Media Release:

Nan Shan Life Insurance 'twAA+' Ratings Affirmed On Satisfactory Financial Risk Profile; Outlook Stable

November 23, 2026

Overview

- We believe Nan Shan Life will maintain a satisfactory financial risk profile along with prudent business growth, satisfactory earnings retention, and adequate investment risk controls over the next two years.
- We assess Nan Shan Life's overall financial risk profile remains satisfactory. We have revised downward our capital and earnings assessment following the recalibration of the total adjusted capital component under the adoption of the IFRS 17 accounting framework under our capital model. At the same time, we revised upward our risk exposure assessment for the insurer.
- We affirmed our 'twAA+' long-term issuer credit and financial strength ratings on Nan Shan Life. At the same time, we affirmed our 'twAA' long-term issue rating on the insurer's unsecured subordinated corporate bonds.
- The stable rating outlook reflects our expectation that Nan Shan Life will achieve satisfactory capital and earnings and accordingly maintain a satisfactory financial risk profile over the next two years. This will be supported by the insurer's good asset and liability management, prudent investment strategy, and good contract service margin accumulation.

PRIMARY CREDIT ANALYST

Eunice Fan
Taipei
+886-2-7724-6581
eunice.fan
@spglobal.com
eunice.fan
@taiwanratings.com.tw

SECONDARY CONTACT

Serene Hsieh, CPA, FRM
Taipei
+886-2-7724-8657
serene.hsieh
@spglobal.com
serene.hsieh
@taiwanratings.com.tw

Rating Action

Taiwan Ratings Corp. today affirmed its 'twAA+' long-term issuer credit and financial strength ratings on **Nan Shan Life Insurance Co. Ltd.** The outlook on the ratings is stable. At the same time, we affirmed our 'twAA' long-term issue rating on the insurer's unsecured subordinated corporate bonds.

Rationale

Satisfactory financial risk profile to sustain with about-average capitalization and adequate investment risk profile in 2027-2028. We estimate the insurer's capitalization will achieve capital redundancy under our moderate stress scenario at a 99.5% confidence level by 2028, supported by earnings accumulation and prudent business growth. We now assess the insurer's capital and earnings as satisfactory compared with strong previously. This follows our recalibration of the total adjusted capital component under the adoption of the IFRS 17 accounting framework. Under the new framework, Nan Shan Life's capital adequacy shows a slight deficiency at a 99.5% confidence level as of the end of June 2026, compared with stronger capital adequacy under the old accounting

framework for 2024-2025. Under our base case, we forecast Nan Shan Life's capitalization will gradually improve to an adequate redundancy at a 99.5% confidence level by 2028, supported by earnings accumulation and prudent business growth. Steady release of the insurer's contractual service margin, moderate premium growth focusing on long-tenor protection type products, and stable investment mix. These factors should help Nan Shan Life to achieve satisfactory capital and earnings by 2028.

Investment risks are neutral to the financial risk profile. In our view, Nan Shan Life will maintain an effective risk management mechanism with a largely stable investment asset allocation to manage its capital adequacy at a satisfactory level. At the same, we believe the insurer will carefully manage its foreign exchange (forex) risk exposure amid enlarged hedging flexibility along with a growing forex valuation reserve to absorb potential exchange rate volatility. We now assess the company's risk exposure as moderately low compared with moderately high previously, which is in line with similarly rated local peers.

The ratings on Nan Shan Life continue to reflect our view on the insurer's strong business position with a solid franchise, resilient distribution network, and evolving product strategy. The ratings also reflect our view of Nan Shan Life's satisfactory capital and earnings. The insurer's investment leverage and forex risk exposure are about average by local comparison, albeit higher compared with regional peers.

Outlook

The stable rating outlook reflects our view that Nan Shan Life will achieve satisfactory capital and earnings and, accordingly, a satisfactory financial risk profile over the next two years. The insurer's asset liability management, prudent investment strategy and good contractual service margin accumulation should underpin its satisfactory capital and earnings over the period.

We believe Nan Shan Life will maintain a relatively stable investment risk profile over the next two years through close monitoring and risk controls against potential market and forex volatility. We also anticipate no structural change in the insurer's investment mix and no material increase in debt leverage over the same period.

Moreover, we believe the insurer's operations will remain independent of its two main shareholders--Taiwan-based Ruentex and Pou Chen Corp. groups--under Taiwan's regulatory framework for the financial services sector.

Downside scenario

We may lower the ratings on Nan Shan Life if:

- Nan Shan Life's capital and earnings weakens due to (1) the pursuit of aggressive business growth or an aggressive investment risk appetite (2) failure to record satisfactory accumulated contractual service margin that is materially lower than our forecast over the next two years;
- Nan Shan Life forex risks heighten due to a more aggressive hedging strategy without a sufficient forex volatility reserve buffer that negatively affects its capitalization; or
- We consider the insurer's overall competitive strength has weakened if the insurer cannot report profitable growth without generating steady contractual service margin relative to similar-rated domestic peers.

Upside scenario

We may raise the ratings on Nan Shan Life if we revise upward our assessment of the insurer's capital and earnings to strong from satisfactory, and at the same time the insurer maintains a stable market position and investment risk exposure. Such improvement could be via a substantial capital injection or superior earnings resilience compared with its domestic peers.

Ratings Score Snapshot

Nan Shan Life Insurance Co. Ltd.	To	From
Financial strength rating	**twAA+**	**twAA+**
Anchor	a-	a-
Business risk	Strong	Strong
Competitive position	Very Strong	Very Strong
IICRA	Moderately high risk	Moderately high risk
Financial risk	Satisfactory	Satisfactory
Capital and earnings	Satisfactory	Strong
Risk exposure	Moderately low	Moderately high
Funding structure	Neutral	Neutral
Modifiers		
Governance	Neutral	Neutral
Liquidity	Exceptional	Exceptional
Comparable ratings analysis	0	0
Support	0	0
Group support	0	0
Government support	0	0
Financial Strength Rating	twAA+	twAA+

IICRA--Insurance Industry And Country Risk Assessment

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Oct. 13, 2025
- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15, 2023
- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

(Unless otherwise stated, these articles are published on www.taiwanratings.com)

Ratings List

Ratings Affirmed	
Nan Shan Life Insurance Co. Ltd.	
Issuer Credit Ratings	twAA+/Stable/--
Financial Strength Rating	twAA+/Stable/--
Unsecured Subordinated Corporate Bond	twAA

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