. The economy expanded by 6.8% in 2016, spurred by investment and domestic consumption. Future growth prospects are favourable, as real gross domestic product (GDP) growth is expected to reach 7% over the medium term. Ensuring this growth is inclusive will be important to long-term prospects.

Inflation is expected to pick up, from 1.8% in 2016, averaging around 3% for the medium term.

Economic Risk: Moderate

- The Philippines' economy is relatively well-diversified and resilient. Its recent and projected strong growth rates are underscored by robust consumption, remittances and exports.
- External debt has been on the decline, but is expected to rise slightly over the next five years due to greater social expenditures. Even with this modest increase in debt, the overall debt level is expected to remain low.
- Slow contract enforcement, impediments to credit access, and a weak and corrupt legal system impede the business environment.
- The Philippines ranked 99 out of 190 countries in the 2017 World Bank Ease of Doing Business Survey; starting a business, enforcing contracts, and protecting minority investors all remain difficult.

Political Risk: High

- President Rodrigo Duterte, elected in 2016, has garnered international criticism for his use of violence against suspected drug users and suppliers, but retains widespread support domestically. With popular support, Duterte can expect to retain a majority in the legislative branch.
- Duterte's policy initiatives have targeted infrastructure spending and attracting additional foreign direct investment as means to creating a more equitable society.
- High levels of poverty persist throughout the country, providing the potential for civil unrest. The IMF has stressed the need for additional social spending and more effective distribution of those funds.
- Security risks linked to terrorist groups and high levels of corruption will likely slow potential foreign direct investment growth. In Transparency International's 2017 Corruption Perceptions Index, the country was ranked low, 101 out of 176 countries, indicating high levels of corruption.
- Efforts to overhaul the tax system are in motion. The new reforms would target the tax system's effectiveness and alter tax rates on personal income, capital gains, and several other areas.

Financial System Risk: High

- The Philippine insurance sector is regulated by the Insurance Commission, which is under the Department of Finance, according to the provisions of the 1974 Insurance Code.
- The financial system remains shallow and non-inclusive, dampening potential growth. Efforts to deepen and diversify the system should be made.
- The central bank, Bangko Sentral ng Pilipinas (BSP), has successfully kept inflation low. Strengthening BSP's oversight of the financial sector would bolster financial system stability.

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
Malayan Insurance Co., Inc.	bbb+	Stable	B++	Stable
National Reinsurance Corporation of the Philippines	bbb	Negative	B++	Negative
The New India Assurance Company Limited (Philippines Branch)	a–	Stable	A–	Stable
Starr International Insurance (Philippines Branch)	a	Stable	A	Stable

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Singapore – Ratings Review

Singapore, a CRT-1 country, has relatively low levels of economic and political risk and a very low level of financial system risk. Its globally integrated, so its export-heavy economy makes it vulnerable to fluctuations in the global economy. Last year, the economy grew at 2% and experienced deflation. The International Monetary Fund (IMF) forecasts expect real gross domestic product (GDP) growth to remain subdued between 2% and 3% and inflation to reach 2% over the medium term. Growth could be jeopardised by more protectionist trade policies worldwide.

Economic Risk: Low

- Singapore's low levels of corruption, open markets, stable government, and effective legal system make it a very attractive location for business.
- Historically heavily dependent on exports, Singapore, in efforts to diversify its economy, has sought to make itself a hub for financial and technology services. Exports still are an important growth driver and subject Singapore to the risks of low global demand and low commodity prices.
- Singapore's ageing population will put pressure on fiscal budgeting as the government puts additional funding towards welfare and healthcare programmes.
- Growth is being supported from a cyclical upswing near-term. However, the government is implementing a new long-term growth model focusing on a "labour-lean" economy of digital technologies and automation.

Political Risk: Low

- Singapore's government is highly stable and efficient. Since 1965, it has been dominated by one political party, the People's Action Party (PAP), which has provided government continuity and policy predictability.
- Recent PAP policies have focused on addressing immigration issues and the lack of affordable housing, as well as enhancing social services. These policies have been met with widespread public support.
- In 2016, the government established that every fifth presidential election cycle the president must be a representative of one of Singapore's minority groups. Halimah Yacob was declared to be the only eligible presidential candidate of the Singaporean presidential election of 2017, who was inaugurated in September 2017.
- Civil unrest risks are low. In the past, there have been migrant worker protests, but the government quickly addressed their complaints and diffused the situation. Any future protests are expected to remain peaceful.
- Following the US withdrawal from the TPP, the government has attempted to forge trade relations with the Eurasian Economic Union.

Financial System Risk: Very Low

- The Monetary Authority of Singapore (MAS) is the central bank of Singapore. It administers the Insurance Act and practices rigorous supervision of the financial sector.
- High levels of foreign reserves and assets provide an adequate buffer to any external shocks. Faster than expected global tightening of monetary policy, however, could increase the debt service burden for both households and corporations and bears watching.
- The banking system is healthy, with high levels of liquidity and capital, excellent asset quality, and low numbers of non-performing loans.
- The country has experienced two years of negative inflation. The central bank currently forecasts an inflation rate of 1% in 2017.

Singapore

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
AIG Asia Pacific Insurance Pte. Ltd.	a+	Stable	A	Stable
Asia Capital Reinsurance Group Pte. Ltd.	a–	Negative	A–	Negative
China Reinsurance (Group) Corporation (Singapore Branch)	a	Stable	A	Stable
China Taiping Insurance (Singapore) Pte. Ltd.	a	Stable	A	Stable
ECICS Limited	a–	Negative	A–	Negative
EQ Insurance Company Limited	bbb+	Stable	B++	Stable
ERGO Insurance Pte. Ltd.	a–	Negative	A–	Negative
Federal Insurance Company (Singapore Branch)	aa+	Stable	A++	Stable
First Capital Insurance Limited	a	Stable	A	Stable
Great American Insurance Company (Singapore Branch)	aa–	Stable	A+	Stable
Korean Reinsurance Company (Singapore Branch)	a	Stable	A	Stable
Samsung Reinsurance Pte. Ltd.	a	Stable	A	Stable
SCOR Reinsurance Asia-Pacific Pte Ltd	a+	Positive	A	Positive
Singapore Reinsurance Corporation Limited	a–	Stable	A–	Stable
Starr International Insurance (Singapore) Pte. Ltd.	a	Stable	A	Stable
United Overseas Insurance Limited	aa–	Stable	A+	Stable

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Taiwan – Ratings Review

Taiwan, a CRT-2 region, has a low risk profile. Its economy is closely tied to China's, as China is its primary destination for exports. Consequently, as China transitions to a more consumption-based economy, Taiwan might experience some spillover effects. US trade policy, which remains uncertain, could also affect Taiwan. Despite these risks, the economy's growth is expected to accelerate over the medium term, given higher demand for the country's sophisticated technology exports.

Economic Risk: Low

- Taiwan's export-oriented economy exposes it to volatility in global demand conditions and commodity prices. Its main exports include electronics, petrochemicals, and semiconductors. China is Taiwan's primary destination for exports.
- The country's economy is globally competitive, ranking 14 out of 138 economies in the 2016-2017 Global Competitiveness Report.
- Taiwan's history of current account surpluses has contributed to its ample amount of foreign reserves, which serve as a buffer to potential external shocks.
- Unemployment rates remain low, currently at below 4%. Taiwan's labour force is one of the best educated and well-trained in the region.

Political Risk: Low

- The traditionally pro-independence Democratic Progressive Party (DPP) won the January 2016 election, winning both the presidency and a majority in Parliament. With a majority in Parliament, legislation should be passed more easily.
- President Tsai Ing-wen's popularity has dropped due to pension reform efforts. Taiwan's pension system is underfunded and, for some professions, is expected to run out of money by 2030. The problem is rooted in Taiwan's declining birth rates and extended life expectancy.
- Cross-strait relations were strained early on during the new government's rule when China suspended diplomatic relations with Taiwan over the president's refusal to acknowledge the 1992 consensus. Since then, relations have been tenuous and China maintains that reunification with Taiwan is the ultimate goal. Protests over Taiwan's relationship with China are likely to be an on-going concern.
- The government encourages foreign investment via tax incentives. The current corporate tax rate is 17%, which is on par with Taiwan's regional neighbours.

Financial System Risk: Low

- The Insurance Bureau, a branch of the Financial Supervisory Commission, is the main insurance regulator.
- Non-performing loans increased slightly but remain low, standing at .28% as of year-end 2016. The banking sector also has more than adequate levels of liquidity and capital adequacy ratios have increased.
- The Central Bank of the Republic of China controls monetary policy. Last year, the central bank kept interest rates low. It also engaged in open market operations to maintain liquidity.
- The central bank removed credit controls on home mortgages and land-collateralised loans in 2016.

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
Central Reinsurance Corporation	a	Stable	A	Stable
Fubon Insurance Co., Ltd.	a+	Stable	A	Stable
Hotai Insurance Co., Ltd.	a–	Stable	A–	Stable
Insurance Company of North America (Taiwan Branch)	aa+	Stable	AA+	Stable
Shinkong Insurance Company Limited	a	Stable	A	Stable
South China Insurance Co., Ltd.	a	Stable	A	Stable

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Thailand – Ratings Review

Thailand, a CRT-3 country, has a low level of economic risk and moderate levels of political and financial system risk. Thailand's economy experienced an uptick in growth last year and expanded by 3.2%. Growth is projected to remain around 3% for the medium term and will depend on infrastructure investment and prudent public policies. The government aims to attain higher long-term growth through structural reforms such as improvements to competitiveness and education.

Economic Risk: Low

- Thailand's economy has experienced difficulty achieving fast-paced growth, owing to lagging industrial production and structural inefficiencies. US protectionist policies, should they materialise, also have the potential to subdue growth.
- Private investment in the past year fell as political uncertainty persisted. However, it is expected to experience a partial recovery in the short term. The government's planned infrastructure investment is intended to assist in private investment's recovery.
- Approximately two thirds of the country's GDP is attributed to exports. The country's main exports include agricultural products, electronics and automobiles/ automobile parts.

Political Risk: Moderate

- The 2016 referendum confirmed the military's permanent role in politics and will restrict the power of elected officials. General elections are expected to occur in late 2017 or 2018. These elections have been delayed several times.
- The government hopes to promote faster growth through state investment in infrastructure and creating a more conducive business operating environment. Currently Thailand ranks relatively well at 46 out of 190 countries in the World Bank's Ease of Doing Business Survey.
- Division between supporters of former prime minister Shinawatra and supporters of the royal family and military elite still persists.
- King Bhumibol Adulyadej died in October 2016. The former monarch was highly regarded and served as a unifying figure in the country. His son, Crown Prince Maha Vajiralongkorn, will assume the throne in 2018, after a year of mourning for the King is completed.
- Terrorism threats remain a concern, especially since the August 2016 attacks.

Financial System Risk: Moderate

- Thailand's insurance industry is regulated by the Office of the Insurance Commission under the Ministry of Commerce.
- Due to recent hikes in US interest rates, Thailand has the potential to experience capital outflows, which would serve as a somewhat destabilising force.
- The banking sector is relatively stable and demonstrates sufficient capitalisation and liquidity. The number of non-performing loans is relatively low.
- However, financial stability concerns persist as household debt and shadow bank financing increases. To mitigate potential risks, the IMF recommends the implementation of improved regulatory measures and developing additional macroprudential tools.

Thailand

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
Asian Reinsurance Corporation	bbb–	Stable	B+	Stable
Bangkok Insurance Public Company Limited	a–	Stable	A–	Stable
The New India Assurance Company Limited (Thailand Branch)	a–	Stable	A–	Stable
Thaire Life Assurance Public Company Limited	a–	Stable	A–	Stable

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Vietnam – Ratings Review

Vietnam, a CRT-4 country, has a moderate level of economic risk, a high level of political risk and a very high level of financial system risk. Its agricultural sector is susceptible to the increasing frequency of droughts and excessive rainfalls. Despite the risks to agriculture, the economy expanded by 6.2% in 2016 and is projected to maintain a similar growth rate over the medium term. Growth stems from the country's flourishing service and manufacturing sectors.

Economic Risk: Moderate

- Risk lies in the government's perpetual deficits and its rising debt, which is roughly half the country's GDP. More rigorous fiscal consolidation should be pursued to address this rising concern.
- The country's agricultural sector employs almost half of the working-age population and makes up over 18% of the GDP. In recent years, droughts and other climate conditions have restricted agricultural production, subduing growth.
- The manufacturing sector continues to expand beyond textiles to include more high-tech devices, including smartphones, due to low-cost labour and access to global markets.
- With global conditions picking up, Vietnam's exports should experience an uptick in demand. However, domestic demand remains relatively weak.

Political Risk: High

- Vietnam's single-party system is run by the Communist Party. Due to the nature of such a system, policy objectives have been stable, but transparency is limited. In the most recent prime minister election, Nguyen Xuan Phuc was elected.
- Policies remain geared towards attracting foreign direct investment. As of late, the government has focused on reducing the number of state-controlled enterprises, consequently stimulating the private sector.
- The 2016-2020 socioeconomic development plan lays out the government's ambitions for fiscal consolidation, sustainable development, and improving global competitiveness.
- In efforts to dramatically improve the country's infrastructure, the government has invested approximately 6.0% of GDP in infrastructure over the past few years. Additional investment will be necessary to meet the needs of the growing economy.

Financial System Risk: Very High

- The Ministry of Finance's Insurance Supervisory and Authority department is responsible for regulating the insurance industry.
- Some banking sector reforms, such as improved supervision, have occurred. Additional improvements, however, are necessary for enhanced stability. Needed reforms include some recapitalisation of bank balance sheets and improved resolution of non-performing loans (NPLs). Continued rapid credit growth has the potential to exacerbate the high level of NPLs.
- Monetary policy remains conducive to economic growth, and the country has demonstrated a heightened commitment to maintain inflation stability.
- The country has established a more flexible method for setting its daily exchange rate.

Rated Companies	ICR	Outlook/ Implication	FSR	Outlook/ Implication
Bao Minh Insurance Corporation	bbb	Stable	B++	Stable
BIDV Insurance Corporation	bbb–	Positive	B+	Positive
PVI Insurance Corporation	bbb	Stable	B++	Stable
PVI Reinsurance Joint-stock Corporation	bbb-	Stable	B+	Stable
Samsung Vina Insurance Co., Ltd.	a–	Stable	A–	Stable
Vietnam National Reinsurance Corporation	bbb+	Stable	B++	Stable

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