

## **RATING ACTION COMMENTARY**

# **Fitch Downgrades Five Chinese Insurers Following Sovereign Downgrade; Affirms One**

Wed 09 Apr, 2025 - 7:46 AM ET

Fitch Ratings - Hong Kong - 09 Apr 2025: Fitch Ratings has downgraded the ratings on five Chinese insurers and affirmed the rating on one insurer. The Outlooks on the ratings are Stable after the rating actions.

The rating actions are as follows:

- China Export & Credit Insurance Corporation's (SINOSURE) Insurer Financial Strength (IFS) Rating downgraded to 'A', from 'A+'
- China Life Insurance Company Limited's IFS Rating affirmed at 'A+'
- China Taiping Insurance Group Ltd.'s (TPG) Long-Term Issuer Default Rating (IDR) downgraded to 'A-', from 'A'
- China Taiping Insurance Group (HK) Company Limited's Long-Term IDR downgraded to 'A-', from 'A'
- China Taiping Insurance Holdings Company Limited's (CTIH) Long-Term IDR downgraded to 'A-', from 'A'
- Taiping Life Insurance Company Limited's (TPL) IFS Rating downgraded to 'A', from 'A+'

This follows the 3 April 2025 downgrade of China's Long-Term Foreign-Currency IDR to 'A' from 'A+'; see [Fitch Downgrades China to 'A'; Outlook Stable](#).

A full list of rating actions is at the end of this rating action commentary.

## **KEY RATING DRIVERS**

The downgrades of the five insurers follow the downgrade of China's sovereign rating, as the insurers' ratings incorporate various degrees of government support due to their ownership links with the central government. We believe the government's ability to support these insurers has weakened.

The affirmation of China Life's rating reflects our view of the insurer's resilient standalone credit profile, which we believe can withstand the effects from the deterioration of the sovereign's credit profile. China Life's rating does not incorporate an explicit uplift from government support.

Our assessment of the insurers' investment and asset risk results in scores well below China's sovereign rating, driven by their significant exposure to equity-type risky assets. We believe the impact of the sovereign downgrade on the insurers' asset risk profiles will be limited, despite their allocation to sovereign bonds.

## **SINOSURE**

The downgrade reflects SINOSURE's ownership linkage with China's Ministry of Finance and Central Huijin Investment Ltd, a wholly owned subsidiary of the sovereign wealth fund, China Investment Corporation. The insurer's rating recognises SINOSURE's policy-oriented role in supporting China's export trading activities. We use a top-down approach to assess the insurer's financial strength. SINOSURE's IFS Rating is aligned with China's sovereign rating.

## **China Life**

The affirmation reflects the insurer's standalone credit quality, underpinned by its 'Most Favorable' company profile and 'Very Strong' financial performance, despite an 'Adequate' Fitch Prism Global Model score. Our perception of the insurer's significance in China's life sector, holding the country's largest policyholder base, remains unchanged.

China Life's sovereign investment/capital ratio (end-2024: 64%) does not result in a further drag on its investment and asset risk score, according to Fitch's criteria. China Life has limited policy obligations denominated in foreign currency and its rating is not subject to China's Country Ceiling of 'A'.

## **TPG and Subsidiaries**

The downgrade mirrors the downgrade of the China sovereign rating, as the ratings of TPG and its subsidiaries (listed above) incorporate government support via its ownership. The ratings benefit from a one-notch uplift from the insurers' standalone credit quality, as we believe that the government would provide support to the group, if needed. This is based on TPG's record of receiving financial support from the Ministry of Finance, which holds a 90.7% stake in the group. We regard TPL as 'Core' to the insurance group under our group rating methodology.

Another group subsidiary, Taiping Reinsurance Company Limited, was not considered for this rating action, because its IFS Rating of 'A/Stable' reflects its credit profile on a standalone basis without any uplift.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

#### **SINOSURE**

- SINOSURE's IFS rating is tied to China's sovereign rating and is likely to move in line with the sovereign rating.
- A negative change in Fitch's view of the creditworthiness of China would be mirrored in the insurer's rating.
- Fitch's perception of reduced government support due to a material change in SINOSURE's shareholding structure, with the central government no longer having its controlling stake in the insurer.

#### **China Life**

- Failure to maintain the Prism score at the upper end of 'Adequate' level.
- A significant rise in the risky-asset ratio on a sustained basis.
- Weakening in financial performance, with return on equity below 8% and a notable decline in NBV, consistently.
- Deterioration in the company profile, as evidenced by weaker competitive positioning in China's life sector.

## **TPG and Subsidiaries**

- A significant change in shareholding that results in the Ministry of Finance losing its controlling interest in TPG and CTIH or a downgrade of China's Long-Term Local-Currency IDR.
- Failure to maintain TPG's Prism score at 'Strong' for a sustained period.
- The group's consolidated financial leverage ratio remaining above 35% consistently.
- Sustained weakening in financial performance, including TPG's return on equity falling below 7% and a sharp decline in TPL's new business value.

## **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

### **SINOSURE**

- Positive rating action on China would be mirrored in the insurer's rating.

### **China Life**

- Improvement in the Prism score to 'Very Strong' category or higher for a sustained period.
- A significant improvement in the company profile in terms of greater geographical diversification in overseas markets, while maintaining strong financial performance.

## **TPG and Subsidiaries**

- Positive rating action on China's Long-Term Local-Currency IDR.
- A significant improvement in TPG's Prism score and the consolidated financial leverage ratio remaining below 24% for a sustained period.
- The group's return on equity consistently exceeding 11%.

## **REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

## PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

SINOSURE's IFS Rating is aligned with China's sovereign rating.

## ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

<https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

## RATING ACTIONS

ENTITY / DEBT ⇅	RATING ⇅		PRIOR ⇅
China Life Insurance Company Limited	LT IDR	A Rating Outlook Stable	A Rating Outlook Stable
	Affirmed		
	LT IFS	A+ Rating Outlook Stable	A+ Rating Outlook Stable
	Affirmed		
China Taiping Insurance Group Ltd.	LT IDR	A- Rating Outlook Stable	A Rating Outlook Negative
	Downgrade		
Taiping Life Insurance Company Limited	LT IFS	A Rating Outlook Stable	A+ Rating Outlook Negative
	Downgrade		

China Export & Credit Insurance Corporation	LT IFS	A Rating Outlook Stable	A+ Rating Outlook Negative
	Downgrade		
China Taiping Insurance Holdings Company Limited	LT IDR	A- Rating Outlook Stable	A Rating Outlook Negative
	Downgrade		
subordinated	LT	BBB	Downgrade
			BBB+
China Taiping Insurance Group (HK) Company Limited	LT IDR	A- Rating Outlook Stable	A Rating Outlook Negative
	Downgrade		

[VIEW ADDITIONAL RATING DETAILS](#)

## FITCH RATINGS ANALYSTS

### Mengyuan Wang

Senior Analyst

Primary Rating Analyst

+852 2263 9893

mengyuan.wang@fitchratings.com

Fitch (Hong Kong) Limited

19/F Man Yee Building 60-68 Des Voeux Road Central Hong Kong

### Terrence Wong

Senior Director

Primary Rating Analyst

+852 2263 9920

terrence.wong@fitchratings.com

Fitch (Hong Kong) Limited

19/F Man Yee Building 60-68 Des Voeux Road Central Hong Kong

### Jeffrey Liew

Senior Director

Secondary Rating Analyst  
+852 2263 9939  
jeffrey.liew@fitchratings.com

**Stella Ng**

Senior Director  
Secondary Rating Analyst  
+852 2263 9615  
stella.ng@fitchratings.com

**Kanishka de Silva, CFA**

Director  
Committee Chairperson  
+61 2 8256 0367  
kanishka.desilva@fitchratings.com

**MEDIA CONTACTS**

**Jack Li**

Beijing  
+86 10 5957 0964  
jack.li@thefitchgroup.com

**Vivian Kam**

Hong Kong  
+852 2263 9612  
vivian.kam@thefitchgroup.com

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

**PARTICIPATION STATUS**

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

**APPLICABLE CRITERIA**

[Insurance Rating Criteria \(pub. 04 Mar 2024\) \(including rating assumption sensitivity\)](#)

## APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism Global (ex-U.S.) Model, v1.8.1 ([1](#))

## ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

## ENDORSEMENT STATUS

China Taiping Insurance Group (HK) Company Limited	EU Endorsed, UK Endorsed
China Taiping Insurance Group Ltd.	EU Endorsed, UK Endorsed
China Taiping Insurance Holdings Company Limited	EU Endorsed, UK Endorsed
Taiping Life Insurance Company Limited	EU Endorsed, UK Endorsed
China Export & Credit Insurance Corporation	EU Endorsed, UK Endorsed
China Life Insurance Company Limited	EU Endorsed, UK Endorsed

## DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers.

Please read these limitations and disclaimers by following this link:

<https://www.fitchratings.com/understandingcreditratings>. In addition, the following <https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at <https://www.fitchratings.com/site/regulatory>. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch



Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on

historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide

credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001. Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the “NRSRO”). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the “non-NRSROs”) and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

dv01, a Fitch Solutions company, and an affiliate of Fitch Ratings, may from time to time serve as loan data agent on certain structured finance transactions rated by Fitch Ratings.

Copyright © 2025 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

[READ LESS](#)

## **SOLICITATION STATUS**

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

Fitch's solicitation status policy can be found at [www.fitchratings.com/ethics](http://www.fitchratings.com/ethics).

## **ENDORSEMENT POLICY**

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's [Regulatory Affairs](#) page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.