

## A.M. Best Assigns Ratings to NongHyup Property & Casualty Insurance Company Limited

### CONTACTS:

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| Seewon Oh<br>Associate Director,<br>Analytics<br>+852-2827-3404<br>seewon.oh@ambest.com | Christopher Sharkey<br>Manager, Public Relations<br>(908) 439-2200, ext. 5159<br>christopher.sharkey@ambest.com |
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| Moungmo Lee<br>Managing Director,<br>Analytics<br>+65-6589-8412<br>moungmo.lee@ambest.com | Jim Peavy<br>Assistant Vice President, Public<br>Relations<br>(908) 439-2200, ext. 5644<br>james.peavy@ambest.com |
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### FOR IMMEDIATE RELEASE

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**A.M. Best** has assigned a financial strength rating of A- (Excellent) and an issuer credit rating of "a-" to **NongHyup Property & Casualty Insurance Company Limited** (NH P&C) (South Korea). The assigned outlook to both ratings is stable.

The ratings reflect NH P&C's solid risk-adjusted capitalization and strong business profile. In addition, the ratings also consider the support NH P&C receives from its ultimate parent in terms of capital and business.

NH P&C was established in 2012 through the restructuring of its ultimate parent organization, the National Agriculture Cooperative Federation (NACF). In the reorganization, NACF was split into the NongHyup Financial Group Inc. (NHFG), NH P&C's direct parent, and the NongHyup Agribusiness Group. In this process, NH P&C assumed all the P&C insurance business from NACF.

NH P&C provides non-life insurance mainly to NACF's members by leveraging on its strong relationship with the cooperatives. In addition, NH P&C executes the government policies related to the agricultural industry by providing coverage such as crop insurance.

NH P&C's risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), remains strong in support of the current rating. Although strong premium growth in the past two years has eroded its risk-based capitalization, capitalization has recovered in 2015 owing to the capital support received from the direct parent company of the NHFG.

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### Related Companies

For information about each company, including the Best's Credit Reports, group members (where applicable) and news stories, click on the company name. An additional purchase may be required.

#### AMB# Company Name

094084 NongHyup Property & Casualty Ins Co Ltd

093309 NongHyup Property & Casualty Ins Co Ltd

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Offsetting factors are weak profitability, intensifying competition in the non-life segment and pressure from the dividend payout. While NH P&C has received capital support from its direct parent company in the past three years and is regulated by the FSS to maintain an adequate capitalization, the company is required to pay a dividend mainly due to the NACF's business model, which provides returns to its cooperative members. On the other hand, NACF will inject capital if the subsidiaries require it.

NH P&C is well-positioned at its current rating level. Key rating factors that could lead to negative rating actions include material deterioration in the company's underwriting experience or risk-adjusted capital adequacy level due to large claims or stronger business growth than planned.

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

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