

**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 Affirmed	A Rating Outlook Stable
	LT IFS    A+ Rating Outlook Stable Affirmed	A+ Rating Outlook Stable
China Taiping Insurance Group Ltd.	LT IDR    A- Rating Outlook Stable Downgrade	A Rating Outlook Negative
Taiping Life Insurance Company Limited	LT IFS    A Rating Outlook Stable Downgrade	A+ Rating Outlook Negative

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	BBB+
		Downgrade	
China Taiping Insurance Group (HK) Company Limited	LT IDR	A- Rating Outlook Stable	A Rating Outlook Negative
		Downgrade	

[VIEW ADDITIONAL RATING DETAILS](#)

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## **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

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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

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