



NEWS RELEASE

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FOR IMMEDIATE RELEASE

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**A.M. Best Affirms Ratings of China Reinsurance (Group) Corporation;
Assigns Ratings to China Continent Property & Casualty Insurance Co. Ltd**

HONG KONG, October 24, 2014—A.M. Best has affirmed the financial strength rating (FSR) of A (Excellent) and the issuer credit ratings (ICR) of “a” of **China Reinsurance (Group) Corporation** (China Re) and its members, **China Property & Casualty Reinsurance Company Ltd.** (China Re P&C) and **China Life Reinsurance Company Ltd.** (China Re Life). The outlook for these ratings is stable. A.M. Best has also assigned a FSR of A (Excellent) and an ICR of “a” to **China Continent Property & Casualty Insurance Company Ltd.** (CCIC). The outlook for the assigned ratings is stable. All companies are domiciled in China.

The ratings of China Re, China Re P&C, China Re Life and CCIC (collectively known as China Re Group) reflect the group’s strong consolidated risk-adjusted capitalization, consistently favorable operating performance, leading position within China’s reinsurance market and enhanced risk management capabilities. The ratings of China Re Group also reflect its unique status as the only state-owned reinsurance group in China, through 15.09% direct ownership by the Ministry of Finance of the People’s Republic of China and 84.91% ownership by Central Huijin Investment Ltd (CHIL). CHIL is a wholly owned subsidiary of **China Investment Corporation** (CIC), which is the sovereign wealth fund of the People’s Republic of China.

China Re is the only domestic reinsurance group in China and is a 100% state-owned enterprise. China Re has a strategic role in supporting the continuous development of the Chinese insurance and reinsurance industry.

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The China Re Group continues to maintain its strong risk-adjusted capitalization on a consolidated basis. China Re Group's consolidated capital & surplus grew steadily over the past five years, which was generally in line with the company's business growth.

On a consolidated basis, China Re Group's underwriting results have been positive over the past five years. Underwriting performance of its non-life reinsurance business from the domestic market has been consistently favorable. China Re Group's life reinsurance portfolio continued to contribute positively to the operating results through its strong profile in the cross-border Renminbi (RMB) co-insurance business with life insurers in Hong Kong and other Asian markets. The group's investment returns and the operating results of the group's direct non-life insurance subsidiary, CCIC, have been positive over the past five years.

The ratings of China Re Group's subsidiaries, China Re P&C, China Re Life and CCIC, also reflect their strategic importance to the group's business strategies, their full integration into the group's operations and management, and capital support received from the group.

Partially offsetting these positive rating factors is the unsatisfactory underwriting performance of China Re Group's overseas reinsurance portfolio in underwriting years 2010 and 2011, largely due to various major natural catastrophe events. Fierce competition in global reinsurance markets will continue to challenge China Re Group's underwriting performance in its overseas portfolio in the near term.

Another offsetting rating factor is the increasing level of competition between direct non-life insurers in China. China Re Group's operating performance could worsen if the underwriting results in China's non-life industry deteriorate.

Future upward rating actions could occur if China Re Group improves the operating performance of its overseas reinsurance business, continue to strengthen its risk management capability and maintains its strong risk-adjusted capitalization on a consolidated basis. Conversely, negative rating actions could occur if the group's

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operating performance deteriorates, or there is a substantial weakening in consolidated and/or subsidiaries' stand-alone risk-adjusted capital position.

The methodology used in determining these interactive ratings is Best's Credit Rating Methodology, which provides a comprehensive explanation of A.M. Best's rating process and contains the different rating criteria employed in the rating process. Best's Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

Key insurance criteria reports utilized:

- Catastrophe Analysis in A.M. Best Ratings
- Evaluating Country Risk
- Evaluating Non-Insurance Ultimate Parents
- Rating Members of Insurance Groups
- Risk Management and the Rating Process for Insurance Companies
- Understanding Universal BCAR

Ratings are communicated to rated entities prior to publication, and unless stated otherwise, the ratings were not amended subsequent to that communication.

This rating announcement has been issued by A.M. Best Asia-Pacific Limited, which is a subsidiary of A.M. Best Company. A.M. Best Company is the world's oldest and most authoritative insurance rating and information source. For more information, visit www.ambest.com.

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