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Asia-Pacific Insurance Industry Demonstrates Strong Resilience



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Our Insight, Your Advantage®



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Welcome to our APAC market segment report. Our coverage includes:

- Our full Asia-Pacific Benchmarking analysis, a comprehensive view of rating trends and actions across AM Best-rated companies in Asia-Pacific, encompassing both mature and emerging markets;
- A dedicated section on Asia-Pacific reinsurance developments, which highlights a resilient Asia-Pacific reinsurance industry amid increasingly competitive and softer market conditions, with overseas business supporting growth and underwriting profitability remaining strong;
- Continued in-depth country analysis, highlighting key market developments and trends, evolving regulatory expectations, and the increasing focus on governance, operational resilience, and underwriting discipline across Asia-Pacific; and
- An update on key market developments for Delegated Underwriting Authority Enterprises (DUAEs), highlighting the continued expansion and strategic importance of the segment.

The Asia-Pacific insurance industry continues to demonstrate strong resilience through ample capital buffers, disciplined underwriting, and solid economic growth engines, despite persistent global macroeconomic headwinds. Premium growth moderated over the year, in line with the global slowdown, but continued to outpace most mature markets, supported by an expanding middle class, persistent protection gaps, and deep structural demand across Greater China, India, and Southeast Asia. Capital and solvency positions remain robust across most markets, with the strategic focus shifting from top-line growth towards underwriting discipline and prudent capital management.

Several themes have defined 2026 and are likely to carry forward. Geopolitical and trade realignment is reshaping how risk is priced and transferred; natural catastrophe activity continues to test underwriting and reinsurance capacity; and a new wave of next-generation risk-based capital regimes is raising the bar for capital management. At the same time, AI is moving from experimentation to practical applications across underwriting, claims, and distribution, while cyber and other specialty lines continue to evolve, creating new opportunities and challenges for insurers as these markets develop from a relatively low base.

As the region's markets continue to grow in scale and sophistication, AM Best is committed to sharing our expertise to help address the wide range of issues that insurers and reinsurers face. I hope you find this report valuable to your understanding of AM Best's views on the challenges and opportunities shaping the Asia-Pacific insurance industry, as well as our ratings. Please feel free to reach out to me or my colleagues with any questions.

A handwritten signature in dark ink, appearing to read "Robert Curtis".

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Asia-Pacific Benchmarking: Stability Amid Evolving Market Dynamics

Principal Takeaways:

- Insurers in mature APAC insurance markets continue to demonstrate stronger financial profiles, with ratings concentrated in the higher tiers and supported by established governance, regulatory frameworks, and capital strength.
- Balance sheet strength remains the cornerstone of financial strength in APAC, although 2025 results show a divergence between mature and emerging markets.
- Overall rating stability remains a defining characteristic of the region, with seven upgrades versus two downgrades in 2025 and a similar favourable trend continuing into 2026.

The Asia-Pacific Benchmarking report aggregates AM Best-rated insurance organisations across the Asia-Pacific (APAC) region and examines Issuer Credit Rating (ICR) rating actions and assessment trends during 2025. It considers AM Best's broad geographical rating coverage across rated (re)insurance groups in Asia and Oceania. The types of companies rated, operating in both mature and emerging markets are diverse and include, but are not limited to, (re)insurers, mutuals, captives, credit, and protection and indemnity (P&I) clubs. Australia, Hong Kong, Macau—special administrative regions—(SAR), Japan, New Zealand, Singapore, South Korea, and Taiwan are classified as mature insurance markets, while the remaining markets are considered emerging insurance markets.

The APAC insurance industry in 2025 benefitted from relatively moderate insured catastrophe losses, which remained well below historical averages. However, significant events, including the Myanmar earthquake and widespread flooding across Southeast Asia, highlighted the region's continued exposure to catastrophe risk and substantial protection gap. In countries where natural catastrophes remain a major source of underwriting volatility, reinsurance protection and disciplined underwriting remain essential to maintaining profitability. Insurer financial strength continues to benefit from strong balance sheets and capital positions, while emerging markets maintain growth opportunities alongside greater volatility. The rapid adoption of new energy vehicles (NEV) in markets such as China continues to create significant growth opportunities for motor insurers, although higher claims frequency, repair costs and loss severity remain challenges to underwriting profitability. Please see our report: [China's New Energy Vehicle Boom Transforms Motor Insurance Market](#). However, better pricing, risk selection, and claims management are helping insurers improve profitability as the NEV insurance market matures. Mature insurance markets across the region, particularly Hong Kong and Taiwan, continue to anchor rating strength and capital adequacy, while emerging insurance markets sustain growth and profitability despite greater volatility.

Ratings Distribution and Market Differentiation

As in prior years, insurers in mature markets in APAC lean toward higher ratings, demonstrating stronger financial stability amid more established governance and regulatory frameworks. Compared to other developing regions such as the Middle East and North Africa (MENA), Latin America, and the Caribbean, whose rating dispersions are in the lower categories, a majority of APAC ratings are in the a+ to a- range (**Exhibit 1**). Despite this differentiation between mature and emerging markets, overall rating actions remained favourable.

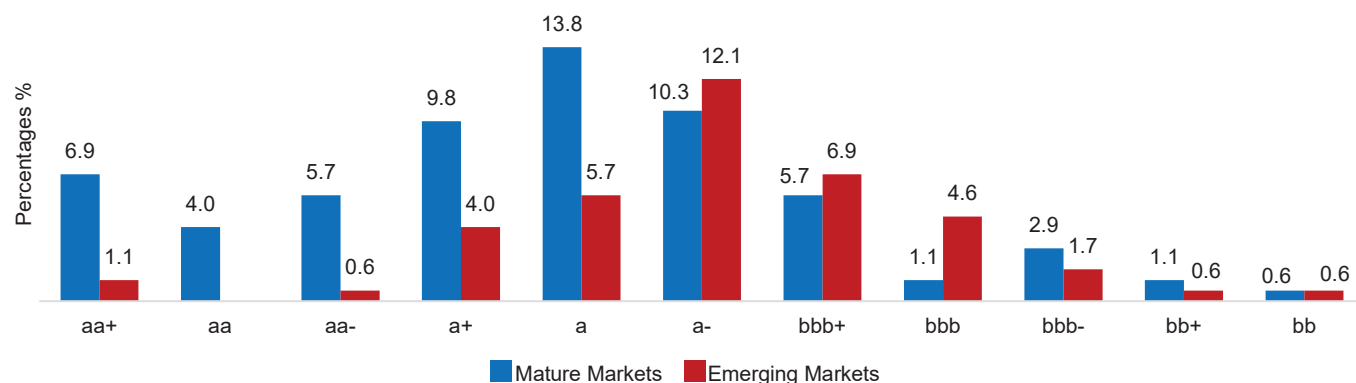
In 2025, there were seven upgrades compared with only two downgrades, highlighting the overall stability of regional credit profiles. This favourable trend has continued in 2026, with three upgrades and just one downgrade recorded through 14 August 2026, further highlighting the region's generally stable credit environment. The limited number of downgrades suggests there has not been broad based negative rating pressure. Thirteen new ratings were also assigned across both mature and emerging markets between the beginning of 2025 through 14 August 2026.

Balance Sheet Strength and Capital Adequacy

Balance sheet strength continues to be the cornerstone of financial strength in APAC. More than half of rated insurers fall within the top two strength categories ("Strongest" or "Very Strong"), reflecting sound capitalisation and prudent

Exhibit 1

APAC – AM Best's Issuer Credit Ratings, 2025



Based on operating companies

Source: AM Best data and research

Exhibit 2

APAC - AM Best Building Block Assessment Distribution by Market

Assessments as of 14 September 2026, (%)

	Asia/ Pacific Total	New Zealand	Hong Kong	China	South Korea	Taiwan	Vietnam	Japan
Balance Sheet Strength Assessment								
Strongest	6.7	0.0	0.0	7.7	20.0	0.0	0.0	85.7
Very Strong	55.6	41.2	78.6	92.3	30.0	70.0	30.0	14.3
Strong	29.6	5.9	21.4	0.0	50.0	30.0	70.0	0.0
Adequate	8.1	52.9	0.0	0.0	0.0	0.0	0.0	0.0
Weak	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Very Weak	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Operating Performance Assessment

Very Strong	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Strong	34.8	17.6	21.4	23.1	30.0	10.0	30.0	71.4
Adequate	59.2	76.5	71.4	61.5	70.0	80.0	70.0	28.6
Marginal	5.2	5.9	7.2	15.4	0.0	10.0	0.0	0.0
Weak	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Very Weak	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Business Profile Assessment

Very Favorable	1.5	0.0	0.0	0.0	10.0	0.0	0.0	14.3
Favorable	13.3	0.0	0.0	30.8	40.0	20.0	0.0	71.4
Neutral	49.6	41.2	64.3	46.2	30.0	70.0	80.0	14.3
Limited	34.8	58.8	35.7	23.1	20.0	10.0	20.0	0.0
Very Limited	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0

ERM Assessment

Very Strong	1.5	0.0	0.0	0.0	10.0	0.0	0.0	14.3
Appropriate	87.4	94.1	100.0	100.0	90.0	100.0	100.0	85.7
Marginal	10.4	5.9	0.0	0.0	0.0	0.0	0.0	0.0
Weak	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Very Weak	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: AM Best data and research

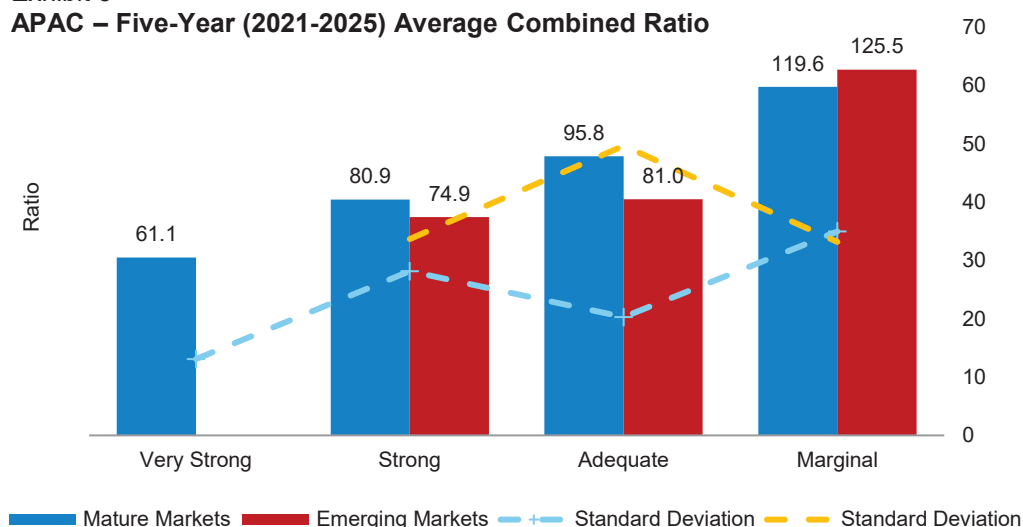
asset management (**Exhibit 2**). Mature markets exhibited more favourable balance sheet strength compared to emerging markets, with each market moving in different directions, as measured by Best's Capital Adequacy Ratio (BCAR). While BCAR is a key component of the initial balance sheet strength assessment, additional factors such as BCAR volatility, reinsurance dependence, quality of assets, and financial flexibility are also evaluated and can negatively impact overall balance sheet strength.

Overall, companies in mature markets continue to demonstrate a relatively stronger balance sheet than companies in emerging markets. Still, companies in emerging markets generally maintain a solid capital foundation despite a distribution centered around slightly lower balance sheet strength assessments. Japan, China, Hong Kong, South Korea and Taiwan generally demonstrate stronger balance sheet strength, while New Zealand shows greater concentrations of Adequate or lower assessments.

Profitability and Operating Performance

Operating performance in APAC has been generally favourable, with most insurers having operating performance assessments of Adequate. Higher net investment income as a result of higher interest rates, coupled with disciplined underwriting, has aided profitability. Insurers with more favourable operating performance assessments exhibit better combined ratios and lower volatility compared to insurers with less favourable assessments (**Exhibit 3**). Operating performance is predominantly Adequate across most markets.

Exhibit 3
APAC – Five-Year (2021-2025) Average Combined Ratio



Source: AM Best data and research

Business Profile and Market Competitiveness

The distribution of business profile assessments across the APAC region is largely centered around Neutral; however, some markets see more companies with an assessment of Limited. Factors reviewed during analysis that most commonly pressure business profiles in APAC include product concentration, market position, the degree of competition, product risk, and regulatory risk. A favourable business profile typically translates into defensible competitive advantages.

Most companies in APAC have business profile assessments of Neutral or Limited across both mature and emerging APAC markets, though some geographies such as South Korea, China, and Taiwan have a greater share of companies with business profile assessments of Favorable. Compared with other regions, APAC's business profile assessments remain within the middle of the global range, reflecting a mix of market positions and business conditions across the region.

Enterprise Risk Management Practices

Enterprise risk management (ERM) frameworks across APAC are broadly appropriate, with 90% of insurers having enterprise risk management assessments of Appropriate. ERM assessments show relative stability in mature markets but have a higher distribution of Marginal assessments in emerging markets. In mature markets, Appropriate assessments increased slightly in 2025, while Marginal assessments remained relatively stable; however, no insurers were assessed as Very Strong. Overall, mature market ERM capabilities remained broadly stable despite some movement away from the highest

assessment, whereas emerging markets experienced a more favourable distribution this year compared to last year, resulting in better assessments. ERM assessment movements generally align with changes in other building blocks, particularly balance sheet strength. Improvements in ERM often support stronger balance sheet assessments by demonstrating enhanced risk identification and mitigation, while weaker ERM can limit the benefits of strong capitalisation. This suggests that ERM remains an important supporting factor in overall rating assessment. The region's ERM profile is relatively strong and broadly comparable with the major mature regions.

Asia Focus: Resilience Through Transformation

Principal Takeaways

- Japanese insurers are better positioned to manage reinsurance market volatility than in prior cycles.
- The MSI-ADI merger in 2027 could reduce overall reinsurance demand and intensify competition among reinsurers, with potential spillover effects in other markets.
- Asia's renewal in 2026 is buyer-friendly, with abundant capacity and falling rates enabling cedents to enhance protection and support growth, while retention levels largely remain stable.
- Earnings remain supportive despite elevated catastrophe claims in Southeast Asia.
- Competition is increasing, though underwriting discipline holds.
- Primary market improvements are enhancing ceded portfolio quality.
- Asia-Pacific major reinsurers delivered strong profitability and capital growth in 2025, supported by hard market pricing and higher investment income via enlarged AUM from retained earnings, hybrid capital issuance, and long-term coinsurance transactions.

Japan's Structural Transformation

Japan's reinsurance market has undergone a significant structural transformation over the past decade. While the major insurance groups are the region's largest buyers of reinsurance, ceding over USD 10 billion to the global reinsurance market due to Japan's substantial exposure to natural catastrophes, they have strengthened their ability to manage reinsurance cycles through improved capitalisation, overseas diversification, a global reinsurance negotiation approach, and stronger strategic partnerships. The disposal of strategic equity holdings, as required by the regulator, has further enhanced financial flexibility, allowing insurers to be less susceptible to abrupt changes in reinsurance pricing and capacity availability, and to respond to future hard-market disruptions.

The planned merger of Mitsui Sumitomo Insurance (MSI) and Aioi Nissay Dowa Insurance (ADI) in April 2027 represents a potentially game-changing point, as the combined entity may require less reinsurance capacity than the two programmes separately, intensifying competition among reinsurers, brokers, and service providers to defend their positions. At the same time, improved underlying fire insurance profitability and benign catastrophe experience in recent years continue to support reinsurers deploying capacity to this market. However, Japan remains highly exposed to natural catastrophe risk, particularly major earthquake events, which could quickly reverse the current soft market conditions.

Evolution of Japan's Reinsurance Market

Japan is uniquely structured, comprising three mega non-life insurance groups— MS&AD Insurance Group Holdings, Inc. (MS&AD); Sompo Holdings, Inc. (Sompo); and Tokio Marine Holdings, Inc. (Tokio Marine) — accounting for more than 80% of industry premiums.

Given its significant exposure to natural catastrophes, Japan's major primary insurers allocate more than 40% of their reinsurance budgets to fire (property) line reinsurance purchases. The long-term and stable capacity support, especially post-CAT events, has always been a key consideration in reinsurance partner selection.

The reinsurance landscape has evolved dramatically in recent years. Following major weather-related losses in 2018 and 2019 and the global reinsurance market hardening in 2023, risk-adjusted rates for wind/flood excess of loss (XOL) treaties increased sharply. During the 2023-24 renewal cycles, Japanese insurers faced higher retentions, tighter terms and conditions, and the withdrawal of aggregate cover capacities that had historically served as earning stabilisers. Fire line ceded premiums rose by 67% over the past decade, against 43% growth in direct premiums written. These external pressures prompted insurers to reassess reinsurance strategies, strengthen underwriting discipline, and place greater emphasis on risk selection and portfolio profitability.

Enhanced Ability to Manage Reinsurance Cycles

The Japanese reinsurance market has undergone a notable structural shift following the recent hard market cycle. A key catalyst was the regulatory-driven acceleration of the industry's plan to unwind multi-trillion-yen strategic equity holdings, with major insurance groups committing to full disposal by 2030.

Enhanced Financial Flexibility

While part of the disposal proceeds will be returned to shareholders, the substantial release of capital can be redeployed toward organic and inorganic business growth and other capital initiatives. Combined with strong operating performance, the strengthened capital base provides insurers with greater capability to absorb catastrophe losses from higher retention and manage reinsurance costs.

Compared with prior hard-market cycles, Japanese insurance groups now are better positioned to retain risk and withstand reinsurance market volatility, making them less vulnerable to sudden increases in pricing or reductions in capacity.

Global Diversification and the Shift Toward Group-Wide Reinsurance Negotiation

Over the past decade, Japan's major non-life insurance groups have pursued extensive overseas expansion to offset the limitations of a mature domestic market characterised by stagnant economic growth and an aging population. As a result, international operations now account for approximately 40% to 50% of the groups' premium revenue and around half of the groups' profit —approaching two-thirds at Tokio Marine once gains from equity disposals are excluded. This transformation has materially diversified their risk profiles, reducing the relative impact of domestic natural catastrophe losses on group earnings and capital.

At the same time, insurance groups have increasingly adopted a centralised, group-wide approach to reinsurance purchasing and relationship management, leveraging overseas subsidiaries' expertise and global relationships. This has altered the dynamics between Japanese cedents and the reinsurance market, requiring reinsurers and brokers to engage at the group level and deliver coordinated global solutions. The traditional relationship-driven model has gradually evolved into a more centralized and globally coordinated negotiation process.

Strategic Acquisitions and Partnerships Strengthen Access to Stable Reinsurance Capacity

Recent acquisitions and strategic partnerships have strengthened Japanese insurance groups' abilities to navigate reinsurance cycles and secure long-term access to capital and capacity.

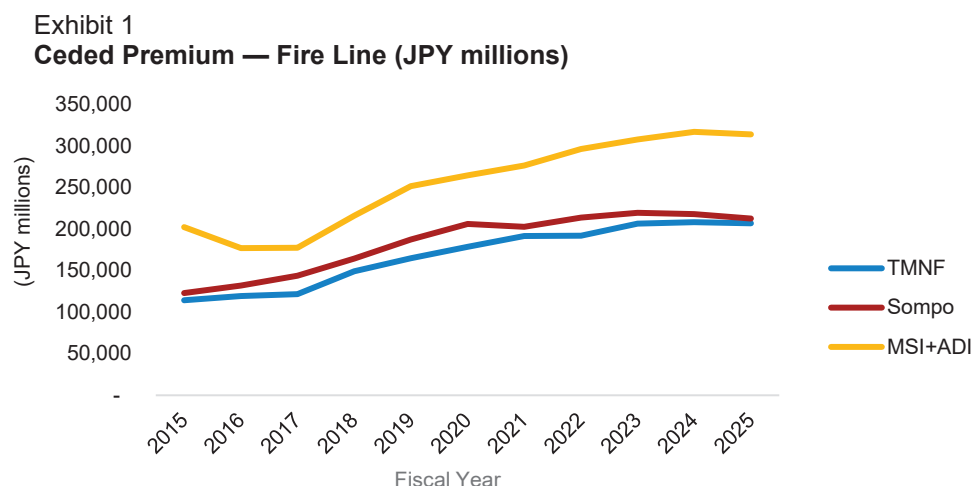
In February 2026, Sompo Holdings completed its USD 3.5 billion all-cash acquisition of Aspen Insurance Holdings Limited. The acquisition expands Sompo International's P/C footprint and reinsurance platform, particularly re-entering Lloyd's syndicate market and bolting-on the capital light, fee-based income business from Aspen Capital Markets, which could reduce earnings volatility and enhance Sompo's balance sheet flexibility. Mitsui Sumitomo Insurance took a 15% stake in W.R. Berkley, pursuing synergy in overseas business through expansion in reinsurance and specialty line collaborations. Tokio Marine entered into a strategic partnership with Berkshire Hathaway, under which a portion of Tokio Marine Holdings' insurance portfolio is ceded through a whole-account quota share arrangement.

Beyond the earnings benefits from these acquisitions, these strategic initiatives diversify sources of capital and reinsurance support, reducing reliance on traditional reinsurance markets and enhancing resilience against future hard-market disruptions.

Merger of MSI and ADI Reinsurance Programmes

The planned merger of MSI and ADI in 2027 marks the culmination of a 17-year integration process following the establishment of MS&AD Insurance Group Holdings in 2010. Beyond its implications for Japan's primary insurance market, the merger is expected to influence reinsurance market dynamics, with potential spillover effects across the Asia-Pacific reinsurance market.

Together, MSI and ADI currently represent the largest purchasers of fire line reinsurance among Japan's major non-life insurance groups (**Exhibit 1**). Following the merger, the two companies' reinsurance programmes are expected to be consolidated, reducing the need for capacity equivalent to the two standalone programmes. Greater diversification, stronger capitalisation, and more robust purchasing power could enable the combined entity to optimise coverage and lower overall reinsurance spending.



Source: AM Best data and research; company disclosures

For reinsurers, this may lead to reduced premium volumes from one of the region's largest programmes. With market conditions already softening and increased capacity available in Japan, the resulting competition in Japan could place further downward pressure on pricing and improve terms for cedents in other markets.

The merger has also triggered heightened competition among reinsurers, brokers, and other service providers currently supporting separate MSI and ADI programmes. Given the scale of the combined programme, decisions on lead reinsurers, brokerage arrangements, and panel composition could reshape market shares and client relationships in Japan's reinsurance market for years to come.

Improving Underlying Business Quality Supports Market Attractiveness

Japan continues to be viewed as an attractive market by global reinsurers, partly due to the improving quality of the underlying insurance business. Since 2018, the fire insurance segment has undergone a multi-year structural transformation. This has included several rounds of premium rate increases, amounting to a cumulative increase of roughly 50% following revisions to the General Insurance Rating Organisation of Japan's (GIROJ) reference rates. Other measures have included stricter underwriting discipline and the reduction of the maximum policy term for homeowners' insurance from ten years to five years, allowing insurers to reprice risks more frequently.

These initiatives have contributed to a gradual improvement in fire insurance profitability from industry average combined ratio over 100% in the past years to roughly 85% in 2025. As a result, reinsurers have become increasingly willing to deploy capacity to the Japanese market, particularly for proportional treaties, where improved underlying margins have enhanced expected returns.

Risks Remain Despite Benign Experience in Recent Years

Japan's fire portfolio remains heavily exposed to natural catastrophe risk. The relatively favourable catastrophe experience of the past two years may not be indicative of future loss activity. The occurrence of a large-scale earthquake or multiple rounds of major typhoons could materially alter loss expectations, tighten reinsurance capacity, and reverse the current soft market trend.

On 28 July 2026, a strong earthquake struck Kumamoto Prefecture. Based on Verisk's estimates, insured industry losses are expected to range from USD 1.4 billion to USD 2.1 billion, before any recoveries from Japan's earthquake insurance programme. This is significantly lower than the losses from the 2016 Kumamoto earthquake, which Aon estimated at USD

7.7 billion. The final ultimate impact is yet to be determined, as potential ongoing aftershocks may lead to more extensive damage and business interruption loss uncertainties from the commercial fire line. As Kumamoto is a major semiconductor manufacturing hub, major facilities such as TSMC, Sony, and Tokyo Electron temporarily suspended their operations to conduct safety inspections.

In Japan, a government-backed reinsurance framework is well-established to absorb most residential earthquake losses, but commercial and industrial earthquake risks remain largely retained by commercial insurers and global reinsurers.

Attractive Opportunities or Weakening Discipline?

Asia renewal shares the same broad theme seen across the global reinsurance market — abundant capacity, sliding rates, and over-placement — but deductibles were largely retained in the 2026 renewal. Cedents' focus at the last renewal was to optimise rate reductions and use the saved ceded premium to expand protection at higher layers or to support other lines' growing risk appetites. Deductibles in the region were largely retained and reinsurers held onto underwriting discipline improved from prior years. Reinsurers generally remained supportive of cedents' growth ambitions, particularly where expansion was tied to attractive business opportunities or new risk classes.

Looking ahead to the 2027 renewal season, the expectation remains for continued rate easing on non-loss-impacted treaties. While retentions are expected to remain broadly stable, cedents are increasingly exploring buy-down structures and frequency protection options that are becoming more economical. At the same time, some reinsurers are selectively pursuing opportunities where retentions and attachment points were over-corrected during the hard market years. Nevertheless, experts expect a Super El Nino to drive more extreme weather patterns across Asia in 2026, including droughts, heatwaves, severe typhoons, and flooding. Typhoon Bavi (in July 2026) was one of the largest typhoons in recent decades, skirting northern Taiwan, then subsequently making landfall in eastern China and impacting Okinawa in Japan. The ultimate loss remains to be seen.

A further trend observed during the year is the emergence of non-Asian-based MGAs acting on behalf of overseas reinsurers seeking access to Asian markets without establishing a local presence. While this capacity has not materially disrupted market dynamics, early activity has been observed primarily in facultative and specialty lines.

Japan

The April 2026 renewal recorded another year of double-digit rate reduction in property XOL. Property proportional treaties also benefitted from improved terms, with ceding commissions increasing by as much as five percentage points, not only because of excess capacity but also owing to the aforementioned improved underwriting results.

Looking ahead, despite the Japanese cedents now being better positioned to manage the reinsurance cycle, they are unlikely to further materially increase retentions in the soft market environment. Instead, buyers are increasingly seeking to capitalise on favourable market conditions by enhancing earning protections. While property aggregate covers completely disappeared during the recent hard market reset, insurers have shown growing interest in frequency products as alternatives to protecting earnings volatility.

China

China represents one of the strongest growth stories for reinsurance demand in Asia. Demand is supported by ongoing economic development, as well as by the growing international footprint of Chinese enterprises. Expansion in green energy, electric vehicle supply chains, data centres, cyber risks, and overseas investments by both public and private enterprises is creating new protection needs across facultative and treaty markets.

Unlike more mature property lines where capacity is plentiful, demand in many of these emerging sectors continues to outpace available supply. As a result, reinsurers that possess specialised expertise and can help cedents navigate

evolving risks are likely to be better positioned than those competing solely on pricing or capacity. The market's ongoing transformation increasingly favours reinsurers that can support product development and underwriting capabilities in emerging classes of business.

Taiwan

A major inflection point in Taiwan for 2027 renewal has been the indirect impact from IFRS 17 implementation. The industry, with regulatory support, has transferred the one-off gains from accounting standard change into contingency special reserves (a liability item), strengthening adjusted capital buffers available to absorb future catastrophe losses. As many insurers consider these reserves as part of their capital base for catastrophe risk management purposes, the adjusted capital enhancement has increased flexibility in catastrophe XOL purchasing strategies and overall reinsurance programme design.

Taiwan shares similarities with Japan in that underlying commercial fire business profitability improved during the hard market period through higher retentions, tighter terms and conditions, and significant rate increases. As retrocession and reinsurance markets soften, the industry expects the supply-demand cycle to eventually feed through to primary insurance pricing with a lag. However, primary insurers are expected to hold on to the underwriting discipline a bit longer and leverage facultative reinsurance in a soft market, in order to make a profit for recovering from COVID-19 pandemic losses.

Growth opportunities remain concentrated in engineering-related lines, supported by large-scale construction activity, offshore wind farm development, and continued investment in high-tech facilities.

South Korea

South Korea experienced another favourable renewal season for traditional property reinsurance, with double-digit cost reductions following the market softening that began in 2025. Retentions and coverage structures remained largely unchanged, while cedents focused on capturing rate savings. Looking ahead, some insurers are evaluating additional purchases of lower-layer protection or reductions in retentions to take advantage of attractive market conditions.

Despite two major commercial fire losses during 2025, renewal outcomes were largely unaffected. However, the upcoming renewals may provide a more meaningful test of market discipline, particularly in the wake of the Coupang Logistics Center fire, which is expected to generate one of the largest insurance losses in South Korean history. The extent to which abundant capacity can offset loss-driven pricing pressure on affected risk XOL programmes remains an important area to watch.

At the same time, South Korea's life and long-term non-life reinsurance segments continue to exhibit strong growth prospects, driven by IFRS 17 and K-ICS implementation. These frameworks are reshaping insurers' approaches to profitability and capital management, leading to increasing demand for coinsurance and other structured reinsurance solutions to alleviate solvency pressure.

South/Southeast Asia

Reinsurers domiciled in Singapore and across South and Southeast Asia largely reported healthy earnings in 2025, although profitability moderated from the exceptionally strong results recorded over the previous two years. Elevated catastrophe activity, including the Myanmar Earthquake on 28 March 2025 and other regional weather-related events resulted in higher claims costs. Consequently, this drove the profit erosion of the Singapore-domiciled reinsurers. Data from the Monetary Authority of Singapore (MAS) shows that these reinsurers posted SGD 455 million (USD 352 million) in underwriting profits from the Offshore Insurance Fund (OIF) business in 2025, which marked a steep decrease from around SGD 1.1 billion in 2024. In particular, insured losses for the 2025 Myanmar earthquake were estimated to be between USD 1 and 2 billion.

Apart from reinsurers with more concentrated property reinsurance exposures in Thailand, regional reinsurers operating outside Singapore, but writing Association of Southeast Asian Nations (ASEAN) and other international business, generally saw steady earnings overall.

Abundant Reinsurance Capacity

Reinsurance capacity across Southeast Asia and India remains abundant, reflecting robust appetite and confidence in the region's growth prospects. Additionally, lower retrocession costs have supported the deployment of reinsurance capacity into the region. During the 2026 reinsurance renewals, competitive pressures in the reinsurance market firmed up as reinsurers showed a greater appetite to gain market share. Regulatory initiatives, such as the continued development of India's GIFT City as an international reinsurance hub, alongside solid economic growth in many of the Southeast Asia markets, continue to attract international reinsurers. Notwithstanding, caution remains over catastrophe-exposed business given a strategic shift over time toward better accumulation management.

India's GIFT City Reshapes Competition

India's continued development of Gujarat International Finance Tec-City (GIFT City), a finance and technology hub, is gradually reshaping the competitive dynamics for the domestic market. The establishment of more than 20 International Financial Services Centre Insurance Offices (IIOs), which includes many of the world's leading global reinsurers, has significantly strengthened India's market access to reinsurance. The growing presence of foreign reinsurers not only supports risk transfer needs but also provides cedents with greater access to technical expertise and reinsurance panel diversification. Yet, at the same time, the additional local presence of these new entrants has also intensified reinsurance market competition through closer cedent engagement and responsiveness, with foreign reinsurers now becoming more active in both treaty and facultative placements. Nonetheless, General Insurance Corporation of India (GIC Re) continues to benefit from its strong market leadership and longstanding client relationships as the top domestic national reinsurer.

Competition Increasing as Underwriting Discipline Holds

Competitive pressures have increased as international reinsurers seek greater participation in Southeast Asian and Indian markets. Downward pressure on reinsurance rates remained evident during the January 2026 reinsurance renewals, continuing the rate reductions evidenced in 2025. Apart from loss-affected treaties, rates have largely declined in most of the regional markets across Southeast Asia, India, Australia, and New Zealand. However, rather than reflecting a general pricing deterioration, the competition has become increasingly differentiated.

Many reinsurers are adopting selective risk-based pricing strategies. The focus remains on profitable growth, with reinsurers offering better pricing and terms to cedents that have consistently demonstrated sound underwriting risk management, strong performance, and good data quality to support effective catastrophe risk management. Hence, despite a more competitive operating environment, the maintenance of good underwriting discipline is expected to support reinsurers' achievement of solid risk-adjusted returns.

Primary Market Adjustments Improve Ceded Portfolio Quality

Structural developments within primary insurance markets are increasingly supporting reinsurance market conditions. Following several years of elevated reinsurance pricing, many insurers have responded by strengthening underwriting discipline, improving risk selection, and raising rates to ensure premium rate adequacy. These market-driven responses by insurers have also been reinforced by regulatory reforms and other primary market developments taking place across the region.

For instance, in Vietnam, recent regulatory reforms have supported improved underlying risk profiles and technical rate adequacy of the property line. In Indonesia, higher capital requirements and enhanced governance expectations have promoted more disciplined underwriting. In the Philippines, insurers have increasingly recalibrated premium rates to incorporate catastrophe experience into pricing and portfolio management. These collective developments have improved not just the quality of the insurers' retained business, but also that of their ceded books. As a result, this enables reinsurers to differentiate more effectively between cedents to offer preferential renewal terms where underlying risk quality has demonstrated clear improvements.

Reinsurance Structures Broadly Stable

Renewal structures remained broadly stable as most cedents maintained their reinsurance programmes during the 2026 renewals. Changes to reinsurance structures or retention strategies across Southeast Asia and India were generally limited. Where changes have occurred, they are generally incremental and targeted, which reflects an optimisation of reinsurance programmes to meet protection needs under prevailing market conditions. For instance, some observations include a modest uptake of multi-year agreements among larger insurers, additional proportional capacity in selected Philippines programmes, and higher limits in Vietnam and Thailand to meet exposure growth and catastrophe protection needs.

Focus on Sustainable Reinsurance Cycle Management

As the market transitions from a hardening phase to one of greater competition, reinsurance cycle management is becoming a higher priority for cedents and reinsurers alike.

As reinsurance market conditions become more competitive, cedents are adopting a more strategic approach to reinsurance purchasing, making selective refinements to their programmes and retention strategies to target greater capital efficiency and earnings stability, while maintaining broadly stable reinsurance structures.

On the other hand, reinsurers are showing greater appetite for diversified sources of profitable growth across casualty, specialty, and other non-catastrophe lines, focusing on portfolio quality while maintaining underwriting discipline for peak catastrophe exposures, to support more balanced earnings profiles over the underwriting cycle.

Asia Reinsurance Composite

AM Best's Asia-Pacific reinsurance composite comprises leading reinsurers domiciled in the region that report under IFRS 17, with a focus on property/casualty business for comparability. The composite recorded a 4.0% increase in net insurance service revenue in 2025, reversing the decline reported in the prior year (**Exhibit 2**). Revenue growth was primarily driven by overseas business, which has a greater concentration of non-proportional treaties and, therefore, benefitted more from the favourable pricing environment that has persisted since the onset of the hard market.

Shareholders' equity increased by 14.1% in 2025, supported by retained earnings generated from strong underwriting performance and robust investment returns. The increase was also aided by Peak Re's USD 350 million hybrid capital issuance in May 2025. Asian reinsurers continue to actively explore alternative capital solutions, including debt and insurance-linked securities (ILS) markets, to diversify funding sources and enhance underwriting capacity. Nevertheless, financial leverage across the major Asian reinsurers remains at prudent and manageable levels.

Exhibit 2

Global Reinsurance — Asia-Pacific — P/C Trend Summary

	2022	2023	2024	2025
Insurance Revenue (P/C only) ¹	N/A	11.0%	-4.1%	4.0%
Total Revenue ¹	N/A	14.3%	-6.8%	5.0%
Shareholders' Equity ²	N/A	20.9%	3.8%	14.1%
Combined Ratio	95.8%	92.5%	91.4%	92.0%
Return on Equity	0.0%	9.2%	11.3%	11.0%
Return on Revenue	0.0%	6.5%	9.7%	9.8%
Insurance Revenue to Equity ²	99%	91%	84%	76%
Net Reserves to Equity ²	141%	127%	125%	122%
Gross Reserves to Equity ²	191%	160%	156%	150%

¹ 2022 calculations not available due to changeover to IFRS17

² End of Period

Results based on reported currencies converted to USD

Source: AM Best data and research

The composite's weighted average return on equity (ROE) remained strong at 11.0%. All major Asian reinsurers reported higher net profit after tax in 2025 on a USD basis. However, the expansion of shareholders' equity moderated the pace of ROE improvement despite the stronger earnings performance.

From an underwriting perspective, the composite's combined ratio increased marginally to 92.0% in 2025 from 91.4% in 2024. Against a backdrop of improved rate adequacy and relatively benign catastrophe activity across Asia over the past two years, all major reinsurers except China Re reported underwriting improvements. China Re's higher retrocession spending in 2025 contributed to the slight deterioration in the composite's overall combined ratio. The broader improvement in underwriting profitability since the hard-market inflection point is generally consistent with global reinsurance trends, although the magnitude of improvement has been more moderate given the Asian composite's higher share of proportional treaty business. Nevertheless, earnings continue to be driven largely by strong performance from overseas portfolios.

On the investment side, the expansion of assets under management, supported by retained earnings, hybrid capital issuance, and coinsurance transactions, contributed to higher investment income from fixed-income portfolios, particularly in the current elevated interest-rate environment. Most reinsurers are giving consideration to diversifying investment portfolios to chase higher yields, including increasing exposure to alternative investments. However, strategic asset allocations to alternative asset classes remain relatively limited.

(On the following page, we include an Appendix of Asia-Pacific reinsurers that are rated by AM Best.)

Appendix

Asia-Pacific — AM Best Rated Reinsurers

(Ratings as of 4 August 2026)

AMB#	Company Name	Country of Domicile	Best's Financial Strength Rating (FSR)	Best's Long-Term Issuer Credit Rating (ICR)	Best's FSR Rating Action	Best's ICR Rating Action	Best's FSR Outlook	Best's ICR Outlook	Best's FSR Effective Date
85568	Asian Reinsurance Corporation	Thailand	B++	bbb	Affirmed	Affirmed	Stable	Stable	20-May-26
86496	Central Reinsurance Corporation	Taiwan	A	a	Affirmed	Affirmed	Stable	Stable	14-Aug-25
90957	China Life Reinsurance Company Ltd.	China	A	a+	Affirmed	Affirmed	Stable	Stable	21-Nov-25
88692	China P&C Reinsurance Company Ltd	China	A	a+	Affirmed	Affirmed	Stable	Stable	21-Nov-25
95028	China Reinsurance (Group) Corp (SGB)	Singapore	A	a+	Affirmed	Affirmed	Stable	Stable	21-Nov-25
90955	China Reinsurance (Group) Corporation	China	A	a+	Affirmed	Affirmed	Stable	Stable	21-Nov-25
74619	FuSure Reinsurance Company Limited	Hong Kong	A	a	Upgraded	Upgraded	Stable	Stable	2-Jun-26
93387	General Ins Corp of India Labuan Branch	Malaysia	A-	a-	Affirmed	Affirmed	Stable	Stable	9-Oct-25
86041	General Insurance Corporation of India	India	A-	a-	Affirmed	Affirmed	Stable	Stable	9-Oct-25
91811	General Re Life Australia Ltd. (NZB)	New Zealand	A++	aa+	Affirmed	Affirmed	Stable	Stable	7-Nov-25
86052	General Reinsurance Australia Ltd.	Australia	A++	aa+	Affirmed	Affirmed	Stable	Stable	7-Nov-25
77165	General Reinsurance Australia Ltd. (NZB)	New Zealand	A++	aa+	Affirmed	Affirmed	Stable	Stable	7-Nov-25
86652	General Reinsurance Life Australia Ltd.	Australia	A++	aa+	Affirmed	Affirmed	Stable	Stable	7-Nov-25
91541	Hanoi Reinsurance Joint Stock Corp	Vietnam	B++	bbb+	Affirmed	Upgraded	Stable	Stable	19-Mar-26
74846	Himalayan Reinsurance Limited	Nepal	B+	bbb-	Affirmed	Affirmed	Stable	Stable	12-Feb-26
93162	Korean Reins Co (Singapore Branch)	Singapore	A	a+	Affirmed	Affirmed	Stable	Stable	12-Dec-25
85225	Korean Reinsurance Company	South Korea	A	a+	Affirmed	Affirmed	Stable	Stable	12-Dec-25
86913	Labuan Reinsurance (L) Ltd	Malaysia	A- u	a- u	Under Review	Under Review	Developing	Developing	28-May-26
78303	Malaysian Reinsurance Berhad	Malaysia	A-	a-	Affirmed	Affirmed	Stable	Stable	22-Jan-26
86771	National Reins Corp of the Philippines	Philippines	B++	bbb	Affirmed	Affirmed	Stable	Stable	9-Oct-25
91406	Peak Reinsurance Company Limited (CS)	Hong Kong	A-	a-	Affirmed	Affirmed	Stable	Stable	4-Sep-25
95077	Qianhai Reinsurance Co., Ltd.	China	A-	a-	Affirmed	Affirmed	Stable	Stable	11-Dec-25
88873	RGA Reinsurance Co KRB	South Korea	A+	aa-	Affirmed	Affirmed	Stable	Stable	12-Feb-26
86684	SCOR Reinsurance Asia-Pacific Pte Ltd	Singapore	A	a+	Affirmed	Affirmed	Stable	Stable	13-Feb-26
93253	Singapore Re Corp Ltd (LBR)	Malaysia	A	a	Affirmed	Affirmed	Stable	Positive	19-Sep-25
85224	Singapore Reinsurance Corporation Ltd	Singapore	A	a	Affirmed	Affirmed	Stable	Positive	19-Sep-25
85830	Swiss Re Asia Pte. Ltd.	Singapore	A+	aa	Affirmed	Affirmed	Stable	Stable	1-Oct-25
94637	Taiping Reinsurance (China) Company Ltd.	China	A	a	Affirmed	Affirmed	Stable	Stable	19-Sep-25
85029	Taiping Reinsurance Company Limited (CS)	Hong Kong	A	a	Affirmed	Affirmed	Stable	Stable	19-Sep-25
85179	The Toa Reinsurance Company, Limited	Japan	A	a+	Affirmed	Affirmed	Stable	Stable	29-Aug-25
92785	Tune Protect Re Ltd.	Malaysia	B++	bbb+	Affirmed	Affirmed	Stable	Stable	11-Dec-25
91508	Vietnam National Reinsurance Corp	Vietnam	B++	bbb+	Affirmed	Affirmed	Stable	Stable	29-Apr-26

Source: 

AM Best Individual Country Analysis: Asia-Pacific

This section analyses 17 individual Asia-Pacific markets, including territories and special administrative regions (SAR), looking into their respective country risk tiers and the implied levels of economic, political, and financial system risks. The [country risk evaluations](#), reviewed by AM Best on an annual basis, are effective as of 12 August 2026. This is followed by overviews of our client portfolio and an update on the current state of the various insurance markets, regulatory and risk developments, and natural catastrophe and climate risks.



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GUIDE TO BEST'S COUNTRY RISK TIERS

AM Best defines country risk as the risk that country-specific factors could adversely affect the claims paying ability of an insurer. Country risk is evaluated and factored into all of Best's Credit Ratings. Countries are placed into one of five tiers, ranging from "CRT-1" (Country Risk Tier 1) for countries with a stable environment with the least amount of risk, to "CRT-5" (Country Risk Tier 5) for countries that pose the most risk and, therefore, the greatest challenge to an insurer's financial stability, strength, and performance.

AM Best's Country Risk Tiers are not credit ratings and are not directly comparable to a sovereign debt rating, which evaluates the ability and willingness of a government to service its debt obligations.

Best's Country Risk Tiers (CRT) Scale

Risk Tiers	Risk Symbols	Tier Definitions
Very Low	CRT-1	Predictable and transparent legal environment, legal system, and business infrastructure; sophisticated financial system regulation with deep capital markets; mature insurance industry framework
Low	CRT-2	Predictable and transparent legal environment, legal system, and business infrastructure; sufficient financial system regulation; mature insurance industry framework
Moderate	CRT-3	Developing legal environment, legal system, and business environment with developing capital markets; developing insurance regulatory structure
High	CRT-4	Relatively unpredictable and nontransparent political, legal, and business environment, with underdeveloped capital markets; partially to fully inadequate regulatory structure
Very High	CRT-5	Unpredictable and opaque political, legal, and business environment, with limited or nonexistent capital markets; low human development and social instability; nascent insurance industry

Country Risk Reports

AM Best Country Risk Reports are designed to provide a brief, high-level explanation of some of the key factors that determine a country's Country Risk Tier assignment. It is not intended to summarize AM Best's opinion on any particular insurance market or the prospects for that market.

Categories of Risk

Country Risk Reports provide "scores" for three categories of risk for each country: (1) Very Low; (2) Low; (3) Moderate; (4) High and (5) Very High.

Category of Risk	Definitions
Economic Risk	Economic risk is the risk that fundamental weaknesses in a country's economy will cause adverse developments for an insurer. AM Best's assessment of economic risk evaluates the state of the domestic economy, government finances, and international transactions, as well as prospects for growth and stability.
Political Risk	Political risk is the risk that government or bureaucratic inefficiencies, societal tensions, inadequate legal system or international tensions will cause adverse developments for an insurer. Political risk comprises the stability of the government and society, the effectiveness of international diplomatic relationships, the reliability and integrity of the legal system and of the business infrastructure, the efficiency of the government bureaucracy, and the appropriateness and effectiveness of the government's economic policies.
Financial System Risk	Financial system risk (which includes both insurance and non-insurance financial system risk) is the risk that financial volatility may erupt because of inadequate reporting standards, a weak banking system or asset markets, or poor regulatory structure. It also takes into account the risk that the level of the insurance industry's development and public awareness, transparent and effective regulation and reporting standards, and a sophisticated regulatory body will contribute to a volatile financial system and compromise an insurer's ability to pay claims.

Political Risk Summary

To provide additional detail on the political risk in a given domicile, the Country Risk Reports include the Political Risk Summary. The Political Risk Summary is a radar chart that shows scores for nine different aspects of political risk, on a scale of 1 to 5, with 1 being the least amount of risk and 5 being the highest amount of risk.

Category	Definitions
International Transactions Policy	Measures the effectiveness of the exchange rate regime and currency management
Monetary Policy	Measures the ability of a country to effectively implement monetary policy
Fiscal Policy	Measures the ability of a country to effectively implement fiscal policy
Business Environment	Measures the overall quality of the business environment, and ease of doing business
Labor Flexibility	Measures the flexibility of the labor market, including companies' ability to hire and fire employees
Government Stability	Measures the degree of stability in a government
Social Stability	Measures the degree of social stability, including human development and political rights
Regional Stability	Measures the degree of stability in the region
Legal System	Measures the transparency and level of corruption in the legal system

Country Risk Tier Disclosure

A Country Risk Tier (CRT) is not a credit rating; rather, it represents a component of AM Best's credit rating methodology that is applied to all insurers. A CRT is not a recommendation to purchase, hold, or terminate any security, insurance policy, contract, or any other financial obligation issued by a government, insurer, or other rated issuer, nor does it address the suitability of any particular policy, contract, or other financial obligation for a specific purpose or purchaser.

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Version 072426

Our Insight, Your Advantage®

Australia CRT-1

August 12, 2026

Region: Oceania

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Australia, a CRT-1 country, has very low levels of economic, political and financial system risk.
- The IMF forecasts that real GDP growth is expected to remain steady, expanding by 2.0% in both 2025 and in 2026, supported by a resilient mining and commodity export sector, as well as robust household spending and income growth.
- Inflation is expected to rise from 2.9% in 2025 to 4.0% in 2026, reflecting the impact of global supply chain disruptions, energy price shocks, and strong domestic demand.



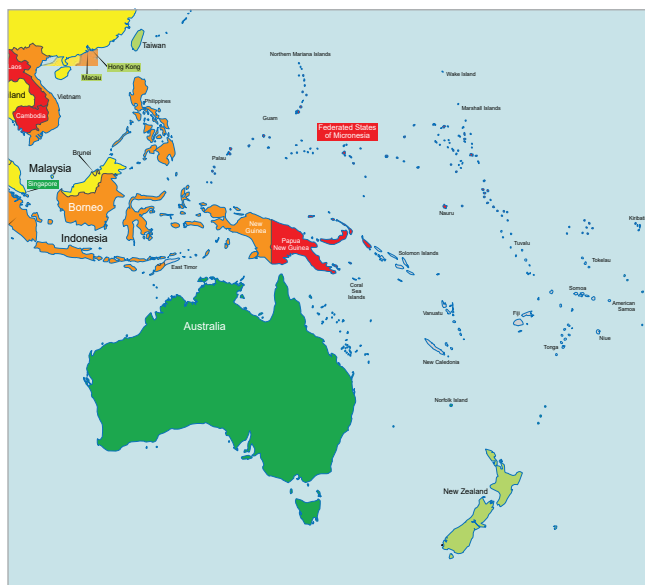
- **Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- **Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- **Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- **Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- **Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Oceania

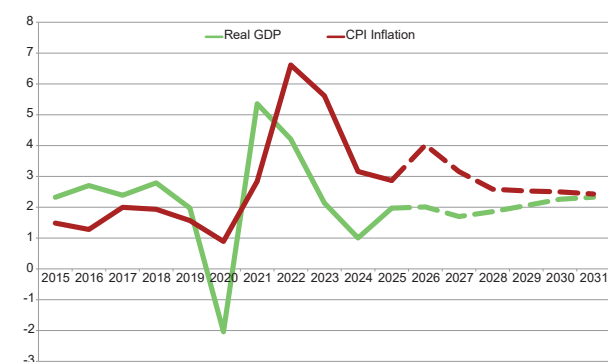
- Australia and New Zealand are the region's two largest economies, with estimated GDPs of USD 2.1 trillion and USD 281 billion, respectively. Both benefit from well-diversified economic structures, compared to their smaller, less diversified regional counterparts.
- Smaller economies in the region remain heavily reliant on tourism or a narrow range of commodity exports for growth. This dependence exposes them to volatility in global demand and risks from climate-related disruptions.
- Shifts in US foreign policy may influence geopolitical alignments, particularly amid broader global competition. The future of certain economic and security agreements from previous US administrations remains uncertain.
- Geopolitical dynamics in the region continue to evolve with engagement and investment from the US, China, and regional partners helping shape investment, security, and diplomatic relations. Regional institutions such as the Pacific Islands Forum are central to coordinating responses on climate, security, and development priorities.

Economic Indicators		
Nominal GDP	USD bn	1840.0
Population	mil	27.73
GDP Per Capita	USD	66,352
Real GDP Growth	%	2.0
Inflation Rate	%	2.9
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index	Rank (out of 187)	11
Global Innovation Index	Rank (out of 139)	22
Insurance Statistics		
Insurance Regulator	Australian Prudential Regulation Authority	
Insurance Density	USD	3,050
Insurance Penetration	%	4.5
Regional Comparison		
	Country Risk Tier	
Australia	CRT-1	
United Kingdom	CRT-1	
Japan	CRT-2	
Canada	CRT-1	
New Zealand	CRT-2	
Singapore	CRT-1	

Source: IMF, UN, Swiss Re, Axco and AM Best



Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

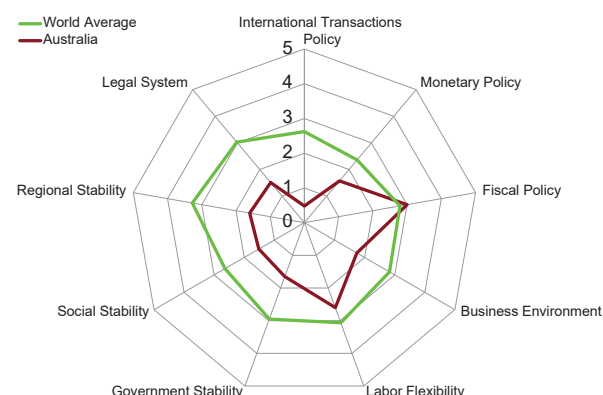
Economic Risk: Very Low

- Australia maintains a highly developed and globally integrated economy, with the services sector and exported goods equating to approximately a quarter of GDP. As of 2025, the country benefited from a relatively high GDP per capita, reaching approximately USD 66,000.
- Extractive industries are major contributors to Australia's export base, with resources such as iron, coal, and petroleum products accounting for more than half of Australia's total exports. Key trading partners include China, Japan, the US and Korea.
- The services sector also is an important part of Australia's external sector, accounting for approximately 20% of total exports. Major service exports include education-related travel services, tourism, professional services, and computer and IT services.

Political Risk: Very Low

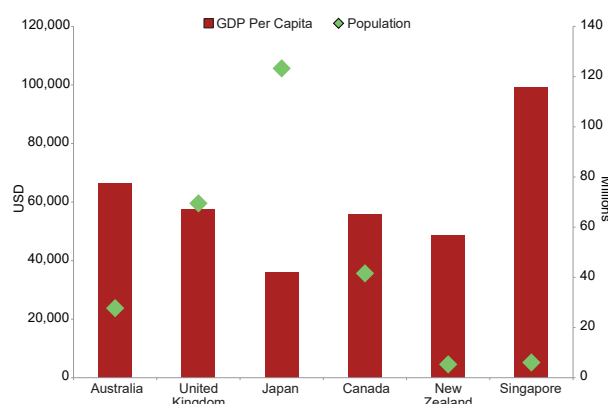
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

- Anthony Albanese retained his office of prime minister after the Labor Party won a decisive victory in Australia's 2025 federal election. Labor secured a clear majority in the House of Representatives, significantly strengthening its governing mandate. However, the party does not hold an outright majority in the Senate, meaning it will still need support from minor parties and independents to pass some legislation.
- Australia ranks 11 out of 187 countries in the Notre Dame Global Adaptation Initiative Index, which evaluates countries' vulnerability to climate disruption and assesses their readiness to adapt. Australia ranks favorably, reflecting low relative vulnerability and strong institutional, economic and governance capacity to support adaptation. However, climate-related challenges remain material, including extreme heat, drought, bushfires, flooding and pressure on water resources.
- Australia is ranked 12 out of 182 countries in Transparency International's latest Corruption Perceptions Index. Australia has a strong governance environment, with low levels of petty corruption, and independent judiciary, and well-developed institutions. However, recent controversies highlight that while corruption risks are low by global standards, continued reform and enforcement remains important.

Financial System Risk: Very Low

- The Australian Prudential Regulation Authority oversees the regulation of the country's insurance industry.
- The Reserve Bank of Australia maintains price stability and efficiency through inflation-targeting framework and a freely floating exchange rate regime. The Australian dollar's value is determined by market forces, supporting the economy's ability to adjust to external shocks, also allowing the Reserve Bank to focus on monetary policy and domestic economic conditions.
- The IMF has highlighted the importance of monitoring financial stability risks associated with high household debt and developments in the housing market.

Insurance Industry Overview

The Australian insurance industry remains strong despite an increasingly volatile and complex risk landscape. Positive factors supporting the non-life segment include:

- Robust regulatory oversight and conservative capital frameworks underscore industry resilience.
- Improved technical profitability follows several years of cumulative rate increases.
- Solid investment returns support insurers' earnings.
- Favourable reinsurance conditions and the government-backed cyclone pool mitigate catastrophe costs.

Moderating factors include:

- High exposure to natural catastrophe events drives claims volatility.
- Growing affordability concerns and underinsurance in high-risk areas attract heightened regulatory scrutiny.
- Persistent claims inflation, largely due to elevated construction, repair, and labour costs, may hamper insurers' earnings.
- Softening market conditions in the commercial lines may moderate premium growth and compress underwriting margins.

Australia's insurance industry remains resilient against an increasingly complex and interconnected risk landscape, characterised by economic and geopolitical volatility, rising high-severity catastrophic events, and heightened regulatory scrutiny. Strong underwriting discipline, cumulative premium rate increases across key business lines, and favourable investment conditions supported earnings and capital generation for the non-life segment in the fiscal year ended 30 June 2025 (FY2025). The non-life segment consistently generated insurance revenues exceeding AUD 19 billion (USD 13.7 billion) through all four quarters of 2025, reaching AUD 77.7 billion for the full year, based on reported data from the Australian Prudential Regulation Authority (APRA). Direct insurance represents more than 90% of total non-life market revenue, while reinsurers continue to play a critical role in supporting catastrophe risk transfer and overall resilience.

Profitability improved significantly across the sector during FY2025. Supportive factors, including higher premium rates, strong investment returns, and a relatively benign natural catastrophe environment compared to previous record-breaking years, contributed to stronger underwriting and operating performance. At the end of June 2025, the non-life segment generated AUD 10.5 billion in profit before tax, with direct insurers contributing about AUD 9.5 billion during the period. The direct non-life segment maintained a net combined ratio below 100% throughout all four quarters of FY2025, reflecting sustained underwriting profitability and improved operating performance. Investment income remained an important contributor to earnings. Non-life insurers generally maintained robust investment portfolios that benefitted from elevated interest rates and strong equity market performance. Total investments in the direct non-life market increased steadily in each quarter, reaching AUD 340.3 billion for the full year, up 6.8% from the prior year, while investment results totalled AUD 5.4 billion.

The non-life segment remains well capitalised, supported by improved profitability, premium growth, and favourable investment returns, despite facing sustained pressure from rising natural catastrophe risks. The direct non-life market's total eligible capital base expanded by 9.8% to AUD 137.7 billion, with a prescribed capital amount coverage ratio of 1.84 (compared to 1.77 for the prior year). Over the same period, the segment's total issued capital amounted to AUD 72.3 billion, up from AUD 70.4 billion in FY2024.

Gross written premiums (GWP) in the non-life segment continue to grow, driven by sustained rate increases undertaken in recent years in response to inflationary pressure, higher catastrophe frequency, and rising reinsurance costs. The direct non-life segment wrote AUD 81.5 billion of GWP in FY2025, driven by the core short-tail property and long-tail casualty lines. The dominant short-tail property segment, comprising commercial motor, domestic motor, households, and fire and industrial special risk, recorded total GWP of AUD 48.7 billion and represented nearly 60% of total non-life market premiums. The

long-tail line, comprising compulsory third party, public and product liability, professional indemnity, employers' liability, directors and officers, and cyber, contributed AUD 14.8 billion, or 18.2%, to the overall non-life premiums.

Across various business lines, particularly motor and home, insurance premiums have experienced continued, significant, and above-inflation rate increases in recent periods, influenced by high repair costs and claim costs mainly from severe weather events. The pace of premium increases in motor and home insurance showed signs of moderation in 2025 compared to the exceptionally high growth of around 30%-40% seen in previous years.

As insurers continue to reprice risks in response to inflation and climate volatility, insurance affordability remains a major concern amidst ongoing cost-of-living challenges. The continuing expansion of development into high-risk areas and growing asset values are also putting upward pressure on the affordability of insurance in Australia.

Regulatory and Risk Developments

In an environment characterised by growing uncertainty and complexity, APRA is focusing heavily on establishing robust frameworks to ensure financial stability, operational resilience, and strong consumer protection, particularly in response to technological advancements, third-party dependencies, and geopolitical uncertainty.

APRA's Prudential Standard CPS 230 Operational Risk Management came into effect on 1 July 2025. The standard establishes enhanced requirements relating to operational resilience, business continuity planning, critical operations, and third-party risk management.

Implementation of CPS 230 represents one of the most significant regulatory developments affecting Australian insurers in recent years. The framework requires insurers to identify critical business services, establish disruption tolerance levels, and demonstrate the ability to continue operations during severe but plausible stress events.

Another key regulatory development for the insurance industry was the implementation of the Financial Accountability Regime (FAR). Replacing the previous Banking Executive Accountability Regime (BEAR), the FAR was extended beyond the banking sector to include the insurance and superannuation industries on 15 March 2025. Jointly administered by APRA and the Australian Securities and Investments Commission (ASIC), the regime strengthens accountability obligations for directors and senior executives and seeks to improve governance, culture, and risk management practices.

On the reinsurance front, APRA finalised major updates to the general insurance reinsurance framework on 7 July 2026, with the new rules, including final prudential standards, reporting standards, and guidance, coming into effect on 1 January 2027. The amendments make it easier for non-life insurers to access alternative reinsurance arrangements, such as catastrophe bonds and insurance-linked securities, while maintaining appropriate safeguards for policyholders. This in turn reduces regulatory burden for industry and makes the framework more efficient as reinsurance markets evolve.

Other key changes include an expanded role for the appointed actuary in determining the capital treatment of certain reinsurance arrangements, which reduces the need to refer matters to APRA, and technical refinements to improve clarity, consistency, and transparency across the general insurance framework.

The continued focus on reforms and enhancements reflects APRA's commitment to supporting a resilient and adaptable insurance industry by improving the prudential framework's responsiveness to evolving market conditions and reinsurance practices, while also streamlining regulatory processes.

Natural Catastrophes and Climate Risks

Natural catastrophe exposure remains one of the most significant challenges facing Australia's insurance industry. The country is highly exposed to bushfires, floods, cyclones, severe storms, heatwaves, and droughts, many of which are expected to increase in frequency and severity as a result of climate change.

Although the non-life segment had a comparatively benign catastrophe year in FY2025 relative to some recent years, climate-related risks continue to represent a major source of earnings volatility for insurers and reinsurers. The industry's improved financial performance during FY2025 benefitted in part from lower catastrophe losses compared with previous periods.

In 2025, extreme weather events caused AUD 4.8 billion in insured losses, up 727% compared to the previous year, with Queensland alone accounting for AUD 4.1 billion, according to the data from the Insurance Council of Australia (ICA). During the period, insurers handled 294,000 claims from declared extreme weather events, almost six times the prior year, with average costs per claim jumping 39% to AUD 16,471. The total economic cost of extreme weather events, including insured losses and broader economic costs, is estimated to be over AUD 8.6 billion last year.

The ICA data shows that insured losses from natural disasters totalled AUD 585 million and AUD 2.35 billion in 2024 and 2023, respectively, demonstrating the unpredictable nature of extreme weather from one year to the next.

Insurance affordability remains closely linked to catastrophe risk. Properties located in high-risk areas have experienced some of the largest premium increases in recent years, contributing to rising levels of underinsurance and non-insurance.

The Australian government continues to support resilience and mitigation initiatives aimed at reducing the long-term economic impact of natural disasters. Investments in disaster preparedness, flood mitigation, and resilience infrastructure are expected to play an increasingly important role in managing insurance affordability and community resilience.

Climate risk also remains a top supervisory focus for APRA. Ongoing climate vulnerability assessments and scenario analysis exercises are intended to improve understanding of how physical and transition risks may affect insurers, policyholders, and the broader financial system over the medium to long term.

Australia Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
86552	Ansvar Insurance Limited	Benefact Trust Limited	a-	Stable	A-	Stable	...	...
86993	First American Title Ins Co of Australia	First American Financial Corporation	a	Stable	A	Stable	...	...
86052	General Reinsurance Australia Ltd.	Berkshire Hathaway Inc.	aa+	Stable	A++	Stable	...	...
86652	General Reinsurance Life Australia Ltd.	Berkshire Hathaway Inc.	aa+	Stable	A++	Stable	...	...
77834	Guild Insurance Limited	The Pharmacy Guild of Australia	a-	Stable	A-	Stable	...	...
93909	New India Assurance Company Ltd AUB	New India Assurance Company Limited	bbb+	Stable	B++	Positive	...	...
78302	Pacific International Insurance Pty Ltd (CS)	Badger Mutual Wealth (Pty) Ltd	bbb	Stable	B++	Stable	...	...

Source: 

Our Insight, Your Advantage®

China CRT-3

August 12, 2026

Region: Asia

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- China, a CRT-3 country, has a low level of economic risk and moderate levels of political and financial system risk.
- According to the IMF, real GDP growth is expected to moderate slightly from 5.0% in 2025 to 4.4% in 2026 reflecting slower economic momentum, global supply chain disruptions, and continued weakness in the real estate sector.
- The IMF forecasts inflation to rise from 0.0% in 2025 to 1.2% in 2026. This acceleration is driven by supportive economic policy and rising global energy and transportation costs, although domestic inflationary pressure remains relatively weak.



Economic Risk



Political Risk



Financial System Risk

- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Eastern Asia

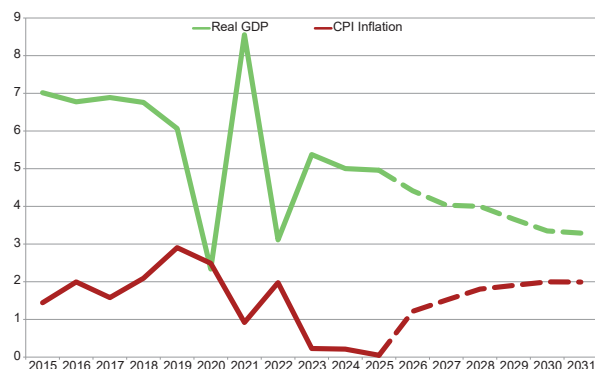
- Eastern Asia is an economically significant region that contains two of the world's five largest economies, China and Japan.
- The region's economic outlook is heavily shaped by the global technology cycle, with advanced manufacturing a key driver of exports and economic activity. While East Asia remains vulnerable to commodity price volatility and geopolitical developments, regional economies have high levels of strategic reserves of oil to help manage shocks.
- Many countries in Eastern Asia have rapidly aging populations and declining birth rates, posing some long-term challenges. Economic growth could be impacted by labor shortages, and more fiscal spending might be needed to support healthcare and pensions.
- Public debt has increased in many of the region's major economies as countries deal with domestic and external pressures. Japan has one of the highest public debt-to-GDP ratios among developed nations. Fiscal deficits have also increased in China and South Korea.

Economic Indicators		
Nominal GDP	USD bn	19626.2
Population	mil	1405.08
GDP Per Capita	USD	13,968
Real GDP Growth	%	5.0
Inflation Rate	%	0.0
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index	Rank (out of 187)	39
Global Innovation Index	Rank (out of 139)	10
Insurance Statistics		
Insurance Regulator	National Financial Regulatory Administration	
Insurance Density	USD	601
Insurance Penetration	%	4.4
Regional Comparison		
	Country Risk Tier	
China	CRT-3	
Hong Kong	CRT-2	
Japan	CRT-2	
Macau	CRT-2	
South Korea	CRT-2	
Taiwan	CRT-2	

Source: IMF, UN, Swiss Re, Axco and AM Best



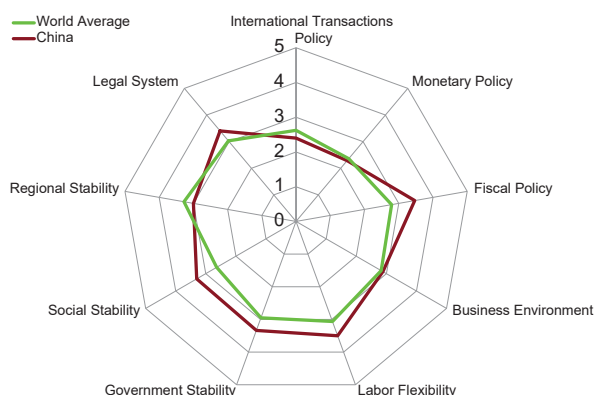
Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

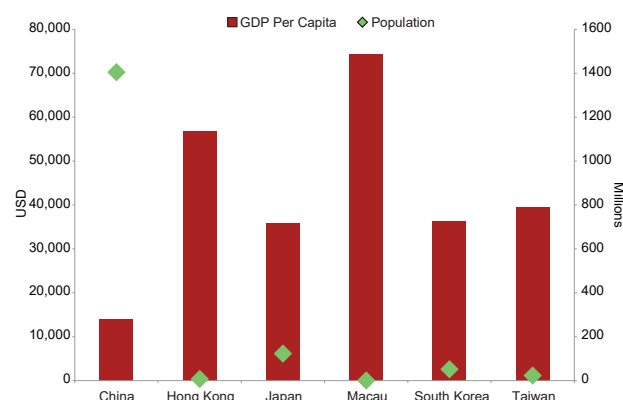
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

Economic Risk: Low

- Despite rising trade uncertainty and protectionism, China remains the world's largest exporter, recording a record USD 1.2 trillion trade surplus in 2025. Its export profile has become increasingly oriented towards high-tech manufacturing, dominated by electronics, machinery and electric vehicles. While trade with the US has suffered from tariffs, China has substituted this with more exports to the European Union and ASEAN countries.
- China's economy remains structurally unbalanced, with industrial production and exports driving growth while domestic consumption is weak. This has contributed to deflationary pressures, although expansionary policy measures and rising global price pressures are helping to mitigate some of the downside risk.
- Medium-term growth prospects are constrained by structural challenges including an ageing population, the continued dominance of state-owned enterprises hindering economic efficiency, weak domestic demand and elevated public and corporate debt, particularly in the housing sector. These headwinds are partly offset by resilient global demand for China's high-tech manufacturing products including renewables and AI-related exports.

Political Risk: Moderate

- President Xi Jinping, who also serves as General Secretary of the Chinese Communist Party and Chairman of the Central Military Commission, has further consolidated political authority by appointing loyalists to senior government and party positions. His confirmation for a third term at the 20th Party Congress in late 2022 underscores continued political centralization and signals medium-term leadership continuity and stability.
- China ranks 76th out of 182 countries in Transparency International's latest Corruption Perceptions Index. Although the government's anti-corruption campaign has resulted in the dismissals of senior officials, corruption remains a persistent governance challenge, particularly within local governments and state-owned enterprises.
- The country ranks 39th out of 187 countries in the Notre Dame Global Adaptation Initiative Index, which evaluates countries' vulnerability to climate disruption and assesses its readiness for adaptive actions. Climate challenges include severe flooding and heatwaves.

Financial System Risk: Moderate

- The National Financial Regulatory Administration (NFRA), established in 2023, is responsible for regulating China's insurance industry and overseeing broader financial sector stability.
- The IMF has acknowledged that China has taken significant steps to enhance the resilience of its financial system, with better oversight and improved regulatory standards. However, significant vulnerabilities remain, stemming from the ongoing correction in the property sector and persistent debt overhang.

Insurance Industry Overview

AM Best maintains a Stable outlook on China's non-life insurance segment. Key factors supporting the outlook include the following:

- Enhanced regulatory oversight, particularly for non-motor lines such as property and liability, is expected to support pricing discipline, strengthen distribution practices, and promote prudent market conduct.
- New growth opportunities are emerging from initiatives under the nation's latest five-year plan and the expanding Chinese Interest Abroad business, despite moderating GDP growth and a slowdown in traditional non-life business' premium growth.
- The industry's priorities are increasingly shifting toward sustainable profitability and operational efficiency, supported by accelerated digitalisation and innovation.

Post-pandemic non-life industry premium growth slowed alongside a cooling macroeconomic environment in China. China's data published by the National Financial Regulatory Administration (NFRA) shows non-life premium income grew by 3.9% to nearly RMB 1.8 trillion (USD 267.9 billion), slowing down from the 6.5% expansion in 2024. The growth was supported by stable demand for motor, health, and liability insurance, as well as expanding agricultural and accident lines.

Claims pressure continued to ease in 2025, with total claim and benefit disbursements increasing by 1.6% to RMB 1.2 trillion, compared to a rise of 7.4% in 2024 and 17.8% in 2023, indicating improved underwriting discipline.

Within the non-life market, motor insurance remains the largest single line of the non-life segment by premium income, accounting for 53.6% of total premiums in 2025, owing to new energy vehicle (NEV) adoption, favourable regulatory pricing flexibility, and government trade-in incentives. The moderation in motor premium growth in 2025 was mainly driven by declining new car sales. Meanwhile, agricultural insurance has transitioned from rapid, subsidy-heavy expansion to a phase of moderated growth, as local governments face tightening fiscal constraints and reduce their subsidies. Short-term health remains a primary growth driver for the non-life segment, with demand spanning both policy-driven and commercial products, which helps offset slower momentum in the motor business.

The non-life segment's bottom line is heavily influenced by investment returns. The industry's underwriting margin remains thin amid intense competition, with underwriting profits largely concentrated among large insurers that benefit from economies of scale. However, some smaller local insurers have also achieved favourable underwriting margins by focusing on niche market segments.

A closer look at major lines of business reveals mixed results. The combined ratio for motor insurance, particularly for new energy vehicles, has improved as insurers build underwriting expertise and achieve greater rate adequacy by upgrading data analytics, refining risk selection, and tightening technical pricing. Short-term health insurance has split into two paths: policy-driven inclusive products remain unprofitable due to low rates, inflexible rate adjustments, and limited margin before operating expense, whilst commercial lines continue to deliver relatively solid profitability. Agricultural insurance performance has been weighed down by impairments from delayed premium receivables tied to government subsidies, reflecting fiscal constraints at the local government level. Liability insurance remains loss-making, although the market expects improvement following the enforcement of "Filing-Execution Consistency" requirements.

The segment achieved an improved average net investment yield in the low single-digit range in 2025, compared to 2024. This was supported by positive returns in the domestic equity market, despite being partially offset by a sustained decline in fixed income yields.

China's non-life market features more than 80 insurers, yet it remains heavily dominated by the top three players. The domestic insurance demand is increasingly driven by a structural shift toward protecting the real economy from new, complex risks. This

demand aligns directly with the government's blueprint for the financial sector "Five Major Development Directions," which focuses on technology finance, green finance, inclusive finance, pension finance, and digital finance. Additionally, non-life insurers are actively developing Chinese Interest Abroad business to support domestic companies expanding globally. While this may enhance their geographical diversification over time, insurers would also be exposed to unfamiliar risks that require advanced underwriting skills and robust risk management systems to protect against large financial losses.

The insurance industry is scaling back its physical footprint, with thousands of local brick-and-mortar branches exiting the market in recent years, driven by a rapid pivot toward digital operations, cost cutting, and a shrinking traditional agent workforce. In response to slower market growth and heightened regulatory scrutiny, insurers are shifting focus from top-line growth to bottom-line protection and efficiency.

Moreover, the digitalisation of China's non-life insurance segment continues to advance rapidly, driven by the growing need for operational efficiency. Many non-life insurers are integrating artificial intelligence across their operations, leveraging the availability of cost-effective AI solutions in the domestic market.

Regulatory and Risk Developments

The extended C-ROSS Phase II transition period concluded in 2025. This extension allowed non-life insurers to manage an orderly transition without significant downward pressure over their regulatory capital. Whilst insurers maintain sufficient solvency, China's Ministry of Finance injected RMB 60 billion into four major life and non-life state-owned commercial insurance groups using special sovereign bonds on 6 September 2026, marking the first-ever direct government recapitalisation extended to the insurance industry. This initiative is viewed as a capital buffer and policy capacity measure. Stronger state-owned insurers can absorb or help stabilise weaker peers, reducing contagion risks and protecting policyholder confidence.

The NFRA is also actively tightening the oversight framework for the insurance segment to curb disorderly competition, eliminate systemic financial risks, prevent aggressive mis-selling, and push insurers back to their core protection functions.

Effective 1 November 2025, the NFRA extended the "Filing-Execution Consistency" framework from motor only to other non-motor lines, including property and liability insurance. Under the framework, insurers must ensure that actual premium charged, expenses incurred, and other operating practices are consistent with their regulatory filings. This regulatory move aims to address excessive commission expenses disguised as rebates for business acquisition, as well as undisciplined pricing practices in non-motor business sectors. This promotes more rational competition, strengthens underwriting discipline, improves distribution channel efficiency, and enhances insurance coverage and consumer protection.

China has implemented an IFRS 17-aligned framework through the revised Chinese Accounting Standard for Business Enterprises No. 25 – Insurance Contracts (CAS 25). Most publicly listed Chinese insurers have already adopted the revised CAS 25 since 1 January 2023, whilst the rest were required to adopt the new standards from 1 January 2026. AM Best expects the accounting change to have a limited impact on the financial results of most non-life primary insurers.

On 4 September 2026, the NFRA released a sweeping draft revision of the Insurance Law to address gaps in the existing legal framework and safeguard the sustained and sound operation of the sector. The draft, opened for a one-month public consultation ending 3 October, expands the law from 185 to 214 articles and focuses on major regulatory updates across several key areas, including raising the minimum registered capital for insurers to RMB 1 billion from RMB 200 million. Another regulatory update seeks to bolster the prudential regulatory framework by strengthening requirements on corporate governance, risk management and internal controls, enhancing solvency supervision, reinforcing asset-liability management, and improving supervision of fund utilisation.

Other proposed changes include implementing look-through supervision to bring shareholders and ultimate controllers under direct regulatory oversight, and strengthening the risk resolution framework by improving rules for risk disposal

and market exit. Consumer protection would also be strengthened through improvements to insurance contract rules and clearer provisions prohibiting certain practices by insurance institutions. Additionally, the cost of violations will be raised by broadening the scope of legal liabilities and the range of applicable fines.

The NFRA will use feedback and suggestions from all stakeholders to revise and improve the relevant legal provisions, as well as work with the legislative authorities on subsequent procedures to facilitate the revision and enactment of the Insurance Law at the earliest possible date.

Natural Catastrophes and Climate Risks

Throughout 2025 and 2026, a barrage of severe natural disasters, ranging from record-breaking torrential rains and catastrophic floods to deadly landslides, inflicted widespread destruction across China.

Human-caused climate risk is expected to increase the frequency, severity, and duration of extreme weather events, while rapid urbanisation and economic development in catastrophe-prone regions continue to elevate potential insured and economic losses.

Total direct economic losses from natural disasters came in at nearly RMB 242 billion in 2025, moderating from RMB 401.1 billion recorded in 2024, according to data from the Ministry of Emergency Management. The majority of financial and structural damage was caused by severe seasonal floods and geological disasters such as landslides and mudslides, supplemented by typhoons and earthquakes.

In 2026, the country was hit by a severe sequence of extreme weather events, including record-breaking heatwaves, torrential monsoonal rains, deadly floods and landslides, rare inland twin tornadoes, and destructive typhoons like Maysak and Dolphin, which triggered mass evacuations and posed severe tests to national resilience. Official data shows natural disasters in July 2026 alone caused around direct economic losses of RMB 57.2 billion, surpassing the combined losses of RMB 42.1 billion for the entire January-to-June period. During the first half of 2026, the insurance industry received a total of 533,000 claims related to natural disasters, including rainstorms, floods, typhoons, and earthquakes, across 20 provinces, with estimated losses reaching RMB 11.1 billion and claims payments amounting to RMB 5.5 billion. The total compensation payouts included RMB 5.2 billion for flood and typhoon-related claims.

According to industry estimates, China's catastrophe insurance payout ratio remains low at roughly 10% of total economic damages. This creates a massive protection gap, with a large portion of disaster recovery costs relying heavily on government fiscal backstops, emergency funding, and public donations rather than private or commercial risk transfer.

As extreme weather events become more frequent, insurers are strengthening their climate risk management capabilities. Beyond traditional reinsurance support, they are also adopting proactive risk reduction measures to better manage exposures while enhancing the client experience and improving post-disaster response.

China

Rated Companies - Key Financial Metrics

Local GAAP, IFRS, USD billions	2023	2024	2025
Direct Premium Written	16.7	17.0	18.4
Reinsurance Assumed	18.5	17.4	17.3
Gross Premium Written	35.4	34.6	35.9
Reinsurance Ceded	7.4	6.6	6.4
Net Premium Written	28.0	28.0	29.6
Non-life Net Premium Written	19.8	20.5	22.3
Life Net Premium Written	6.8	6.3	6.2
Net Claims Paid	18.4	17.2	20.2
Net Operating Expenses	7.0	6.7	6.8
Pretax Profit	0.7	0.8	1.1
After Tax Profit	0.7	0.7	0.8
Capital & Surplus	17.7	18.4	19.7

Source: AM Best data and research

IFRS17, USD billions	2023	2024	2025
Insurance Services Revenue	50.9	52.1	56.5
Net Insurance Services Revenue	48.8	50.1	54.2
Non-life Net Insurance Services Revenue	48.8	50.1	54.2
Life Net Insurance Services Revenue	0.0	0.0	0.1
Insurance Finance Result	1.0	1.6	2.1
Other Income	0.1	(0.2)	(0.2)
Reinsurance Result	(0.8)	(1.9)	(2.1)
Total Revenue	51.1	52.9	57.5
Claims Expenses	38.7	39.0	42.2
Net Operating and Other Expenses	10.8	11.0	11.5
Total Insurance and Other Expenses	49.6	50.1	53.7
Pretax Income	0.1	0.1	0.3
Net Income	1.5	2.3	3.1
Capital & Surplus	21.7	22.7	26.5

Source: AM Best data and research

China Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
90810	Aioi Nissay Dowa Ins (China) Co Ltd	MS&AD Insurance Group Holdings, Inc.	a-	Stable	A-	Stable	...	...
90956	China Continent Prop & Cas Ins Co Ltd	China Investment Corporation	a+	Stable	A	Stable	...	...
90957	China Life Reinsurance Company Ltd.	China Investment Corporation	a+	Stable	A	Stable	...	...
88692	China P&C Reinsurance Company Ltd	China Investment Corporation	a+	Stable	A	Stable	...	...
90955	China Reinsurance (Group) Corporation	China Investment Corporation	a+	Stable	A	Stable	...	...
74864	China Shipowners Mutual Assurance Association		a-	Stable	A-	Stable	...	...
95358	China United Property Insurance Company		a	Stable	A	Stable	...	...
95941	COSCO SHIPPING Captive Insurance Co Ltd	China COSCO SHIPPING Corporation Limited	a	Stable	A	Stable	...	...
91609	General Reinsurance AG (Shanghai Branch)	Berkshire Hathaway Inc.	aa+	Stable	A++	Stable	...	...
90079	Hyundai Insurance (China) Co., Ltd.	...	bbb	Stable	B++	Stable	...	...
91591	KBFG Insurance (China) Co., Ltd.	KB Financial Group Inc.	a-	Stable	A-	Stable	...	...
78649	Lloyd's Insurance Company (China) Ltd	Society of Lloyd's	aa-	Stable	A+	Stable	...	...
88779	Ping An Health Ins Co of China Ltd	Ping An Ins (Group) Co of China Ltd	a	Stable	A	Stable	...	...
88263	Ping An Property & Casualty Ins Co China	Ping An Ins (Group) Co of China Ltd	a+	Stable	A	Stable	...	...
95077	Qianhai Reinsurance Co., Ltd.	...	a-	Stable	A-	Stable	...	...
91590	Samsung Property & Casualty Ins. Co. (China), Ltd.		a	Stable	A	Stable	...	...
91102	Starr Prop & Cas Ins (China) Co, Ltd	Starr International Company, Inc.	a+	Positive	A	Positive	...	...
94637	Taiping Reinsurance (China) Company Ltd.	China Taiping Insurance Group Ltd.	a	Stable	A	Stable	...	...
90744	Tokio Marine & Nichido Fire Ins Co China	Tokio Marine Holdings, Inc.	a	Stable	A	Stable	...	...
94081	ZhongAn Online P & C Insurance Co., Ltd.	...	a-	Positive	A-	Positive	...	...

Source:  BESTLINK

Hong Kong, SAR CRT-2

August 12, 2026

Region: Asia

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Hong Kong, a CRT-2 special administrative region (SAR), has a very low level of financial system risk, a low level of economic risk, and a moderate level of political risk.
- According to the IMF, Hong Kong's real GDP growth is forecast to decline from 3.5% in 2025 to 2.4% in 2026. The slowdown reflects mounting external headwinds, less favorable base effects and weaker trade related activity amid continued uncertainty.
- Inflation is projected to rise from 1.4% in 2025 to 2.1% in 2026, reflecting the impact of external trade and geopolitical shocks on commodity prices, the cost of key production inputs and supply chain disruptions.



- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Eastern Asia

- Eastern Asia is an economically significant region that contains two of the world's five largest economies, China and Japan.
- The region's economic outlook is heavily shaped by the global technology cycle, with advanced manufacturing a key driver of exports and economic activity. While East Asia remains vulnerable to commodity price volatility and geopolitical developments, regional economies have high levels of strategic reserves of oil to help manage shocks.
- Many countries in Eastern Asia have rapidly aging populations and declining birth rates, posing some long-term challenges. Economic growth could be impacted by labor shortages, and more fiscal spending might be needed to support healthcare and pensions.
- Public debt has increased in many of the region's major economies as countries deal with domestic and external pressures. Japan has one of the highest public debt-to-GDP ratios among developed nations. Fiscal deficits have also increased in China and South Korea.

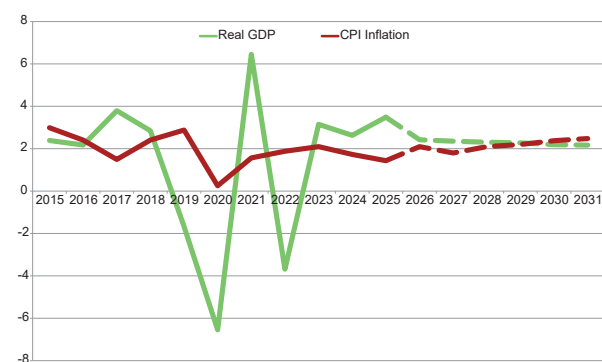
Economic Indicators		
Nominal GDP	USD bn	427.3
Population	mil	7.51
GDP Per Capita	USD	56,893
Real GDP Growth	%	3.5
Inflation Rate	%	1.4
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index		
	Rank (out of 187)	n.a.
Global Innovation Index		
	Rank (out of 139)	15
Insurance Statistics		
Insurance Regulator		
	The Insurance Authority (IA)	
Insurance Density		
	USD	13,410
Insurance Penetration		
	%	23.3
Regional Comparison		
	Country Risk Tier	
Hong Kong	CRT-2	
China	CRT-3	
Japan	CRT-2	
Macau	CRT-2	
Singapore	CRT-1	
Taiwan	CRT-2	

Source: IMF, UN, Swiss Re, Axco and AM Best

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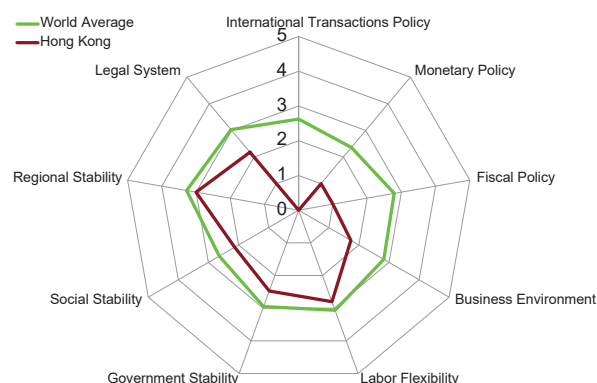
Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

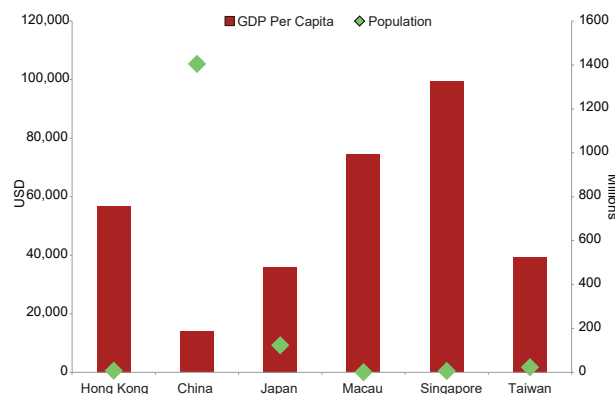
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

Economic Risk: Low

- Hong Kong is a trade-dependent economy, functioning predominantly as a re-export hub from China to global markets. While this reliance on global trade renders Hong Kong vulnerable to changes in external demand and trade policy, the economy has shown resilience to recent trade tensions and benefits from reduced tariff-related uncertainty. However, prolonged geopolitical volatility poses a downside risk to Hong Kong's open economy.
- Hong Kong's favorable business environment, characterized by low taxes, limited government intervention, and a traditionally open economy has long attracted foreign investment. However, the enactment of the National Security Law has heightened uncertainty among international firms.
- Hong Kong continues to focus on deepening integration into the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), a strategic initiative to enhance regional economic cooperation and provide a stable, long-term horizon for investors. Policy efforts in areas such as green finance and technology highlight Hong Kong's alignment with China's strategic objectives.

Political Risk: Moderate

- As a Special Administrative Region (SAR), Hong Kong operates under the "One Country, Two Systems" framework. However, the imposition of national security legislation by Beijing in 2020 led to the arrest of activists and the closure of independent media outlets. In response, the United States revoked Hong Kong's special trading status, citing the erosion of the city's autonomy and institutional independence.
- John Lee was elected Chief Executive of Hong Kong in May 2022. His administration remains politically secure following December 2025 legislative elections that consolidated power for the pro-mainland China establishment. This result ensures minimal political opposition between the executive and the legislature.
- Hong Kong ranks 12th out of 182 countries in Transparency International's latest Corruption Perceptions Index. The Independent Commission Against Corruption (ICAC) is the agency responsible for combating corruption.

Financial System Risk: Very Low

- The Insurance Authority (IA) is the regulatory body overseeing Hong Kong's insurance industry.
- Hong Kong maintains a currency peg, fixing the Hong Kong dollar to the US dollar under a linked exchange rate system. While this supports financial stability and investor confidence, it limits the monetary policy autonomy.
- The IMF reports that Hong Kong's financial sector risks are manageable, supported by strong buffers and robust regulatory oversight. However, highly leveraged corporates, particularly in real estate and SMEs, remain an ongoing risk.

Insurance Industry Overview

Hong Kong's insurance industry continued its growth trajectory in 2025, with life business underpinned by Mainland Chinese Visitors (MCV) demand and the non-life segment driven by the accident and health (A&H), marine, and reinsurance lines. Positive factors supporting the non-life insurance segment include:

- The A&H segment returned to underwriting profitability in 2025, rebounding from previous losses, while favourable prior-year reserve releases have been a primary driver in improving underwriting performance, notably in the workers' compensation segment.
- Government commitment to major infrastructure projects (e.g., the Northern Metropolis and GBA transport connectivity) is a key factor sustaining strong demand for construction-related insurance. The market is also undergoing a structural shift, with capital and risk rotating toward reinsurance and fronting models, driven by an increasingly stringent regulatory environment.
- Progressive regulatory strategies balance market resilience and industry development by introducing targeted initiatives to streamline compliance and support sustainable growth.

Moderating factors include:

- A highly fragmented market remains with intense competition, pushing some insurers to use aggressive pricing strategies to protect their market share.
- There is sustained margin pressure in the A&H line due to persistent medical inflation, despite its return to underwriting profitability.
- Increasing frequency and severity of extreme weather events and climate-related catastrophes keep claims costs high and squeeze underwriting profitability.

Hong Kong's non-life market recorded stable growth in 2025, with gross written premiums (GWP) growing by 8% to HKD 108.5 billion (USD 13.8 billion) and representing 13.1% of the overall insurance industry, based on provision market statistics from the Insurance Authority (IA). The expansion was driven by direct business and inward reinsurance, both capitalising on broader regional and economic demands.

Accident and health (A&H) insurance remains the largest premium contributor, representing 36.6% of the market GWP. Two other core business segments—property damage and general liability (comprising employees' compensation)—hold a consistent market share, contributing 26% and 17.2%, respectively, to the overall non-life GWP. The remaining lines of business each hold less than a 10% share. Based on AM Best analysis of the IA data, the top 10 non-life insurers captured an aggregate GWP market share of 46.7% in 2025, while the top 20 had 68.0%. This highlights a highly fragmented industry where the remaining bulk was dispersed among dozens of smaller domestic and international firms.

The A&H segment's GWP amounted to HKD 39.6 billion in 2025, up 14.5% from HKD 34.6 billion a year ago. Within the segment, Bupa (Asia) Limited is the largest A&H insurance provider, followed by AIA International Limited, AXA General Insurance Hong Kong Limited, and AIA Company Limited. They together contributed to around 51% of total A&H premiums by accident year in 2025.

The double-digit A&H premium growth was driven by strong onshore business demand, an aging population, and the city's role as a regional hub for private medical services and cross-border protection. The rapid physical integration of the Greater Bay Area (GBA) has also led to considerable non-local demand.

In addition, the rising demand for group medical plans is fuelling growth in the A&H insurance segment, as large corporates increasingly offer these benefits to attract talent and boost retention in a highly competitive job market. However, this surge is driving premiums higher, with employee medical insurance costs rising significantly due to sustained high hospital utilisation.

Following four consecutive years of underwriting losses from 2021 to 2024, the underwriting conditions in direct A&H business experienced a major rebound in 2025 largely owing to strong consumer demand and strategic pricing adjustments, as well as a normalisation of post-pandemic deferred medical claims. The combined ratio, based on net premiums written, improved to 95.1% in 2025, from 102.3% in 2024.

Despite this turnaround, the A&H market continues to face pressure from persistent medical inflation, which hovers around 10% annually, increasing client demand for flexible coverage, and higher claims frequency driven by growing consumer awareness. To protect margins in a highly competitive environment, insurers must proactively address challenges in claims management and cost escalation by modernising digital infrastructure and revisiting reimbursement terms.

Property damage is consistently one of the largest lines of business, generally ranking as the second-largest segment by non-life GWP in the past three years. The segment's GWP rose 7.1% to HKD 28.3 billion last year, buoyed by dense urban concentration and rising commercial risk demand fuelled by more frequent CAT events, as well as the expansion of inward reinsurance portfolios.

After years of rate hikes, property damage premium rates in Hong Kong experienced softening through 2024 and 2025. This was driven by abundant market capacity and intense competition among insurers vying for market share following several years of profitable underwriting. Overall, the underwriting profit for the onshore direct property damage business shrank 86.7% to HKD 89.7 million, owing largely to huge claims payouts and substantial reserves set aside by insurers following the Wang Fuk Court residential complex fire. A material portion of the gross incurred losses from the Wong Fuk Court fire was transferred to reinsurers, with limited impact on pricing. However, the scale of the event has caused primary insurers and reinsurers to review underwriting portfolios and reassess their risk appetite and strategy, prompting stricter underwriting standards, particularly for high-rise renovations and high-risk construction locations.

General liability insurance, which includes employees' compensation (EC), is the third-largest business line, representing 17.2% of total non-life GWP in 2025. This line of business has consistently been the leading bottom-line contributor for the non-life industry over the past five years.

The EC insurance segment has been experiencing rate reductions driven by a soft, competitive market. Despite this, the segment achieved resilient growth and reported an improved combined ratio during 2025 due to favourable prior-year reserve developments and prudent underwriting adjustments. In particular, the release of reserves helped offset the challenging market dynamics of competitive premium rates and rising medical and compensation costs.

While reserve releases improved underwriting results, the EC segment continues to face profitability pressures. This segment is highly sensitive to macroeconomic and regulatory factors, directly impacting premium costs, claims frequencies, and corporate liability. For instance, the Hong Kong government implemented the Employees' Compensation Ordinance (Cap. 282) amendments, effective 17 April 2025, increasing the payout limits and statutory amounts across nine items, such as medical expenses, permanent incapacity, and death benefits, which subsequently propels insurers to reprice policies. Additionally, to keep pace with inflation, the Labour Department revised upwards the maximum daily rates of reimbursable medical expenses for employees injured at work or suffering from prescribed occupational diseases starting 1 January 2026.

Regulatory and Risk Developments

On the regulatory front, the IA has been executing progressive strategies to balance market resilience with industry development. The transition to Hong Kong Risk-Based Capital (HKRBC) in July 2024 and the adoption of HKFRS 17 (the local equivalent of IFRS 17) for financial reporting in January 2023 represent two of the most monumental regulatory shifts for the local insurance industry. These frameworks completely overhaul how companies measure liabilities, manage capital adequacy, assess risk, and report profitability. Other key regulatory initiatives include the targeted pushes into captive insurance, insurance-linked securities, and GBA cross-border products.

Almost two years into the adoption of HKRBC, the IA published the consultation conclusions on proposed amendments to the Insurance (Valuation and Capital) Rules (Cap. 41R) on 8 May 2026. These changes are expected to improve the regime's responsiveness to market conditions while supporting insurers' long-term strategies. (See Commentary: [Proposed RBC Changes Credit Positive for Hong Kong's Non-Life \(Re\)insurers](#)).

For the non-life segment, the proposed updated rules will introduce technical refinements affecting several areas of risk assessment and capital treatment. These include reductions in risk capital amounts for natural catastrophe risks, man-made non-systemic catastrophe risks, and reserve risks. In addition, the rules will provide relief for offshore reinsurance business written by Hong Kong insurers or designated insurers that are part of non-Hong Kong insurance groups, subject to regulatory approval. Set to take effect on 31 December 2026, these updates could bolster Hong Kong's position as a global reinsurance and risk management hub.

Although HKFRS 17 has been effective for annual reporting periods beginning on or after 1 January 2023, many insurance companies, especially small-to-medium-sized insurers, remain in a transitional phase in applying it as their performance management framework. Navigating the adoption of HKFRS 17 presents Hong Kong's non-life insurers with operational and strategic hurdles, including stringent data demands, clashes with legacy systems, and severe talent shortages. Hence, to date, some insurance companies are still managing their key performance indicators (KPIs) under IFRS 4 while evaluating how to best align KPIs with the new framework.

The outlook for Hong Kong's non-life industry is bolstered by the Chief Executive's 2025 Policy Address, which introduces targeted initiatives to expand market reach and strengthen the city's status as a global risk management centre. Key strategic benefits for the industry include, expanding captive and marine risk capacity to solidify the city's status as an international shipping hub and encouraging increased participation in infrastructure financing and providing tailored coverage for the emerging low-altitude economy. The 2025 Policy Address also focused on facilitating insurance solutions for local residents accessing medical/elderly care in mainland China and expanding coverage for self-drive tours in the GBA.

The Address is reinforced by the IA's initiative to actively promote Hong Kong's role as the "End-to-End Risk Advisor for Globalising Enterprises", supporting mainland Chinese enterprises with professional insurance solutions and risk advisory services. This initiative is expected to create significant opportunities for the development of Hong Kong's non-life insurance market by generating new business demand and strengthening the market's role as global risk management and insurance hub.

These directives, coupled with ongoing regulatory directives, will serve as a major catalyst to strengthen the city's overall risk management capabilities, enhance competitive advantage, and drive operational resilience.

Natural Catastrophes and Climate Risks

Hong Kong's insurance segment faces rising claims and higher operating costs due to increasingly severe natural catastrophes, such as severe typhoons, torrential rains, and urban flooding linked to climate risk.

In 2025, the record-breaking extreme weather events during the year significantly strained Hong Kong's insurance industry, driven by two No. 10 typhoon signals (Typhoon Wipha in July and Super Typhoon Ragasa in September) and an unprecedented five Black Rainstorm warnings. The resulting deluges caused massive flooding, landslides, flight disruptions, and extensive vehicle and property damage, exposing the territory's vulnerability to escalating climate-driven extremes. The consecutive deluges also underscore the critical need to address climate risks through targeted policy measures, including the development of climate catastrophe insurance and the reinsurance market.

In response to acute weather events and intensifying climate risks, the IA, in collaboration with the government and industry stakeholders, has rolled out several key initiatives designed to strengthen the insurance segment's climate resilience. These initiatives include the launch of a specialised climate modelling project, the rollout of the Insurance

Industry Climate Charter, the integration of sustainability into RBC rules, and the introduction of advanced digital tools designed to ease compliance and reporting for financial institutions and corporates. Collectively, these initiatives focus on upgrading risk modeling, standardising environmental reporting, and driving capital toward sustainable investments.

Hong Kong SAR Rated Companies - Key Financial Metrics

IFRS17, USD millions	2023	2024	2025
Insurance Services Revenue	4,524.0	4,001.1	4,179.1
Net Insurance Services Revenue	3,623.5	3,094.9	3,271.8
Non-life Net Insurance Services Revenue	3,238.0	2,775.8	2,910.8
Life Net Insurance Services Revenue	385.5	319.1	361.0
Insurance Finance Result	174.0	266.6	226.0
Other Income	25.3	(34.5)	(13.7)
Reinsurance Result	(326.0)	(401.6)	5.8
Total Revenue	4,282.4	4,007.2	4,772.8
Claims Expenses	3,364.9	2,769.8	3,492.6
Net Operating and Other Expenses	508.3	548.4	532.4
Total Insurance and Other Expenses	3,873.2	3,318.2	4,025.0
Pretax Income	399.7	680.5	731.5
Net Income	380.9	626.4	679.1
Capital & Surplus	6,133.2	6,767.6	7,094.0

Source: AM Best data and research

Hong Kong SAR Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
91430	AIG Insurance Hong Kong Limited (CS)	American International Group, Inc.	a+	Positive	A	Positive	...	...
74861	Assicurazioni Generali S.p.A. HKB	Assicurazioni Generali S.p.A.	aa-	Stable	A+	Stable	...	...
93272	Bank of China Group Insurance Co Ltd	China Investment Corporation	a-	Stable	A-	Stable	...	...
77690	China BOCOM Insurance Company Limited	Bank of Communications Co., Ltd.	a-	Negative	A-	Negative	...	...
88780	China Ping An Insurance (HK) Co Ltd	Ping An Ins (Group) Co of China Ltd	a-	Stable	A-	Stable	...	...
71783	China Reinsurance (Hong Kong) Co Ltd	China Investment Corporation	a+	Stable	A	Stable	...	...
85402	China Taiping Insurance (HK) Co. Ltd. (CS)	China Taiping Insurance Group Ltd.	a	Stable	A	Stable	...	...
84822	CMB Wing Lung Insurance Company Limited	China Merchants Group Limited	a	Stable	A	Stable	...	...
92800	Dah Sing Insurance Company Limited	Dah Sing Financial Holdings Limited	a-	Positive	A-	Positive	...	...
74619	FuSure Reinsurance Company Limited	Tencent Holdings Limited	a	Stable	A	Stable	...	...
86939	Hong Leong Insurance (Asia) Limited	Hong Leong Company (Malaysia) Berhad	a-	Stable	A-	Stable	...	...
92147	Min Xin Insurance Company Limited	Fujian Invest & Development Grp Co Ltd	bbb+	Positive	B++	Positive	...	...
93906	New India Assurance Company Ltd HKB	New India Assurance Company Limited	bbb+	Positive	B++	Positive	...	...
91406	Peak Reinsurance Company Limited (CS)	Fosun International Holdings Ltd.	a-	Stable	A-	Stable	...	...
77936	Peoples Ins Co of China (Hong Kong)	People's Ins Co (Group) of China Ltd	a	Stable	A	Stable	...	...
43769	SAIC Motor Insurance Limited	Shanghai Auto Industry (Group) Co Ltd	a-	Stable	A-	Stable	...	...
90772	Starr International Ins (Asia) Limited	Starr International Company, Inc.	a+	Positive	A	Positive	...	...
87838	Sun Hung Kai Properties Insurance Ltd (C)	Sun Hung Kai Properties Limited	a	Stable	A	Stable	...	...
85029	Taiping Reinsurance Company Limited (CS)	China Taiping Insurance Group Ltd.	a	Stable	A	Stable	...	...
74928	Well Link Life Insurance Company Limited	Well Link Insurance Group Holdings Ltd	bbb-	Positive	B+	Positive	...	...

Source:  BESTLINK

India CRT-4

August 12, 2026

Region: Asia

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- India, a CRT-4 country, has a moderate level of economic risk and high levels of political and financial system risk.
- According to the IMF, real GDP growth is expected to moderate from 7.6% in 2025 to 6.5% in 2026 as the government prioritizes fiscal consolidation and the economy normalizes following the post-pandemic surge in demand. The growth outlook is also impacted by disruptions to energy and fertilizer markets.
- Inflation is projected to rise from 2.1% in 2025 to 4.7% in 2026, driven higher by external cost-push factors including higher commodity prices and global supply-chain disruptions. The central bank operates with an inflation target of 4.0%.

Economic Indicators		
Nominal GDP	USD bn	3916.3
Population	mil	1463.87
GDP Per Capita	USD	2,675
Real GDP Growth	%	7.6
Inflation Rate	%	2.1
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index	Rank (out of 187)	111
Global Innovation Index	Rank (out of 139)	38
Insurance Statistics		
Insurance Regulatory and Development Authority of India (IRDAI)		
Insurance Regulator		
Insurance Density	USD	95
Insurance Penetration	%	3.6
Regional Comparison		
	Country Risk Tier	
India	CRT-4	
China	CRT-3	
Indonesia	CRT-4	
Pakistan	CRT-5	
Bangladesh	CRT-5	
Nepal	CRT-5	

Source: IMF, UN, Swiss Re, Axco and AM Best



Economic Risk



Political Risk



Financial System Risk

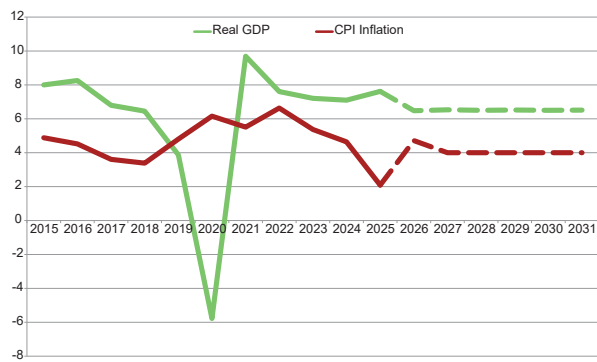
- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: South Central Asia

- As one of the five largest economies in the world, India continues to be one of the region's primary economic engine. This is driven by its large population and strong projected real GDP growth. According to the IMF, the region is expected to maintain strong growth across all economies in 2026.
- Tensions between India and Pakistan have the potential to be a source of regional instability with periodic security incidents contributing to strained relations.
- As a significant energy importer, the region is vulnerable to commodity price volatility and geopolitical developments, with potential impacts on economic growth, fiscal sustainability and balance of payments pressures.
- The region is highly exposed to climate-related risks such as heatwaves, floods, and rising sea levels. Investments in climate-resilient infrastructure could help mitigate the resulting economic headwinds.



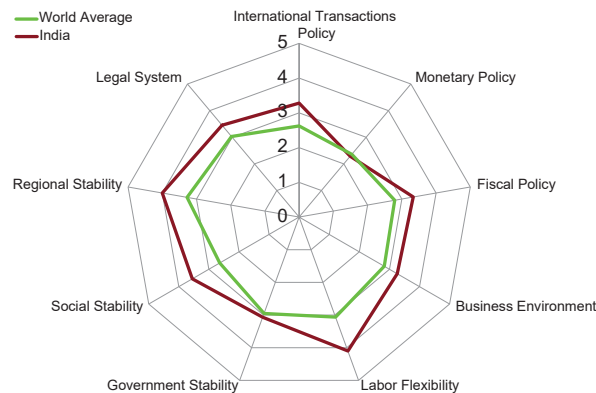
Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

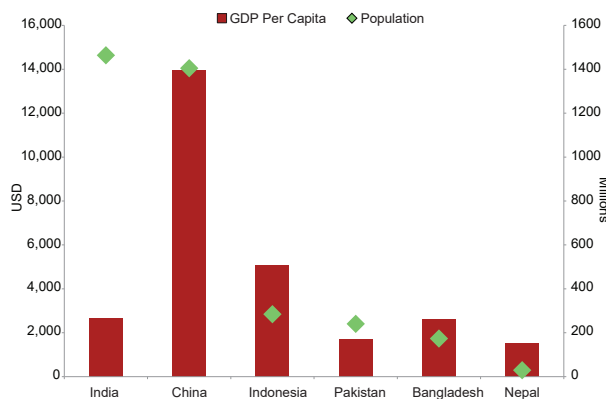
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

Economic Risk: Moderate

- India is a major oil and gas importer and as such is highly exposed to adverse geopolitical events and their impacts on global energy markets. Household consumption is vulnerable to rising inflation while private investment faces headwinds from deteriorating profit margins, weaker demand and a likely tightening in financial conditions.
- Despite a more negative near-term growth outlook, the Indian economy is set to continue to be one of the fastest growing in the world, driven by strong domestic economic momentum.
- Fiscal policy is expected to shift from supporting consumption and capital investment to limiting the impact of rising energy prices on consumers and businesses. Monetary policy is now more likely to tighten in response to rising inflation and potential depreciation pressure on the rupee amid rising import costs and declining investor sentiment.
- The government has launched several initiatives aimed at boosting formal-sector job creation, as the country seeks to capitalize on its growing population.

Political Risk: High

- The Bharatiya Janata Party (BJP), led by Narendra Modi, rules as the largest party in a coalition government, holding 240 out of 543 seats in the lower parliamentary house. The BJP relies on the cooperation of its coalition partners, within the National Democratic Alliance, to maintain its parliamentary majority.
- The coalition government is expected to remain stable and focus on passing a consensus-driven policy package across economic, industrial and administrative policy areas, which could reduce the risk of internal disagreements and policy stagnation.
- India ranks 91st out of 182 countries in Transparency International's latest Corruption Perceptions Index. Systemic corruption remains a widespread issue, particularly in local governance and public procurement.
- India ranks 111th out of 187 countries in the Notre Dame Global Adaptation Initiative Index, which measures a country's vulnerability to climate disruption and assesses its readiness for adaptive actions. India faces severe climate risks from severe weather events such as heatwaves and flooding, with key nature-dependent sectors such as agriculture heavily exposed.

Financial System Risk: High

- The Insurance Regulatory and Development Authority of India (IRDAI) regulates and supervises the insurance industry.
- The IMF assesses financial system risks to be broadly contained, with sufficient mitigation of areas of vulnerability such as concentration risks. The banking sector remains well capitalized and NPLs have been on a downward trajectory.

Insurance Industry Overview

AM Best maintains a Stable outlook on India's non-life insurance segment. Positive factors supporting the outlook include:

- Robust growth prospects driven by supportive macroeconomic fundamentals and regulatory backdrop.
- Robust insurance demand, which is reinforced by the goods and services tax (GST) reform.
- Regulatory initiatives that promote financial flexibility and operational efficiency enhancements.
- Resilient investment environment underpinned by interest rate stability and strong domestic equity performance.

Moderating factors include:

- Persistent underwriting losses due to price competition.

India maintained its position as the fastest-growing major economy in fiscal year ended 31 March 2026 (FY2026), despite heightened global trade tensions. The World Bank's data shows that India's GDP growth accelerated to 7.6%, up from 7.1% in FY2025, owing to robust domestic demand supported by low inflation, income tax and Goods and Services Tax (GST) cuts, and more accommodative monetary conditions. In FY2027, while higher energy prices caused by the Middle East conflict and supply chain disruptions weigh on economic activity, the country's strong macroeconomic fundamentals and policy buffers, such as substantial foreign reserves, predominantly rupee-denominated public debt, a healthy financial sector, and trade diversification efforts, will offer some insulation against these external headwinds.

AM Best expects premium growth in India's non-life insurance segment to remain resilient, supported by sustained economic expansion and ongoing regulatory reforms aimed at increasing insurance penetration.

India's non-life segment recorded INR 3.4 trillion (USD 35.3 billion) in gross direct premiums for FY2026, representing a 9.2% growth over the prior year's INR 3.1 trillion. This expansion was faster than the 6.2% growth posted in FY2025, mainly driven by strong momentum in health insurance, particularly the retail health segment, alongside a sustained increase in motor insurance and a sharp recovery in the fire line. However, overall growth was moderated by a continued decline in crop insurance premiums, due to pressure from reduced state participation and seasonal concentration.

Health insurance is the main growth engine for India's non-life segment, with gross direct premiums rising 15.6% year on year to INR 1.4 trillion, fuelled by heightened consumer awareness and continued expansion of retail health coverage due to improved affordability following the GST reform. Motor insurance remains the second-largest non-life business line. According to provisional data from the General Insurance Council, motor insurance gross direct premiums increased by 9.2% to more than INR 1.0 trillion in FY2026, marking the first time the segment has crossed the INR 1 trillion threshold. This performance was supported by steady demand across both third-party and own-damage businesses, owing to mandatory compliance rules and healthy passenger vehicles and two-wheeler sales.

Despite significant premium growth, underwriting performance in the non-life segment remains pressured by pricing competition and weak technical margins, particularly within health and motor lines of business. Persistent underwriting losses within the segment underscore structural challenges, including high acquisition costs and competitive digital distribution models. While the "expenses of management (EOM)" regulation was introduced to curb expenses, it has contributed to heightened competition in lower-margin lines with thinner commission structures.

In recent years, India's non-life insurers have benefitted from exposure to domestic equities supported by the resilience performance of India's equity markets. The Reserve Bank of India (RBI) raised the policy repo rate by 25 basis points to 5.50% on 7 October 2026, marking its first hike since February 2023 as well as ending a period where the rate was held at 5.25% following the cumulative 125 basis point cuts completed in December 2025.

Favourable interest rates, together with the resilience of domestic equity markets, are expected to support investment returns over the medium term, although elevated equity exposure heightens sensitivity to market volatility.

In addition, India's insurance market will continue to benefit from favourable demographics and an increasingly digital economy. Millennials and Generation Z comprise approximately 52% of the population, or nearly 700 million people, representing a significant and growing pool of potential insurance customers. Digital engagement is also expanding rapidly, with India now the second-largest smartphone market globally, boasting an estimated penetration rate of 46%–50% and an estimated 650–690 million active users. Together with the synergy of rising incomes, higher spending, and e-commerce growth, these trends are expected to support stronger insurance demand. Government initiatives, including Digital India and India Stack, have further enhanced digital infrastructure, broadened financial inclusion, and improved insurers' ability to distribute products and onboard customers efficiently.

Global macroeconomic factors and heightened geopolitical tensions in the Middle East may contribute to inflationary pressures through elevated energy prices and currency fluctuations, potentially increasing claims costs and reducing household purchasing power. However, India's limited direct exposure to the conflict, combined with sound macroeconomic policies, diversified energy imports, and strong external buffers, should help cushion the economy against prolonged external shocks and support continued growth in the insurance industry.

Regulatory and Risk Developments

India's insurance industry is undergoing a massive regulatory overhaul, driven by the Sabka Bima Sabki Raksha Act, 2025 and recent regulatory proposals to cap commissions and liberalise the market.

The Indian government passed the Sabka Bima Sabki Raksha Bill (Amendment of Insurance Laws), 2025, on 17 December 2025. A key provision raises the foreign direct investment (FDI) limit in insurance companies from 74% to 100%. This is expected to attract additional capital, enhance financial flexibility, and bolster the segment's solvency. While increased foreign participation may initially intensify competition, it is also likely to accelerate innovation, efficiency, and market maturity over time.

On 23 September 2026, the Insurance Regulatory and Development Authority of India (IRDAI) released a public consultation paper on 23 September 2026 titled "Recalibrating Economics of Insurance Distribution", proposing a sweeping overhaul of India's insurance distribution, commission caps, and expense management frameworks, with stakeholder comments invited by 25 October 2026.

Key proposed changes include lower EOM limits for life and non-life insurers, product- and channel-specific commission caps, restrictions on compulsory insurance bundling with loans, tighter controls on fee incomes and incentives paid to banks and non-banking financial companies' employees, and stronger accountability for mis-selling. Together, these measures are expected to support cost structure improvements and bolster underwriting performance over the medium term.

The Sabka Bima Sabki Raksha Bill has officially expanded the statutory definition of "insurance intermediaries" to include managing general agents (MGAs). The recognition of MGAs is expected to facilitate delegated underwriting agencies, promote specialist insurance distribution, and encourage greater product innovation and market efficiency over the medium term.

In June 2026, the International Financial Services Centres Authority (IFSCA) notified the IFSCA (Managing General Agents) Regulations, 2026, establishing India's first dedicated licensing framework for MGAs operating within GIFT IFSC. The regulations permit MGAs to undertake delegated underwriting, product development, policy administration, and claims management on behalf of eligible insurers and reinsurers through binding authority arrangements. The framework is expected to enhance underwriting capabilities, facilitate the development of specialist insurance products, and strengthen GIFT IFSC's position as a regional insurance and reinsurance hub.

Another major milestone for India's insurance industry is the transition to Ind AS 117 (India's equivalent to IFRS 17) starting 1 April 2026, following mandates by the IRDAI to align domestic financial reporting with global standards. Replacing older rules with market-consistent measurement of insurance contracts, the new accounting framework includes is expected to improve the comparability, transparency, and quality of insurers' financial reporting and disclosures.

Natural Catastrophes and Climate Risks

India's non-life insurance industry continues to face elevated exposure to natural catastrophe risks due to a huge protection gap, rapid urbanisation, and frequent extreme weather. Over 90% of disaster losses remain uninsured, putting severe pressure on the non-life industry, particularly property and casualty underwriters.

During FY2026, floods remain the country's most significant catastrophe risk and predominant insured peril, driven by intensive monsoon rains and severe urban inundation. In July 2025, exceptionally heavy monsoon rainfall triggered widespread flooding and landslides across Himachal Pradesh and several northeastern states, including Assam, Manipur, and Nagaland, resulting in damage to residential and commercial properties, transport infrastructure, and motor vehicles. This was followed by the August 2025 floods in Punjab, where prolonged monsoon rainfall and reservoir releases inundated more than 1,400 villages, causing significant damage to agricultural assets, homes, and infrastructure.

India also faces frequent and severe droughts driven by erratic monsoons, rising temperatures, and climate patterns like El Niño. In June 2026, India experienced one of its driest starts to the southwest monsoon in more than a decade, with rainfall approximately 40% below the long-period average, delaying the onset of seasonal rains and heightening concerns over agricultural production and water availability. Rainfall improved in July 2026, although localised flooding and landslides continued to affect parts of northern and northeastern India.

While the financial impact on the insurance industry remains manageable owing to India's relatively low insurance penetration, the increasing frequency and severity of climate-related events continue to highlight the country's significant protection gap. These trends are expected to reinforce non-life insurers' focus on catastrophe risk modelling, underwriting discipline, pricing adequacy, and reinsurance optimisation as climate-related risks become increasingly material to the segment.

India Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
89925	ECGC Ltd.	...	bbb+	Positive	B++	Positive	aaa.IN	Stable
86041	General Insurance Corporation of India	General Insurance Corporation of India	a-	Stable	A-	Stable	aaa.IN	Stable
78522	ICICI Lombard General Insurance Co Ltd	ICICI Bank Limited	bbb+	Positive	B++	Positive	aaa.IN	Stable
86043	New India Assurance Company Limited	New India Assurance Company Limited	bbb+	Positive	B++	Positive	aaa.IN	Stable

Source: 

Indonesia CRT-4

August 12, 2026

Region: Asia

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Indonesia, a CRT-4 country, has moderate levels of economic and financial system risk and a high level of political risk.
- The IMF projects GDP growth to remain broadly the same in 2026 at 5.0% compared to 5.1% in 2025. Growth is supported by expansionary fiscal spending, accommodative credit measures and strong infrastructure investment.
- Inflation is expected to rise from 1.9% in 2025 to 3.0% in 2026 as disruptions to global commodity markets and international supply-chains lead to rising costs. Despite this, inflation is projected to remain within the central bank's target of 2.5% with a tolerance band of +/- 1.0%.



- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Southeast Asia

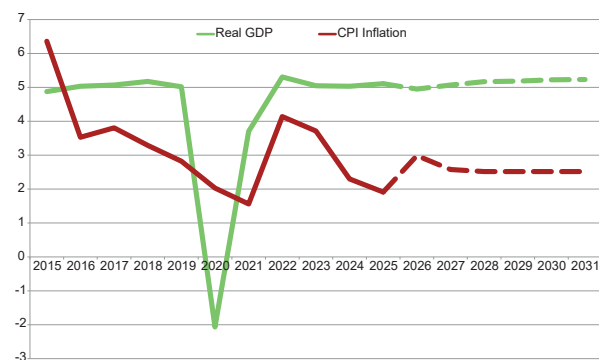
- Southeast Asia consists of 11 countries that make up the ASEAN bloc. The group seeks to promote economic and political integration among member states. The IMF projects that the ASEAN economies will expand by an aggregated rate of 4.5% in 2026.
- Robust demand for technology exports, particularly from major markets including the United States, has provided strong economic support despite ongoing risks from an increasingly fragmented international trade environment.
- As an export-oriented region with energy-intensive industries and key economies reliant on energy imports, the region is vulnerable to geopolitical shocks and disruptions to global supply chains.
- The ASEAN bloc has called for greater regional economic integration in response to the increasingly challenging external environment. China is not an ASEAN member but its actions, such as claims to disputed territories in the South China Sea, will have significant economic and political implications on the region.



Economic Indicators		
Nominal GDP	USD bn	1445.6
Population	mil	284.44
GDP Per Capita	USD	5,082
Real GDP Growth	%	5.1
Inflation Rate	%	1.9
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index	Rank (out of 187)	97
Global Innovation Index	Rank (out of 139)	55
Insurance Statistics		
Insurance Regulator	Financial Services Authority (OJK)	
Insurance Density	USD	58
Insurance Penetration	%	1.2
Regional Comparison		
	Country Risk Tier	
Indonesia	CRT-4	
Malaysia	CRT-3	
Philippines	CRT-4	
Cambodia	CRT-5	
Thailand	CRT-3	
Vietnam	CRT-4	

Source: IMF, UN, Swiss Re, Axco and AM Best

Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

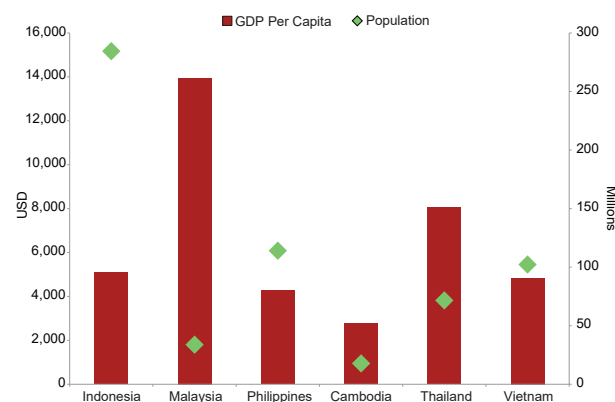
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

Economic Risk: Moderate

- Indonesia is a major producer and exporter of coal, palm oil, nickel, and other raw materials. While its economy is relatively more domestic-oriented than many regional peers, its economic structure nonetheless leaves it exposed to rising global supply-chain pressures, international commodity price volatility, increasing trade uncertainty and reduced global demand.
- The government is implementing fiscal stimulus measures in an effort to boost domestic economic activity and reach the target growth rate of 8.0% by 2029. However, excessive government spending raises the risk of deteriorating investor sentiment and fiscal sustainability concerns, particularly in an environment of elevated global economic and political uncertainty.
- Indonesia's external finances are stable, with strong foreign exchange reserves and low levels of external debt. However, the currency remains vulnerable to depreciation pressure amid increasing concerns over domestic policy credibility, fiscal sustainability and escalating global uncertainty.

Political Risk: High

- President Prabowo Subianto of the Gerindra Party won the February 2024 presidential election and formally assumed office in October 2024. He benefits from support across nearly all major parliamentary parties, helping him to easily implement his policy agenda and increasing the likelihood that he will maintain majority support during his term. Most Indonesian political parties are non-ideological in nature, with largely similar policy positions, facilitating broad parliamentary support.
- Opposition to the government predominantly comes from civil society groups and protestors. Following nationwide anti-government protests in August 2025, the Minister of Finance was replaced and Prabowo has embarked on a more populist agenda, with more centralized policymaking.
- Indonesia ranks 97th out of 187 countries in the Notre Dame Global Adaptation Initiative Index, which evaluates countries' vulnerability to climate disruption and assesses its readiness for adaptive actions. The country is highly exposed to flooding and extreme heat, with large swathes of the population living in lower-elevation coastal

Financial System Risk: Moderate

- The Financial Services Authority (OJK) regulates the insurance industry and is responsible for supervising the entire financial services sector.
- According to the IMF, Indonesia's financial system is broadly resilient with the banking sector possessing strong liquidity and capital buffers, and a low non-performing loan rate of around 2.0%. While balance sheets are generally strong, the IMF cautions that stability will need to be preserved as the government uses macroprudential policies to support its growth agenda.

Insurance Industry Overview

AM Best maintains a Stable outlook on Indonesia's non-life insurance segment. Positive factors supporting the outlook include the following:

- Resilient macroeconomic fundamentals continue to support premium growth prospects and operating earnings.
- Recent regulatory developments continue to strengthen the segment's financial endurance and risk management.
- Regulatory measures aimed at managing medical inflation are expected to improve the risk profile of the health insurance segment.
- While prospective premium growth is expected to remain robust, profitability continues to be constrained by claims inflation and competitive market conditions.

Indonesia's non-life segment posted a 5.5% increase in premium income to IDR 113.6 trillion (USD 6.3 billion) in 2025, down from the 8.7% growth achieved in 2024, primarily driven by the contraction in health and motor lines, according to data published by the General Insurance Association of Indonesia (AAUI). The segment paid out nearly IDR 49.6 trillion in total claims for the full year.

The Indonesian non-life market remains dominated by the property, credit, and motor vehicle lines. While the non-life segment remains broadly resilient, margin pressures have intensified across core business lines, such as credit and health insurance.

Property insurance premiums rose 8.6% to IDR 32.9 trillion in 2025, representing 28.9% of total non-life premium income. Claims paid increased marginally by 1.7% to IDR 8.6 trillion, indicating broadly stable loss experience and supporting continued underwriting resilience in this segment. The property segment, therefore, remains a core stabiliser of the overall non-life portfolio, combining scale with stable underwriting.

Credit insurance expanded strongly in 2025, with premiums surging 11.2% to IDR 19.0 trillion, reversing the 3.4% decline in 2024. This rebound was backed by commercial loan demands and government-backed financing initiatives such as the People's Business Credit (KUR) programme tailored for micro, small, and medium-enterprises. However, the credit insurance loss ratio has deteriorated, driven by rising non-performing loans and higher paid claims amidst weaker credit conditions. Regulatory measures which introduced mandatory risk-sharing measures between financial institutions and insurers are expected to improve the risk profiles of credit insurance; however, underwriting performance is likely to remain volatile in the near term as these measures take effect.

The motor vehicle segment saw a 4.2% drop in premium income to IDR 19.0 trillion in 2025, the first contraction since 2020, led by downward pressure from falling vehicle sales, higher borrowing costs, and economic pressures that reduced consumer and corporate spending. The segment remains structurally challenged, reflecting competitive pricing dynamics and slower volume recovery.

Health insurance is the fourth-largest line of business with an 8.9% share of the non-life premium income. The segment faces severe strains from persistently high medical inflation with claims remaining elevated at IDR 6.9 trillion, pointing to continued margin pressure. Insurers have responded with more disciplined underwriting, including pricing adjustments, stricter benefit management, and product feature revisions to support underwriting performance.

In addition, a recent regulatory update is expected to support improvements in the risk profile of health insurance and earnings stability over time. OJK Regulation No. 36/2025 (POJK 36/2025), effective 22 March 2026, introduces optional copayments for all new and renewed indemnity-based health policies, while requiring insurers to offer at least one product without copayment. Copayments, where applied, are capped at 5% of claim costs, subject to prescribed limits. The introduction of copayments may improve non-life insurers' risk profiles by encouraging greater cost-sharing and reducing utilisation-driven claims pressure, in turn contributing to more stable earnings.

Mid-tier commercial lines such as engineering, liability, and miscellaneous insurance showed positive expansion through 2025. Engineering premiums surged 16.7% to IDR 5.0 trillion, supported by rising infrastructure projects and construction activity, with claims increasing in tandem. Liability insurance recorded steady growth of 4.8%, while accident and miscellaneous lines posted double-digit expansion, particularly miscellaneous insurance at 26.8%, indicating diversification into smaller specialty segments.

However, insurance penetration shows a noticeable decline during the same period; in particular, total industry penetration fell sharply from 2.61% in 2024 to 1.29% in 2025, indicating a sharp contraction in insurance activity relative to GDP. Non-life insurance penetration eased from 0.53% to 0.51% last year, suggesting broadly stable but marginally weaker non-life insurance contribution within the overall market.

Regulatory and Risk Developments

Indonesia's non-life insurance regulatory landscape continues to evolve, with a continued focus on improving financial resilience, risk management, and reporting transparency.

The Financial Services Authority (OJK) remains on track with implementing its scheduled phased increases in minimum equity requirements for insurance and reinsurance companies under POJK 23/2023, with the first phase effective 31 December 2026. While the majority of companies have met the phase-one minimum equity requirement of IDR 250 billion as of July 2026, meeting these requirements will remain a challenge for financially weaker non-life insurers with limited financial flexibility.

In addition, the Indonesian insurance industry is preparing for the phased implementation of a new risk-based capital (RBC) framework, with regulatory reporting expected to begin in 2027. The framework forms part of broader efforts to enhance risk sensitivity and align solvency requirements more closely with evolving international standards. Although the implications for individual insurers will only become clearer as implementation progresses, the transition may drive stronger capital discipline and risk management practices across the industry over time.

The regulator has tightened its supervisory architecture for the non-bank financial sector through POJK 37/2025 and POJK 33/2025, which establish structured soundness assessments and clear intervention rules for insurance, guarantee institutions, and pension funds. Effective 22 June 2026, POJK 37/2025 updates early-detection supervisory frameworks, categorising status into normal, intensive, and special levels and requiring strict action plans for deteriorating entities. POJK 33/2025, which took effect on 1 January 2026, establishes an expanded and integrated framework for assessing the soundness levels of insurance companies and pension funds, widening the scope to include Shariah-compliant operators and surety institutions.

The health insurance reform under POJK 36/2025 has replaced previous mandatory coinsurance frameworks to manage medical inflation, curb overutilisation of healthcare services, balance policyholder benefits, and improve health insurance governance. POJK 36/2025 regulates various aspects of health insurance operations, including product design, risk management practices, and consumer protection. Additionally, health insurers are required to actively conduct public educational and promotional campaigns focusing on disease prevention and healthy lifestyles, shifting their roles from passive risk-bearers to active promoters of community health and preventive care. The reform also strengthens coordination across the insurance ecosystem, including integration considerations with BPJS Kesehatan (the official state agency that runs Indonesia's national health insurance programme), with the objective of improving claims discipline and addressing rising medical inflation pressures.

To modernise asset-liability management (ALM) for the insurance industry, OJK has issued POJK 26/2025 to refine risk rules, tighten investment limits, and improve asset segregation, which significantly strengthens investment governance and risk controls across insurers and reinsurers. Issued in late 2025, the regulation replaced earlier frameworks with a more granular ALM approach, placing greater emphasis on prudential matching of assets and liabilities, diversification of investment portfolios, and tighter oversight of related-party exposures. This is intended to reduce asset-side volatility

risk, particularly for insurers with high exposure to domestic equity and fixed-income markets, while reinforcing solvency resilience under Indonesia's broader risk-based capital regime.

Natural Catastrophes and Climate Risks

Indonesia ranks among the most disaster-prone countries globally due to its location on the seismically active Pacific Ring of Fire and its tropical climate, which triggers earthquakes, volcanic eruptions, storms, floods, landslides, droughts, and forest fires. Furthermore, climate change, rapid urbanisation, and environmental degradation intensify these disasters, resulting in regular crises that cause loss of life and property damage, as well as challenge national stability.

The country faced a prolonged hydrometeorological sequence starting with catastrophic late-2025 floods and landslides in Sumatra, followed by an intense El Niño-driven dry season in mid-2026 causing water shortages, low river levels, and widespread fire hotspots. In late 2025, catastrophic floods and landslides devastated Aceh, North Sumatra, and West Sumatra due to cyclone-driven heavy rains that overwhelmed rivers and caused widespread damage and losses. The event is characterised as a high-severity, multi-province catastrophe with sustained economic disruption across residential, agricultural, and public infrastructure assets, reflecting elevated exposure to climate-driven flood risks in Indonesia's western regions.

Indonesia continued to face severe hydrometeorological disasters in early 2026, led primarily by floods and landslides from heavy monsoonal rains. The National Disaster Management Agency (BNPB) recorded over 175 disaster events by late January and more than 1,134 incidents across the country during the first half of 2026. These events are consistent with broader 2025 trends, where Indonesia recorded over 3,000–4,700 natural disaster events, with around 99% classified as hydrometeorological (floods, extreme weather, landslides) rather than geophysical shocks.

The nature of these events suggests elevated reliance on reinsurance recoveries, particularly for non-life insurers with concentrated exposure in Sumatra and spillover risk in Java. Subsequent hydrometeorological events in January 2026, including flash floods and landslides in West Sumatra and West Java, further contributed to a pattern of back-to-back catastrophe activity, reinforcing concerns around catastrophe accumulation risk, reserving adequacy, and potential upward pressure on reinsurance costs and primary insurance pricing during 2026 renewal discussions.

Notwithstanding, Indonesian non-life insurers continue to benefit from adequate reinsurance capacity, supported by access to both domestic and international reinsurance markets. Reinsurance remains an important risk management tool that manages earnings volatility and protects non-life insurers from catastrophic losses, particularly in catastrophe-exposed lines like property and engineering.

Indonesia Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
91858	PT Asuransi Astra Buana	Jardine Matheson Holdings Ltd	a-	Stable	A-	Stable	aaa.ID	Stable
91075	PT Asuransi Samsung Tugu	Samsung Fire & Marine Insurance Co Ltd	a-	Stable	A-	Stable	aaa.ID	Stable
86731	PT Asuransi Tokio Marine Indonesia	Tokio Marine Holdings, Inc.	a-	Stable	A-	Stable	...	...
86732	PT Asuransi Tugu Pratama Indonesia Tbk	PT Pertamina (Persero)	a-	Stable	A-	Stable	aaa.ID	Stable
91185	PT KB Insurance Indonesia	KB Financial Group Inc.	bbb+	Stable	B++	Stable	aaa.ID	Stable
89599	PT Lippo General Insurance Tbk.	Hanwha Life Insurance Co., Ltd.	a-	Stable	A-	Stable	aaa.ID	Stable

Source: 

Japan CRT-2

August 12, 2026

Region: Asia

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Japan, a CRT-2 country, has low levels of economic, political and financial system risk.
- According to the IMF, real GDP growth is expected to slow from 1.2% in 2025 to 0.7% in 2026 as the fading impact of previous fiscal stimulus, persistent external headwinds and adverse geopolitical developments weigh on economic momentum.
- Inflation is forecast to decline from 3.2% in 2025 to 2.2% in 2026. This moderation is the result of a stabilizing domestic food supply, anticipated monetary policy tightening and government price measures. Together, these are expected to curb the inflationary impact of rising nominal wages and accelerating global price pressures.

Economic Indicators		
Nominal GDP	USD bn	4435.2
Population	mil	123.29
GDP Per Capita	USD	35,973
Real GDP Growth	%	1.2
Inflation Rate	%	3.2
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index	Rank (out of 187)	19
Global Innovation Index	Rank (out of 139)	12
Insurance Statistics		

Insurance Regulator [Financial Services Agency](#)

Insurance Density	USD	2,512
Insurance Penetration	%	7.4

Regional Comparison	
	Country Risk Tier
Japan	CRT-2
China	CRT-3
Hong Kong	CRT-2
Singapore	CRT-1
South Korea	CRT-2
Taiwan	CRT-2

Source: IMF, UN, Swiss Re, Axco and AM Best



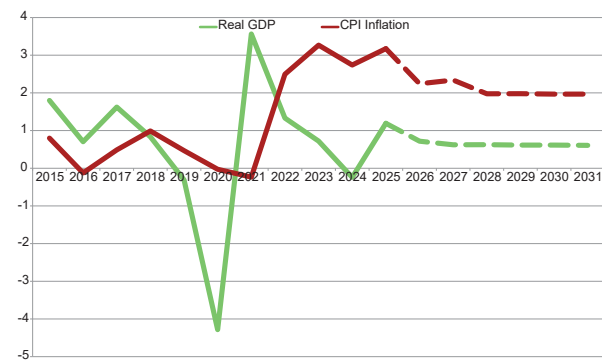
- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Eastern Asia

- Eastern Asia is an economically significant region that contains two of the world's five largest economies, China and Japan.
- The region's economic outlook is heavily shaped by the global technology cycle, with advanced manufacturing a key driver of exports and economic activity. While East Asia remains vulnerable to commodity price volatility and geopolitical developments, regional economies have high levels of strategic reserves of oil to help manage shocks.
- Many countries in Eastern Asia have rapidly aging populations and declining birth rates, posing some long-term challenges. Economic growth could be impacted by labor shortages, and more fiscal spending might be needed to support healthcare and pensions.
- Public debt has increased in many of the region's major economies as countries deal with domestic and external pressures. Japan has one of the highest public debt-to-GDP ratios among developed nations. Fiscal deficits have also increased in China and South Korea.



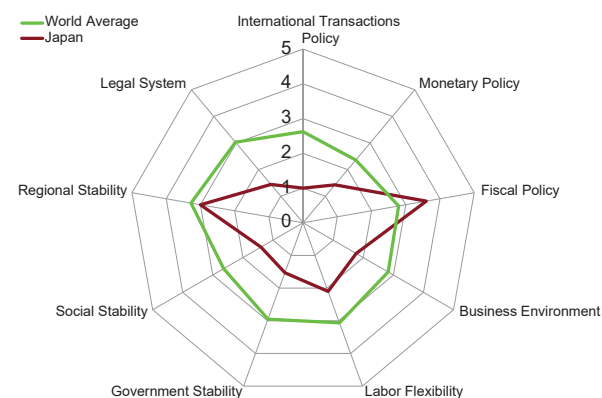
Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

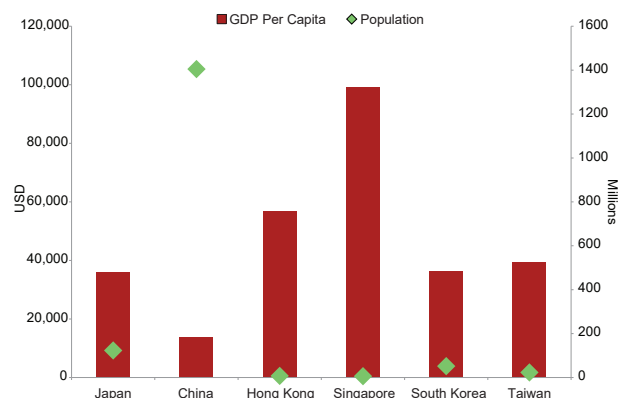
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

Economic Risk: Low

- Japan maintains a well-diversified economy, anchored by strong automotive, industrial machinery, and construction sectors. Growth and employment have been resilient despite higher trade tensions while global demand for AI-related products continue to provide tailwinds to the economy.
- A shrinking and ageing population remains a structural constraint on Japan's medium-term growth prospects. Rising labor force participation and automation have partially offset the drag on labor supply, but labor shortages remain significant and represent an important barrier to stronger economic activity.
- After several decades of near-zero inflation, the Japanese economy has shown signs of reflation through stronger nominal wage growth and more persistent price pressures. This has been supported by expansionary fiscal policy, tight labor markets and rising global input price pressures.
- Japan's public debt remains among the highest in advanced economies, at approximately 250% of GDP in 2025. Although risks are mitigated by a large stock of government assets and strong domestic demand for government bonds, fiscal sustainability concerns remain.

Political Risk: Low

- The Liberal Democratic Party (LDP), led by Prime Minister Sanae Takaichi, secured a decisive victory in the February 2026 snap election, winning 316 of 465 seats. Together with its coalition partner, the LDP-led government holds a Lower House supermajority, strengthening policy continuity, improving legislative capacity and reinforcing Takaichi's position ahead of the next party leadership election.
- Takaichi's policy agenda is expected to emphasize higher defense spending and economic and supply-chain security in critical industries. Her government is also likely to continue to balance a more cautious strategic posture towards regional neighbors with the need to protect Japan's commercial interests.
- Japan ranks 18th out of 182 countries in Transparency International's latest Corruption Perceptions Index. While the score reflects relatively low corruption, political funding scandals and questionable ties between government and businesses undermine political transparency and independence.

Financial System Risk: Low

- The Financial Services Agency regulates the banking and insurance industries.
- According to the IMF, Japan's financial system remains broadly resilient, with robust capital and liquidity positions across the banking and insurance sectors. Key downside risks include tighter global financial conditions, elevated asset valuations, high foreign exchange exposures and vulnerabilities in real estate markets.

Insurance Industry Overview

AM Best maintains a Stable outlook for Japan's life and non-life insurance segments, respectively. Key supporting factors for the non-life segment include:

- Rising domestic interest rates have bolstered reinvestment yields, supporting net investment income.
- J-ICS is expected to enhance the transparency and global comparability of non-life insurers.
- Heightened regulatory oversight is anticipated to strengthen governance and elevate market conduct standards.
- Successive rate revisions and tighter underwriting terms continue to improve fire insurance profitability.

These strengths are partly moderated by the impact of persistent claims inflation, driven by the depreciating Japanese Yen and labour shortages, on voluntary automobile loss ratios, and continued exposure to tail risk from potential major earthquakes.

For the life segment, positive factors underpinning the Stable outlook include:

- Annualised premiums in force are expected to remain broadly steady, with savings-type product sales driving headline premium income, whilst insurers' investments in agency digitalisation and new third-sector products support protection-type sales over the medium term.
- Investment income is expected to become an increasingly crucial component of core profits, albeit partially offset by rising operating expenses amid structural inflationary pressures.
- Business diversification continues, with major insurers accelerating overseas expansion and expanding into adjacent domestic non-insurance market segments, reducing structural dependence on a contracting domestic insurance market and supporting medium-term earnings resilience.
- The mandatory transition to the economic value-based solvency regime for all insurers by fiscal year ending 31 March 2026 proceeded in an orderly manner, with the market capitalisation well above regulatory thresholds, underpinned by active asset-liability management and the strategic use of asset-intensive reinsurance.

Japan's non-life segment remains highly developed and benefits from disciplined pricing, strong capitalisation, and extensive use of reinsurance protection. The segment has demonstrated steady growth over the past two fiscal years, with a 3.8% rise in direct premiums for FY2025 (fiscal year ended 31 March 2026) and a 4.3% increase in FY2024, successfully recovering from the 0.4% decline in FY2023, according to data from the General Insurance Association of Japan (GIAJ). Growth was primarily driven by upward rate revisions in the fire and voluntary automobile lines in recent years. Additionally, lower natural catastrophe insured losses in FY2025 contributed to improved underwriting performance.

In particular, the fire insurance line has undergone a multi-year structural transition, characterised by multiple rounds of premium rate increases following the General Insurance Rating Organisation of Japan's (GIROJ) revisions to reference loss cost rates. Additionally, insurers have tightened policy terms and conditions, such as shortening the maximum renewal period for homeowner products from ten years to five years, allowing them to reprice risks more frequently in response to a rapidly evolving operating environment. AM Best believes these underwriting and pricing initiatives will continue to strengthen fire line profitability and contribute to a more sustainable earnings profile in the medium term.

The dominant voluntary automobile line continues to face profitability pressures, driven primarily by claims inflation in recent years. Elevated motor claim losses are fuelled by the rising costs of imported automotive parts due to the sustained depreciation of the Japanese yen, domestic labour shortages, and the higher repair costs of technologically complex vehicles. To mitigate rising claims and deteriorating loss ratios, major insurers continued to raise motor premium rates in FY2025. Consequently, the voluntary automobile combined ratio stabilised in FY2025 and is expected to improve modestly as recent rate increases continue to earn through portfolios over the medium term.

Japan's non-life segment remains highly concentrated, dominated by four major insurers that collectively control more than 80% of direct premiums written and continue to exert strong leadership across the major lines. The upcoming merger between the two core non-life units of the MS&AD group—Mitsui Sumitomo Insurance and Aioi Nissay Dowa Insurance—in April 2027, will have an impact on market structures, competition, and the overall industry dynamics, while tightened regulatory supervision and enhanced sales conduct guidelines are expected to provide a fairer, more disciplined playing field. At the same time, major non-life insurers will remain focused on reallocating capital towards overseas market expansion to offset the long-term structural headwinds from large natural catastrophe exposures and the limited growth outlook in the domestic market.

Investment performance remains a core contributor to the non-life segment's overall profitability. Realised gains from divesting strategic equity holdings and favourable domestic equity market conditions materially bolstered the segment's investment income in the past two years. Additionally, higher JGB yields have lifted reinvestment returns, although this has been partially offset by mark-to-market pressure on legacy low-coupon fixed-income holdings. AM Best expects investment performance to remain an important earnings tailwind for the segment in the intermediate term, supported by continued realised gains from strategic equity disposals and higher reinvestment yields due to the Bank of Japan's ongoing monetary policy normalisation.

In the life segment, total premium income grew by 4.7% to JPY 38.53 trillion (USD 246.8 billion) in FY2025, according to data from the Japan Life Insurance Association (LIAJ). This marked a significant turnaround, compared to the previous year's contraction of 1.9%, driven by higher domestic interest rates boosting demand for yen-denominated savings and single-premium products. Over the medium term, AM Best expects the current macroeconomic environment to support demand for asset accumulation products, offering some degree of inflation protection. The life industry's product mix is likely to shift further towards Japanese yen-denominated products as domestic interest rates remain elevated while foreign interest rates ease.

On the protection side, Japan's life insurers are actively developing new products to meet the needs of the aging population. As the public long-term care system strains under the weight of this demographic shift, private supplemental insurance for dementia, nursing care, and health promotion is becoming increasingly attractive to consumers. These products, while unlikely to generate strong premium growth in absolute terms, are expected to support the overall stability of annualised premiums in force given their recurring premium nature and alignment with long-term demographic demand. Furthermore, life insurers are boosting investments in their agency channels and accelerating digital transformation, a necessary response to the structural challenge of maintaining sales volumes amid a shrinking labour force. These investments are also strategically linked to the segment's pivot towards higher-margin third-sector products that help preserve the stability of annualised premiums in force and enhance long-term profitability.

The higher interest rate environment represents a structural tailwind for the life segment's investment income. Rising domestic interest rates continue to boost reinvestment yields for Japanese yen-denominated fixed income assets, while the gradual run-off of legacy policies with high guaranteed rates remains a significant driver in improving life insurers' overall investment spreads. As a result, most Japanese life insurers reported a boost in core profits driven by stronger net investment income in recent periods.

The life industry's profitability gains are expected to be partly offset by rising operating expenses, such as wage and technology expenditures, reflecting a sustained inflationary environment in Japan and ongoing structural investments. Nevertheless, the industry generally maintains cost discipline through a combination of prioritising strategic investments and expense control, limiting the impact of inflation on overall profits.

As the domestic life industry faces growth constraints from high market penetration and a rapidly aging and shrinking population, insurers are increasingly focusing on improving long-term earnings resilience through a dual strategy of intensifying international acquisitions and diversifying into adjacent domestic non-insurance businesses. Recent overseas acquisitions and expansion initiatives undertaken by major life insurers provide clear evidence of the segment's accelerated shift towards broader business diversification, which AM Best expects to continue over the medium term.

In recent times, several major Japanese life insurers have completed or announced sizeable transactions involving overseas life insurance business, retirement solutions, and asset-intensive (re)insurance platforms, particularly in North America, Australia, New Zealand, and selected Asian markets. At the same time, insurers are expanding into domestic non-insurance segments that can create long-term synergy with the insurance business, such as corporate benefits and healthcare services. While execution and integration risks are expected to remain elevated in the medium term as overseas operations grow in size and complexity, these strategic moves continue to illustrate how the Japanese life insurance segment is proactively responding to long-term challenges in the domestic market.

Regulatory and Risk Developments

Japan's insurance regulatory framework continues to evolve as regulators strengthen solvency standards, governance requirements, and market conduct supervision.

The most significant recent development has been the implementation of the Japan Insurance Capital Standard (J-ICS), effective from the fiscal year ended 31 March 2026. The framework introduces an economic value-based solvency regime that measures assets and liabilities on a market-consistent basis, replacing the previous Solvency Margin Ratio framework. Closely aligned with the global Insurance Capital Standard, J-ICS is intended to enhance the transparency and global comparability of Japanese insurers, strengthening their credibility in cross-border transactions and supporting capacity for international expansion over time.

Based on Japan's Financial Services Agency's (FSA) field-testing data and individual company disclosures, economic solvency ratios (ESRs) for major life and non-life insurers stand comfortably above 200%, well in excess of the 100% minimum threshold. The current environment of rising domestic interest rates has generally been supportive of ESR levels for Japanese life insurers. The continued effort to narrow the asset-liability duration gap, alongside the increased usage of asset-intensive reinsurance, is expected to benefit insurers' ESR positions and reduce sensitivity to future rate movements after the transition to the new regime.

For the non-life segment, higher domestic interest rates are not expected to have a material impact on the solvency position due to relatively short-duration liabilities and well-matched asset duration. Although the segment remains exposed to significant equity risk arising from sizeable domestic strategic equity holdings by large insurance groups, AM Best views this exposure as manageable given the ample capital buffers of major non-life insurers. We expect such risk to ease alongside their commitment to reduce these equity holdings to near-zero levels over the next four to five years.

Alongside solvency reforms, the FSA has increased its supervisory focus on governance and market conduct following several industry-wide issues involving agency management practices and customer treatment. Updated supervisory guidelines place greater emphasis on sales practices, agency oversight, conflicts of interest, customer information management, and internal controls.

The regulator enforced key amendments to the Insurance Business Act and its supervision guidelines, effective 1 June 2026. These amendments have further strengthened governance, compliance, and internal audit expectations for insurers and large insurance agencies. Although these reforms are expected to increase compliance costs in the near term, they are intended to improve customer outcomes, strengthen market discipline, and support the long-term sustainability of Japan's insurance segment.

Natural Catastrophes and Climate Risks

Japan's fire portfolio remains heavily exposed to natural catastrophe risk. The relatively favourable catastrophe experience of the past two years may not be indicative of future loss activity. The occurrence of a large-scale earthquake or multiple rounds of major typhoons could materially alter loss expectations, tighten reinsurance capacity, and reverse the current soft market trend.

Although insurers routinely incorporate recurring weather-related catastrophe losses into pricing and reinsurance programmes, the market remains particularly exposed to the risk of a major earthquake event. This was reinforced by the July 2026 Kumamoto earthquake, which triggered brief tsunami advisories and caused widespread property damage and dozens of casualties. While the event did not materially affect the financial strength of the insurance segment, it highlighted the importance of robust catastrophe modelling, prudent underwriting, and comprehensive reinsurance protection in managing Japan's elevated catastrophe exposure. The projected Nankai Trough megaquake continues to represent one of the country's most significant long-term catastrophe risks and remains a key focus of government disaster preparedness planning.

Japan's government-backed reinsurance framework for earthquake insurance is well-established to absorb most residential losses, but commercial and industrial earthquake risks remain largely retained by commercial insurers and global reinsurers. As a result, a major earthquake event could lead to increased reinsurance costs and financial volatility across the segment. Nevertheless, the non-life market's strong capital base, low take-up rates for commercial/industrial earthquake insurance in Japan, and extensive reinsurance protection remain important mitigants against severe natural catastrophe.

Climate risks are expected to increase the frequency and severity of certain weather-related events, including typhoons, flooding, and extreme rainfall. In response, insurers continue to invest in catastrophe modelling, data analytics, and advanced risk-based pricing frameworks to better manage evolving physical climate risks.

Japan

Rated Companies - Key Financial Metrics

Local GAAP, IFRS, USD billions	2023	2024	2025
Direct Premium Written	108.6	108.2	112.9
Reinsurance Assumed	8.5	8.1	7.3
Gross Premium Written	125.3	124.5	127.8
Reinsurance Ceded	14.5	15.9	13.1
Net Premium Written	110.9	108.6	114.7
Non-life Net Premium Written	50.4	52.7	51.1
Life Net Premium Written	59.3	54.7	62.5
Net Claims Paid	67.3	69.6	65.7
Net Operating Expenses	26.1	27.2	26.2
Pretax Profit	14.9	22.2	22.6
After Tax Profit	12.5	19.1	18.6
Capital & Surplus	195.3	167.4	185.5

Source: AM Best data and research

Japan Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
95857	Aflac Life Insurance Japan Ltd.	Aflac Incorporated	aa	Stable	A+	Stable	...	...
85028	Aioi Nissay Dowa Insurance Company Ltd.	MS&AD Insurance Group Holdings, Inc.	aa	Stable	A+	Stable	...	...
91222	Hyundai Marine & Fire Ins Co Ltd JPB	...	a	Stable	A	Stable	...	...
89451	Japan Ship Owners' Mut P&I Assn	...	a-	Stable	A-	Stable	...	...
85358	Meiji Yasuda Life Insurance Company	Meiji Yasuda Life Insurance Company	aa-	Stable	A+	Stable	...	...
84422	Mitsui Sumitomo Insurance Company Ltd	MS&AD Insurance Group Holdings, Inc.	aa	Stable	A+	Stable	...	...
93361	New India Assurance Company Ltd JPB	New India Assurance Company Limited	bbb+	Positive	B++	Positive	...	...
85457	Nippon Life Insurance Company	Nippon Life Insurance Company	aa-	Stable	A+	Stable	...	...
85258	Sompo Japan Insurance Inc.	Sompo Holdings, Inc.	aa-	Positive	A+	Stable	...	...
93225	Starr Indemnity & Liability Co (JPB)	Starr International Company, Inc.	a+	Positive	A	Positive	...	...
85179	The Toa Reinsurance Company, Limited	The Toa Reinsurance Company, Limited	a+	Stable	A	Stable	...	...
85100	Tokio Marine & Nichido Fire Ins Co Ltd	Tokio Marine Holdings, Inc.	aa+	Stable	A++	Stable	...	...

Source: 

Macau, SAR CRT-2

August 12, 2026

Region: Asia

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Macau, a CRT-2 special administrative region (SAR) of China, has a low level of financial system risk and moderate levels of economic and political risk.
- According to the IMF, Macau's real GDP growth is projected to decelerate from 4.7% in 2025 to 3.0% in 2026. The slowdown reflects a gradual normalization of the tourism and gaming sectors following a very strong post-pandemic rebound.
- Inflation is forecast to increase from 0.3% in 2025 to 1.8% in 2026 as the rising global cost of energy and other key production inputs combines with resilient domestic consumer demand.



Economic Risk



Political Risk



Financial System Risk

- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Eastern Asia

- Eastern Asia is an economically significant region that contains two of the world's five largest economies, China and Japan.
- The region's economic outlook is heavily shaped by the global technology cycle, with advanced manufacturing a key driver of exports and economic activity. While East Asia remains vulnerable to commodity price volatility and geopolitical developments, regional economies have high levels of strategic reserves of oil to help manage shocks.
- Many countries in Eastern Asia have rapidly aging populations and declining birth rates, posing some long-term challenges. Economic growth could be impacted by labor shortages, and more fiscal spending might be needed to support healthcare and pensions.
- Public debt has increased in many of the region's major economies as countries deal with domestic and external pressures. Japan has one of the highest public debt-to-GDP ratios among developed nations. Fiscal deficits have also increased in China and South Korea.



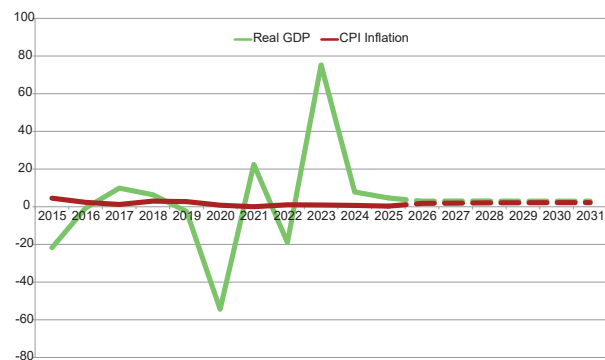
Economic Indicators		
Nominal GDP	USD bn	52.1
Population	mil	0.70
GDP Per Capita	USD	74,465
Real GDP Growth	%	4.7
Inflation Rate	%	0.3
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index	Rank (out of 187)	n.a.
Global Innovation Index	Rank (out of 139)	n.a.

Insurance Statistics		
Insurance Regulator	Monetary Authority of Macau	
Insurance Density	USD	7,149
Insurance Penetration	%	9.8

Regional Comparison	
	Country Risk Tier
Macau	CRT-2
China	CRT-3
Hong Kong	CRT-2
Japan	CRT-2
South Korea	CRT-2
Taiwan	CRT-2

Source: IMF, UN, Swiss Re, Axco and AM Best

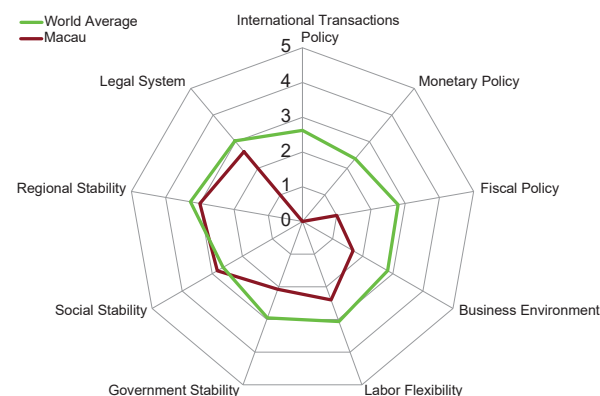
Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

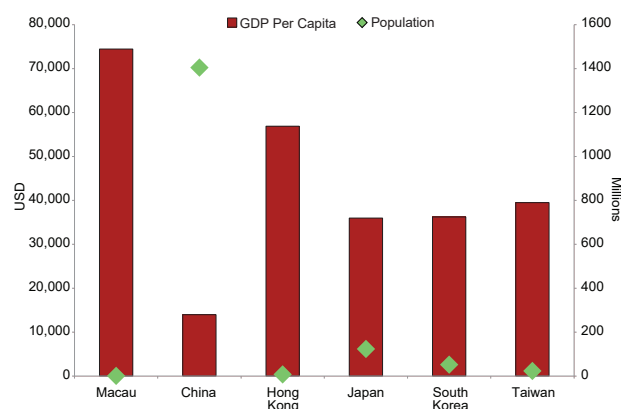
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

Economic Risk: Moderate

- Macau's economy relies heavily on its tourism and gaming sectors, with the world's largest gambling market by revenue. As the only jurisdiction in China where casino gambling is legal, Macau attracts substantial inflows of visitors from mainland China. This reliance on tourism leaves its economy vulnerable to potential external headwinds such as rising trade tensions, geopolitical uncertainties and a slowing Chinese economy.
- Measures introduced by mainland China have supported Macau's tourism recovery. These include the expansion of the Individual Visit Scheme to additional mainland cities, multiple entry travel permits and the relaxation of travel policies to Chinese cities.
- According to the US Department of State's 2025 Investment Climate Statement, Macau maintains a transparent and investor-friendly free-market economy. There are no specific restrictions on foreign ownership, and the legal framework is transparent and consistent. However, challenges persist due to Macau's heavy reliance on a single industry and a limited domestic labor pool.

Political Risk: Moderate

- Macau's political environment is broadly pro-Beijing, with policies closely aligned with mainland China. While Macau retains a moderate degree of autonomy over its internal affairs under the "One Country, Two Systems" framework, its governance remains firmly within the parameters set by Beijing. Sam Hou Fai, who took office as Chief Executive in December 2024, has emphasized national security, economic stability, integration with mainland China and gradual economic diversification.
- Macau does not have formal political parties. Instead, various civic associations and political groups act as de facto parties, issuing platforms and contesting elections. However, opposition groups are largely sidelined, and political competition remains limited within the pro-establishment landscape. The Legislative Assembly has 33 members, consisting of 14 members directly elected by the public, 12 indirectly elected members and seven members appointed by the Chief Executive.
- Macau faces climate challenges due to its low elevation, dense urbanization, and exposure to extreme weather events such as typhoons and flooding. Sea-level rise threatens coastal infrastructure, while reliance on external water sources raises concerns about future supply.

Financial System Risk: Low

- Macau's insurance industry is regulated by the Insurance Supervision Department of the Macau Monetary Authority.
- Macau maintains a fixed exchange rate regime in which the Macanese pataca (MOP) is pegged to the Hong Kong dollar, which in turn is pegged to the U.S. dollar. This arrangement makes Macau's monetary policy effectively dependent on the actions of the US Federal Reserve.

Insurance Industry Overview

Macau's insurance market recorded low single-digit growth in 2025, reflecting the industry's gradual and uneven recovery. Positive factors include:

- Life and health business is driving overall market expansion through new whole-life and cross-border health products, while the non-life segment is showing signs of stabilisation.
- Casino operators' non-gaming initiatives, such as concerts, exhibitions, entertainment events, and community promotion, and government spending on large-scale projects and year-round events, are creating new business opportunities.
- GBA integration opportunities such as the Hong Kong-Zhuhai-Macao Bridge (HZMB) Park-and-Ride Insurance, the Macau Vehicles Going North (MVGN) Motor Insurance, and supplementary cross-sales products (Annual Travel and Personal Accident covers) are opening new points of entry for insurers.

Moderating factors include:

- Economic growth relies heavily on the gaming and tourism sectors, with small- and medium-sized enterprises facing severe operational pressure as the growing "northbound consumption" trend impacts local spending.
- Stagnant non-life business faces local growth constraints, while price competition is heating up.
- Staff expenses and claims costs remain high, with the cost impact of new regulatory compliance requirements expected to emerge over the short- to medium-term.

Macau's insurance industry remains relatively small but competitive. At the end of 2025, there were 27 authorised insurance companies operating in the territory, comprising 13 life insurers and 14 non-life entities. Gross premium moderated to 3.1%, reaching MOP 40.1 billion in 2025, down from 5.1% in 2024, according to the latest annual data compiled by the Monetary Authority of Macao (AMCM). Life insurance remains the core driver of the domestic market, growing by 3.2% to MOP 37.2 billion in premium income and accounting for 92.8% of total market premiums.

The non-life insurance segment also experienced softer demand. Gross premiums increased by 1.2% to nearly MOP 3.0 billion in 2025, down from 2.9% in 2024, supported by property all-risks and mandatory lines such as employees' compensation and motor third party. Property all-risks insurance is the largest line, capturing nearly 45% of the non-life segment. This was followed by employees' compensation insurance and motor insurance, which constituted 16.7% and 13.4% of the total gross premiums, respectively. Total gross claims of the non-life segment surged 35.3% to MOP 686.1 million in 2025, constituting 2.9% of the overall market gross claims.

The AMCM remains committed to advancing the in-depth integration of Macau's insurance industry with the Greater Bay Area (GBA) and actively driving innovation in cross-border motor vehicle insurance. In 2025, the regulator coordinated with local insurers to adapt contract terms and offer broader coverage for Guangdong-Macau cross-border vehicle schemes, supporting regional integration under the GBA initiatives. By the end of 2025, such insurance products provided risk coverage for over 35,000 vehicles. Additionally, around 73,000 policies were issued for the Hong Kong-Zhuhai-Macao Bridge Macao Port Park-and-Ride Scheme, supporting cross-boundary travel as regional connectivity initiatives expand.

To promote the expansion of health and medical insurance lines, the AMCM has encouraged domestic insurers to develop innovative and distinctive products, with the aim of providing customers with more options and suitable products. In response, non-life and health insurers have optimised their medical products by expanding benefit limits, integrating cross-border GBA outpatient services, and adding digital wellness and telemedicine features to offset rising healthcare costs.

The non-life segment posted a net profit of MOP 517.9 million in 2025, an increase of 2.9% year over year, buoyed by stable premium growth and stronger underwriting income. During the year, underwriting profit amounted to MOP 382.0 million, up 8.5% from 2024, and the gross loss ratio stood at 23.1%, reflecting generally favourable underwriting performance.

At year-end 2025, total assets of the non-life segment reached MOP 9.4 billion, up 3.7% year on year. Additionally, the segment maintained a robust solvency margin ratio of 554.6%, significantly exceeding regulatory requirements and providing substantial financial flexibility against adverse market conditions.

The non-life market structure remains broadly unchanged, with no significant shifts in competitive behaviour. The segment continues to be led by three players—China Taiping Insurance (Macau) Company Ltd, Luen Fung Hang Insurance Company Ltd, and Macau Insurance Company Ltd—with market shares of 34%, 20.1%, and 11.5%, respectively. The remaining companies each hold under 10% of the market share.

Regulatory and Risk Developments

The AMCM is focusing on strengthening market conduct supervision, enhancing consumer protection, and advancing risk-based regulation.

A key development was the enforcement of the amended Insurance Intermediary Business Ordinance (Law 15/2024), effective 1 August 2025, to better safeguard the rights and interests of policyholders and the public. The revised legislation introduced higher qualification and licensing requirements for insurance intermediaries, strengthened supervisory powers, and imposed more stringent penalties for regulatory breaches, with the aim of improving professionalism and governance standards across the insurance distribution sector. On the same day, the AMCM launched the online declaration service on the “Insurance Intermediaries Electronic Platform,” to digitise industry filings, appointments, and training hours with the long-term goal of fully paperless license and business applications.

As of year-end 2025, the AMCM has stipulated the coverage and conditions for seven classes of compulsory insurance, namely motor vehicle third-party insurance, employees’ compensation insurance, professional liability insurance for travel agencies, professional liability insurance for lawyers, public liability insurance relating to the fixing of propaganda and publicity material, third-party liability insurance for pleasure vessels, and professional liability insurance for healthcare providers. These frameworks outline minimum coverage limits, terms, and obligations for specific risk-bearing activities and commercial sectors, covering public safety, labour protection, and high-risk professional fields in the SAR. The AMCM will review the implementation of these compulsory insurances as needed and according to circumstances.

The regulator is actively preparing for the implementation of a risk-based capital (RBC) framework for Macau’s insurance industry to optimise supervision of the sector’s solvency and to enhance the alignment of local supervisory requirements with international standards. The proposed framework will replace the existing Solvency I fixed capital regime with a more risk-sensitive approach that aligns regulatory capital requirements with the underlying risks assumed by insurers. The framework is structured around three core pillars: Pillar 1 for quantitative capital and valuation requirements, Pillar 2 for qualitative enterprise risk management and governance, and Pillar 3 for public disclosure and regulatory reporting. Although implementation is expected in the coming years, AMCM continuously runs industry consultations and technical updates to facilitate a smooth transition.

Natural Catastrophes and Climate Risks

Macau faces natural catastrophe risks, particularly from typhoons, storm surges, and flooding, due to its location in a subtropical monsoon zone, low-lying coastal areas, and increasing exposure to climate risk and sea-level rise. While the devastating impacts of Typhoons Hato (2017) and Mangkhut (2018) remain important reference points for disaster risk management, recent events have demonstrated both the persistence of these risks and the effectiveness of Macau’s enhanced resilience measures.

In 2025, Macau faced a record-breaking 14 tropical storms and typhoons, the highest number since records began in 1968. Notably, typhoons Wipha and Ragasa marked the first time in history that the Signal No. 10 warning, the territory’s highest alert level, was hoisted twice in a single year. In response, the government enhanced the 2026 SME Catastrophe Property Insurance scheme with a new parametric payout component that compensates businesses for business interruption even without direct physical damage.

Under the updated scheme, policyholders are eligible to claim compensation equivalent to 10% of their insured amount if Typhoon Signal No. 10 remains in force for 10 hours or more. The payout applies regardless of whether physical property damage is recorded, with final compensation determined by whichever is higher between the parametric payout and actual loss-based claims.

Six local insurers have participated in this year's programme, which runs from 5 May to 31 December 2026 and covers companies employing up to 100 employees. Coverage remains set between MOP 100,000 and MOP 500,000, with premium rates fixed at 15% of the insured amount. To encourage adoption, the government has increased the subsidy for eligible SMEs, covering up to 70% of the standard annual premiums for those with no prior claims.

The government has also intensified preventive measures ahead of the 2026 typhoon season. In April 2026, the Municipal Affairs Bureau implemented enhanced drainage maintenance, pumping station inspections, tree management programmes, and flood mitigation initiatives, particularly in low-lying districts vulnerable to storm surges and heavy rainfall. These efforts complement ongoing infrastructure investments, including flood control facilities and coastal defence projects designed to improve Macau's ability to withstand extreme weather events.

Macau SAR Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
92127	AIG Ins Hong Kong Ltd (Macau Branch)	American International Group, Inc.	a+	Positive	A	Positive	...	...
78304	China Taiping Insurance (Macau) Co Ltd.	China Taiping Insurance Group Ltd.	a	Stable	A	Stable	...	...
89625	Luen Fung Hang Insurance Company Limited	...	a	Stable	A	Stable	...	...
84138	Macau Insurance Company Limited	Dah Sing Financial Holdings Limited	a-	Stable	A-	Stable	...	...

Source: 

Rated Companies - Key Financial Metrics

IFRS17, USD millions	2023	2024	2025
Insurance Services Revenue	1,645.2	1,867.7	1,911.7
Net Insurance Services Revenue	1,014.9	1,142.1	1,235.3
Non-life Net Insurance Services Revenue	915.4	1,038.3	1,062.2
Life Net Insurance Services Revenue	99.5	103.7	173.1
Insurance Finance Result	95.0	95.6	81.6
Other Income	6.5	9.8	12.3
Reinsurance Result	(532.8)	(252.9)	(458.7)
Total Revenue	1,219.1	1,719.6	1,558.5
Claims Expenses	783.7	1,317.0	1,001.7
Net Operating and Other Expenses	171.0	200.7	225.6
Total Insurance and Other Expenses	954.6	1,517.7	1,227.3
Pretax Income	264.4	201.9	331.3
Net Income	223.2	156.6	278.3
Capital & Surplus	1,825.2	1,903.1	1,890.3

Source: AM Best data and research

Malaysia CRT-3

August 12, 2026

Region: Asia

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Malaysia, a CRT-3 country, has a low level of economic risk and moderate levels of political and financial system risk.
- The IMF expects growth to decelerate slightly, from 5.2% in 2025 to 4.7% in 2026, as elevated global trade and geopolitical tensions impact its export-dependent economy. Strong domestic demand and the AI-driven global technology upcycle provide economic resilience.
- Inflation is forecast to increase slightly from 1.4% in 2025 to 1.9% in 2026 as global supply chain pressures and international commodity price volatility stemming from trade and geopolitical uncertainties pass through into the domestic economy.



- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Southeast Asia

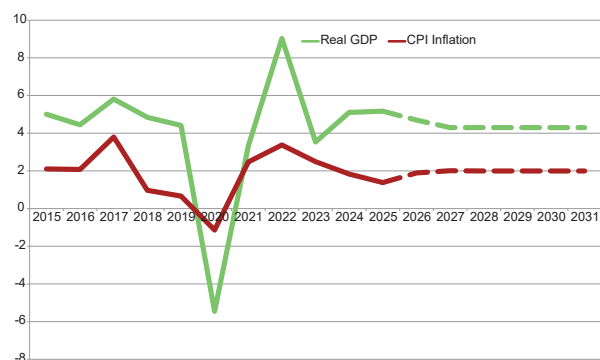
- Southeast Asia consists of 11 countries that make up the ASEAN bloc. The group seeks to promote economic and political integration among member states. The IMF projects that the ASEAN economies will expand by an aggregated rate of 4.5% in 2026.
- Robust demand for technology exports, particularly from major markets including the United States, has provided strong economic support despite ongoing risks from an increasingly fragmented international trade environment.
- As an export-oriented region with energy-intensive industries and key economies reliant on energy imports, the region is vulnerable to geopolitical shocks and disruptions to global supply chains.
- The ASEAN bloc has called for greater regional economic integration in response to the increasingly challenging external environment. China is not an ASEAN member but its actions, such as claims to disputed territories in the South China Sea, will have significant economic and political implications on the region.

Economic Indicators		
Nominal GDP	USD bn	472.2
Population	mil	33.85
GDP Per Capita	USD	13,949
Real GDP Growth	%	5.2
Inflation Rate	%	1.4
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index	Rank (out of 187)	49
Global Innovation Index	Rank (out of 139)	34
Insurance Statistics		
Insurance Regulator	Bank Negara Malaysia (Central Bank of Malaysia)	
Insurance Density	USD	471
Insurance Penetration	%	3.7
Regional Comparison		
	Country Risk Tier	
Malaysia	CRT-3	
Indonesia	CRT-4	
Philippines	CRT-4	
Singapore	CRT-1	
Thailand	CRT-3	
Vietnam	CRT-4	

Source: IMF, UN, Swiss Re, Axco and AM Best



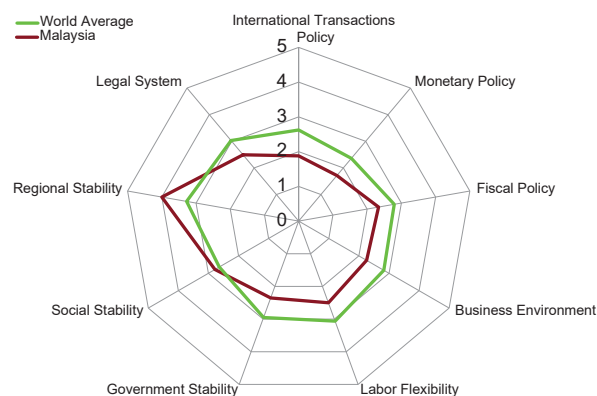
Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

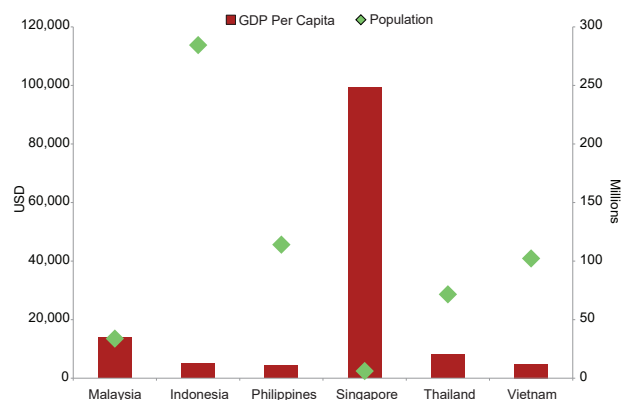
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

Economic Risk: Low

- Malaysia is regarded as one of the most business-friendly countries in Southeast Asia, supported by relatively well-developed transport, energy, and telecommunications infrastructure, as well as a highly skilled labor force. Labor unrest is infrequent, in part due to stringent legal requirements that make it difficult for workers to organize lawful strikes.
- As a net energy exporter, Malaysia has some economic buffer against international commodity price volatility. However, as a highly trade-dependent economy, it remains vulnerable to rising import prices, shortages of key inputs, higher costs of international trade and reduced global demand.
- The government has sought ways to boost tax revenue to ease fiscal pressures and increase its ability to make longer-term investments. However, a significant increase in the cost of fuel subsidies and other measures to support consumer incomes would worsen the strains on the public finances.
- Malaysia occupies a favorable structural position in the global technology supply chain, allowing it to benefit from increased demand for AI-related goods. Aside from boosting growth, positive medium-term current account surpluses bolster the country's external finances. At the same time, this profile leaves it vulnerable to a downturn in international trade and global demand.

Political Risk: Moderate

- Prime Minister Anwar Ibrahim, elected in November 2022, represents the Alliance of Hope coalition that holds two-thirds of parliamentary seats, helping it pass legislation.
- Internal divisions amongst the Malay-Muslim opposition coalition increase the likelihood of an early election, before the scheduled December 2027 date, to allow the government to capitalize on this infighting.
- Malaysia ranks 54th out of 182 countries in Transparency International's latest Corruption Perceptions Index. The country is contending with high-profile graft and money laundering scandals, although there has been recent improvement in enforcement measures.

Financial System Risk: Moderate

- The insurance industry is regulated by the central bank, Bank Negara Malaysia (BNM).
- The IMF reports that systemic financial sector risks remain contained, with banks maintaining sufficient capital and liquidity buffers, healthy household balance sheets and a stable property market.
- The Malaysian ringgit has experienced recent volatility as international trade tensions, higher energy prices and geopolitical uncertainty combine to raise investor concerns over fiscal sustainability, inflation, the current account and the overall resilience of Malaysia's economy to external shocks.

Insurance Industry Overview

AM Best maintains a Stable outlook on Malaysia's non-life insurance segment. Key factors supporting the outlook include:

- Regulatory initiatives and economic expansion are driving robust premium growth and increasing insurance penetration.
- Recent regulatory developments are expected to strengthen the segment's financial resilience while increasing operational challenges and cost pressures.
- Phased de-tariffication of motor and fire insurance may put pressure on pricing over the intermediate term but is expected to support long-term sustainability.
- Regulatory measures aimed at curbing medical inflation should support improved profitability in the health insurance segment over the medium term.

In 2025, Malaysia's insurance industry remained broadly resilient, supported by steady premium growth and continued underwriting discipline, although margin pressures intensified across key business lines. In the non-life segment, gross written premiums (GWP) reached MYR24.2 billion (USD 5.1 billion) in 2025, representing a 4.8% increase from 2024, driven by stable growth in motor, fire, and personal accident insurance, according to data from the Persatuan Insurans Am Malaysia (PIAM). The non-life segment also reported an improved industry underwriting profit of MYR 1.2 billion, with a healthy combined ratio of around 93%, reflecting sustained underwriting discipline that supported profitability despite claims volatility. The performance was underpinned by continued pricing discipline and strong contributions from the non-motor lines, which helped mitigate ongoing weakness in the motor insurance segment.

The PIAM data shows that the overall non-life insurance profitability remains constrained by structural underwriting losses in the motor segment, which recorded a full-year loss of MYR 289.3 million as claims and expenses continued to outpace premiums collected. The combined ratio was high at 103% in 2025, marking the fourth consecutive year the segment remained above the 100% threshold. Despite stricter underwriting, the segment's profitability is constrained by high accident frequency, surging repair costs, and rising claims severity. Notwithstanding continuous losses, motor remains the largest non-life segment, representing 45.2% of total GWP.

Motor insurance losses are not expected to worsen further in 2026, as insurers actively manage spare parts inflation and repair costs through collaboration with industry partners, but court awards for bodily injury claims remain unpredictable and costly. Furthermore, the segment's primary regulator, Bank Negara Malaysia (BNM) is committed to implementing comprehensive measures aimed at promoting safer driving and lowering accident risks, which will help contain claims cost. For example, in late 2025, a joint task force was formed by BNM, the Ministry of Transport, the Road Transport Department, and the Land Public Transport Agency to coordinate safety efforts and promote smart-driving technology to encourage safer road behaviour.

In contrast, non-motor business lines, comprising fire, marine, aviation and transit (MAT), and personal accident, continue to provide vital earnings stability by offsetting volatility and high claim frequencies in the motor segment. Fire insurance, the second-largest business line with MYR 5 billion in premiums and a 20.9% share of the portfolio, stands out as the strongest profit driver, generating an underwriting profit of MYR 700.8 million with a highly profitable combined ratio of 69.5% in 2025.

Motor and fire insurance form the backbone of Malaysia's non-life industry, together accounting for more than 65% of total market premiums. Since BNM began the phased liberalisation of tariffs for these two lines in July 2016, pricing has progressively shifted toward a more risk-based approach. Over time, tariff liberalisation should drive product innovation, improve service quality, align pricing with underlying risks, and enhance market efficiency. While de-tariffication is expected to pressure underwriting margins over the intermediate term, AM Best expects Malaysia's non-life insurers to maintain healthy underwriting profits through disciplined underwriting and effective pricing strategies, supporting the industry's long-term sustainability.

Malaysia's economy grew by 5.2% in 2025, reaching a nominal value of MYR 2.03 trillion, driven by robust domestic demand, strong services and manufacturing activity, and sustained investment momentum, according to data from BNM and the Department of Statistics Malaysia (DOSM). Inflation eased to 1.4% from 1.8% a year ago, and the unemployment rate dropped to an 11-year low of 2.9%, down from 3.2% in 2024, reflecting overall macroeconomic stability.

Malaysia's non-life segment is well-positioned for continued growth, underpinned by regulatory initiatives to increase insurance penetration, rising demand for digital insurance and natural catastrophe coverage, and premium rate increases driven by medical inflation and higher claims frequency. In particular, BNM maintains a steady focus on expanding insurance penetration, currently in the low single digits for non-life, leaving substantial room to expand in line with the country's projected GDP trajectory. Moreover, the introduction of the Digital Insurers and Takaful Operators (DITO) licensing and regulatory framework in July 2024 should further support financial inclusion, stimulate innovation, and improve accessibility for underserved populations, particularly younger and tech-savvy consumers.

Regulatory and Risk Developments

The insurance regulatory landscape continues to develop, focusing on financial resilience. Containing elevated medical inflation has been a key policy theme. BNM, together with the Ministry of Health and the Ministry of Finance, introduced the RESET Strategy to address rising private healthcare costs. A central initiative under this strategy is the development of a standardised base medical and health insurance/takaful (MHIT) plan, now known as MediAsas, with a co-payment feature to improve affordability and pricing transparency while addressing long-term medical cost pressures. A pilot phase is targeted for the second half of 2026, and full rollout is expected by early 2027.

The regulator is also preparing to implement the Risk-Based Capital 2 (RBC 2) framework, effective 1 January 2027. RBC 2 is expected to enhance capital sensitivity to underwriting, market, operational, and climate-related risks, resulting in more granular capital requirements across different business lines.

To maintain a robust and internationally aligned accounting framework, BNM has officially integrated the Malaysian Financial Reporting Standard (MFRS) 17 into its regulatory reporting framework since early 2026, with insights derived from the standards to be progressively incorporated into prudential assessments for insurance and takaful entities. The regulator said the transition is expected to strengthen alignment with prevailing accounting standards and enhance the supervisory framework in support of its broader financial stability mandate. Throughout the implementation period, BNM will work closely with industry participants and other key stakeholders to ensure the smooth and effective incorporation of new complementary information and indicators of MFRS 17 into its supervisory review.

BNM has also tightened oversight of insurance and takaful brokers through updated regulatory frameworks, with a focus on professional conduct, governance, and consumer protection. Issued in late August 2025, the Policy Document on the Prudent and Professional Conduct of Insurance and Takaful Brokers took effect on 1 January 2026. Among key requirements are maintaining a minimum capital fund of MYR 1 million and holding professional indemnity insurance or takaful cover of at least MYR 1 million. The rules also require brokers to have at least three directors, with an independent director requirement to take effect on 1 January 2027, alongside stricter senior management accountability.

Natural Catastrophes and Climate Risks

Floods are Malaysia's most frequent and damaging natural hazard, driven primarily by heavy seasonal monsoon rains and rapid urbanisation. According to the Special Report on the Impact of Floods in Malaysia 2025, published by the Department of Statistics Malaysia in April 2026, the country experienced widespread flooding across all 14 states during the year, driven by the northeast monsoon season. Total flood-related losses amounted to MYR 636.9 million, moderating from MYR 933.4 million in 2024, with the most affected states including Terengganu (MYR 89.2 million), Kelantan (MYR 88.5 million), and Johor (MYR 72.1 million). Damage to public assets and infrastructure surged to MYR 380.2 million from MYR 303.4 million in 2024, making it the largest single component of Malaysia's total flood losses in 2025. The report shows more than half of flood victims (51.2%) had adopted proactive measures, but only 5.5% had insurance

coverage as a form of financial protection against potential damage or losses. Additionally, 22.5% of victims made no prior preparations, which may increase their vulnerability during and after the flood.

Flood risk in Malaysia remains structurally elevated heading into 2026, with PIAM highlighting climate-linked flooding as the country's primary catastrophe exposure. While 2025 flood losses were relatively contained at MYR 636.9 million, compared to the 2021–2022 historical benchmark of MYR 5.5–6.5 billion, underlying risk remains significant due to increasing exposure in urban and industrial areas. As climate risk is projected to increase the frequency and severity of extreme weather events, floods will remain a persistent tail risk for insurers and expose the non-life segment's profitability to greater volatility.

The increasing trends in climate-related exposures have heightened underwriting volatility and highlighted the need for robust catastrophe modelling and risk assessment across the non-life industry. This also reinforces continued reliance on catastrophe excess-of-loss reinsurance and stronger property accumulation modelling to manage peak risk exposure.

Malaysia Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
91269	Energas Insurance (L) Limited	Petroleum Nasional Berhad	a-	Stable	A-	Stable	...	...
86408	Etika General Insurance Berhad	Malayan Banking Berhad	a-	Stable	A-	Stable	...	...
93387	General Ins Corp of India Labuan Branch	General Insurance Corporation of India	a-	Stable	A-	Stable	...	...
86913	Labuan Reinsurance (L) Ltd	...	a- u	Developing	A- u	Developing	...	...
89132	Lonpac Insurance Bhd	LPI Capital Bhd	a	Stable	A	Stable	...	...
89134	Malaysian Life Reinsurance Group Berhad	L.I.A.M. Holding Sdn. Bhd.	a-	Stable	A-	Stable	...	...
78303	Malaysian Reinsurance Berhad	MNRB Holdings Berhad	a-	Stable	A-	Stable	...	...
93253	Singapore Re Corp Ltd (LBR)	Fairfax Financial Holdings Limited	a+	Stable	A	Stable	...	...
92785	Tune Protect Re Ltd.	Tune Protect Group Berhad	bbb+	Stable	B++	Stable	...	...
93446	Wentworth Ins Co Ltd (Labuan Branch)	Fairfax Financial Holdings Limited	a	Stable	A	Stable	...	...

Source: 

Mongolia CRT-5

August 12, 2026

Region: Asia

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Mongolia, a CRT-5 country, has high levels of economic and political risk and a very high level of financial system risk.
- According to the IMF, economic growth is expected to moderate from 6.8% in 2025 to 5.3% in 2026, reflecting lower government spending and reduced demand for mineral exports. Growth should be supported by copper production but the outlook is sensitive to global demand.
- Inflation is projected to decrease from 8.6% in 2025 to 7.4% in 2026 as price pressures normalize following previously expansionary fiscal policy. However, inflation is expected to remain above the Bank of Mongolia's target range, supported by rising global commodity prices.



- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Eastern Asia

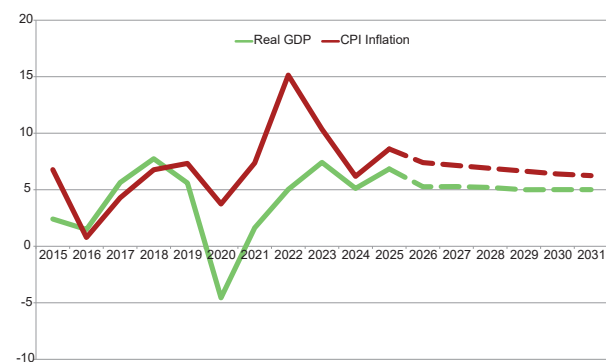
- Eastern Asia is an economically significant region that contains two of the world's five largest economies, China and Japan.
- The region's economic outlook is heavily shaped by the global technology cycle, with advanced manufacturing a key driver of exports and economic activity. While East Asia remains vulnerable to commodity price volatility and geopolitical developments, regional economies have high levels of strategic reserves of oil to help manage shocks.
- Many countries in Eastern Asia have rapidly aging populations and declining birth rates, posing some long-term challenges. Economic growth could be impacted by labor shortages, and more fiscal spending might be needed to support healthcare and pensions.
- Public debt has increased in many of the region's major economies as countries deal with domestic and external pressures. Japan has one of the highest public debt-to-GDP ratios among developed nations. Fiscal deficits have also increased in China and South Korea.

Economic Indicators		
Nominal GDP	USD bn	25.4
Population	mil	3.58
GDP Per Capita	USD	7,079
Real GDP Growth	%	6.8
Inflation Rate	%	8.6
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index	Rank (out of 187)	59
Global Innovation Index	Rank (out of 139)	78
Insurance Statistics		
Insurance Regulator	Financial Regulatory Commission (FRC)	
Insurance Density	USD	46
Insurance Penetration	%	0.7
Regional Comparison		
	Country Risk Tier	
Mongolia	CRT-5	
China	CRT-3	
Uzbekistan	CRT-5	
Kazakhstan	CRT-4	
Pakistan	CRT-5	
Russia	CRT-5	

Source: IMF, UN, Swiss Re, Axco and AM Best



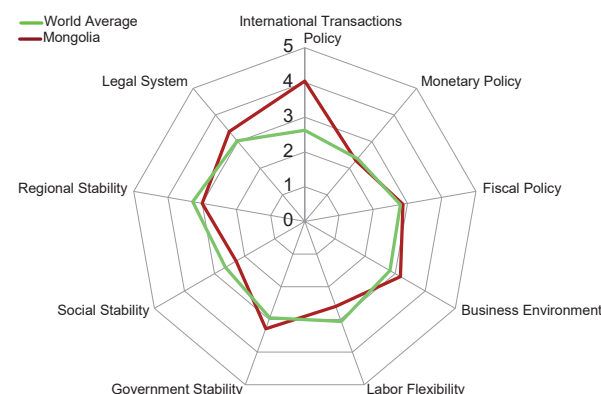
Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

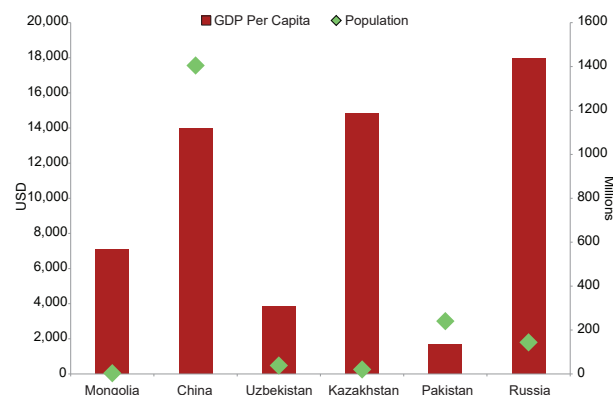
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

Economic Risk: High

- Mongolia possesses substantial mineral and metal reserves, including coal, copper and gold, with the mining sector contributing around 30% of GDP, and approximately 90% of total exports. This high reliance on mining exposes the economy to fluctuations in the global economy and commodity markets, underscoring the need for economic diversification.
- China is Mongolia's primary trading partner, receiving up to 90% of its exports. This dependence leaves Mongolia heavily exposed to a slowdown in China's economy, or a structural change in Chinese demand away from heavy industry and commodity-intensive growth. At the same time, there should be strong demand for Mongolia's copper deposits from both China and the rest of the world as decarbonization and electrification proceeds.
- In 2024, Mongolia launched the Chinggis Fund, its first sovereign wealth fund, to manage mining revenues and reduce fiscal pro-cyclicality. The fund aims to promote macroeconomic stability, with initial capital sourced from mining proceeds.

Political Risk: High

- Political authority in Mongolia is shared by the President and Prime Minister. Uchral Nyam-Osoryn of the Mongolian People's Party (MPP) became prime minister in March 2026. His appointment came after the collapse of the previous coalition government in 2025, mass protests over corruption and inequality, and subsequent internal divisions within the MPP. Although the MPP remains the dominant political force, Mongolia has had three prime ministers in less than a year, highlighting persistent governance challenges. President Ukhnaagiin Khurelsukh, also from the MPP, has served since 2021.
- The government is expected to focus on strengthening fiscal discipline, restructuring inefficient state-owned enterprises and creating more space for private-sector-led growth. However, intra-MPP divisions mean the risk of leadership challenges and delayed policy implementation remains high.
- Mongolia ranks 124th out of 182 countries in Transparency International's latest Corruption Perceptions Index. The high level of perceived corruption in the country is tied to the exploitation of its natural resources, elite wealth and judicial bribery.

Financial System Risk: Very High

- The insurance industry in Mongolia is regulated by the Financial Regulatory Commission (FRC).
- According to the IMF, Mongolia's banking sector remains well capitalized and profitable, but rapid credit growth continues to pose financial stability risks. The IMF has emphasized the need to strengthen macroprudential frameworks and financial oversight, particularly given the expansion of credit in both the banking system and non-bank financial institutions.

Insurance Market Overview

The insurance industry in Mongolia is in its early stages but is growing, primarily driven by the non-life segment. Life and health insurance is at an earlier stage. Non-life premiums are growing faster than real GDP in recent years, supported by the following factors:

- The motor and property segments are growing solidly, as is construction insurance primarily due to commercial activities in the mining industry.
- The rapid growth of surety and guarantee insurance has been driven by recent legislation encouraging the use of these insurance products in government projects and service procurement.
- The gradual development of regulatory oversight, including the local RBC regime, aligns with international best practices and enhances market discipline.

Moderating factors include:

- Insurance penetration remains below 1% of the nation's GDP.
- Mongolia faces various natural hazards, such as dzuds, floods, droughts, earthquakes, wildfires, and dust storms. The country has established a national index-based livestock insurance pool and is utilising parametric insurance to bolster rural resilience and promote financial inclusion.

Mongolia's insurance market experienced steady overall development in 2025, supported by economic growth, increasing insurance awareness, and sustained demand from the country's mining, infrastructure, and transportation sectors. The market remains relatively underdeveloped compared with global and regional peers, but ongoing regulatory reforms and rising demand for risk protection continue to support its long-term growth prospects.

Data from the Financial Regulatory Commission (FRC) shows that total insurance premiums increased by 16.2% year over year to MNT 584.6 billion (USD 162.5 million) in 2025, marking a slowdown from the 28.3% growth recorded in 2024. Insurance compensation surged 20.8% to MNT 193.7 billion, 2.8 times higher than 2021, reflecting continued growth in insurance utilisation and heightened claims activity. Premium income from voluntary insurance accounted for 88.2% of total premiums last year, while compulsory insurance and life insurance represented 10.3% and 1.5%, respectively. The insurance industry posted a 119.6% increase in net profit after tax to MNT 56 billion in 2025 and improved its overall combined ratio by 19.5 points to 96.7%.

Non-life insurance dominates Mongolia's insurance industry, accounting for around 99% of total market premiums. Motor, property, accident and medical, and liability lines remain the primary drivers of premium growth. Additionally, demand links closely to Mongolia's mining sector, particularly large-scale projects such as the Oyu Tolgoi copper-gold mine, and continues to generate substantial insurance and reinsurance business. Mongolia's mining sector, which accounts for roughly 25% of GDP, drives its national economy by generating the majority of export earnings and foreign direct investment. As economic activity and infrastructure investments expand, insurers will benefit from increased demand for commercial and industrial risk coverage.

Mongolia's insurance market currently accounts for roughly 0.6% of its GDP, remaining small and at an early stage of development compared to global averages. The low penetration rate is driven by a combination of factors, including limited awareness, affordability constraints, low financial literacy, and public distrust in insurance. Nevertheless, insurance density has continued to improve, supported by rising incomes, urbanisation, and greater familiarity with insurance products.

Despite the constraints, Mongolia's insurance industry is expected to benefit from continued economic expansion, growth in the mining industry, increasing urbanisation, and ongoing regulatory modernisation. Moreover, the FRC is actively increasing public education on the value of insurance and financial trust, which should help consumers improve financial literacy and understand risk protection, as well as drive market growth and stability.

Regulatory and Risk Developments

The FRC remains focused on strengthening its financial regulatory framework and fostering the sustainable growth of the insurance industry.

A key regulatory initiative is the continued refinement of the governance framework surrounding risk-based solvency requirements. Mongolia's insurance industry transited from a traditional rule-based solvency approach to a risk-based solvency approach in October 2023. The FRC continues to monitor insurers' capital adequacy under the revised framework and work with industry stakeholders to improve risk management practices, asset quality, and corporate governance standards. The regulator's long-term objective is developing a more comprehensive risk-based supervisory framework that aligns capital requirements more closely with insurers' underlying risk profiles.

The FRC has been leading the preparation and finalisation of a comprehensive revision of the Insurance Package Law to modernise the regulatory framework and support the sustainable development of the insurance industry. The proposed reforms seek to strengthen policyholder protection, improve market conduct standards, facilitate digital insurance services, increase domestic risk retention, and encourage broader insurance penetration. The reforms are also intended to enhance the competitiveness and resilience of Mongolia's insurance market while supporting innovation and financial inclusion.

Other notable developments include amendments made to the Insurance Package Regulations and related procedures, which increase the maximum guarantee limit for insurance companies by fourfold. The amendments not only enable insurers to provide insurance products approved by the state regulatory authority but also to develop and offer new products such as credit risk insurance, export-import insurance, employment insurance, and cyber risk insurance. This is significant in broadening product ranges, strengthening risk protection, and enhancing insurers' capacity to assume risk and execute strategic policies.

In addition, a regulatory framework was established to channel life and health insurance for mortgage borrowers into long-term insurance products. Effective from August 2025, mortgage borrowers' life and health insurance policies are required to be underwritten by licensed life insurers. The measure is intended to strengthen consumer protection, improve product suitability, and support the development of Mongolia's relatively small life insurance segment.

Natural Catastrophes and Climate Risks

The country is exposed to a broad range of natural hazards, including dzuds (severe winters following drought conditions), droughts, floods, wildfires, dust storms, and earthquakes. Climate risk continues to exacerbate these risks through rising temperatures, changing precipitation patterns, and increasing weather volatility. Mongolia remains one of the countries most impacted by climate risk, with its average temperatures rising by more than 2°C over the past 80 years. Moreover, the increase in frequency and severity of extreme weather events is creating a broad range of environmental, economic, and social pressures, including air and soil pollution, flood risks, and increasing pressure on energy and urban infrastructure.

In 2025, severe summer weather and intense rainfall in the July and August period triggered sudden windstorms, overflowing major rivers, and flash flooding across multiple provinces and Ulaanbaatar, the capital of Mongolia, while severe drought conditions and recurring wildfires scorched over 630,000 hectares of forest and steppe land across the country within the first five months alone. Harsh winter conditions during the 2025/26 season also created challenges for livestock herders in some regions, highlighting the continued exposure of Mongolia's agricultural sector to climate-related shocks.

Furthermore, Mongolia is experiencing severe, recurring environmental pressures, with nearly 77% of its total land area affected by desertification and land degradation driven by climate risk and overgrazing. The simultaneous occurrence of these events reinforces concerns regarding the resilience of rural communities and the country's dependence on climate-sensitive industries.

Natural catastrophes continue to pose challenges to insurers' underwriting performance and capital management, particularly given Mongolia's vast geography, low population density, and limited insurance penetration. The agricultural sector remains especially vulnerable, as livestock and farming activities are highly exposed to weather-related losses. To address these challenges, Mongolia continues to support innovative risk-transfer mechanisms, including the Index-Based Livestock Insurance Programme (IBLIP) and other parametric insurance initiatives designed to improve financial resilience among herders and rural households.

Mongolia Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
43214	Mongolian Reinsurance JSC	Ministry of Finance of Mongolia	bb+	Stable	B	Stable	...	...

Source: 

New Zealand CRT-2

August 12, 2026

Region: Oceania

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- New Zealand, a CRT-2 country, has very low levels of political and financial system risk, and a low level of economic risk.
- According to the IMF, growth is expected to accelerate from 0.2% in 2025 to 2.1% in 2026, as the economy gradually recovers from a period of weak activity. Growth is expected to be supported by improved household spending, manufacturing, and a recovery in the services sector.
- Inflation is expected to increase modestly from 2.8% in 2025 to 3.1% in 2026, bringing inflation outside of the Reserve Bank of New Zealand's target inflation range of 2.0% +/- 1.0%.



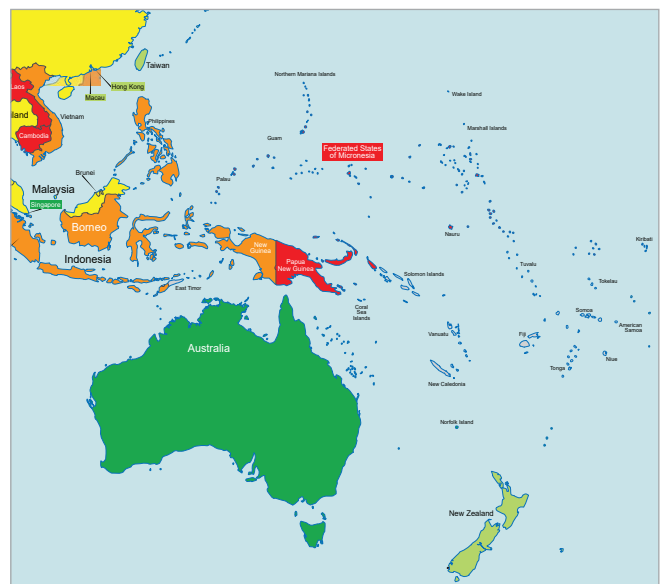
- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Oceania

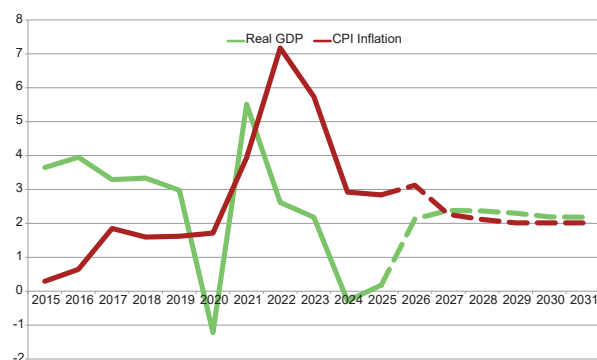
- Australia and New Zealand are the region's two largest economies, with estimated GDPs of USD 2.1 trillion and USD 281 billion, respectively. Both benefit from well-diversified economic structures, compared to their smaller, less diversified regional counterparts.
- Smaller economies in the region remain heavily reliant on tourism or a narrow range of commodity exports for growth. This dependence exposes them to volatility in global demand and risks from climate-related disruptions.
- Shifts in US foreign policy may influence geopolitical alignments, particularly amid broader global competition. The future of certain economic and security agreements from previous US administrations remains uncertain.
- Geopolitical dynamics in the region continue to evolve with engagement and investment from the US, China, and regional partners helping shape investment, security, and diplomatic relations. Regional institutions such as the Pacific Islands Forum are central to coordinating responses on climate, security, and development priorities.

Economic Indicators		
Nominal GDP	USD bn	258.8
Population	mil	5.32
GDP Per Capita	USD	48,621
Real GDP Growth	%	0.2
Inflation Rate	%	2.8
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index	Rank (out of 187)	8
Global Innovation Index	Rank (out of 139)	26
Insurance Statistics		
Insurance Regulator	Reserve Bank of New Zealand	
Insurance Density	USD	1,167
Insurance Penetration	%	2.3
Regional Comparison		
	Country Risk Tier	
New Zealand	CRT-2	
Australia	CRT-1	
United Kingdom	CRT-1	
Japan	CRT-2	
Canada	CRT-1	
South Korea	CRT-2	

Source: IMF, UN, Swiss Re, Axco and AM Best



Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

Economic Risk: Low

- New Zealand maintains a small, open, and highly developed economy, with the service sector accounting for the majority of economic output. The country remains highly dependent on imports, leaving it sensitive to external economic shocks.
- Exports as a percentage of GDP have been trending downward over the past few decades, falling to nearly a quarter of GDP in 2025. Key trading partners include China, the US and Australia, with agricultural products accounting for a significant portion of goods exported.
- Key risks to New Zealand's economy include high levels of household debt, sensitivity to global trade and supply chain disruptions. While labor-market conditions have softened, skills shortages and labor mismatches remain constraints in some sectors, particularly construction, infrastructure and specialized services

Political Risk Summary

Score 1 (best) to 5 (worst)

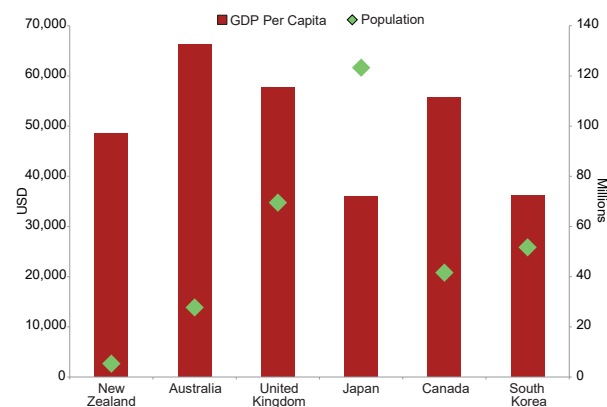


Source: AM Best

Political Risk: Very Low

- Christopher Luxon of the National Party was sworn in as prime minister in October 2023. Luxon's government is likely to prioritize tackling New Zealand's persistently high living costs through tax relief programs and by repealing laws introduced by the previous Labour Party government. There will be a general election in November of 2026 following the dissolving of parliament in October.
- New Zealand ranks 8th out of 187 countries in the Notre Dame Global Adaptation Initiative Index, which evaluates countries' vulnerability to climate disruption and assesses their readiness to adapt. This ranking is driven by the country's low physical vulnerability to climate shocks and developed economic, governance, and social readiness.
- New Zealand ranks 4th out of 182 countries in Transparency International's latest Corruption Perceptions Index. The country's strong performance is supported by independent judiciary, professional public service, transparent institutions and a well-established rule-of-law framework.

GDP Per Capita and Population



Source: IMF and AM Best

Financial System Risk: Very Low

- The Reserve Bank of New Zealand, RBNZ, is responsible for regulating the country's insurance industry.
- New Zealand's financial system remains resilient but is exposed to both domestic economic conditions and external global shocks. A weaker domestic economy, elevated global uncertainty, shifts in investor risk appetite and disruptions to trade or financial markets could affect credit conditions, investment activity and overall financial stability.
- Key risks include pressures on some households and businesses, fluctuations in asset values, credit-quality deterioration in vulnerable sectors and operational risks, including cybersecurity threats. However, banks maintain strong capital and liquidity buffers which should help mitigate the effect of adverse shocks.

Insurance Industry Overview

AM Best maintains a Stable outlook on New Zealand's non-life and life insurance segments, respectively. Factors considered for the non-life segment include:

- Resilient growth prospects driven by improving economic conditions and increasing demand for insurance.
- Improved reinsurance capacity amidst a softening global reinsurance market.
- Regulatory refinements strengthen market discipline but add operational challenges and cost pressures.
- Climate risk remains an ongoing concern.
- Profitability of health lines is expected to remain constrained, but signs of improvement are emerging.

For the life segment, factors supporting the Stable outlook include:

- Improving economic conditions, but premium growth is expected to be muted over the short term.
- Ongoing regulatory refinements that support market discipline, albeit at a cost.
- Digitalisation brings about new risks to operational resilience and opportunities.
- Robust capital adequacy supported by a conservative approach to capital management.

New Zealand's non-life insurance market experienced a shifting environment in 2025 as the wider industry transitioned into a softer pricing phase with lower catastrophe losses. This led to a 2.2% decline in gross written premiums (GWP) to NZD 10.5 billion (USD 6.2 billion) in the 12 months to 2025, the first annual reduction in GWP for the non-life segment in at least four years, based on the Insurance Council of New Zealand (ICNZ) data. Gross claims incurred rose 7.3% to nearly NZD 5 billion from NZD 4.6 billion in 2024.

The contraction was led by declines in GWP from the dominant lines: motor (-3.2% to NZD 3.4 billion), commercial material damage and business interruption (-10.7% to NZD 1.4 billion), and earthquake (-7.7% to NZD 1.1 billion). The remaining lines recorded premium growth in the January-December period. In particular, GWP for the marine hull and cargo line and miscellaneous segments recovered from a decline in 2024 to growth in 2025. For domestic buildings and contents, the second biggest line after motor, the pace of premium growth moderated from 15.4% in 2024 to 2% in 2025, reflecting ongoing adjustments in property valuations and premium pricing within the non-life insurance segment.

Overall, profitability in the non-life insurance segment has remained favourable in recent periods, supported by fewer large claims events and supportive conditions in global reinsurance markets, according to the Reserve Bank of New Zealand (RBNZ) in its May 2026's Financial Stability Report. However, the ongoing Middle East conflict is slowing New Zealand's economic recovery through higher energy and shipping costs, which indirectly creates operating and inflation pressures for the non-life segment. In New Zealand, most types of insurance include war or conflict exclusions, hence limiting direct impacts from the Middle East conflict. Nonetheless, impacts on claims costs and interruptions to supply chains could still impact the country's non-life insurers. The RBNZ is monitoring insurers with a global reach, particularly reinsurers, maritime insurers, and trade credit insurers.

Non-life premium growth is expected to remain resilient despite facing a tough economic and climate environment. Notably, demand for insurance protection will be driven by increased risk awareness and exposures, particularly for natural catastrophe and cyber risks.

In the life insurance segment, insurers have faced challenging operating conditions in recent years. Elevated living costs and economic pressures are actively reshaping the life insurance industry, creating a distinct divergence in customer behaviour. While stubborn inflation and tight household budgets have led to softer new business volumes, overall premium growth held steady at 2.7% in March 2026. The FSC data shows that total active life insurance policies amounted to 4 million

at end-March 2026, down from 4.24 million in mid-2025, as households are re-evaluating risk, cutting back on coverage volumes, or letting policies lapse as the cost of living remains a top financial worry.

Prolonged competitive pressures in the life segment are expected to support product optimisation and promote heavier discounting and incentives for new customers. These trends can erode new business margins and further increase lapse risk, which has been elevated in recent post-pandemic periods. In addition, compliance and system investments linked to regulatory requirements continue to weigh on short-term profitability.

Despite these headwinds, the life segment remains well capitalised, supported by a conservative capital management strategy. The second amendment to the Interim Solvency Standard 2023 came into effect on 1 March 2025. While the shift to the new standard resulted in some recalibration of reported solvency ratios, the underlying financial strength of the life insurance segment generally remains robust, with most major life insurers holding capital buffers well above the regulatory minimum.

Regulatory and Risk Developments

New Zealand's regulatory framework continues to evolve as regulators prioritise operational resilience, robust governance, and improved consumer outcomes.

The implementation of NZ IFRS 17 and the Interim Solvency Standard 2023 represented significant milestones in the modernisation of New Zealand's insurance regulatory regime. These reforms have enhanced solvency reporting and improved alignment between accounting and prudential frameworks.

The second amendment of the Interim Solvency Standard, rectified unintended consequences from the initial implementation, and addressed the structure of the solvency regime and handling of NZ IFRS 17. The amendments addressed several technical aspects of the solvency framework, including pricing risk treatment, bond credit risk requirements, and the treatment of prepaid reinsurance premiums. The changes were not intended to materially increase capital requirements but rather to improve the overall functioning of the solvency regime.

Another significant development was the implementation of the Conduct of Financial Institutions (CoFI) regime, which became effective on 31 March 2025. The CoFI framework requires insurers, banks, and non-bank deposit takers to establish and maintain fair conduct programmes designed to ensure customers are treated fairly throughout the product lifecycle. The regime places increased emphasis on governance, customer outcomes, product design, and distribution practices.

In addition, the RBNZ is continuing its update of prudential insurance law by seeking industry and public feedback on an exposure draft of a bill amending the Insurance (Prudential Supervision) Act 2010 (IPSA), which concluded on 28 August 2026. The proposed amendments are intended to modernise insurance regulation in New Zealand and bring it closer to other domestic regulatory regimes and international practice for prudential regulation.

Key areas of the draft bill include amending the principles of IPSA to incorporate a proportionate approach to regulations and supervision; adjusting the regulatory scope of IPSA to provide clarity around which entities are in and out of scope of prudential regulation and supervision; and empowering the RBNZ to issue a range of 'standards' (a form of secondary legislation) to clarify obligations on insurers and allow it to sanction insurers in the event of non-compliance. The amendments also seek to adjust the current fit and proper regime, simplify the regulatory approvals regime, establish a broader range of supervisory tools, introduce additional enforcement powers, and update the distress management provisions. The bill is expected to be introduced to Parliament in 2027, with enactment likely in 2028.

AM Best expects these regulatory developments to strengthen market discipline, improve consumer confidence, and enhance the long-term sustainability of the insurance segment, although compliance costs may increase in the short term.

Natural Catastrophes and Climate Risks

New Zealand is exposed to a broad range of natural hazards, including earthquakes, volcanic activity, tsunamis, floods, landslides, storms, and coastal inundation. Climate risk is expected to increase both the frequency and severity of certain weather-related events over time. These risks are driving a severe affordability and availability crisis in the country's insurance industry.

According to the ICNZ data, natural disasters have generated more than NZD 31 billion in insurance claims since 2010. Approximately 80% of these claims have been earthquake-related, with the remainder arising from severe weather events.

The Auckland Anniversary floods and Cyclone Gabrielle in early 2023 remain among the most costly natural disasters in New Zealand's history. Together, the events generated more than 118,000 insurance claims and approximately NZD 3.8 billion in insured losses, while broader economic losses were estimated at between NZD 9 billion and NZD 14.5 billion.

Although the last three years were comparatively benign from a catastrophe perspective, insurers face ongoing financial and operational strain due to frequent severe weather events, such as the October 2025 South Island windstorm and the February 2026 lower North Island storm. As a result, underwriting standards, catastrophe modelling capabilities, and reinsurance programmes continue to be areas of strategic focus.

Climate risk also presents longer-term affordability and availability challenges. Government assessments indicate that hundreds of thousands of people and properties are exposed to coastal inundation and flooding risks. As these risks become more pronounced, insurers, governments, regulators, and communities will increasingly need to collaborate on adaptation strategies, resilience investments, and risk-sharing solutions.

New Zealand Rated Companies - Key Financial Metrics

IFRS17, USD millions	2023	2024	2025
Insurance Services Revenue	1,586.5	1,775.2	1,562.8
Net Insurance Services Revenue	1,312.0	1,491.4	1,309.7
Nonlife Net Insurance Services Revenue	815.4	995.2	801.2
Life Net Insurance Services Revenue	496.6	496.1	508.5
Insurance Finance Result	49.6	57.9	42.3
Other Income	(0.3)	11.0	4.5
Reinsurance Result	(47.8)	(141.0)	(108.2)
Total Revenue	1,598.4	1,701.6	1,519.5
Claims Expenses	1,244.4	1,205.9	1,082.2
Net Operating and Other Expenses	252.5	222.8	199.4
Total Insurance and Other Expenses	1,496.9	1,428.7	1,281.6
Pretax Income	110.9	212.3	172.4
Net Income	69.8	196.2	172.9
Capital & Surplus	1,740.4	1,791.4	1,681.8

Source: AM Best data and research

New Zealand Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
90607	Aioi Nissay Dowa Insurance Co Ltd NZB	MS&AD Insurance Group Holdings, Inc.	aa	Stable	A+	Stable	...	...
90237	American Income Life Insurance Co NZB	Globe Life Inc	a+	Stable	A	Stable	...	...
90856	Autosure Insurance Limited	Turners Automotive Group Limited	bbb+	Stable	B++	Stable	...	...
92576	Beneficial Insurance Limited	Beneficial Holdings Limited	bbb+	Stable	B++	Stable	...	...
86363	Chubb Life Insurance New Zealand Limited	Chubb Limited	a+	Stable	A	Stable	...	...
91826	Co-operative Life Limited	The Co-operative Bank Limited	bbb+	Stable	B++	Stable	...	...
90784	Fidelity Life Assurance Company Limited	...	a- u	Positive	A- u	Positive	...	...
90857	First American Title Ins Co AU Pty NZB	First American Financial Corporation	a	Stable	A	Stable	...	...
78332	FMG Insurance Limited	Farmers' Mutual Group	a	Stable	A	Stable	...	...
91811	General Re Life Australia Ltd. (NZB)	Berkshire Hathaway Inc.	aa+	Stable	A++	Stable	...	...
77165	General Reinsurance Australia Ltd. (NZB)	Berkshire Hathaway Inc.	aa+	Stable	A++	Stable	...	...
77172	Mitsui Sumitomo Insurance Co Limited NZB	MS&AD Insurance Group Holdings, Inc.	aa	Stable	A+	Stable	...	...
95487	Momentum Life Limited (CS)	DCG Invest Limited	bb	Stable	B	Stable	...	...
90239	New India Assurance Company Ltd NZB	New India Assurance Company Limited	bbb+	Positive	B++	Positive	...	...
86466	New Zealand Medical Indemnity Ins Ltd	...	bbb-	Stable	B+	Stable	...	...
93644	Pacific International Ins Pty Ltd (NZB)	Badger Mutual Wealth (Pty) Ltd	bbb	Stable	B++	Stable	...	...
91252	Partners Life Limited (CS)	Dai-ichi Life Holdings, Inc.	a	Stable	A	Stable	...	...
92782	Pinnacle Life Limited	Greenstone Holdco Pty Limited	bbb-	Stable	B+	Stable	...	...
91290	Police Health Plan Limited	New Zealand Police Association	a-	Negative	A-	Negative	...	...
43532	PPS Mutual Limited	PPS Holdings Limited	bbb-	Stable	B+	Stable	...	...
92486	Provident Insurance Corporation Limited	Nominee No. 2 Limited	bbb-	Stable	B+	Stable	...	...
94509	Quest Insurance Group Ltd	Federal Pacific Group Limited	bb+	Stable	B	Stable	...	...
91824	Tokio Marine & Nichido Fire Ins Co (NZB)	Tokio Marine Holdings, Inc.	aa+	Stable	A++	Stable	...	...
89186	Tower Limited (CS)	...	a-	Stable	A-	Stable	...	...
91065	Union Medical Benefits Society Limited	...	a	Negative	A	Negative	...	...
86425	Veterinary Professional Ins Society Inc	...	bb+	Negative	B	Stable	...	...
90234	Virginia Surety Company, Inc. NZB	Assurant, Inc.	aa-	Stable	A+	Stable	...	...

Source: 

Our Insight, Your Advantage®

Philippines CRT-4

August 12, 2026

Region: Asia

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Philippines, a CRT-4 country, has a moderate level of economic risk and high levels of political and financial system risk.
- According to the IMF, GDP growth is projected to decline slightly from 4.4% in 2025 to 4.1% in 2026, reflecting the impact of high oil prices on corporate profitability and real incomes, disrupted supply-chains and a drop in public infrastructure investment.
- Inflation is forecast to accelerate from 1.7% in 2025 to 4.3% in 2026 as commodity price volatility and disrupted global supply chains stemming from adverse geopolitical developments put upward price pressure on the economy.



Economic Risk



Political Risk



Financial System Risk

- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Southeast Asia

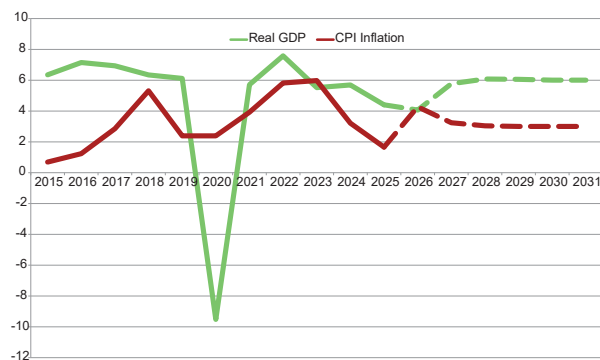
- Southeast Asia consists of 11 countries that make up the ASEAN bloc. The group seeks to promote economic and political integration among member states. The IMF projects that the ASEAN economies will expand by an aggregated rate of 4.5% in 2026.
- Robust demand for technology exports, particularly from major markets including the United States, has provided strong economic support despite ongoing risks from an increasingly fragmented international trade environment.
- As an export-oriented region with energy-intensive industries and key economies reliant on energy imports, the region is vulnerable to geopolitical shocks and disruptions to global supply chains.
- The ASEAN bloc has called for greater regional economic integration in response to the increasingly challenging external environment. China is not an ASEAN member but its actions, such as claims to disputed territories in the South China Sea, will have significant economic and political implications on the region.



Economic Indicators		
Nominal GDP	USD bn	487.2
Population	mil	114.09
GDP Per Capita	USD	4,270
Real GDP Growth	%	4.4
Inflation Rate	%	1.7
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index		
Rank (out of 187)		110
Global Innovation Index		
Rank (out of 139)		50
Insurance Statistics		
Insurance Regulator		
The Insurance Commission under the Department of Finance		
Insurance Density	USD	96
Insurance Penetration	%	2.3
Regional Comparison		
	Country Risk Tier	
Philippines	CRT-4	
Indonesia	CRT-4	
Malaysia	CRT-3	
Papua New Guinea	CRT-5	
Thailand	CRT-3	
Vietnam	CRT-4	

Source: IMF, UN, Swiss Re, Axco and AM Best

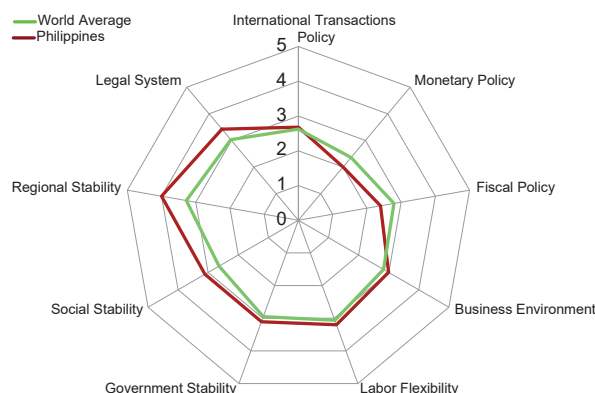
Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

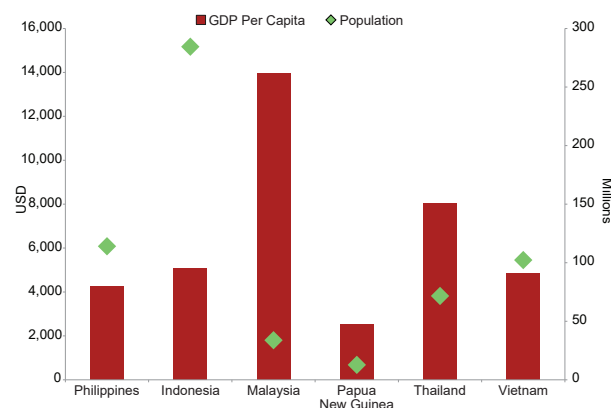
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

Economic Risk: Moderate

- The economy has been weakened by softer capital expenditures following a 2025 scandal involving flood control infrastructure projects.
- The Philippines is dependent on trade and energy imports, leaving it heavily exposed to adverse geopolitical developments, increasingly fractious global trade relations and commodity price volatility. However, some of these headwinds are offset by higher demand for AI-related exports amid a significant cyclical upturn in global technology spending.
- China, the US, and Hong Kong are major export markets for the Philippines. However, ongoing geopolitical tensions with China and rising protectionist measures by the US could increase risks to trade continuity and export performance.
- Persistent fiscal and current account deficits, combined with higher inflation risks driven by elevated energy prices, could erode the country's external position and place depreciation pressure on the peso.

Political Risk: High

- The Philippines operates as a democratic republic with an executive presidency, though its political institutions remain relatively weak and the political landscape is heavily influenced by long-standing dynastic families. The political leader is President Ferdinand Marcos Junior.
- In May 2026, the Philippine House of Representatives voted to impeach Vice President Sara Duterte for allegedly violating the Constitution and betraying public trust over corruption charges. A conviction would disqualify her from running in the 2028 presidential race, although this remains unlikely.
- The Philippines ranks 120th out of 182 countries in Transparency International's latest Corruption Perceptions Index. A 2025 scandal saw accusations of the large-scale misallocation of public funds intended to finance flood control programs.

Financial System Risk: High

- The Philippines' insurance sector is regulated by the Insurance Commission under the Department of Finance.
- According to the IMF, overall systemic financial risk is moderate and broadly stable, with a well-capitalized, liquid and profitable banking sector, supported by a contained non-performing loan ratio and stable deposit base. Nonetheless, it recommends continued efforts to strengthen regulation of non-bank financial institutions, money laundering and the real estate sector.
- The Bangko Sentral ng Pilipinas (BSP), the central bank of the Philippines, operates under an inflation-targeting regime, with a target range of 2.0%-4.0%. While the peso is freely traded on foreign exchange markets, the BSP does engage in foreign exchange intervention in order to stabilize any volatility.

Insurance Industry Overview

AM Best maintains a Stable outlook on the Philippine non-life insurance segment. Positive factors supporting the outlook include the following:

- Robust growth prospects, driven by economic expansion and a large infrastructure pipeline.
- Stabilised reinsurance capacity and the emergence of insurance pools to support primary insurers' underwriting capacity.
- A broadly supportive pricing environment, particularly in property lines, alongside prudent risk selection to support prospective premium rate adequacy.
- Investment income expected to remain bolstered by a robust domestic interest rate environment.

Moderating factors include:

- Macroeconomic uncertainty, driven by a convergence of inflationary pressures, a tighter monetary policy stance, and potential financial market volatility stemming from adverse geopolitical developments.
- Increasingly volatile weather conditions, which are placing significant pressure on non-life insurers and contributing to greater volatility in underwriting results.

The Philippine insurance industry recorded another year of strong financial growth in 2025 despite continued regulatory consolidation that reduced the number of licensed companies. Total premium income across the life, non-life, and mutual benefit segments grew by 14.1% to PHP 502.6 billion (USD 8.2 billion) from PHP 440.5 billion in 2024, according to data from the Insurance Commission (IC). Total net income surged 15.1% to PHP 64.8 billion despite a 7.5% rise in total liabilities and higher overall benefit payouts reaching PHP 164.2 billion during the year. Total assets expanded by 7.9% to PHP 2.7 trillion, with a vast amount of these funds sitting in invested assets, which heavily support government securities and domestic investments that help finance infrastructure and national development priorities. Against this backdrop, insurance penetration rose to 1.79% of the country's GDP by end-2025, before crossing the 2% milestone in the first quarter of 2026.

The IC data shows life insurance remains the dominant segment, generating PHP 403.2 billion in premiums and accounting for roughly 80.2% of the total industry. The non-life segment contributed 16.4% of total market premiums in 2025, while mutual benefit associations accounted for 3.4%.

The Philippine non-life segment, while smaller than life, has been recording double-digit expansion in terms of net premiums written (NPW) over the past three years. Gross premiums written by Philippine non-life insurers increased to approximately PHP 142.1 billion in 2025, up 5.8% year over year, driven by rising demand for coverage against natural disasters and accidents, particularly in the main non-life segments: fire and motor insurance.

Motor insurance retained its position as the largest non-life segment with NPW of PHP 32.2 billion and a market share of 39% in 2025, reflecting sustained demand driven by vehicle ownership and compulsory motor third-party liability coverage. Fire insurance was the second-largest business line with an 18.3% share, followed by accident insurance at 11.3%, and other casualty insurance at 11%. The other lines including, surety, health, and marine and aviation, collectively represented the remaining market premiums, with each holding less than a 10% share.

While premium growth is positive, profitability remains volatile due to the country's high exposure to natural catastrophes, such as typhoons, floods, and earthquakes. The increase in net retention of catastrophe risks by primary insurers is a strategic response to balance high reinsurance costs with profitability targets. Consequently, this shift has heightened sensitivity to climate risks and exposed inaccuracies in traditional risk models due to the inherent uncertainty associated with climate change, leading to potential elevated underwriting volatility. Claims volatility, together with higher administrative costs, may offset premium gains, affecting overall earnings.

The non-life market continues to undergo pricing recalibration, particularly in property lines, driven by the need to address persistent inflation, rising claims costs, and the increasing frequency and severity of climate-related risks. Insurers are adopting more disciplined underwriting practices, emphasising stricter risk selection and data-driven pricing to better align premiums with underlying exposures. These measures are intended to restore underwriting profitability and strengthen resilience in an increasingly volatile risk environment, though sustained competitive pressure may challenge the industry's ability to maintain technical pricing over the long term.

The competitive landscape is further complicated by external macroeconomic headwinds, driven by higher oil prices and inflation, which are weighing on insurance demand and increasing claims costs. Higher living costs may impact the uptake of discretionary products such as motor and travel insurance. The motor segment is also facing significant pressure, driven by a combination of sluggish vehicle sales and rising repair costs, which limit new policy growth and drive up claims severity and premiums.

In terms of investment performance, Philippine non-life insurers continue to benefit from the country's high interest rates, one of the highest in Southeast Asia. Attractive fixed-income yields present an opportunity for insurers to enhance investment income, as they reinvest assets into higher-yielding instruments. Additionally, recent regulatory changes have created new avenues for portfolio diversification that may provide stable, long-term returns compared to traditional investments like stocks and bonds.

Regulatory and Risk Developments

The Philippine non-life insurance regulatory landscape continues to develop, with a focus on financial resilience, transparency, and stricter accountability for public infrastructure risk. The mandatory adoption of Philippine Financial Reporting Standard 17 (PFRS 17), the Philippine equivalent of IFRS 17, remains on track for implementation on 1 January 2027.

To support solvency, the IC has issued an Omnibus Investment Guideline that expands "admitted assets" to include real estate investment trusts (REITs) and selected structured products, providing insurers greater flexibility to meet their risk-based capital requirements. This broadening of eligible assets is expected to have positive implications for capital management.

Operationally, the IC has intensified oversight of the surety market following investigations by the Department of Public Works and Highways (DPWH) into anomalous construction projects. Under the Construction Bond Underwriting & Exposure Review, non-life insurers must submit board-approved underwriting practices for construction bonds and retrospective reports on exposure accumulations. Additionally, the IC has mandated the electronic submission of all financial statements to streamline regulatory reporting, improve data quality, and ensure timely compliance.

AM Best views these measures as reinforcing underwriting discipline and elevating governance standards across the non-life segment, notwithstanding the short-term operational burden.

Natural Catastrophes and Climate Risks

The Philippines is highly exposed to earthquakes, typhoons, and floods, yet most economic losses from disasters remain uninsured, indicating the country continues to face a large natural catastrophe protection gap. This leaves households, commercial enterprises, and public infrastructure heavily exposed to severe economic shocks. With overall insurance penetration hovering around 2% of GDP, actual insured losses cover only a tiny fraction of total disaster damage.

The 2026 Mindanao earthquake adds to a pattern of seismic and weather-related losses that have increased in frequency and severity in the Philippines in recent years. Profitability remains volatile due to the country's high exposure to natural catastrophes, and the average combined ratio has climbed to over 89% in both 2023 and 2024 for the 21 companies in our analysis. Insurers in the Philippines are dependent on the global reinsurance market for transferring extreme earthquake risks, and this event could cause reinsurers to re-evaluate their earthquake models and risk appetite. However, we do not

anticipate a significant change in the risk appetite for non-loss affected regions in the short term. The earthquake and the difference in insured and economic losses make the case for disaster financing for the region to build up resilience to such events. The event also underscores the importance of catastrophic risk management for insurers.

The availability of reinsurance capacity in the Philippine non-life market continues to expand, despite the country's significant natural catastrophe exposure. Reinsurers have maintained a cautious approach, focusing on pricing and underwriting discipline, particularly in high-risk, catastrophe-exposed areas. Thus, loss-free programmes have generally benefitted from risk-adjusted rate reductions, while loss-affected programmes have experienced reasonable rate increases. This reflects ongoing competition among reinsurers to retain and grow portfolios.

Although traditional reinsurance remains the primary risk transfer mechanism to protect against catastrophic losses, there is a gradual shift toward parametric solutions, which offer faster claims payouts following natural disasters. The adoption of these solutions is gaining traction in the Philippines as a complementary tool to conventional reinsurance; however, a key limitation is basis risk, where the parametric trigger may not align precisely with an insured's actual loss experience.

The Philippine Catastrophe Insurance Facility (PCIF) and the Agriculture Co-Insurance Pool (ACIP) aim to stabilise the market by pooling risks in high-risk segments. The PCIF, launched in 2025, is expected to reduce reliance on global reinsurance, while the ACIP, set for a 2026 rollout with a five-year USD 70 million financing package from the World Bank, helps private insurers cover semicommercial farmers. AM Best views these developments as positive for market stability, potentially allowing non-life insurers to strengthen balance sheets and reduce underwriting margin volatility if they maintain appropriate net risk retention and capital buffers.

Philippines Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
89317	MAAGAP Insurance Inc.	Triple P Philippines Pte. Ltd.	bbb-	Stable	B+	Stable	aa.PH	Stable
86771	National Reins Corp of the Philippines	...	bbb	Stable	B++	Stable	aa+.PH	Stable
93907	New India Assurance Company Ltd PHB	New India Assurance Company Limited	bbb+	Positive	B++	Positive	...	...
93230	Starr International Insurance PHB	Starr International Company, Inc.	a+	Positive	A	Positive	...	...
89353	Stronghold Insurance Company, Inc.		bb	Stable	B	Stable	a.PH	Stable

Source: 

Our Insight, Your Advantage®

Singapore CRT-1

August 12, 2026

Region: Asia

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Singapore, a CRT-1 country, has very low levels of political and financial system risk and a low level of economic risk.
- The IMF forecasts real GDP growth to decline from 5.0% in 2025 to 3.5% in 2026, driven by elevated global trade and geopolitical risks alongside a normalization in investment. However, the boost to manufacturing from global AI-related investment provides upward resilience.
- Inflation is expected to accelerate from 0.9% in 2025 to 2.3% in 2026 as higher global energy prices, spikes in global freight rates and wider supply-chain disruptions pass-through into local utilities and transport costs.



Economic Risk



Political Risk



Financial System Risk

- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Southeast Asia

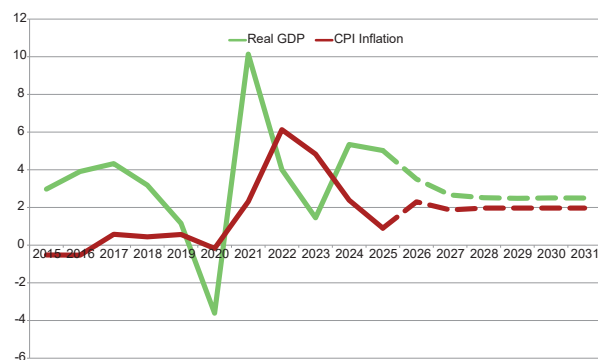
- Southeast Asia consists of 11 countries that make up the ASEAN bloc. The group seeks to promote economic and political integration among member states. The IMF projects that the ASEAN economies will expand by an aggregated rate of 4.5% in 2026.
- Robust demand for technology exports, particularly from major markets including the United States, has provided strong economic support despite ongoing risks from an increasingly fragmented international trade environment.
- As an export-oriented region with energy-intensive industries and key economies reliant on energy imports, the region is vulnerable to geopolitical shocks and disruptions to global supply chains.
- The ASEAN bloc has called for greater regional economic integration in response to the increasingly challenging external environment. China is not an ASEAN member but its actions, such as claims to disputed territories in the South China Sea, will have significant economic and political implications on the region.



Economic Indicators		
Nominal GDP	USD bn	603.9
Population	mil	6.08
GDP Per Capita	USD	99,365
Real GDP Growth	%	5.0
Inflation Rate	%	0.9
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index	Rank (out of 187)	5
Global Innovation Index	Rank (out of 139)	5
Insurance Statistics		
Insurance Regulator	Monetary Authority of Singapore	
Insurance Density	USD	7,689
Insurance Penetration	%	7.5
Regional Comparison		
	Country Risk Tier	
Singapore	CRT-1	
Hong Kong	CRT-2	
Malaysia	CRT-3	
Macau	CRT-2	
Japan	CRT-2	
Taiwan	CRT-2	

Source: IMF, UN, Swiss Re, Axco and AM Best

Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

Economic Risk: Low

- Singapore is a highly developed economy, with GDP per capita projected to be around USD 100,000 in 2025, nearly three times that of Brunei, the second highest in the region.
- Singapore's economy is highly dependent on international trade, making it vulnerable to shifts in global demand and supply dynamics. The export sector may face challenges stemming from an increasingly adverse global trade and geopolitical environment, as well as persistent concerns over China's long term growth prospects.
- The government has a long-term strategy to make Singapore a knowledge-based digital economy, insulated from external trade shocks. Singapore's 2026 budget established a National AI council as part of a move to increase AI adoption and business innovation.
- Robust current account and fiscal surpluses support very healthy domestic and external buffers, with Singapore's positive net international investment position estimated by authorities at about 150% GDP. This boosts Singapore's ability to respond to external shocks and increase economic stability.

Political Risk: Very Low

- The center-right People's Action Party secured a supermajority in parliament following Singapore's 2025 general election. Prime Minister Lawrence Wong, who succeeded former Prime Minister Lee Hsien Loong, is expected to maintain continuity in policy direction, focusing on social and labor policies that broadly align with the opposition, lowering the chances of policy challenges.
- Singapore ranks 3rd out of 182 countries in Transparency International's latest Corruption Perceptions Index. This high ranking comes from strict laws and rigorous oversight from the Corrupt Practices Investigation Bureau, an independent agency.
- Singapore ranks 5th out of 187 countries in the Notre Dame Global Adaptation Initiative Index, which evaluates countries' vulnerability to climate disruption and assesses its readiness for adaptive actions. The country's strong institutional capacity allows it to invest comprehensively into adaptation strategies.

Financial System Risk: Very Low

- The Monetary Authority of Singapore (MAS) serves as the country's central bank and insurance regulator overseeing the Insurance Act.
- The MAS prioritizes efforts to maintain the domestic currency's stability against a basket of currencies. As a major regional financial hub, the Singapore dollar can experience near-term pressure from financial market volatility and diminishing capital flows from China.
- The IMF reports that Singapore's financial sector remains resilient, with well-capitalized, liquid and profitable banks. Asset quality is strong and system risks from the housing sector are limited.

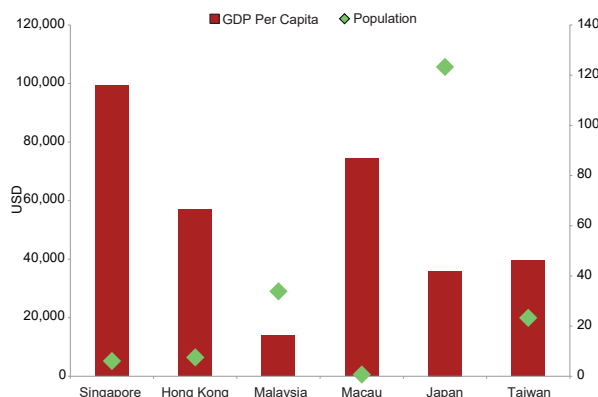
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

Insurance Industry Overview

Singapore's non-life insurance segment expanded in 2025, supported by the following positive factors:

- A strong regulatory regime supported robust capitalisation and market discipline.
- Regional reinsurance and Singapore's specialty hub status attracts global capital, supporting risk diversification despite its relatively small domestic base.
- Domestic premium growth is driven by demand for health, motor, and property cover.
- Favourable reinsurance pricing supports net margins through lower ceded cost.

Moderating factors include:

- Softening pricing and intense competition from global carriers pressure margins and premium growth.
- Offshore portfolios are exposed to earnings volatility from regional catastrophe events and geopolitical risks.
- Surging claims costs are driven by the motor segment, due in part to electric vehicle (EV) repairs, as well as rising medical inflation and property claims.

Singapore's insurance industry remains resilient and stable despite global uncertainties and geopolitical risks. The domestic non-life segment expanded by 8.4% year over year in 2025, with gross written premiums (GWP) surpassing the SGD 6 billion (USD 4.7 billion) mark for the first time to hit SGD 6.1 billion, according to the General Insurance Association of Singapore (GIA). On a broader basis, combined domestic and offshore premiums rose 3.7% to SGD 11.2 billion, reflecting sustained growth momentum across key insurance lines.

The domestic non-life segment recorded an 8.7% surge in net incurred claims to SGD 1.8 billion last year. This slightly outpaced GWP growth, driven largely by escalating motor and property claim costs. Despite an aggravating claims environment, the segment still achieved a 32% increase in underwriting profit to SGD 289 million, reflecting the continued resilience of the domestic non-life market.

Motor insurance maintains its position as the largest segment of Singapore's domestic non-life market, with GWP of SGD1.28 billion and a market share of nearly 21% in 2025. Although the segment remains in an underwriting loss position, it narrowed the loss to SGD 6.9 million from SGD 33.8 million in 2024, buoyed by improved underwriting discipline. This was despite an 11% increase in net incurred claims due to increasing risk and severity of accidents, with road usage and vehicle numbers on the rise. Road safety therefore remains a key industry focus, with continued collaboration between insurers, the traffic police, and relevant stakeholders to promote safer driving behaviours and reduce road accident risks.

With GWP of SGD 1.24 billion, health insurance remains the second-largest non-life segment and is closing the gap with motor insurance. Overall, health insurance premiums grew 7.4% in 2025, while net incurred health claims rose 6.4% to SGD 409.4 million, down from the double-digit claims surge recorded in 2024, reinforcing the broader trend of increasing healthcare needs and higher treatment costs driven by medical inflation. Consequently, health insurance underwriting profitability spiked to SGD 42.4 million from SGD 5.3 million in 2024, due in part to corrective premium adjustments and tighter co-payment structures.

Property insurance saw moderate premium growth of 4.1% year over year to SGD 864.1 million in 2025, accounting for 14.2% of total non-life and ranking as the third-biggest line of business. The segment recorded a 60.5% surge in net incurred claims, due to an increase in local fire incidents and large loss events across residential and commercial properties during the year. Despite the challenging market conditions, the segment retained an underwriting profit of SGD 1.1 million, down from SGD 41.7 million in 2024.

Within other segments, employer's liability insurance delivered a notable improvement in underwriting performance, posting a profit of SGD 94.4 million in 2025, supported by stronger workplace safety standards and risk management practices across industries. Meanwhile, travel insurance grew 8.6% to SGD 336.7 million in premiums, although underwriting profit moderated to SGD 29.7 million from SGD 39 million in 2024, amid rising claims and evolving travel patterns. Overall, the domestic non-life industry continued to benefit from sustained demand across key lines, even as claims inflation and loss severity increased in several segments. Moreover, the industry's incurred loss ratio improved to 52.4% in 2025, down from 53.5% in 2024, due to easing claims conditions and strong GWP growth.

Singapore's economy reflects a stable expansion phase, growing by 5% in 2025 and maintaining a steady momentum with 6.3% and 5.7% year-on-year growth rates in the first two quarters of 2026. Growth was supported by resilient external demand and strong performance in key sectors such as manufacturing, wholesale trade, and financial services. The domestic non-life industry in turn is well-positioned for steady expansion, propelled by robust economic fundamentals, progressive supervisory frameworks, and shifting consumer risk awareness.

Regulatory and Risk Developments

Singapore's insurance regulatory landscape continues to evolve under the Monetary Authority of Singapore (MAS), with a clear focus on strengthening capital resilience, enhancing risk-based supervision, and expanding alternative risk transfer structures.

One recent key development is the proposed introduction of the Protected Cell Company (PCC) regime for insurers, with implementation targeted for 2028 following industry consultation. The proposal forms part of MAS's broader strategy to strengthen Singapore's position as Asia's leading insurance, reinsurance, and alternative risk transfer (ART) hub as demand grows for more sophisticated risk financing solutions. Although PCCs have long been established in offshore jurisdictions such as Bermuda, Guernsey, and the Cayman Islands, where AM Best has extensive experience assessing and rating captive insurers and PCC structures, their introduction would provide Asia with a sophisticated regional alternative supported by Singapore's well-established regulatory framework. The proposed framework includes PCCs being subject to licensing, governance, solvency, and supervisory requirements that are broadly consistent with Singapore's existing insurance regulatory framework, while introducing additional provisions specific to the operation of protected cells. Additionally, the framework aims to lower operational costs, reduce setup complexity, and accelerate execution for specialised insurance structures, which may encourage wider adoption of captive insurance, support further growth in Singapore's ILS market, and potentially facilitate regional sovereign catastrophe risk pools.

The MAS has not been specific on whether the existing minimum capital and other existing requirements will apply to PCCs or if there will be separate changes/requirements as part of the new framework. Detailed subsidiary legislation, specific prudential rules, and granular capital application will be addressed in a subsequent consultation phase prior to the planned 2028 legislative rollout.

The MAS has adopted a risk-focused approach to assess the capital adequacy of insurance companies since 2004. To ensure capital remains risk-appropriate and evidence-based, the regulator updated Notice 133 on the Valuation and Capital Framework for Insurers to implement refined capital treatments with effect from 31 March 2026. These revisions include implementing a new capital treatment for qualifying infrastructure investments under the enhanced risk-based capital framework for insurers (RBC 2), refining the treatment of structured products by allowing insurers to recognise external credit ratings for securitised asset tranches when calculating capital charges, and introducing equity counter-cyclical adjustments, which are designed to reduce procyclical behaviours during sharp market swings.

Natural Catastrophes and Climate Risks

Climate risk has become a core prudential and strategic focus for Singapore's insurance segment, with the regulator increasingly integrating both physical and transition risk considerations into supervisory expectations. Singapore's climate risk primarily stems from secondary impacts such as heat stress, heavy rainfall leading to flash floods, and rising sea levels, which can affect claims inflation, asset valuations, and reinsurance pricing.

In March 2026, the MAS issued enhanced Environmental Risk Management – Transition Planning Guidelines, requiring insurers to strengthen governance, risk management, underwriting discipline, and investment frameworks to account for both physical and transition risks. The guidelines explicitly reinforce the need for insurers to integrate climate risk into business models and capital planning, with full implementation expected by September 2027. The MAS has also cautioned insurers against “indiscriminately withdrawing cover” from climate-exposed sectors, signalling a balanced supervisory stance that encourages risk management rather than de-risking market exit.

The regulator also released a consultation paper in May 2025 titled “Proposed General Insurance Catastrophe Risk Requirement” as part of its broader efforts to strengthen the risk sensitivity of the RBC 2 framework for non-life insurers. The proposal introduces a more structured and standardised approach to assessing catastrophe exposures, including prescribed stress scenarios and enhanced modelling requirements for perils such as flood and other low-frequency, high-severity events. It aims to improve the measurement of tail risk, ensure greater consistency in capital treatment across insurers, and strengthen overall segment resilience against climate-related shocks.

Singapore

Rated Companies - Key Financial Metrics

IFRS17, USD millions	2023	2024	2025
Insurance Services Revenue	8,535.2	8,622.3	2,442.5
Net Insurance Services Revenue	4,423.9	4,324.2	1,312.4
Non-life Net Insurance Services Revenue	2,985.4	2,844.2	1,297.0
Life Net Insurance Services Revenue	1,438.5	1,480.0	15.4
Insurance Finance Result	243.6	333.8	72.0
Other Income	100.9	96.5	202.3
Reinsurance Result	(805.0)	(1,010.9)	(16.7)
Total Revenue	8,059.5	8,044.6	2,691.8
Claims Expenses	6,658.6	6,271.0	1,679.1
Net Operating and Other Expenses	560.0	691.0	465.9
Total Insurance and Other Expenses	7,218.6	6,962.0	2,145.0
Pretax Income	147.7	203.6	77.6
Net Income	722.4	936.9	490.9
Capital & Surplus	7,755.7	8,275.8	3,962.4

Source: AM Best data and research

Singapore Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
91421	AIG Asia Pacific Insurance Pte. Ltd.	American International Group, Inc.	a+	Positive	A	Positive	...	...
95028	China Reinsurance (Group) Corp (SGB)	China Investment Corporation	a+	Stable	A	Stable	...	...
88853	China Taiping Ins (Singapore) Pte Ltd	China Taiping Insurance Group Ltd.	a	Stable	A	Stable	...	...
91559	ERGO Insurance Pte. Ltd.	Munich Reinsurance Company	aa	Stable	A+	Stable	...	...
94364	Great American Insurance Company (SGB)	American Financial Group, Inc.	aa-	Stable	A+	Stable	...	...
93162	Korean Reins Co (Singapore Branch)	Korean Reinsurance Company	a+	Stable	A	Stable	...	...
89433	MS First Capital Insurance Limited	MS&AD Insurance Group Holdings, Inc.	aa-	Stable	A+	Stable	...	...
91577	Samsung Reinsurance Pte. Ltd.	Samsung Fire & Marine Insurance Co Ltd	aa+	Stable	A++	Stable	...	...
88684	SCOR Reinsurance Asia-Pacific Pte Ltd	SCOR SE	a+	Stable	A	Stable	...	...
85224	Singapore Reinsurance Corporation Ltd	Fairfax Financial Holdings Limited	a+	Stable	A	Stable	...	...
91708	Starr Intl Ins (Singapore) Pte. Ltd	Starr International Company, Inc.	a+	Positive	A	Positive	...	...
85830	Swiss Re Asia Pte. Ltd.	Swiss Re Ltd	aa	Stable	A+	Stable	...	...
71503	Transatlantic Reinsurance Company (SGB)	Berkshire Hathaway Inc.	aa+	Stable	A++	Stable	...	...
86781	United Overseas Insurance Limited	United Overseas Bank Limited	aa-	Stable	A+	Stable	...	...

Source: 

South Korea CRT-2

August 12, 2026

Region: Asia

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- South Korea, a CRT-2 country, has a very low level of economic risk and low levels of political and financial system risk.
- According to the IMF, real GDP growth is expected to increase from 1.0% in 2025 to 1.9% in 2026, boosted by accommodative fiscal policies and very strong demand for technology exports such as semiconductors.
- Inflation is forecast to increase from 2.1% in 2025 to 2.5% in 2026 as disruptions to global supply chains and elevated international commodity prices pass through into the economy. At the same time, domestic inflationary pressure is supported by expansionary state support.



- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Eastern Asia

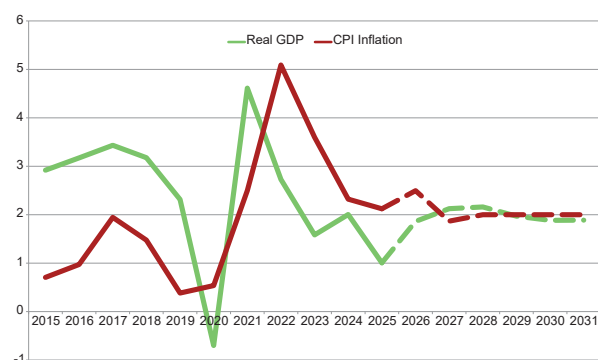
- Eastern Asia is an economically significant region that contains two of the world's five largest economies, China and Japan.
- The region's economic outlook is heavily shaped by the global technology cycle, with advanced manufacturing a key driver of exports and economic activity. While East Asia remains vulnerable to commodity price volatility and geopolitical developments, regional economies have high levels of strategic reserves of oil to help manage shocks.
- Many countries in Eastern Asia have rapidly aging populations and declining birth rates, posing some long-term challenges. Economic growth could be impacted by labor shortages, and more fiscal spending might be needed to support healthcare and pensions.
- Public debt has increased in many of the region's major economies as countries deal with domestic and external pressures. Japan has one of the highest public debt-to-GDP ratios among developed nations. Fiscal deficits have also increased in China and South Korea.

Economic Indicators		
Nominal GDP	USD bn	1872.4
Population	mil	51.69
GDP Per Capita	USD	36,227
Real GDP Growth	%	1.0
Inflation Rate	%	2.1
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index		
Rank (out of 187)		13
Global Innovation Index		
Rank (out of 139)		4
Insurance Statistics		
Insurance Regulator		
Insurance Division of Financial Services Commission, Financial Supervisory Service		
Insurance Density		
USD		1,734
Insurance Penetration		
%		4.8
Regional Comparison		
	Country Risk Tier	
South Korea	CRT-2	
China	CRT-3	
Hong Kong	CRT-2	
Japan	CRT-2	
Macau	CRT-2	
Taiwan	CRT-2	

Source: IMF, UN, Swiss Re, Axco and AM Best



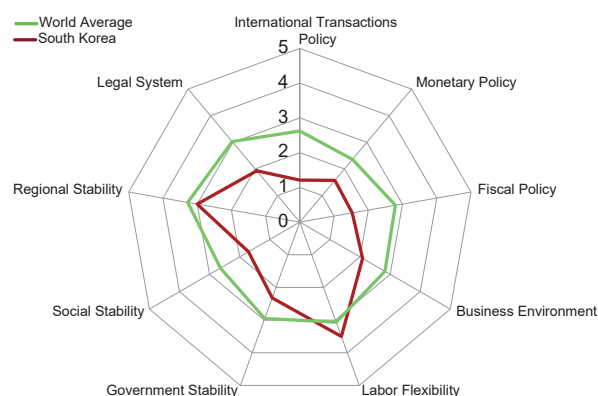
Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

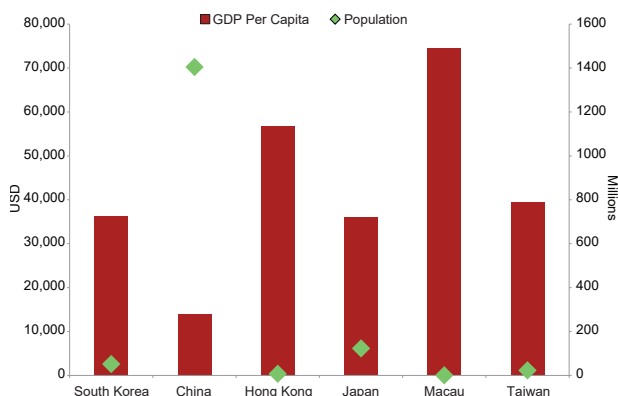
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

Economic Risk: Very Low

- South Korea operates a highly export-oriented, free-market economy. While the economic outlook has benefited from robust demand for AI-related products, the country remains exposed to fluctuations in global demand and shifts in international trade conditions.
- South Korea is heavily reliant on energy imports. It is the world's third-largest importer of liquefied natural gas, following Japan and China, making it particularly sensitive to global energy price volatility and supply chain disruptions.
- South Korea provides a pro-business climate supported by a highly skilled workforce, world-class infrastructure and deep integration into global technology and manufacturing supply chains. However, the operating environment can be challenging for international firms due to complex and country-specific regulations, frequent policy changes and sector-specific compliance requirements.

Political Risk: Low

- Lee Jae-myung was elected president in June 2025 following a snap election. Lee's victory returns the Democratic Party of Korea (DPK) to power following its loss to the People Power Party (PPP) in 2022. His cabinet appointments have helped consolidate party power,
- The country ranks 31st out of 182 countries in Transparency International's latest Corruption Perceptions Index. However, high-profile investigations and indictments involving senior political figures, including former presidents, as well as close ties between government and large conglomerates, continue to highlight governance and integrity risks.
- South Korea ranks 13th out of 187 countries in the Notre Dame Global Adaptation Initiative Index, which evaluates countries' vulnerability to climate disruption and assesses its readiness to adaptive actions. While South Korea scores well overall, climate-related risks remain material, including increasingly severe wildfires, flooding and extreme rainfall events.

Financial System Risk: Low

- South Korea's insurance sector is regulated by the Insurance Division of the Financial Services Commission (FSC) and supervised by the Financial Supervisory Service (FSS).
- According to the IMF, the financial sector remains sound, with banks maintaining capital ratios above prudential requirements and systemic risks remaining manageable. Authorities have also shown a willingness to intervene proactively in order to address pockets of vulnerability.
- The private credit-to-GDP ratio remains among the highest in the OECD, although it has been on a declining trend in recent years following tighter lending regulations. A significant share of credit exposure is concentrated in the real estate and construction sectors.

Insurance Industry Overview

AM Best maintains a Stable outlook on South Korea's non-life insurance segment. Key factors supporting the outlook include:

- The recent regulatory actions in Korea's non-life insurance industry will ensure the insurers' quality of capital and enhance the solvency regulation amid evolving economic and market conditions.
- Insurers are expected to moderate aggressive competition to protect profitability, while market leaders with stronger balance sheet strength pursue new growth opportunities overseas.
- Although underwriting profitability is likely to remain pressured, insurers' profitability-focused measures and regulatory efforts to curb excessive medical claims should provide gradual support.
- Investment income is expected to provide a stable source of bottom-line profitability.

South Korea's non-life insurance segment achieved a robust 10% increase in direct premiums in 2025, expanding significantly from single-digit growth paces of 2% and 4.3% recorded in 2024 and 2023, respectively, according to annual statistics published by the Korea Insurance Research Institute (KIRI).

The sustained growth of the dominant long-term insurance line and a strong rebound in demand for retirement pension products propelled the non-life direct premiums to KRW 139.2 trillion (USD 103.6 billion). Long-term insurance grew by 7.5% to reach KRW 71.9 trillion due to shifting demographics and financial planning needs, while premium income from pension plans surged 33.3% to KRW 29.7 trillion, led by defined-benefit plans. The expansion was moderated by a 7.5% decline in motor premium income, the third-largest non-life segment with around 15% share in 2025, due to rate cuts and sluggish vehicle registrations.

The KIRI data shows that the segment's net income contracted by 16.3% to KRW 7.2 trillion in 2025, marking the first full-year decline in overall sectoral earnings since 2020. The decline was driven by a sharp drop in underwriting results, reflecting higher loss ratios in both long-term and auto lines. The loss ratios of fire and casualty insurance also increased during the year.

In long-term insurance, claim pressure increased following the end of the medical strike in 2024, while persistent competition also weighed on profitability. In South Korea, overuse of medical treatments that are not covered by the National Health Insurance has been an ongoing issue that poses downward pressure on insurers' underwriting profitability. In response, the authorities are seeking to curb excessive medical indemnity claims through the introduction of fifth-generation medical indemnity products and managed-benefit measures that apply clinical limits (such as caps on the number of sessions) and a higher level of copayment for selected treatments. Simultaneously, insurers are showing increased focus on profitability management through rate adjustment of non-medical indemnity policies, tightening claims assessment and underwriting discipline, and product re-engineering to bolster their long-term insurance profitability.

Additionally, competition in long-term insurance, which accounts for the majority of the industry's insurance revenue, remained intense in 2025 as insurers focused on growing the volume of total contractual service margin (CSM), or future profit. However, the excessive competition contributed partly to the industry's deterioration in the long-term line profitability in recent years. Prospectively, AM Best expects insurers to shift more toward managing CSM margin rather than growing the business volume. The tightened regulation on the general agency channel's commission scheme from July 2026 should also help moderate the market competition to some extent.

Auto insurance profitability also deteriorated due to the cumulative effect of premium rate cuts from prior years and ongoing claims-cost inflation. Although the recent premium increase should provide some support, the benefit will be recognised gradually through the earned premium base rather than immediately.

Investment income improved materially, up 35.6% to KRW 4.4 trillion in 2025, offsetting the weakened underwriting performance, supported mainly by higher interest income and, in some cases, gains from asset disposals and valuation

gains. AM Best expects investment performance to remain a stable source of profits over the medium term, partly mitigating the pressured underwriting profits.

As the market matures and domestic competition intensifies, some market leaders with stronger balance sheet capacity and solvency positions are looking beyond the domestic market for new growth opportunities, as evidenced by Samsung Fire & Marine's growing emphasis on overseas expansion and DB Insurance's acquisition of The Fortegra Group. AM Best views these efforts could support earnings diversification and long-term growth, although they necessarily entail a level of execution risk and short-term capital volatility.

Regulatory and Risk Developments

Supervisory attention in South Korea has converged on the quality of insurers' capital. Central to this is the capital rules enhancement plan announced by the Financial Services Commission (FSC) and Financial Supervisory Service (FSS) in March 2025. The direction is to ensure insurers' quality of capital and optimise the solvency regulation amid evolving economic and market conditions. The introduction of the core capital K-ICS ratio, which is effective January 2027, is expected to induce insurers to focus on improving fundamental capital with higher loss absorption features and prevent overreliance on supplementary capital securities.

At the same time, the regulator modified the solvency regulations, such as lowering the recommended K-ICS benchmark from 150% to 130% effective June 2025, and slowed the phased plan of discount rate cuts while strengthening ALM supervision to support balance sheet resilience to interest rate movements. These changes are intended to better align the framework with prevailing market conditions and to avoid excessive pressure on the insurers' solvency ratios amid a volatile interest rate environment.

Since the implementation of IFRS 17, the financial authorities have been providing guidelines on actuarial assumptions to improve comparability of liability measurement and prevent insurers from using biased assumptions that could overstate future profits, such as CSM. Additional guidelines were rolled out in January 2026, including applications of a more conservative loss ratio for new coverages and inflation impact on future operating expenses, which also follow the same policy direction. While supervisory oversight of actuarial assumptions is likely to remain in place, AM Best expects that it will gradually move toward promoting the industry's self-discipline as the broader framework becomes more established.

Currently, many non-life insurers in Korea face constraints on dividend distributions because mandatory provision of surrender value reserves reduced retained earnings available for distribution. Under the amended law that took effect alongside IFRS 17 and K-ICS in 2023, insurers must set aside reserves when the fair value of insurance liabilities falls below total surrender values to strengthen policyholder protection under stress scenarios. Strong new business growth over recent years has led to a material increase in surrender value reserves. While this limits the current and near-term shareholder return for many market players, continued profit retention is expected to support strengthening the capital fundamentals over time.

The segment also faces a higher recurring tax burden, which began in 2026. An increase in the education tax, which is imposed on financial institutions to support funding for public education, is expected to reduce most insurers' CSM through higher expected cash outflows. In addition, an increase in South Korea's corporate income tax rates in 2026 is also expected to further weigh on insurers' after-tax profitability.

Natural Catastrophes and Climate Risks

South Korea is facing severe and accelerating physical climate risks in recent years from extreme heat waves and torrential monsoon rains that strain public health, infrastructure, and the national economy.

Typhoons and torrential summer monsoon rains account for the vast majority of local property and motor losses in South Korea. Over the past five years, policyholders filed a total of 35,011 vehicle flood-damage claims under auto insurance, according to market reports citing data from the Korea Insurance Development Institute (KIDI). Of these, 33,490 cases (or

95.7%) occurred during the rainy summer and autumn months between July and October. By year, a record-setting 18,267 cases were reported in 2022, pushing industry losses past KRW 162 billion for the August events alone.

In 2025, 7,050 incidents occurred during a 10-day period of torrential downpours between July and September, accounting for 90.8% of the annual flood damage. This demonstrates that most of the annual flood damage was caused by short-term heavy rainfall. This massive influx of vehicle claims drove up the auto loss ratio to 87.4% in 2025 from 83.8% in 2024.

Although extreme downpours caused massive property and vehicle damages, an average of 82% of torrential rain and flood losses in South Korea went uninsured or uncovered between 2020 and 2024, largely driven by low uptake of business interruption insurance and traditional coverage gaps, according to a joint study released in July 2026 by Seoul National University's Climate Tech Center and Samsung Fire & Marine Insurance. If climate adaptation and insurance uptake do not improve, uncovered losses from torrential rain are projected to rise more than fivefold to KRW 2.6 trillion by 2045.

South Korea is also facing severe, record-breaking heat waves driven by climate risk and high-pressure systems. Data from the Korea Meteorological Administration shows that the country's annual average number of heatwave days has more than doubled to about 19 days in recent years, compared to just 8 days per year in the 1970s. On 2 August 2026, the temperature reached a 122-year high of 42.5°C in the southeastern city of Yangsan, prompting the government to raise its central disaster response to Level 2.

In response to severe weather events, South Korea's non-life insurers have introduced innovative index-based and parametric products for small business owners and outdoor workers that pay out based on specific weather thresholds (such as excessive daily rainfall, severe heatwaves, or cold snaps) without requiring lengthy physical damage assessments.

South Korea

Rated Companies - Key Financial Metrics

IFRS17, USD billions	2023	2024	2025
Insurance Services Revenue	57.1	53.0	56.7
Net Insurance Services Revenue	51.3	47.8	51.2
Non-life Net Insurance Services Revenue	50.6	47.2	50.6
Life Net Insurance Services Revenue	0.7	0.6	0.6
Insurance Finance Result	1.9	2.3	3.0
Other Income	0.1	(0.0)	0.0
Reinsurance Result	(1.7)	(2.4)	(1.1)
Total Revenue	57.4	52.9	58.6
Claims Expenses	43.5	39.1	44.7
Net Operating and Other Expenses	6.7	6.3	7.2
Total Insurance and Other Expenses	50.2	45.4	51.9
Pretax Income	7.2	7.5	6.7
Net Income	5.5	5.6	4.9
Capital & Surplus	39.9	33.7	38.7

Source: AM Best data and research

South Korea Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
93314	ACE American Insurance Co Korea (KRB)	Chubb Limited	aa+	Stable	A++	Stable	...	...
93791	Construction Guarantee Cooperative	...	a+	Stable	A	Stable	...	...
87968	DB Insurance Co., Ltd.	DB Insurance Co., Ltd.	aa-	Stable	A+	Stable	...	...
92056	General Reinsurance AG (KRB)	Berkshire Hathaway Inc.	aa+	Stable	A++	Stable	...	...
86796	Hanwha General Insurance Company Ltd	Hanwha Life Insurance Co., Ltd.	a	Stable	A	Stable	...	...
85468	Hyundai Marine & Fire Insurance Co Ltd	...	a	Stable	A	Stable	...	...
86459	KB Insurance Co., Ltd.	KB Financial Group Inc.	a	Stable	A	Stable	...	...
92701	Korea P&I Club	...	bbb+	Stable	B++	Stable	...	...
43442	Korea Shipping Association	...	a-	Stable	A-	Stable	...	...
85225	Korean Reinsurance Company	Korean Reinsurance Company	a+	Stable	A	Stable	...	...
85600	Meritz Fire & Marine Insurance Co., Ltd.	Meritz Financial Group Inc.	a	Stable	A	Stable	...	...
93309	NongHyup Property & Casualty Ins Co Ltd	Natl Agricultural Cooperative Federation	a-	Stable	A-	Stable	...	...
88873	RGA Reinsurance Co KRB	Reinsurance Group of America, Inc.	aa-	Stable	A+	Stable	...	...
85850	Samsung Fire & Marine Insurance Co Ltd	Samsung Fire & Marine Insurance Co Ltd	aa+	Stable	A++	Stable	...	...

Source: 

Sri Lanka CRT-5

August 12, 2026

Region: Asia

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Sri Lanka, a CRT-5 country, has a high level of political risk and very high levels of economic and financial system risk.
- According to the IMF, real GDP is expected to grow by 4.6% in 2026, moderating from 5.0% in 2025. This reflects normalization after the strong post-crisis rebound, as well as a weaker external backdrop due to adverse global geopolitical developments.
- Inflation is forecast to accelerate significantly from -0.5% in 2025 to 4.3% in 2026 as price pressures return to more normal levels following recent volatility and higher global commodity prices spill over into the domestic economy.



Economic Risk



Political Risk



Financial System Risk

- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: South Central Asia

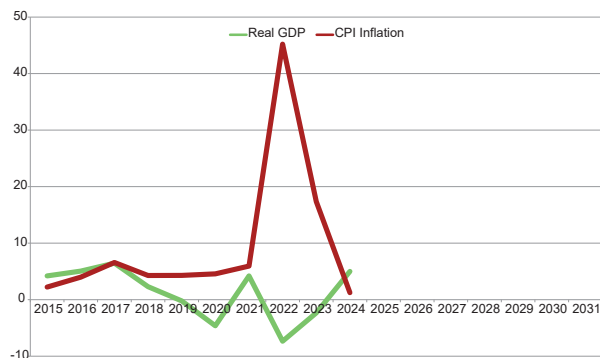
- As one of the five largest economies in the world, India continues to be one of the region's primary economic engine. This is driven by its large population and strong projected real GDP growth. According to the IMF, the region is expected to maintain strong growth across all economies in 2026.
- Tensions between India and Pakistan have the potential to be a source of regional instability with periodic security incidents contributing to strained relations.
- As a significant energy importer, the region is vulnerable to commodity price volatility and geopolitical developments, with potential impacts on economic growth, fiscal sustainability and balance of payments pressures.
- The region is highly exposed to climate-related risks such as heatwaves, floods, and rising sea levels. Investments in climate-resilient infrastructure could help mitigate the resulting economic headwinds.

Economic Indicators		
Nominal GDP	USD bn	99.0
Population	mil	21.92
GDP Per Capita	USD	4,516
Real GDP Growth	%	5.0
Inflation Rate	%	-0.5
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index	Rank (out of 187)	111
Global Innovation Index	Rank (out of 139)	93
Insurance Statistics		
Insurance Regulator Insurance Regulatory Commission of Sri Lanka		
Insurance Density	USD	55
Insurance Penetration	%	1.2
Regional Comparison		
	Country Risk Tier	
Sri Lanka	CRT-5	
India	CRT-4	
Papua New Guinea	CRT-5	
Nepal	CRT-5	
Bangladesh	CRT-5	
Pakistan	CRT-5	

Source: IMF, UN, Swiss Re, Axco and AM Best



Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

Economic Risk: Very High

- Sri Lanka continues to recover from its economic and financial crisis in 2022, recording strong growth in 2025 despite trade headwinds. The recovery has been supported by private consumption and the service sector.
- Geopolitical and trade uncertainty pose a risk to Sri Lanka's economic recovery given the reliance on goods exports, tourism and energy imports. A deterioration in the political or global economic environment could have negative implications for Sri Lanka's economic outlook, including worsening inflation and strained public and external finances.
- Sri Lanka has made progress in consolidating its fiscal position in recent years. However, debt remains elevated and the 2026 budget still projects a deficit. Policymakers will need to maintain fiscal discipline in order to preserve the IMF program and debt restructuring deals.
- External balances have strengthened as remittance receipts and tourism revenue support a current account surplus. This has helped build foreign exchange reserves, albeit from a very low base, providing an improved buffer against external shocks.

Political Risk: High

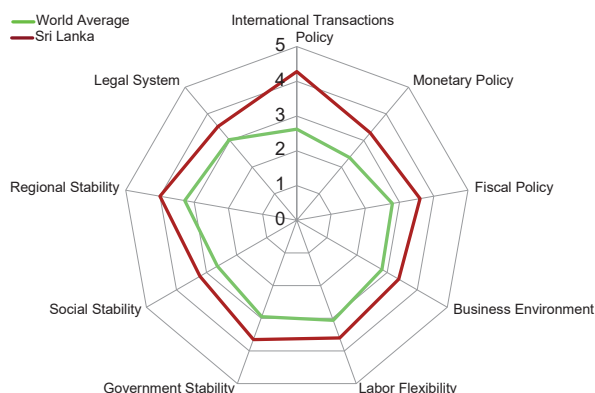
- The National People Power's alliance, led by President Anura Kumara Disanayake, has a supermajority in Parliament with 159 out of 225 seats. And with the legislature and executive controlled by the same political alliance, Sri Lanka should experience greater political stability compared to recent years.
- Despite his dominant political position, President Disanayake faces tensions between fulfilling campaign promises to renegotiate austerity measures agreed with the IMF and continuing the prior government's fiscal consolidation to improve economic stability.
- Sri Lanka ranks 107th out of 182 countries in Transparency International's latest Corruption Perceptions Index. Anti-corruption measures have been introduced as part of Sri Lanka's bailout program, although issues such as state capture and bribery remain systemic.
- Sri Lanka ranks 111th out of 187 countries in the Notre Dame Global Adaptation Initiative Index, which measures a country's vulnerability to climate disruption and assesses its readiness for adaptive actions. Cyclone Ditwah in late 2025 caused severe economic and physical damage.

Financial System Risk: Very High

- The Insurance Regulatory Commission of Sri Lanka regulates and supervises the insurance industry.
- Sri Lanka's financial system remains vulnerable despite recent stabilization. Severe risks persist from high non-performing loans, heavy bank exposure to government debt and undercapitalized state-owned enterprises. Financial system fragility is exacerbated by structural macroeconomic weaknesses.

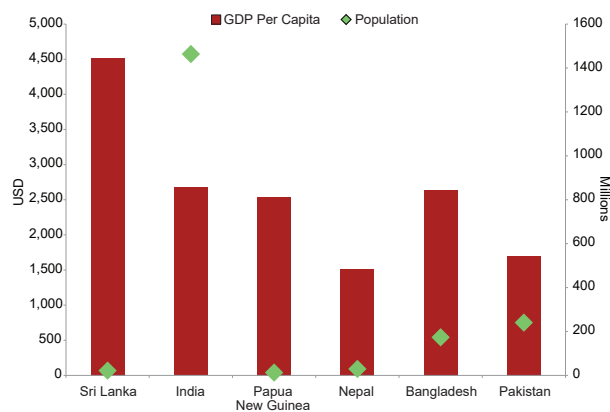
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

Insurance Industry Overview

The Sri Lankan insurance industry remains flexible amid economic recovery and evolving market conditions. Positive factors supporting the non-life segment include:

- Improving macroeconomic conditions following the completion of the sovereign debt restructuring should support economic activity and drive insurance demand.
- Robust premium growth has been driven primarily by the recovery in motor business following a change in vehicle import regulations.
- Ongoing enhancements to the risk-based capital regime should support market discipline.

Moderating factors include:

- Rising reinsurance costs following recent catastrophe losses, together with potential constraints on the availability and affordability of retrocession protection for the state-owned National Insurance Trust Fund Board (NITF) could pressure underwriting margins.
- Intense competition in a fragmented market constrains pricing adequacy and operating performance,
- High exposure to natural catastrophe events exposes insurers' earnings to volatility.

Sri Lanka's insurance industry remains relatively small but has continued to expand following the severe economic crisis of 2022. The industry achieved robust growth through 2025 and the first half of 2026, marked by higher asset valuations and strong premium income across both life and general segments.

The Insurance Regulatory Commission of Sri Lanka (IRCSL) data shows that total gross written premiums (GWP) for the country's insurance industry reached LKR 384.9 billion (USD 1.2 billion) in 2025, representing a 19.6% increase from LKR 321.8 billion in the prior year. The life insurance segment was the principal contributor to overall market performance growth, with GWP increasing by 23.5% to LKR 227.1 billion in 2025. The expansion was buoyed by increasing demand for protection-oriented and savings-linked products, heightened awareness of long-term financial security, and improved distribution capabilities adopted by insurers.

Non-life GWP amounted to LKR 157.8 billion, growing by 13.1% year over year and accounting for 41% of total market premiums, backed by continued expansion of economic activity and consumer spending that bolstered the demand for coverage across various business lines. In particular, the easing of vehicle import restrictions in 2025 led to a sharp increase in vehicle imports, further boosting economic activity and driving up demand for motor insurance. In Sri Lanka, motor insurance remains the largest segment of the non-life market, accounting for over half of total GWP.

Claims incurred in the non-life segment grew by 9.6% from LKR 62.8 billion in 2024 to LKR 68.8 billion in 2025, in part due to Cyclone Ditwah, according to the IRCSL. Additionally, the increase was driven by motor-related claims, medical insurance utilisation, property-related losses, and commercial insurance exposures. Overall claims payouts in Sri Lanka's insurance industry surged 18.3% to LKR 173.5 billion in 2025, due to portfolio growth, higher customer utilisation, and the expansion of insurance activity across the market.

The profitability of the Sri Lankan insurance industry remained under pressure in 2025 due to surging claims payouts and escalating operational costs. During the year, total industry profits shrank 31.2% to LKR 41.3 billion, reversing the profit growth seen over the preceding five years. The non-life business also recorded a year-over-year decline in profitability, down by 11.2% to LKR 20.7 billion.

The IRCSL data shows the total asset portfolio of the insurance industry reached LKR 1.4 trillion at end-2025, reflecting a strong year-on-year growth of 17.5%. The life insurance business continued to account for the largest share of industry

assets, increasing to LKR 1.1 trillion in 2025 from LKR 921.2 billion in 2024. The non-life segment's total assets expanded by 25.7% to almost LKR 360 billion, rebounding from a 6.2% decline recorded in 2024 due to business segregation adjustments within the industry and reflecting improved operational stability and balance sheet growth across insurers.

On the capital side, the insurance industry remains relatively well capitalised under the existing regulatory framework, with the average capital adequacy ratio (CAR) in the first half of 2025 for the life insurance market being 345.0%, while the non-life segment recorded a CAR of 265.0%, both materially above the 120% regulatory minimum.

Despite strong premium growth and continued business expansion, insurance penetration remained low at 1.18% in 2025, indicating considerable scope for further development of the insurance market.

Regulatory and Risk Developments

The IRCSL continues to strengthen regulatory supervision and governance oversight, with the objective of enhancing operational resilience, improving market discipline, and safeguarding policyholder interests.

In July 2025, the IRCSL commenced a comprehensive review of its RBC framework, which was introduced in 2015 and fully implemented in 2016. The review was prompted by evolving asset markets, dynamic local economic conditions, and updated guidelines from global regulatory bodies.

A dedicated task force was set up, bringing together representatives from the IRCSL, the Insurance Association of Sri Lanka (IASL), the Actuarial Association of Sri Lanka (AASL), the National Insurance Trust Fund (NITF), and local insurance entities to collaboratively discuss and formulate targeted improvements.

The review included a Quantitative Impact Study and an Exposure Draft of revised RBC Rules, with separate QIS templates for life and non-life insurers. The proposed revisions are intended to strengthen the existing capital framework and better reflect the risks faced by insurers.

One notable proposed change is the introduction of a catastrophe-risk charge for non-life insurance business. The existing RBC framework does not include a specific capital requirement for catastrophe risk, while the proposed framework considers approaches based on catastrophe modelling, historical Sri Lankan catastrophe experience, and international RBC benchmarks.

The IRCSL has also launched broader regulatory reforms, including proposed amendments to the Regulation of Insurance Industry Act No. 43 of 2000 and consultation on the registration and regulation of reinsurers. Additionally, it has continued to strengthen its risk-based supervisory approach, including through greater oversight of insurers' capital, reinsurance arrangements, and risk-management practices.

These developments indicate a continued move towards more risk-sensitive supervision, stronger capital requirements, and advanced risk management as the insurance industry grows and becomes increasingly exposed to catastrophe, investment, and reinsurance risks.

Natural Catastrophes and Climate Risks

Sri Lanka faces frequent natural disasters like cyclones, monsoonal floods, landslides, and seasonal droughts due to its tropical climate and geography. The country's exposure is significant given the concentration of population, infrastructure, and economic activity in areas vulnerable to extreme weather.

Sri Lanka is highly vulnerable to climate risk due to its tropical geography, which exposes the country to a severe combination of rapid-onset disasters and slow-onset environmental degradation.

The scale of Sri Lanka's exposure was demonstrated by Cyclone Ditwah in November 2025. Categorised as one of the most destructive storms in the country's history, Cyclone Ditwah affected close to two million people and 500,000 families across all 25 districts. The World Bank estimated direct physical damage from the cyclone at USD 4.1 billion, equivalent to almost 4% of Sri Lanka's GDP in 2024. Infrastructure accounted for the largest share of estimated damage, at approximately USD 1.7 billion, while residential buildings and contents accounted for about USD 985 million and agriculture around USD 814 million.

The impact of Cyclone Ditwah highlights the potential for highly correlated losses across property, motor, commercial, and other insurance portfolios, as well as the importance of effective reinsurance protection and catastrophe-risk management. The event also reinforces the relevance of IRC SL's proposed introduction of a specific catastrophe-risk charge within the RBC framework.

Sri Lanka has established a formal institutional framework for disaster-risk management through the Disaster Management Act No. 13 of 2005, which provides the legal basis for disaster-risk management and established the National Council for Disaster Management and the Disaster Management Centre.

In addition, the country's National Disaster Management Policy recognises the need to integrate disaster-risk reduction into sectoral development programmes and promotes the use of insurance and microinsurance to improve the resilience of vulnerable communities.

Sri Lanka's disaster-risk financing framework nevertheless remains an area for further development. An Asian Development Bank diagnostic identified gaps in the availability and affordability of insurance, reinsurance, and capital-market solutions for disaster-risk financing and highlighted opportunities to strengthen the country's financial preparedness for disasters.

Consequently, expanding catastrophe insurance coverage, improving catastrophe-risk data and modelling, strengthening reinsurance capacity, and developing pre-arranged risk-transfer mechanisms could improve Sri Lanka's financial resilience to natural catastrophes.

Taiwan CRT-2

August 12, 2026

Region: Asia

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Taiwan has low levels of economic and financial system risk and a moderate level of political risk.
- According to the IMF, real GDP growth is forecast to moderate to 5.2% in 2026 from an exceptionally strong 8.7% in 2025. Growth is expected to remain supported by robust external demand for AI-related exports.
- Inflation is projected to decrease from 1.7% in 2025 to 1.5% in 2026, remaining contained despite strong economic growth. However, a weaker currency, elevated international energy prices and renewed supply-chain disruptions could pose upside risks to the inflation outlook.



- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Eastern Asia

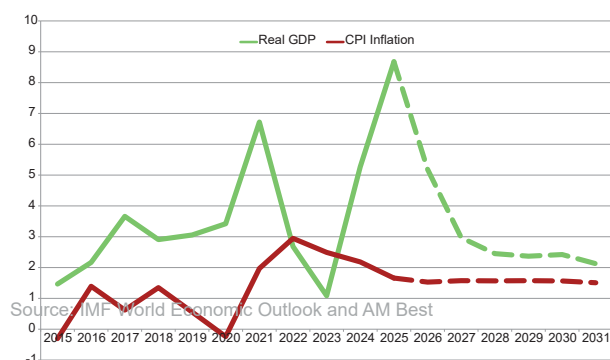
- Eastern Asia is an economically significant region that contains two of the world's five largest economies, China and Japan.
- The region's economic outlook is heavily shaped by the global technology cycle, with advanced manufacturing a key driver of exports and economic activity. While East Asia remains vulnerable to commodity price volatility and geopolitical developments, regional economies have high levels of strategic reserves of oil to help manage shocks.
- Many countries in Eastern Asia have rapidly aging populations and declining birth rates, posing some long-term challenges. Economic growth could be impacted by labor shortages, and more fiscal spending might be needed to support healthcare and pensions.
- Public debt has increased in many of the region's major economies as countries deal with domestic and external pressures. Japan has one of the highest public debt-to-GDP ratios among developed nations. Fiscal deficits have also increased in China and South Korea.

Economic Indicators		
Nominal GDP	USD bn	920.1
Population	mil	23.30
GDP Per Capita	USD	39,489
Real GDP Growth	%	8.7
Inflation Rate	%	1.7
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index	Rank (out of 187)	n.a.
Global Innovation Index	Rank (out of 139)	n.a.
Insurance Statistics		
Insurance Regulator	Insurance Bureau of the Financial Supervisory Commission	
Insurance Density	USD	4,037
Insurance Penetration	%	10.1
Regional Comparison		
	Country Risk Tier	
Taiwan	CRT-2	
China	CRT-3	
Hong Kong	CRT-2	
Japan	CRT-2	
Macau	CRT-2	
South Korea	CRT-2	

Source: IMF, UN, Swiss Re, Axco and AM Best



Economic Growth (%)

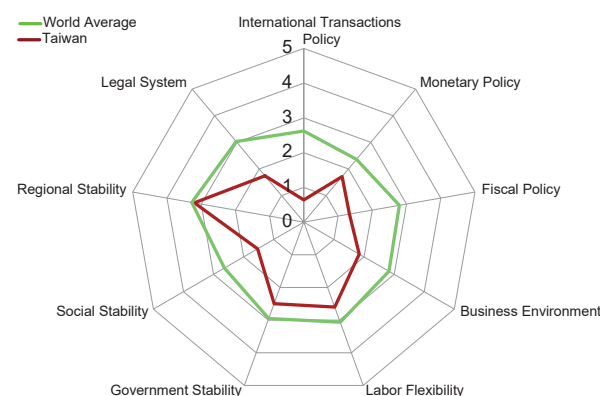


Economic Risk: Low

- Taiwan's economy is highly dependent on exports, which constitute approximately 70% GDP. Export activity is heavily concentrated in electronics, electrical machinery and related equipment, reflecting Taiwan's world-leading role in advanced manufacturing and semiconductors. These sectors have expanded rapidly in recent years, supported by strong global demand for AI-related chips, servers and computing infrastructure. China and the US remain Taiwan's primary export markets.
- Taiwan's exports have remained resilient to elevated trade uncertainties, supported in part by strong demand for semiconductors and other AI-related technology products. While critical products such as semiconductors have been less directly exposed to tariff measures, Taiwan's highly open economy remains vulnerable to external shocks.
- Taiwan is dependent on imported energy for around 95% of its energy supply. This leaves it vulnerable to volatile global commodity prices and adverse geopolitical events.
- Government debt remains low at approximately 25% of GDP, significantly below the levels seen in many advanced economies. However, rising expenditure needs, particularly in defense and social welfare, have placed upward pressure on public spending in recent years.

Political Risk Summary

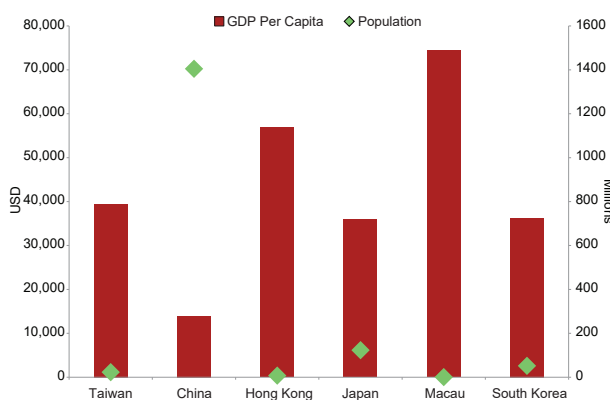
Score 1 (best) to 5 (worst)



Political Risk: Moderate

- Lai Ching-te of the ruling Democratic Progressive Party (DPP) won Taiwan's January 2024 presidential election, giving the DPP an unprecedented third consecutive presidential term. His presidency has been characterized by legislative paralysis, with the opposition coalition using their parliamentary majority to block many of Lai's key policies. This gridlock has the potential to continue until Taiwan's presidential and legislative elections in 2028.
- Civil unrest in Taiwan is infrequent and generally peaceful. Demonstrations typically focus on domestic social issues, including housing affordability, retirement protections, and the defense of democratic values.
- Taiwan ranks 24th out of 182 in Transparency International's latest Corruption Perceptions Index. While everyday incidents such as bribery are extremely rare and Taiwan has strong democratic institutions, there are examples of large-scale financial and political scandals across the major parties.

GDP Per Capita and Population



Financial System Risk: Low

- The Insurance Bureau of the Financial Supervisory Commission (FSC) is the main insurance regulator.
- The New Taiwan Dollar (TWD) operates under a managed floating exchange rate regime overseen by the central bank. While the currency's value is primarily determined by market forces, the central bank intervenes when necessary to curb excessive volatility and maintain macroeconomic and financial stability, particularly given Taiwan's export-dependent economy.

Insurance Industry Overview

AM Best maintains a Stable outlook on Taiwan's non-life insurance segment. Key factors supporting the outlook include:

- Implementation of Taiwan Insurance Solvency (TIS) and IFRS 17 enhances cross-market comparability and elevates the strategic importance of capital management and earnings volatility analysis.
- Consistent premium expansion across retail and commercial lines is expected to support segment earnings, underpinned by disciplined underwriting and rational competition.
- Domestic stock market volatility may impact the segment's investment results, particularly given its technology sector concentration; however, non-life insurers' conservative asset allocation and moderate equity exposure help protect their overall profitability.

Total direct premiums written by Taiwanese non-life insurers grew by 5.7% to TWD 286.8 billion (USD 9.1 billion) in 2025, halting upward trends from the past three years. Non-life premiums consistently account for approximately 10% of the total insurance market's written premiums. Total net income reached TWD 31.1 billion in 2025, a sharp rise of 42% year over year, due to steady direct written premium growth combined with stable underlying underwriting performance and cautious, conservative reinsurance programmes that successfully controlled net retention losses against catastrophe risks.

Taiwan's non-life segment remains mature and competitive. In the retail segment, which is anchored heavily by motor, accident and health products, competitive strength has increasingly depended on the insurer's ability to embed protection into customers' everyday activities, leverage customer traffic, and deliver convenient underwriting and post-sale services. Insurers are embedding products into a variety of lifestyle apps and digital platforms to offer point-of-need coverage and reduce purchase friction.

Motor insurance remains the largest contributor to non-life premium income and a key source of earnings stability for the industry. However, motor premium growth has moderated as economic uncertainty and potential tariff cuts prompted consumers to defer vehicle purchases. The resulting pressure on motor premiums was partly offset by cumulative premium rate increases implemented across the market in recent years. The loss ratio is largely stabilised, supported by enhanced risk selection practices, business-structure optimisation, and increased supplementary rider penetration. Other retail lines, including travel insurance, have remained broadly profitable; nevertheless, relatively standardised products and transparent pricing continue to drive intense competition.

Commercial lines present a different market dynamic. Insurance demand continues to grow, supported by investments in high-technology manufacturing plants, renewable energy projects, and major infrastructure development. Notably, the robust growth of engineering insurance premiums (37.6%) was largely catalysed by key segments, including offshore wind energy initiatives, high-tech facility construction and installation, and power plant refurbishment projects. The engineering segment has experienced steady expansion since 2022, and its market share has increased to 8% in 2025 from 3.1% in 2021.

Notwithstanding softer pricing, premium growth in the commercial lines is supported by higher sums insured that largely offset rate declines amid abundant reinsurance capacity, particularly for loss-free risks. While higher insured exposures have led to growth in commercial premiums, rising competitive pressure may intensify and weigh modestly on underwriting margins as insurers compete for market share. Nevertheless, a relatively benign catastrophe environment through 2025 and the first half of 2026 continued to support non-life segment earnings.

Within commercial lines, business opportunities, particularly for those associated with renewable energy, high-tech manufacturing facilities, and large infrastructure projects, favour insurers with strong technical underwriting, claim capabilities, and capital strength. Financial groups that can combine financing, insurance capacity, and broader risk-management services are likely to hold a distinct edge in handling these complex and capital-intensive projects. Overall, competition is increasingly shifting from standalone insurance to integrated service ecosystems.

Taiwan's non-life insurers are increasingly using AI and data analytics to streamline underwriting, automate claims processing, and detect fraud. These changes should enhance operating efficiency, refine risk selection, and better manage losses over time. AM Best expects AI adoption to remain gradual and tightly controlled, with insurers prioritising internal operational and risk management tasks while maintaining continued oversight over customer-facing decisions.

Driven by supportive market conditions, the non-life segment's investment performance has remained favourable, owing to solid recurring investment income and higher equity valuations. The Taiwan Stock Exchange has experienced sharp swings in 2026, driven by intense whiplash in AI-related, semiconductor, and other technology stocks. Nevertheless, the impact on most non-life insurers has remained manageable given their generally conservative investment portfolios and moderate equity exposure, although domestic equity holdings remain meaningfully concentrated in technology stocks.

Regulatory and Risk Developments

The implementation of TIS and IFRS 17 significantly impacts Taiwan's non-life segment in 2026, reshaping regulatory capital measurement and financial reporting, while increasing the importance of capital planning and earnings analysis.

AM Best's analysis indicates that the transition to TIS has had a limited impact on the segment's overall capitalisation. The new regime has moderately increased the contribution of market risk to the solvency capital requirement of insurance companies, partly reflecting the higher risk charge calibrated under TIS, alongside a more granular assessment of investment risk exposures. Insurance-risk capital requirements have remained broadly stable despite a wider catastrophe-risk perimeter covering pandemics and other systemic risks, in addition to natural catastrophe risks.

Enterprise risk management in the segment is expected to evolve continuously alongside the implementation of TIS, supporting comprehensive risk assessment, stress testing, and scenario analysis.

The transition to IFRS 17 has been favourable to the segment's reported capital position, with industry-wide reported shareholders' equity increasing by approximately 10% at year-end 2025, compared to the amounts measured under IFRS 4. As required by Taiwan's Financial Supervisory Commission (FSC), a significant portion of the increase in retained earnings has been reallocated to special reserves within insurance liabilities, accelerating catastrophe reserve accumulation. The transition to IFRS 17 also allowed insurers to reassess and redesignate the classification of financial assets, with the accounting implications varying across individual insurers.

Natural Catastrophes and Climate Risks

Natural catastrophe exposure remains a critical operational and financial threat to Taiwan's non-life insurance segment, with escalating pressures from both primary disasters and high-frequency secondary perils, as well as the rising frequency of severe weather. In particular, frequent seismic events and severe typhoons create ongoing volatility in underwriting results, impacting commercial fire, engineering lines, and business interruption.

The 8.1% year-on-year increase in total non-life claims in 2025 was predominantly attributable to a sharp escalation in commercial fire insurance indemnities. From an underwriting perspective, the core operations of Taiwan's non-life segment faced headwinds from two major natural disasters in 2025: a magnitude 6.4 earthquake in Chiayi County in January, which triggered business interruption losses for several high-tech companies at the Southern Taiwan Science Park, and Typhoon Ragasa in September 2025, which inflicted hundreds of millions of dollars in damages on the nationwide agricultural, forestry, and fishery sectors due to its severe winds and torrential downpours.

Despite these operational pressures, the Taiwanese non-life segment has demonstrated strong structural resilience, maintaining robust profitability across both underwriting activities and investment portfolios. This resilience is typically driven by strict regulatory frameworks, disciplined underwriting standards, effective reinsurance strategies that offload catastrophe risk, and diversified investment allocations.

Taiwan

Rated Companies - Key Financial Metrics

Local GAAP, IFRS, USD billions	2023	2024	2025
Direct Premium Written	6.1	6.4	7.1
Reinsurance Assumed	1.0	0.9	0.9
Gross Premium Written	7.1	7.3	8.0
Reinsurance Ceded	1.9	2.0	2.2
Net Premium Written	5.2	5.2	5.8
Non-life Net Premium Written	5.2	5.2	5.8
Life Net Premium Written	-	-	-
Net Claims Paid	4.6	2.5	2.6
Net Operating Expenses	1.8	1.9	2.0
Pretax Profit	0.6	0.7	1.1
After Tax Profit	0.5	0.6	0.9
Capital & Surplus	3.6	3.9	4.7

Source: AM Best data and research

Taiwan Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
77106	Cathay Century Insurance Co Ltd	Cathay Financial Holding Co., Ltd.	a	Stable	A	Stable	...	...
86496	Central Reinsurance Corporation	Evergreen International Corporation	a	Stable	A	Stable	...	...
93203	CTBC Insurance Company Ltd	CTBC Financial Holding Co., Ltd.	bbb+	Positive	B++	Positive	...	...
86888	Fubon Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd.	a	Stable	A	Stable	...	...
86271	Hotai Insurance Co., Ltd.	Ho Tai Motor Co., Ltd.	a-	Stable	A-	Stable	...	...
90633	Insurance Company of North America (TWB)	Chubb Limited	aa+	Stable	A++	Stable	...	...
88822	Nan Shan General Insurance Co., Ltd.	Ruentex Group	a-	Stable	A-	Stable	...	...
90622	Shinkong Insurance Company Limited	...	a+	Stable	A	Stable	...	...
84184	South China Insurance Co Ltd	Hua Nan Financial Holdings Co. Ltd.	a	Stable	A	Stable	...	...
71656	Tokio Marine Nawa Insurance Co., Ltd.	Tokio Marine Holdings, Inc.	a+	Stable	A	Stable	...	...
78994	Union Insurance Company Limited	...	a-	Stable	A-	Stable	...	...

Source: 

Region: Asia

Guide to Best's Country Risk Tiers

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Thailand, a CRT-3 country, has moderate levels of economic, political and financial system risk.
- The IMF forecasts real GDP growth to decline from 2.4% in 2025 to 1.5% in 2026 as persistent external headwinds such as rising trade policy uncertainty and disrupted global supply-chains weigh on the manufacturing sector. In addition, elevated household debt is expected to weaken domestic credit and local consumption.
- Inflation is expected to accelerate from -0.1% in 2025 to 0.9% in 2026, driven by rising cost pressures from supply chain and commodity price volatility as well as lower base effects. The central bank operates an official target of 1.0%-3.0%.

Insurance Statistics

Regional Comparison

	Country Risk Tier
Thailand	CRT-3
Indonesia	CRT-4
Malaysia	CRT-3
Philippines	CRT-4
Laos	CRT-5
Vietnam	CRT-4

Source: IMF, UN, Swiss Re, Axco and AM Best



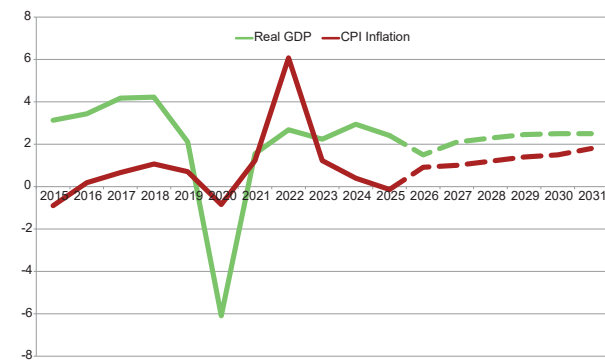
- | | |
|---|--|
|  | Country Risk Tier 1 (CRT-1) Very Low Level of Country Risk |
|  | Country Risk Tier 2 (CRT-2) Low Level of Country Risk |
|  | Country Risk Tier 3 (CRT-3) Moderate Level of Country Risk |
|  | Country Risk Tier 4 (CRT-4) High Level of Country Risk |
|  | Country Risk Tier 5 (CRT-5) Very High Level of Country Risk |

Regional Summary: Southeast Asia

- Southeast Asia consists of 11 countries that make up the ASEAN bloc. The group seeks to promote economic and political integration among member states. The IMF projects that the ASEAN economies will expand by an aggregated rate of 4.5% in 2026.
- Robust demand for technology exports, particularly from major markets including the United States, has provided strong economic support despite ongoing risks from an increasingly fragmented international trade environment.
- As an export-oriented region with energy-intensive industries and key economies reliant on energy imports, the region is vulnerable to geopolitical shocks and disruptions to global supply chains.
- The ASEAN bloc has called for greater regional economic integration in response to the increasingly challenging external environment. China is not an ASEAN member but its actions, such as claims to disputed territories in the South China Sea, will have significant economic and political implications on the region.



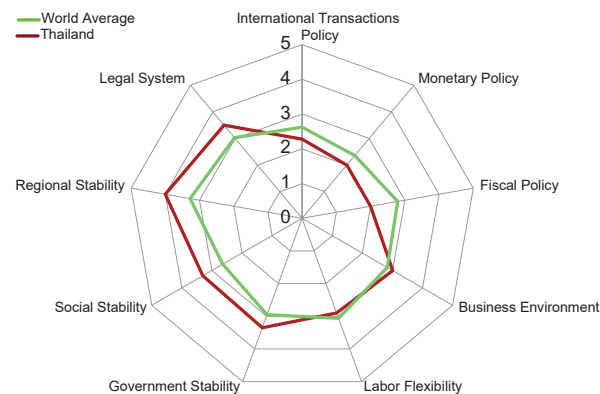
Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

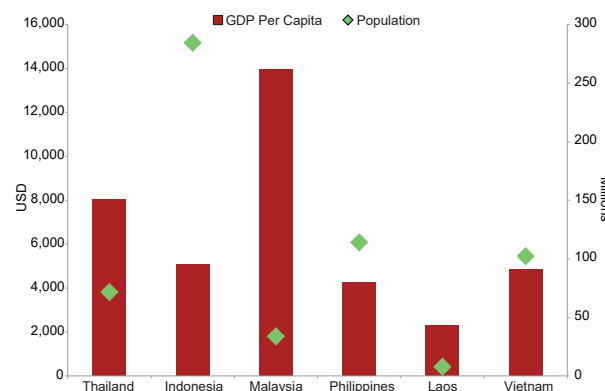
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

Economic Risk: Moderate

- Thailand is a highly open, export-oriented economy, with trade representing over 130% of GDP. This leaves it sensitive to external headwinds such as rising trade protectionism, adverse geopolitical developments and slowdowns in global growth. These risks are heightened by a very high dependency on imports for its energy supply. The strong global electronics upcycle provides a stabilizing offset, boosting exports and demand.
- Fiscal policy is expected to loosen, both to stimulate the economy in the short term and to meet the demands of an aging population over the long run. However, the government has a good track record of maintaining fiscal discipline and the public debt-to-GDP ratio remains below the legally mandated 70% ceiling.
- While the current macroeconomic environment presents downside risks to Thailand's economy, it benefits from strong fundamentals such as high international reserves, relatively low levels of government and external debt, a flexible exchange rate and strong policy credibility.

Political Risk: Moderate

- Prime Minister Anutin Charnvirakul leads the ruling Bhumjaithai Party (BJT) after securing 193 out of 500 seats in the House of Representatives in the February 2026 general election. The BJT has since gained the support of other parties to form a coalition government.
- While the government does not hold an outright majority, the BJT is a conservative and pro-monarchist party, aligning well with Thailand's royalist-military establishment. This should help increase political stability and policy predictability.
- Thailand ranks 70th out of 187 countries in the Notre Dame Global Adaptation Initiative Index, which evaluates countries' vulnerability to climate disruption and assesses its readiness for adaptive actions. Thailand's climate vulnerabilities are relatively manageable, although further improvements in readiness would strengthen its capacity to implement adaptation strategies.
- Thailand ranks 116th out of 182 countries in Transparency International's latest Corruption Perceptions Index. The country suffers from entrenched systems of patronage, bureaucratic bribery and public procurement kickbacks.

Financial System Risk: Moderate

- The insurance industry is regulated by the Office of Insurance Commission.
- The IMF reports that systemic financial risk is contained but close monitoring and the continued deleveraging of household debt is required. Tightening credit conditions support the necessary contraction in credit growth but also pose liquidity risks.
- The banking sector is well-capitalized, supporting economic and financial resilience against declining credit quality and external shocks.

Insurance Industry Overview

Thailand's non-life insurance segment grew moderately in 2025 and is poised to expand further, underpinned by the following positive factors:

- Ongoing enhancements to the regulatory framework should strengthen solvency standards and bolster the segment over the long term.
- Favourable long-term growth prospects are supported by the opportunity arising from low insurance penetration and rising risk awareness.
- Regulatory support for risk-based pricing in the motor line should aid technical profitability over time.

Moderating factors include:

- Elevated exposure to natural catastrophes, particularly flooding, exposes domestic insurers to earnings volatility.
- Subdued domestic economic conditions and external headwinds are likely to constrain premium growth.
- Fragmented distribution channels and lagging digitalisation contribute to operational inefficiencies and impede insurance penetration.
- Motor underwriting performance is challenged by persistent claims inflation, largely due to higher repair costs.

Thailand's insurance industry produced total direct premiums of THB 969.2 billion (USD 29.26 billion) in 2025, marking a 3.2% increase from the previous year, according to data from the Office of Insurance Commission (OIC). The life market remains the primary driver of the country's insurance industry, with direct life insurance premiums rising 3.6% to THB 676.4 billion, vastly outpacing the non-life segment's THB 292.8 billion.

Non-life direct premiums grew by 2.2% in 2025, surpassing the previous year's growth of 0.6%, despite major headwinds from economic uncertainty, climate events, and global trade tensions. The expansion was driven by improved performance in the motor, personal accident, health, and travel insurance segments, albeit partially offset by contractions in industrial all risks (IAR) and marine direct premiums.

Total motor direct premiums grew by 1.7% to THB 163.6 billion, improving from a period of flat performance in 2024. The growth was supported by steady compulsory and voluntary policy renewals despite soft domestic vehicle sales and tight auto loan conditions. To drive sustainable development in motor insurance, the Thai General Insurance Association (TGIA) signed a memorandum of understanding with 32 non-life insurance companies in December 2025 to introduce a unified standard for auto repair timelines across the industry. The framework seeks to improve claims efficiency and enhance public confidence in the country's motor insurance market by establishing a consistent approach for assessing compensation for loss of vehicle use based on three key elements: the type and complexity of repair work, the number of parts involved, and actual repair durations derived from nationwide garage data. This comprehensive approach is designed to reduce disputes and enhance customer satisfaction by aligning with real repair conditions.

While motor insurance remained the dominant business line with 55.9% market share, the non-motor segment recorded a stronger growth of 2.8% to reach THB 129.2 billion, driven by travel, personal accident, medical demand. Direct premiums for the health and travel segments posted robust double-digit increases due to rising consumer awareness of health risks and a strong recovery in tourism, while the personal accident segment rebounded from a 5.7% decline in 2024 to achieve a 6.8% top-line growth.

The insurance industry is poised for continued expansion supported by OIC's latest 5th Insurance Development Plan (2026–2030) that aims at enhancing the landscape to better accommodate increasingly complex and severe emerging risks. The five-year plan strives to shift the insurance segment from a product-driven service into a core national risk buffer and economic security infrastructure to address challenges like climate risk, a rapidly aging demographic, and digital

transformation. Key priorities include enhancing capital adequacy and governance standards, improving risk management capabilities for large-scale shocks, expanding insurance penetration and financial inclusion, and accelerating digital transformation through initiatives such as Open Insurance, e-Policy adoption, and greater use of artificial intelligence. Additionally, the roadmap will drive market collaboration alongside core economic resilience through setting a policy framework for both life and non-life segments, including risk-based capital frameworks, product development, consumer protection, and disaster risk financing. Under this five-year vision, the OIC expects the country's insurance industry to continue expanding, with total insurance premiums potentially crossing the THB 1 trillion mark for the first time.

Regulatory and Risk Developments

On 1 July 2026, the OIC introduced a major regulatory reform through the implementation of the Full Consolidation / Group-Wide Supervision Framework (B.E. 2569 / 2026). The framework expands oversight from single entities to the entire insurance group structure, including parent companies, subsidiaries, and related parties. It also introduces enhanced reporting requirements covering intra-group transactions, reinsurance arrangements, governance structures, and group-level risk management. The reform is designed to align Thailand's insurance regulatory regime with international standards under Insurance Core Principles (ICP)-based supervision, while strengthening systemic risk oversight and improving the resilience of the broader insurance industry.

As part of the regulatory easing, the OIC has lowered the equity risk charge for domestic equity investments to 18% from 25% under the Risk-Based Capital (RBC) regime. The risk charge for foreign equities remains unchanged at 25%, creating a strategic regulatory preference for local equity investments. This regulatory change aims to give life and non-life insurers more flexibility, lessen capital burdens, and encourage institutional investments into the Thai stock market. The relaxation is expected to bolster insurers' equity holdings, with total investments in equities projected to rise from around THB 200 billion baht to THB 400 billion next year.

In response to the advancement of AI, the OIC is rolling out a framework and guidelines to address emerging risks arising from technological change. In 2025, the AI governance guidelines for insurance companies were introduced to balance innovation with consumer protection, ensuring AI is used responsibly and transparently. The framework targets fair consumer treatment, algorithmic transparency, and data accountability in core operations like underwriting, premium calculation, and claims management. Additionally, the regulator invited stakeholders to provide feedback on the proposed amendments to the OIC Notification on Criteria for Information Technology Risk Governance and Management for Life Insurance and Non-Life Insurance Companies B.E. 2563 (2020) from 8 May to 9 June 2026. Once finalised, these changes will align local insurance regulations with global standards, with a focus on strengthening cyber resilience, tightening data quality controls, and expanding IT audit roles.

Natural Catastrophes and Climate Risks

Thailand faced two defining natural disasters in 2025: the Myanmar earthquake in the first quarter and the southern floods in the final quarter. The 28 March 2025 Myanmar earthquake (Mw 7.7) caused the collapse of the under-construction 33-storey State Audit Office (SAO) building in Bangkok's Chatuchak District, which was insured under a Contractor All Risk (CAR) policy for roughly THB 2.24 billion. The incident resulted in approximately 96 fatalities and multiple injuries, representing the most significant insurance-related loss associated with the seismic event in Thailand. The TGIA estimated that, as of July 2025, total claims arising from the earthquake-related impacts could reach up to THB 50 billion.

In contrast, the November 2025 Hat Yai and southern Thailand floods constituted a far more material Nat CAT event for the insurance segment. Triggered by extreme monsoon rainfall and weather systems associated with Cyclone Senyar, the floods caused extensive inundation across Songkhla Province, with Hat Yai recording peak daily rainfall of around 335 mm, resulting in severe urban flooding and widespread disruption. Based on information published by the OIC as of 15 December 2025, total economic damage could reach approximately THB 23–27 billion, concentrated in property damage, motor claims, and business interruption losses.

In 2026, Thailand was battered by severe monsoon rains from mid-September to early October, resulting in widespread flooding across 50 provinces and affecting millions of residents and causing dozens of fatalities. The widespread flooding triggered insured losses of around THB 10–11 billion across homes, motor vehicles, farmland, orchards, factories, and businesses, while total economic losses are projected to reach around USD 1 billion. The flood events underscored Thailand's persistent flood protection gap and are expected to drive higher reinsurance costs alongside tighter underwriting conditions in flood-prone regions.

To alleviate the heavy financial burden of recurring natural catastrophes on the state budget, the Thailand government launched the THB 15.5 billion National Disaster Insurance Scheme on 1 October 2026, running through 1 October 2027. This scheme effectively shifts catastrophic risk for roughly 30 million households onto private insurers and provides advance financial protection.

Thailand Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
92698	Allianz Ayudhya General Insurance PCL	Allianz Ayudhya Capital Public Co Ltd	a-	Stable	A-	Stable	aaa.TH	Stable
85568	Asian Reinsurance Corporation	...	bbb	Stable	B++	Stable	aa+.TH	Stable
89383	Dhipaya Insurance Public Company Limited	Dhipaya Group Holdings Public Co Ltd	a-	Stable	A-	Stable	aaa.TH	Stable
93908	New India Assurance Company Ltd THB	New India Assurance Company Limited	bbb+	Positive	B++	Positive	...	...
84373	Starr Internatl Ins (TH) Public Co Ltd	Starr International Company, Inc.	a	Stable	A	Stable	...	...

Source: 

Vietnam CRT-4

August 12, 2026

Region: Asia

[Country Risk Criteria Procedures](#)

[Guide to Best's Country Risk Tiers](#)

- The Country Risk Tier (CRT) reflects AM Best's assessment of three categories of risk: Economic, Political, and Financial System Risk.
- Vietnam, a CRT-4 country, has a moderate level of economic risk, a high level of political risk and a very high level of financial system risk.
- The IMF projects real GDP growth to moderate slightly, while remaining strong from 8.0% in 2025 to 7.1% in 2026. Growth is expected to be driven by strong manufacturing activity as Vietnam benefits from global AI-related investment.
- Inflation is forecast to accelerate from 3.3% in 2025 to 4.9% in 2026. The increase stems from Vietnam's exposure to volatile commodity prices and global supply-chain disruptions, while accommodative domestic policy also provides upside risk to prices.



- Country Risk Tier 1 (CRT-1)** Very Low Level of Country Risk
- Country Risk Tier 2 (CRT-2)** Low Level of Country Risk
- Country Risk Tier 3 (CRT-3)** Moderate Level of Country Risk
- Country Risk Tier 4 (CRT-4)** High Level of Country Risk
- Country Risk Tier 5 (CRT-5)** Very High Level of Country Risk

Regional Summary: Southeast Asia

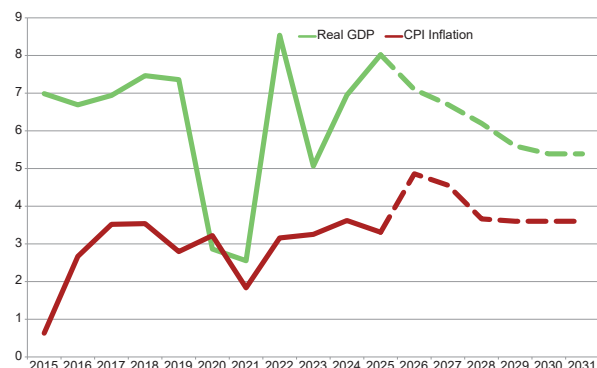
- Southeast Asia consists of 11 countries that make up the ASEAN bloc. The group seeks to promote economic and political integration among member states. The IMF projects that the ASEAN economies will expand by an aggregated rate of 4.5% in 2026.
- Robust demand for technology exports, particularly from major markets including the United States, has provided strong economic support despite ongoing risks from an increasingly fragmented international trade environment.
- As an export-oriented region with energy-intensive industries and key economies reliant on energy imports, the region is vulnerable to geopolitical shocks and disruptions to global supply chains.
- The ASEAN bloc has called for greater regional economic integration in response to the increasingly challenging external environment. China is not an ASEAN member but its actions, such as claims to disputed territories in the South China Sea, will have significant economic and political implications on the region.



Economic Indicators		
Nominal GDP	USD bn	494.0
Population	mil	102.30
GDP Per Capita	USD	4,829
Real GDP Growth	%	8.0
Inflation Rate	%	3.3
ESG/Innovation Rankings		
Notre Dame Global Adaptation Initiative Index		
Rank (out of 187)		101
Global Innovation Index		
Rank (out of 139)		44
Insurance Statistics		
Insurance Regulator		
Ministry of Finance; The Insurance Supervisory Authority		
Insurance Density		
USD		32
Insurance Penetration		
%		0.7
Regional Comparison		
	Country Risk Tier	
Vietnam	CRT-4	
Indonesia	CRT-4	
Malaysia	CRT-3	
Philippines	CRT-4	
Cambodia	CRT-5	
Thailand	CRT-3	

Source: IMF, UN, Swiss Re, Axco and AM Best

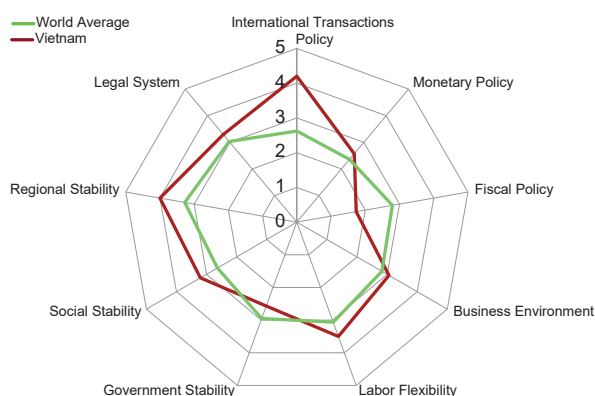
Economic Growth (%)



Source: IMF World Economic Outlook and AM Best

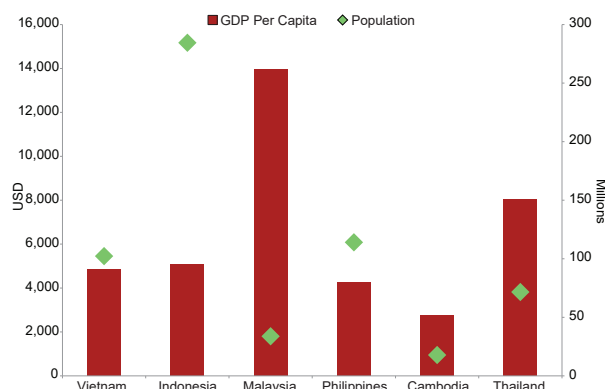
Political Risk Summary

Score 1 (best) to 5 (worst)



Source: AM Best

GDP Per Capita and Population



Source: IMF and AM Best

Economic Risk: Moderate

- Vietnam is one of the region's strongest performing economies, supported by robust exports and a manufacturing boom. It stands to continue benefitting from moving up the global value chain, particularly as large capital expenditure on AI drives strong global demand for electronics. However, a high dependence on exports also leaves the economy exposed to deteriorating global trade conditions and geopolitical tensions.
- The government is supporting the economy with an expansive investment plan that aims to improve physical and digital infrastructure, as well as increase climate resilience.
- State-owned enterprises (SOEs) continue to play a significant role in Vietnam's economy, with the public sector making up around one-third of the economy. There has been minimal progress made on changing this despite politicians promising to increase privatization.
- Vietnam maintains a fairly healthy domestic and external debt profile, with government debt below peers, strong current account surpluses and low levels of short-term debt. However, foreign exchange reserves are relatively low, potentially placing pressure on the dong, which is heavily managed by the central bank.

Political Risk: High

- The ruling Communist Party of Vietnam is led by General Secretary Tô Lâm, who assumed office following the death of his predecessor. He was reelected as general secretary of the Communist Party during the party's five-yearly congress in January 2026, consolidating his power and boosting political stability. Lam maintains an ambitious pro-growth agenda, benefiting sectors such as banking, infrastructure and real estate.
- Vietnam operates under a one-party system that contributed to political stability, though it continues to limit political freedoms. The country has pursued a gradual path of economic liberalization, transitioning from a centrally planned economy to a more market-oriented model while maintaining tight political control. However, a recent emphasis on privatization and deregulation has yet to be met with consistent action.
- Vietnam ranks 81st out of 182 countries in Transparency International's latest Corruption Perceptions Index. Corruption remains widespread despite the Communist Party's ongoing anti-corruption campaign.

Financial System Risk: Very High

- The Ministry of Finance's Insurance Supervisory Authority is responsible for regulating the insurance industry.
- The most recent IMF Article IV report states that building liquidity and capital buffers is a priority in order to boost resilience to shocks. While the banking system and corporate sector have shown signs of improvement, private debt is high and systemic risks remain elevated.

Insurance Industry Overview

AM Best maintains a Stable outlook on Vietnam's non-life insurance segment. Key supporting factors include the following:

- Robust macroeconomic fundamentals and increased government expenditure continue to drive commercial insurance demand and support operating earnings, despite increasing competition.
- Technology adoption and distribution networks support the growth of retail lines, including health and personal accident insurance.
- Recent regulatory developments strengthen premium adequacy and facilitate more agile pricing.
- Non-life insurers in Vietnam continue to benefit from ample reinsurance capacity and more favourable renewal terms.

Vietnam's total insurance premium revenue rose 4% year-over-year to approximately VND 237.2 trillion (USD 9.1 billion) in 2025, recovering from a 0.25% decline in 2024, according to the National Statistics Office of Vietnam. Of this total, non-life premium income increased by 10.3% to around VND 88.4 trillion.

The market expansion was underpinned by a supportive macroeconomic backdrop. Vietnam entered 2026 with strong economic momentum despite continued uncertainty in global trade and supply chains. The International Monetary Fund has raised its forecast for Vietnam's 2026 GDP growth to 7.5%, a slight normalisation compared to 8% in 2025. This robust performance is underpinned by the global investment boom in AI-related technology and infrastructure, which is boosting Vietnam's electronics exports, drawing higher foreign direct investment, and advancing the country's strategy to move up the global value chain. While rising global protectionism and geopolitical uncertainty pose considerable risks to Vietnam's highly trade-dependent economy, the country has also benefitted from the diversification of supply chains away from China.

The 2025 surge in non-life premiums was driven primarily by health and personal accident insurance, reflecting strategic distribution partnerships, including bancassurance and the growing use of embedded insurance, whereby insurers streamline the purchasing journey by integrating cover directly into consumers' digital retail transactions.

During the period, operating earnings achieved a strong recovery from the prior year, due in large part to improved underwriting results as the market recovers from the impact of Typhoon Yagi in 2024. Underwriting performance in the property insurance segment has also improved due to material rate increases and stricter terms in the compulsory fire and explosion line.

Additionally, non-life insurers have continued to benefit from ample reinsurance capacity and more favourable renewal terms in 2026. Apart from reinsurance cost savings, insurers are increasingly well positioned to optimise their reinsurance programmes to protect against the potential impact of severe catastrophic events.

These conditions have made the Vietnamese non-life market increasingly attractive to both foreign insurance groups and domestic financial conglomerates seeking growth and diversification. Structural advantages, such as competitive labour costs and the country's integration into global trade networks, continue to propel demand for domestic commercial insurance. In the retail space, the fastest-growing areas in recent periods have been the digital channel and the rising use of embedded insurance. Insurers have accelerated digitalisation to strengthen their distribution networks, particularly to meet emerging demand in health and personal accident insurance as the country's middle class expands. The motor line is also expected to benefit as regulatory developments drive greater demand for electric vehicle insurance.

That said, market competition may intensify as insurers' underwriting discipline faces challenges from new entrants and incumbents pursuing growth opportunities driven by a buoyant macroeconomic backdrop and surging demand for long-term resilience.

In terms of investment, Vietnam's non-life insurers invest mainly in bank deposits and corporate bonds to secure stable financial yields. While interest rates may remain subdued over the near term as the State Bank of Vietnam maintains its accommodative monetary policy, some insurers have adjusted their investment allocations to pursue higher investment yields.

Overall, Vietnam's non-life segment is expected to remain resilient over the medium term, underpinned by steady demand, stable investment returns, and positive underwriting results supported by disciplined underwriting.

Regulatory and Risk Developments

A key driver of Vietnam's insurance market development is the regulator's ongoing push to modernise the legal framework and strengthen supervision. On 10 December 2025, the National Assembly passed law No. 139/2025/QH15, amending 27 articles of the 2022 Law on Insurance Business. The amendment, effective from 1 January 2026, marks a clear shift in supervisory approach: from rigid ex-ante (prior-approval) controls by the Ministry of Finance to enterprise accountability and ex-post (post-audit) risk-based supervision. For the non-life segment, notable amendments include replacing strict upfront pricing and product approval constraints with simplified written notifications, relaxing capital separation procedures, broadening the talent pool for executives, and easing licensing and agency network rules.

The updated law also introduces a more measured roadmap toward a risk-based capital (RBC) regime for the Vietnamese insurance industry. Where the earlier framework targeted full implementation by 2028, the revised Law sets a staggered schedule: core RBC metrics—including calculations for actual capital, risk-based capital, and capital adequacy ratios—become mandatory starting 1 January 2028, followed by a transition window through end-2030, during which insurers run traditional capital models in parallel with new RBC structures. Full mandatory transition to RBC and active supervisory intervention will take effect from 1 January 2031.

Beyond the commercial framework, the state-run compulsory health insurance scheme is also expanding. From 1 July 2026, patients receiving outpatient treatment at certain facilities will have 50% of their costs covered for diseases not listed under Circular No. 01/2025/TT-BYT, where previously no reimbursement applied. By widening access and reducing out-of-pocket exposure, these changes provide a supportive backdrop for the commercial health and protection segment.

Natural Catastrophes and Climate Risks

Vietnam's insurance industry faces mounting financial stress and rising claims due to increasing exposure to extreme weather events, such as typhoons, torrential rains, and floods. Total economic losses from natural disasters are widely estimated at around 1% to 1.5% of GDP each year. Climate risk is expected to further amplify weather extremes, underscoring the urgency of strengthening disaster preparedness.

In 2025, Vietnam was hit by an unprecedented 21 storms and tropical depressions (including 15 typhoons and six tropical depressions), making it the most active year for tropical systems since records began in 1961. These events caused severe flooding, landslides, hundreds of casualties, property damage, and around VND 98.7 trillion in economic losses, according to the Ministry of Agriculture and Environment.

The intensifying severe weather events—most notably Typhoon Yagi—have exposed Vietnam's non-life segment to heavy catastrophe losses, spiking claims, and surging reinsurance costs. In response to rising losses and climate vulnerability, insurers are raising rates, cutting coverage limits, or withdrawing from high-risk areas.

To mitigate its catastrophe risk exposure, Vietnam is actively exploring parametric, index-based products that use objective data like satellite-measured rainfall or drought thresholds to trigger automated payouts, by passing traditional, slow post-loss claims assessments.

Vietnam

Rated Companies - Key Financial Metrics

Local GAAP, IFRS, USD millions	2023	2024	2025
Direct Premium Written	1,874.7	1,991.7	2,002.7
Reinsurance Assumed	331.7	483.0	683.8
Gross Premium Written	2,206.3	2,474.6	2,686.5
Reinsurance Ceded	954.4	1,136.6	1,316.2
Net Premium Written	1,251.9	1,338.0	1,370.3
Non-life Net Premium Written	1,251.9	1,338.0	1,370.3
Life Net Premium Written	-	-	-
Net Claims Paid	534.1	504.7	498.3
Net Operating Expenses	672.9	720.4	741.3
Pretax Profit	173.8	159.3	180.8
After Tax Profit	142.9	127.8	148.0
Capital & Surplus	1,113.1	1,181.7	1,225.2

Source: AM Best data and research

Vietnam Domiciled Rated Companies

Ratings as of 14 September 2026

AMB#	Company Name	AMB Ultimate Parent	Best's ICR	ICR Outlook	Best's FSR	FSR Outlook	Best's NSR	NSR Outlook
90844	Bao Minh Insurance Corporation	State Capital Investment Corporation	bbb u	Negative	B++ u	Negative	aaa.VN u	Negative
92214	Bao Viet Insurance Corporation	Bao Viet Holdings	bbb+	Stable	B++	Stable	aaa.VN	Stable
92245	BIDV Insurance Joint Stock Corporation	JS Comm Bank Invest & Dev of Vietnam	bbb	Stable	B++	Stable	aaa.VN	Stable
52949	Fubon Insurance Vietnam Co., Ltd.	Fubon Financial Holding Co., Ltd.	bbb+	Stable	B++	Stable	aaa.VN	Stable
91541	Hanoi Reinsurance Joint Stock Corp	HDI V.a.G.	bbb+	Stable	B++	Stable	aaa.VN	Stable
93348	Military Insurance Corporation	Military Commercial Joint Stock Bank	bbb	Stable	B++	Stable	aaa.VN	Stable
90845	Petrolimex Insurance Corp.	...	bbb	Stable	B++	Stable	aaa.VN	Stable
92452	Post-Telecommunication Joint Stock Ins	...	bbb	Stable	B++	Stable	aaa.VN	Stable
91542	PVI Insurance Corporation	HDI V.a.G.	a-	Stable	A-	Stable	aaa.VN	Stable
91397	Samsung Vina Insurance Co., Ltd.	Samsung Fire & Marine Insurance Co Ltd	aa+	Stable	A++	Stable	...	...
91508	Vietnam National Reinsurance Corp	...	bbb+	Stable	B++	Stable	aaa.VN	Stable

Source:  BESTLINK

Delegated Underwriting Authority Enterprises (DUAEs)

AM Best's Performance Assessment for Delegated Underwriting Authority Enterprises (PA for DUAEs) is an independent, forward-looking, and objective non-credit view of a DUA's ability to perform services on behalf of its insurance partners. The PA is a comprehensive analysis consisting of a quantitative and qualitative assessment of underwriting capabilities, governance and internal controls, financial condition, organisational talent, and depth and breadth of relationships.

DUAEs Defined

DUAEs are third-party service providers contracted by (re)insurers that have quickly become an essential part of the insurance distribution model. Under the PA, DUA is used as a blanket term to capture appointed representatives, coverholders, direct authorisations, managing general agents (MGAs), managing general underwriters (MGUs), programme administrators, programme underwriters, and underwriting agencies. Best's PA for DUAEs provides insight to market participants, such as carriers and agents, that are contemplating a partnership with a DUA.

Benefits of a Performance Assessment:

- Establishes credibility and trust within the insurance industry.
- Differentiates capabilities from competitors to assist the DUA in securing capacity from carriers and capital from investors.
- Demonstrates expertise and effectiveness in key operational areas.
- Provides a uniform and independent evaluation of DUAEs from a respected third party.
- Offers a global benchmark across all types and sizes of DUAEs.
- Showcases transparency to the marketplace.
- Enhances a DUA's marketing and promotional efforts.

AM Best's Process for Assessing DUAEs

AM Best uses quantitative and qualitative elements to assess the strengths and weaknesses of a DUA.

Our interactive process entails:

- Gathering information.
- Engaging with clients in a formal management meeting.
- Assessing key factors.
- Assessment of committee interaction.
- Public dissemination (if the DUA agrees).
- Performance Assessment Report.



Best's Performance Assessment for Delegated Underwriting Authority Enterprises

Assessment Category	Assessment Symbol	Assessment Range	Key Characteristics
Exceptional	PA-1	34-40	<ul style="list-style-type: none"> • Exceptional relative ability to perform services on behalf of its insurance partners • Diverse or niche profitable book of business • Staffed with expert underwriters that use technology in every aspect of business • Exceptional governance and internal controls enable the DUAЕ to effectively manage risks, translating to superior profitability • Financial performance indicators are exceptional and sustainable, with a clear path toward continued growth • Partners with a broad range of strong, high-profile insurers; relationships with outside parties are stable and long term • Internal controls are regularly updated and enforced through periodic reviews of policies, procedures, and risk management reviews
Excellent	PA-2	27-33	<ul style="list-style-type: none"> • Excellent relative ability to perform services on behalf of its insurance partners • Profitable book of diversified or niche business spread among many programmes • Experienced underwriters who use technology in most of their processes • Excellent governance and internal controls enable to appropriately manage risk and continuously generate profit • Financial performance indicators are excellent and the DUAЕ benefits from stable, long-term partnerships with financially strong insurers
Strong	PA-3	20-26	<ul style="list-style-type: none"> • Strong relative ability to performance services on behalf of its insurance partners • Diverse portfolio and appropriate underwriting expertise • A clear plan is in place to implement technology into its processes or integrate shared systems with carrier partners • Financial performance indicators are stable and sustainable • Programmes perform well and have been profitable for a number of years, with financially secure insurance partners • Governance and internal controls and risk-management processes are appropriate for the DUAЕ's size
Fair	PA-4	13-19	<ul style="list-style-type: none"> • Fair relative ability to performance services on behalf of its insurance partners • Some niche or diversified risk, and underwriting expertise is adequate • Financial guarantees mitigate the risk posed by partnerships with financially insecure insurers • Financial performance indicators seem adequate • The DUAЕ recognises the importance of technology and system integration with carrier partners but does not consistently apply these principles throughout the organisation • Governance and internal controls and risk-management processes are present but are ineffective or may lack proper coverage for the DUAЕ's size
Weak	PA-5	Up to 12	<ul style="list-style-type: none"> • Weak relative ability to performance services on behalf of its insurance partners • Underwriting expertise is less than adequate and risk concentration or a lack of specialisation is present • Financial performance indicators are either weak, unavailable, or inadequate • Insurance partners are financially insecure or lack financial guarantees • Relies on manual processes, with little to no investment in technology or system integration with carrier partners • Governance and internal controls are deficient

Source: AM Best

Global Outlook

AM Best's outlook is Stable for the global DUAЕ segment, reflecting moderating growth and emerging headwinds, including more selective capacity and greater performance pressure from carrier and reinsurance partners. The DUAЕ segment remains well positioned as a go-to market for (re)insurers.

Key factors supporting the Stable outlook:

- The global DUAЕ distribution channel exhibits sustained growth and resilience.
- Niche expertise and tailored solutions for specialty lines and emerging risks are prevalent.
- Investment in talent and technology supports a nimble, scalable, and adaptable business model.

Countering factors include the following:

- Capacity challenges, including selective deployment and pricing/cession pressure at renewals, are present.
- Market participants place added scrutiny on DUAЕs as it relates to data quality, governance, and collateral requirements.

Key Developments in Asia-Pacific

The primary DUAЕ markets in APAC are Australia, Hong Kong, Singapore, and New Zealand, where MGAs have become an established part of the insurance distribution landscape.

Australia

Australia remains one of the most developed DUAЕ markets in Asia-Pacific and is expected to continue growing as insurers increasingly recognise the strategic value of specialist underwriting partners. However, consistent with AM Best’s revised Stable outlook for the global DUAЕ segment, growth is expected to be accompanied by greater carrier scrutiny, more selective capacity deployment, and an increased focus on long-term underwriting quality and operational resilience.

Australia’s prudential standard, CPS 230, which became effective from July 2025, enforces rigorous risk assessments, governance standards, and resiliency planning for outsourced service providers, explicitly covering DUAЕs and other intermediaries operating under binding authority agreements. Insurers are required to assess the operational risk posed by their material service providers, including MGAs, and determine whether their internal operational risk frameworks are sound and operating effectively. Service providers must demonstrate prudent identification and management of risks, controls, obligations, incidents, and issues.

Additionally, under Australia’s information security prudential standard, CPS 234, insurers must implement and maintain information security capabilities to manage cyber threats and vulnerabilities. Third-party service providers, including MGAs, are also required to implement appropriate information security controls to protect data belonging to APRA-regulated entities.

These heightened regulatory expectations closely align with AM Best’s view that insurers are placing greater emphasis on governance, oversight, and underwriting discipline when selecting DUAЕ partners. As capacity becomes more selective, well-governed MGAs that demonstrate strong operational controls, effective use of technology, and consistent underwriting performance are expected to be better positioned to maintain and expand carrier relationships.

A PA for DUAЕs can assist both insurers and MGAs in demonstrating the governance, operational capability, and risk management practices expected under CPS 230 and CPS 234 while supporting due diligence by capacity providers.

Furthermore, the growth of DUAЕs in Australia is further evidenced by the continued expansion of the Underwriting Agencies Council (UAC), which now comprises more than 130 corporate members, compared to just over 100 last year. The UAC represents the vast majority of Australian underwriting agencies, with its members responsible for more than AUD 10.5 billion in annual premiums in 2025, up from AUD 7.5 billion in 2024. The UAC has continued to expand its membership beyond underwriting agencies to include a broader range of businesses supporting the delegated underwriting ecosystem, including construction consultants, loss adjusters, technology providers, legal firms, and other specialist service providers. This expansion of the UAC’s membership base reflects the continued growth and increasing maturity of Australia’s DUAЕ segment.

Hong Kong

Although MGAs remain a relatively small segment of Hong Kong’s vast insurance ecosystem, the market has been experiencing renewed growth in recent years. Hong Kong continues to benefit from demand for specialist underwriting expertise and technology-enabled distribution. Aligned with AM Best’s global Stable outlook, insurers are expected to place increasing emphasis on governance, operational capability, and long-term underwriting performance when selecting delegated underwriting partners.

Hong Kong has progressively aligned its regulation of delegated underwriting arrangements with international best practices. Under the Insurance Ordinance (Cap. 41), insurers retain full responsibility for any authority delegated to MGAs or coverholders and are required to ensure that delegated entities maintain appropriate financial, operational, and conduct standards. Licensing, registration, and transparency requirements further support the integrity and stability of the market.

Hong Kong completed its transition from self-regulation to direct licensing of insurance intermediaries by the Insurance Authority in 2022, strengthening consumer protection through enhanced conduct standards, higher qualification requirements, and dedicated intermediary management functions within insurers.

Hong Kong's regulatory framework also reflects principles consistent with Solvency II, placing emphasis on robust risk management, governance, and audit mechanisms for delegated arrangements. These expectations are closely aligned with AM Best's observation that insurers are exercising greater oversight of DUAEs and placing increased importance on governance, underwriting discipline, and operational resilience when establishing long-term delegated underwriting partnerships.

Singapore

Singapore's DUAE market is well established and continues to benefit from the country's position as a leading insurance and reinsurance hub in Asia. While Singapore does not have a dedicated regulatory framework for MGAs, delegated underwriting arrangements operate within the broader regulatory regime administered by the Monetary Authority of Singapore (MAS). Under the revised Insurance Act (Cap. 142), insurers retain responsibility for delegated underwriting arrangements and are subject to robust requirements relating to capital adequacy, risk management, and consumer protection.

The MAS adopts a balanced framework that actively encourages Insurtech innovation while maintaining high market conduct standards. This balanced approach creates a stable yet agile ecosystem well suited for the continued development of delegated underwriting activities. As demand for specialist underwriting expertise and technology-enabled distribution continues to increase across Asia-Pacific, Singapore remains well positioned to serve as a leading regional hub for DUAEs and cross-border insurance programmes.

Lloyd's established its presence in Singapore in 1999, and the city-state has since evolved into Lloyd's primary underwriting hub for the APAC region. This development has been supported by Singapore's progressive regulatory framework and its position as a leading centre for specialty insurance and reinsurance. Reflecting Singapore's growing importance, the market has attracted increasing interest from MGAs operating as Lloyd's Coverholders, with a number of specialist underwriting firms establishing their Asia-Pacific headquarters in Singapore to access regional opportunities and expand their specialty insurance capabilities across the region.

New Zealand

New Zealand's DUAE market is expected to continue expanding, supported by ongoing investment activity and growing recognition of the value that specialist underwriting agencies provide. However, consistent with AM Best's revised Stable outlook, future growth is expected to be increasingly dependent on disciplined portfolio management, strong underwriting performance, and continued investment in technology.

While insurers in New Zealand are mandated by the Financial Market Authority (FMA) to have a financial strength rating, no equivalent assessment is enforced on MGAs. As the DUAE market continues to develop, regulatory developments such as Australia's CPS 230 may inform future policy considerations by the FMA and the Reserve Bank of New Zealand (RBNZ). A comparable framework could enhance governance expectations and provide greater clarity for insurers and underwriting agencies, especially with the significant number of insurance groups and DUAEs operating across both Australia and New Zealand.

The establishment and continued growth of the New Zealand Underwriting Agencies Council (NZUAC), which represents more than 40 member agencies in 2025, further demonstrates the increasing maturity of the market.

Consistent with AM Best's latest global observations, insurers are expected to become more selective in deploying capacity and place greater emphasis on governance, operational capability, and underwriting quality when evaluating DUAE partnerships. As a result, well-established underwriting agencies with demonstrated expertise, robust technology platforms, and strong governance frameworks are likely to be best positioned to benefit from continued market growth.

A PA for DUAEs can assist MGAs in demonstrating the governance, operational capability, and risk management practices and can be used to support insurers on their MGA oversight if any similar regulations develop akin to Australia and APRA's CPS 230.

India

The Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025, passed in December 2025, formally recognised MGAs as a category of insurance intermediary under India's Insurance Act, 1938. Prior to this amendment, MGAs were not recognised under the Insurance Act, and delegated underwriting authority was generally not permitted in the domestic insurance market.

In June 2026, India's MGA market has entered a new phase of development following the introduction of the International Financial Services Centres Authority's (IFSCA) Managing General Agents Regulations, 2026, establishing India's first dedicated regulatory framework for MGAs within the Gujarat International Finance Tec-City (GIFT City) International Financial Services Centre (IFSC). The new regime introduces a formal licensing framework, prudential requirements, and governance standards for MGAs operating under Binding Authority Agreements with foreign insurers. Under the IFSCA's Managing General Agent (MGA) Regulations, 2026, MGAs operating in GIFT City are required to maintain a minimum capital base of USD 500,000. In addition, their insurer partners (capacity providers) must have a minimum net worth of USD 100 million and hold a financial strength rating of at least A.

This provides greater regulatory certainty for delegated underwriting businesses and aligns GIFT City more closely with established international delegated underwriting markets, which enable MGAs to underwrite risks and settle claims on behalf of foreign insurers. These reforms are expected to strengthen GIFT City's position and support its ambition to become a globally recognised international financial services hub.

China

China remains in an early stage of development for its DUA market. Currently, China's regulatory framework encourages insurers to retain underwriting authority while allowing outsourcing technology and operational functions. There is an increasing number of early-stage MGAs who are technology-enabled insurance agencies or third-party administrators that undertake functions such as product development, pricing, sales, and, in some cases, reinsurance placement. These firms increasingly perform many of the commercial and operational functions traditionally associated with MGAs. With growing demand for specialist insurance products and increasing market sophistication, delegated underwriting arrangements are expected to take shape over time. Should regulatory reforms encourage greater delegation and outsourcing, China has the potential to become one of the largest growth markets for DUAEs in Asia-Pacific, reflecting the scale of its insurance market and increasing demand for specialist underwriting expertise.

Other Developed Countries

In the APAC region, more developed countries such as Japan and South Korea have rigid regulatory structures, but they lack a separate licensing framework for MGAs. This has led insurers to maintain a highly traditional model, with the majority of operations performed in-house. If their regulatory frameworks evolve to follow other hubs in the region in better supporting delegated underwriting, Japan and South Korea could emerge as significant growth markets for MGAs in APAC.

Performance Assessments for DUAEs

As of 15 September 2026

AMB#	Company Name	Country of Domicile	DUAE Performance Assessment	Outlook	Effective Date
41053	Ryan Specialty Underwriting Managers	United States	PA-1	Stable	6/2/2026
41013	Amwins Group	United States	PA-1	Stable	11/13/2025
41025	Excess Reinsurance Underwriters	United States	PA-2	Stable	10/10/2025
41034	Dynamic Reinsurance LLC	United States	PA-2	Stable	6/30/2025
41022	Corin Underwriting Limited	United Kingdom	PA-2	Stable	11/7/2025
41024	Redbridge Group	United States	PA-3	Positive	5/5/2026
41002	First Indemnity Insurance	United States	PA-3	Stable	9/29/2025
41000	CargoCorp Underwriters Inc.	United States	PA-3	Positive	7/17/2025
41033	Kay International	UAE	PA-2	Stable	5/7/2026
41027	Keane Specialty Insurance LLC	United States	PA-4	Stable	7/17/2026
41059	Across America Insurance Services, Inc.	United States	PA-3	Stable	12/18/2025
41012	Velocity Risk Underwriters, LLC	United States	PA-1	Stable	6/2/2026

Source: AM Best data and research

Appendix

Select AM Best Asia-Pacific Reports

TITLE OF REPORT	PUBLICATION DATE
<u>Market Segment Outlook: Indonesia Non-Life Insurance</u>	8-Oct-2026
<u>Market Segment Outlook: Malaysia Non-Life Insurance</u>	9-Sep-2026
<u>Market Segment Outlook: China Non-Life Insurance</u>	4-Sep-2026
<u>Market Segment Outlook: Taiwan Non-Life Insurance</u>	2-Sep-2026
<u>Nepal's Catastrophic Floods Pressure a Thinly Insured Market</u>	28-Aug-2026
<u>Record-Breaking Cat Bond Issuance in First Half of 2026; ILS Capacity Experiences Rate Softening at Renewals</u>	27-Aug-2026
<u>Asia Focus: Resilience Through Transformation</u>	24-Aug-2026
<u>World's 50 Largest Reinsurers</u>	17-Aug-2026
<u>Market Segment Outlook: Vietnam Non-Life Insurance</u>	27-Jul-2026
<u>Market Segment Outlook: South Korea Non-Life Insurance</u>	22-Jul-2026
<u>Market Segment Outlook: Global Cyber Insurance</u>	14-Jul-2026
<u>Market Segment Outlook: Japan Non-Life Insurance</u>	23-Jun-2026
<u>Mindanao Earthquake Expected to Impact Philippine Insurers' Results in Second Half 2026</u>	10-Jun-2026
<u>Japan Life Insurers Increase Use of Reinsurance</u>	1-Jun-2026
<u>Market Segment Outlook: Philippines Non-Life Insurance</u>	29-May-2026
<u>Australia's Non-Life Insurance Segment: Navigating Growth in a Volatile Landscape</u>	20-Apr-2026
<u>Proposed RBC Changes Credit Positive for Hong Kong's Non-Life (Re)insurers</u>	25-Mar-2026
<u>Market Segment Outlook: Japan Life Insurance</u>	27-Feb-2026
<u>Market Segment Outlook: India Non-Life Insurance</u>	16-Jan-2026
<u>Hong Kong's Non-Life Insurance Segment Shows Growth and Resilience Amid Market Challenges</u>	18-Dec-2025
<u>Relaxed Discount Rate Lowers Capital Pressures, Elevates ALM Significance for South Korean Non-Life Insurers</u>	15-Dec-2025
<u>Hong Kong Fire Expected to be Credit Negative for (Re)Insurers</u>	1-Dec-2025
<u>Market Segment Outlook: Delegated Underwriting Authority Enterprises</u>	17-Nov-2025
<u>Market Segment Outlook: New Zealand Life Insurance</u>	10-Nov-2025
<u>Market Segment Outlook: New Zealand Non-Life Insurance</u>	11-Nov-2025

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