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## **A.M. Best Affirms Credit Ratings of NongHyup Property and Casualty Insurance Company Limited**

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### **FOR IMMEDIATE RELEASE**

HONG KONG - DECEMBER 07, 2017

**A.M. Best** has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of “a-” of **NongHyup Property and Casualty Insurance Company Limited** (NH P&C) (South Korea). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect NH P&C’s balance sheet strength, which A.M. Best categorizes as strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management.

The company’s risk-adjusted capitalization, as measured by Best’s Capital Adequacy Ratio (BCAR), remains solid, supported by modest underwriting leverage and a prudent investment portfolio. However, it is partially offset by rapidly rising investment leverage (i.e., investment assets relative to its shareholders’ funds) resulting from strong growth in long-term insurance.

NH P&C reports volatile earnings that have trended downward over the past five years as the company experienced strong premium growth. The company benefits from a relatively low cost structure because it can leverage strong ties with its cooperative members as its own distribution channel, but this is partially offset by expenses for the use of the “NongHyup” brand.

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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**

033780	Natl Agricultural Cooperative Federation
094084	NongHyup Property & Casualty Ins Co Ltd
093309	NongHyup Property & Casualty Ins Co Ltd

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Having previously been a cooperative organization, NH P&C has a limited profile in the market given its relatively short history as a non-life insurance corporation. The company has a relatively high concentration in business mix as well as distribution.

The ratings also consider the implicit and explicit support provided by its ultimate parent, the **National Agricultural Cooperative Federation (NACF)**. NH P&C plays a role in implementing the South Korean government's agriculture-related policies. The company provides crop insurance to farmers with the government's support, such as government subsidies and reinsurance arrangements.

While positive rating actions are unlikely in the near term, negative rating actions could occur if there is a material decline in NH P&C's risk-adjusted capitalization caused by adverse market conditions or sustained deterioration in operating performance. In addition, negative rating actions could occur if the company's ultimate parent changes its view of NH P&C's strategic importance, or if the parent significantly reduces its support.

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

**This press release relates to Credit Ratings that have been published on A.M. Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best's Recent Rating Activity web page. For additional information regarding the use and limitations of Credit Rating opinions, please view Understanding Best's Credit Ratings. For information on the proper media use of Best's Credit Ratings and A.M. Best press releases, please view Guide for Media - Proper Use of Best's Credit Ratings and A.M. Best Rating Action Press Releases.**

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