CENTRAL REINSURANCE CORPORATION

Central Re

Your reliable partner

Oct. 14, 2019

Disclaimer

- This document is provided by Central Reinsurance Corp. (the "Company"). Except for the numbers and information included in the Company's financial statements, the information contained in this document has not been audited or reviewed by any accountant or independent expert. The Company makes no express or implied representations or warranties as to the fairness, accuracy, completeness, or correctness of such information or opinions. This document is provided as of the date herein and will not be updated to reflect any changes hereafter. The Company, its affiliates and their representatives do not accept any responsibility or liability for any damage caused by their negligence or any other reasons, nor do they accept responsibility or liability for any loss or damages arising from the use of this document or the information contained herein or anything related to this document.
- This document may contain forward-looking statements, including but not limited to all statements that address activities, events or developments that the Company expects or anticipates to take place in the future based on the projections of the Company toward the future, and various factors and uncertainness beyond the Company's control. Therefore, the actual results may differ materially from those contained in the forward-looking statements.
- This document is not and cannot be construed as an offer to purchase or sell securities or other financial products or solicitation of an offer.
- This document may not be directly or indirectly reproduced, redistributed or forwarded to any other person and may not be published in whole or in part for any purpose.

Outline

- Introduction
- Industry Overview
- Business Overview
- Performance Overview
- Future Prospect

Introduction

Basic Information

Business Scope

Basic Information

Time	Company History
October 31, 1968	Central Re was established by the Ministry of Finance (MOF).
July , 2000	Central Re became publicly listed company.
July , 2002	Central Re completed its privatization process. Meanwhile, Evergreen Group is Central Re’s largest shareholder.
January 1, 2016	Central Re was approved to set up Offshore Insurance Unit (OIU) in September 2015 and started doing business on January 1, 2016.

Basic Information

- Paid up Capital：TWD 5.904 Billion
- No. of Employee：140
- Address：12F, 53, Sec. 2, Nanjing East Rd., Taipei, Taiwan
- Credit Ratings：

Rating Agency	Rating	Outlook
A.M. Best	A	Stable
S&P Global	A	Stable
Taiwan Ratings	twAA+	Stable

Basic Information

Shareholders' Structure

As of March 31, 2019

Structure	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Percentage	20.39%	0.01%	60.05%	17.06%	2.49%	100%

Market Share

Unit：TWD Billions；%

Year 2018	P&C Insurance	Life Insurance
Gross Prem. Written in Taiwan	165.61	3,511.56
Ceded Premium	50.46	19.84
Retro Share (%)	30.5	0.6
Central Re's Premium	9.83	3.21
Market Share in Taiwan (%)	19.5	16.2

Business Scope

- **Scope：Domestic and Overseas P&C and Life Reinsurance.**
- **Line of Business：**

P&C	**Fire, Residential earthquake, Marine Hull, Marine Cargo, Aviation, Fishing Vessel, Automobile, Compulsory Automobile Liability, Engineering and Casualty Insurance**
Life	Life, PA and Health Insurance

Outline

Introduction

Industry Overview

Business Overview

Performance Overview

Future Prospect

Industry Overview

Market Development

Market Trend

Industry Overview

- **Market Development：**
  - **Domestic Market**
    - There are 55 insurance companies in Taiwan, of which 28 are life insurance companies, 24 are non-life insurance companies and 3 are reinsurance companies, including Central Re, General Re (Taiwan Branch) and RGA (Taiwan Branch).
    - Overseas Reinsurance Market: London, Singapore, China…

Industry Overview

- **Global Reinsurance Market**
  - The unexpected magnitude of loss development from wind events in Asia and the United States, as well as ongoing concern regarding the impacts of climate change on future losses, have slowed the influx of capital. Meanwhile, the weakened risk-adjusted return on capital has motivated underwriters to reassess pricing and capacity allocation strategies.

Industry Overview

- **Market Trend:**
  - **Domestic P&C**
    - According to Non-Life Insurance Association, mainly due to the growth in Auto insurance, overall gross premiums written has grown by 6.5% as of August 2019, compared to the same period last year. In addition, Casualty insurance, Personal accident/ Health insurance and Engineering insurance have also grown significantly.
  - **Domestic Life**
    - The aging population has led to increasing need for retirement preparation and health/ life protection.

Outline

Introduction

Industry Overview

Business Overview

Performance Overview

Future Prospect

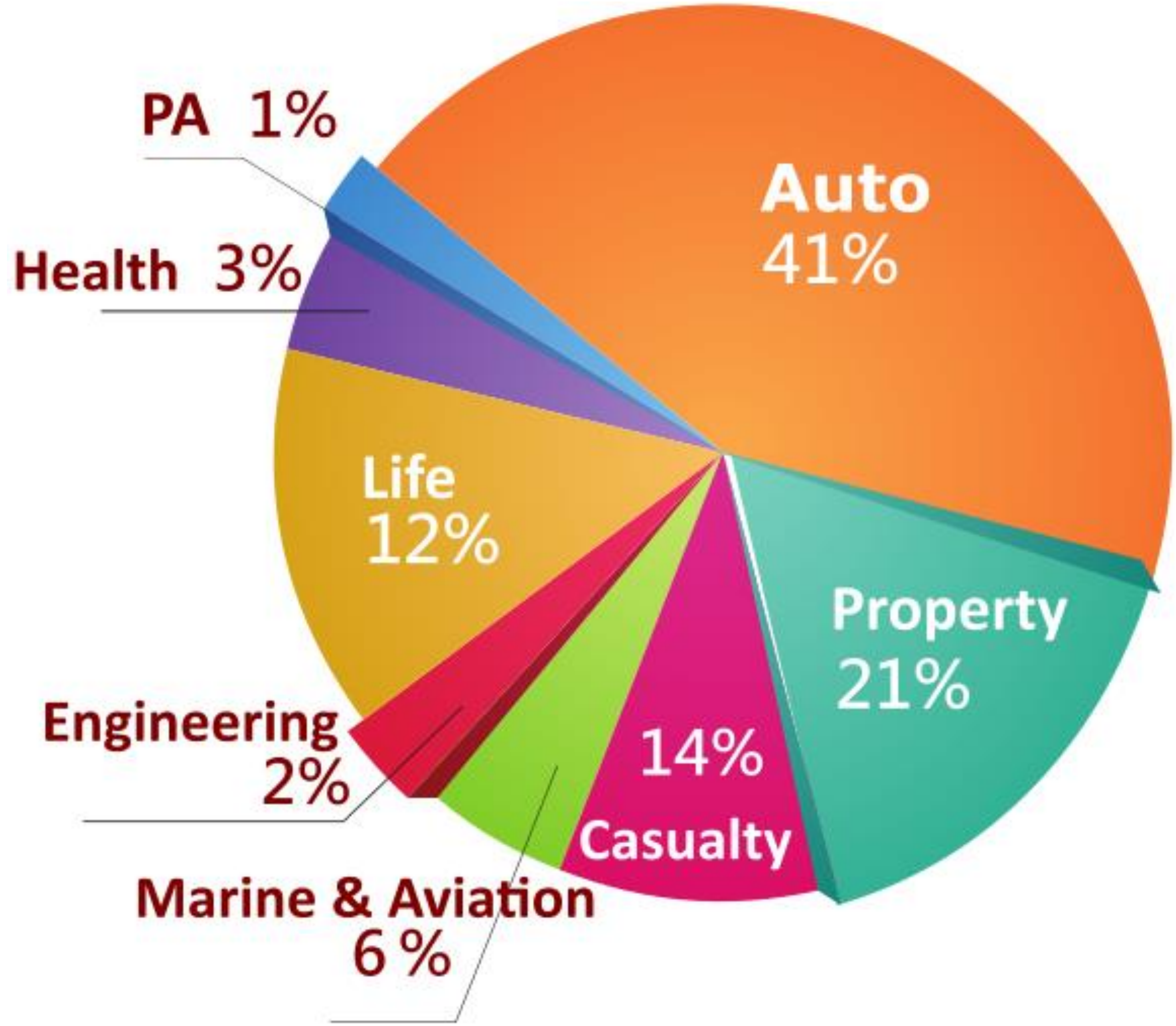
Business Overview

Business Portfolio (Half-year 2019)

Gross Premium Written

Business Portfolio

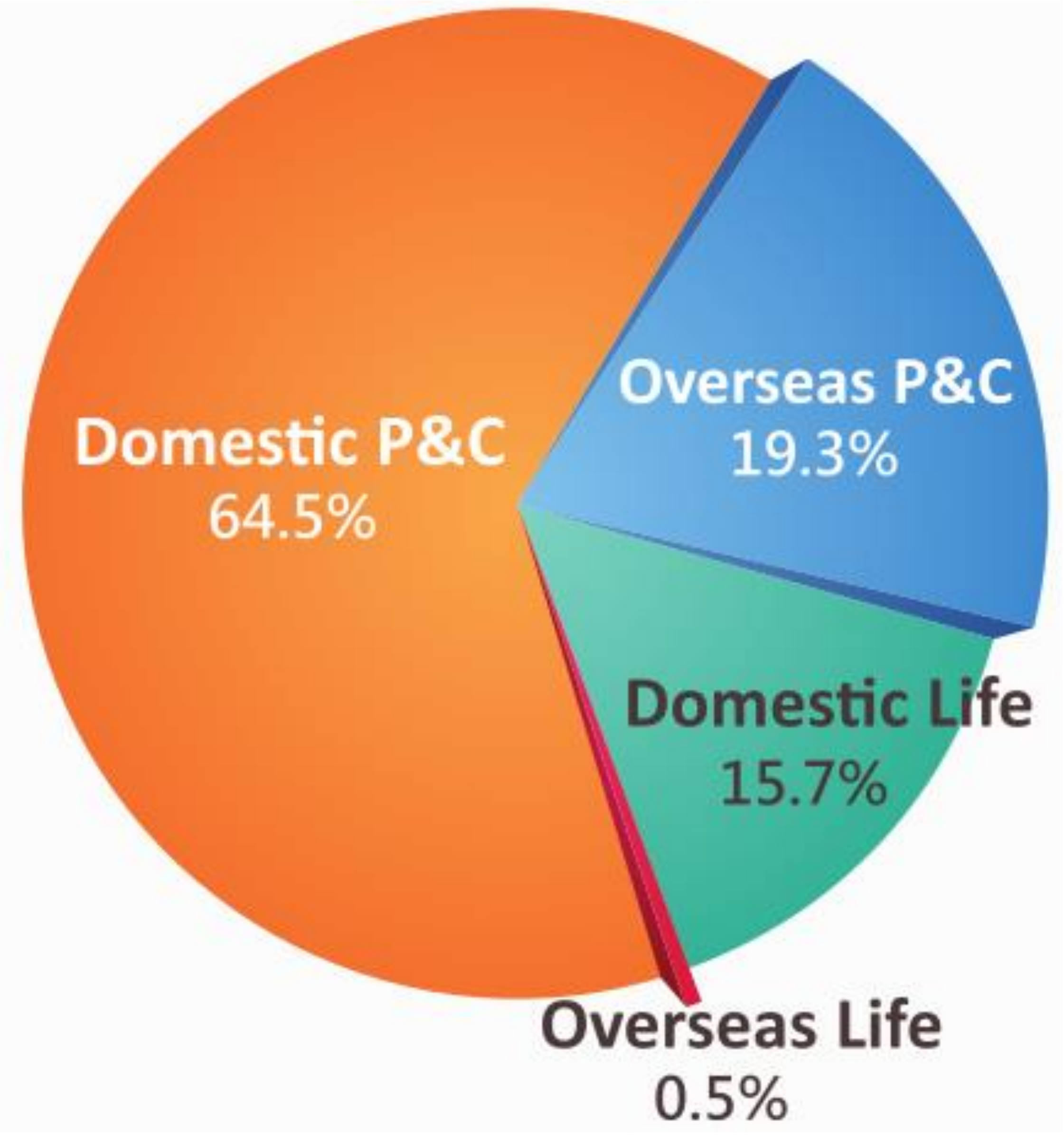
Gross Premium Written By Line



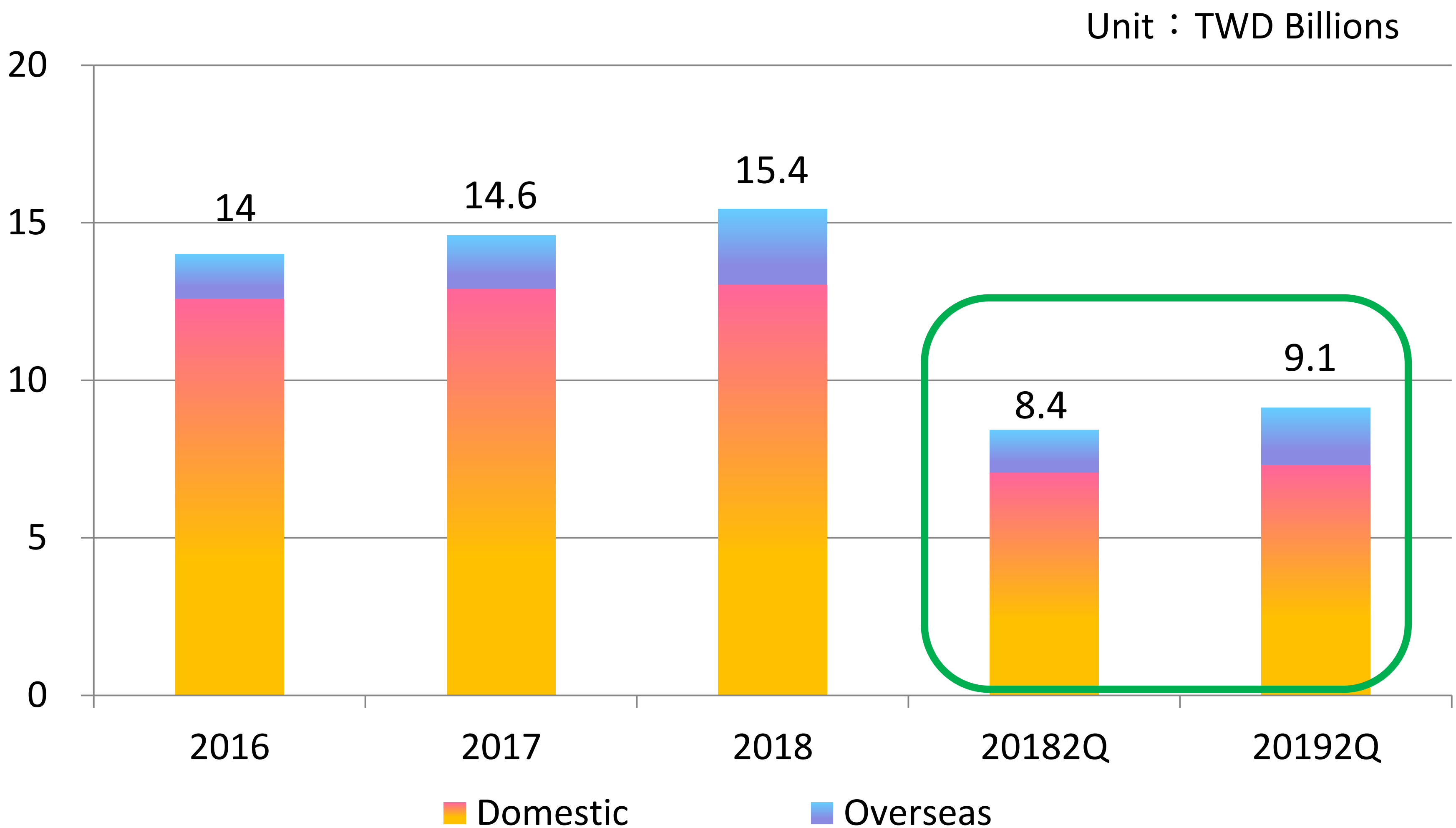
Business Portfolio

Gross Premium Written

By Region



Gross Premium Written



Outline

Introduction

Industry Overview

Business Overview

Performance Overview

Future Prospect

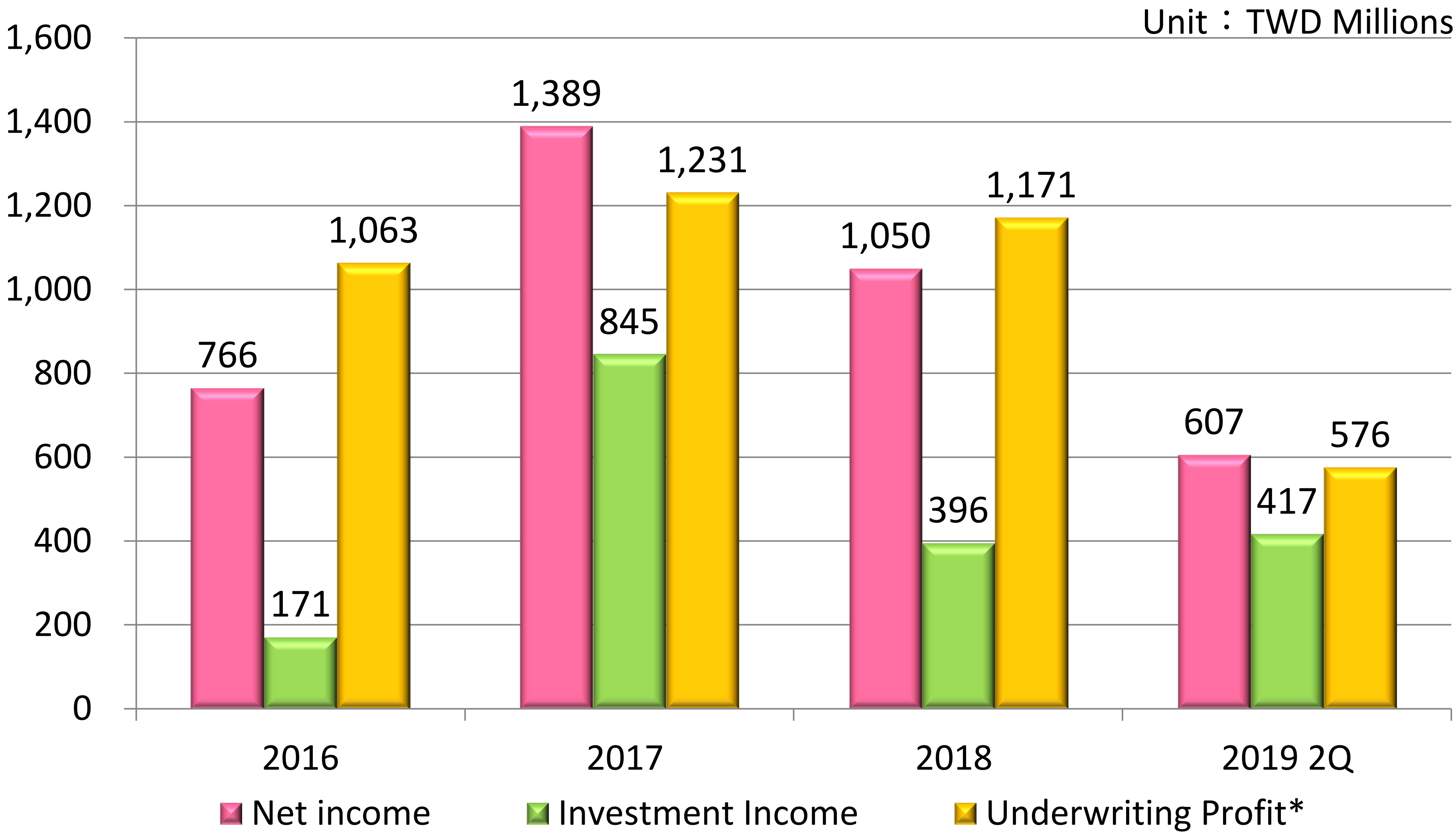
Performance Overview

Operating Performance

Key Profitability Ratios

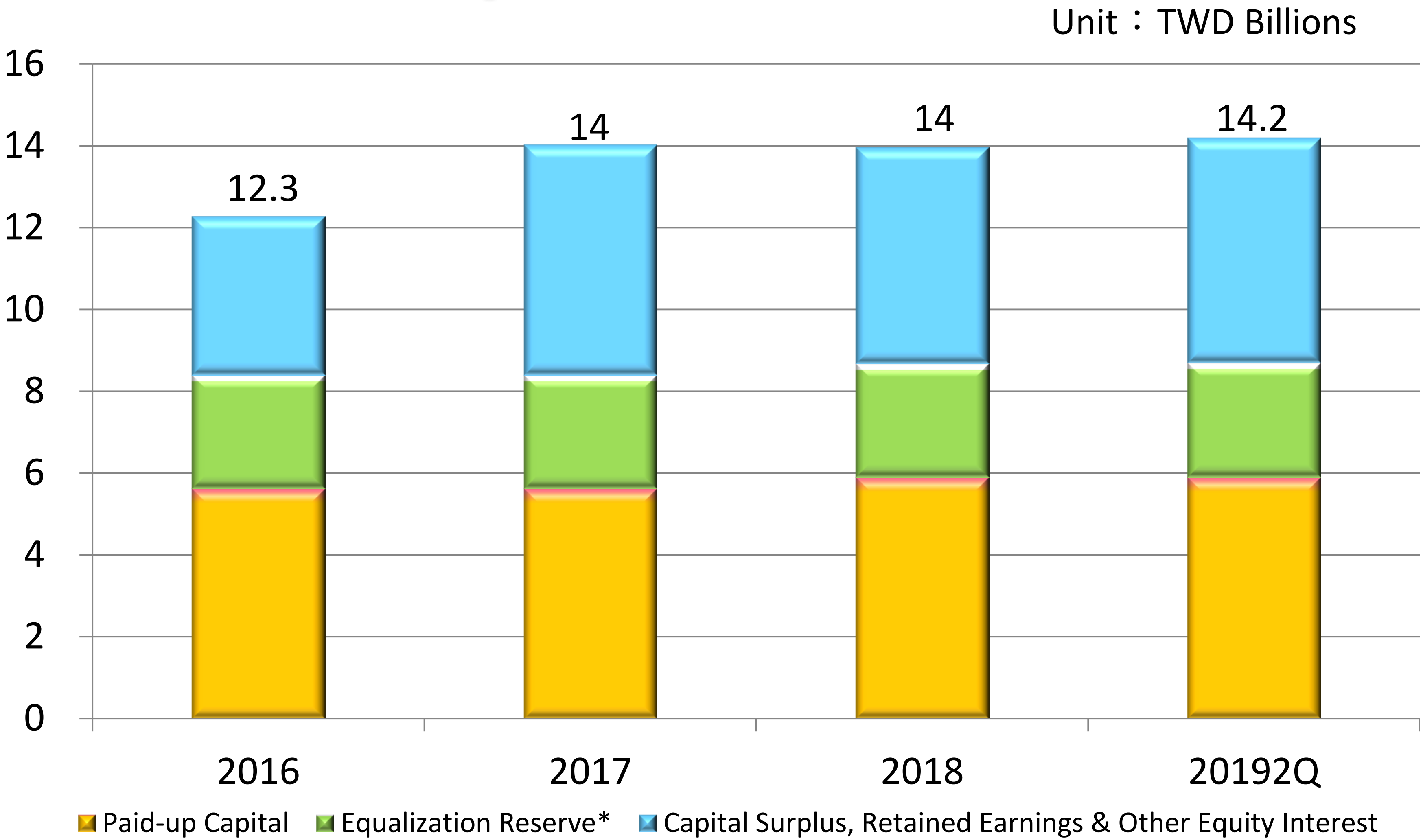
Dividend Policy

Operating Performance



* Underwriting profit excludes Compulsory Automobile Liability Insurance (CALI) and Operating Expense.

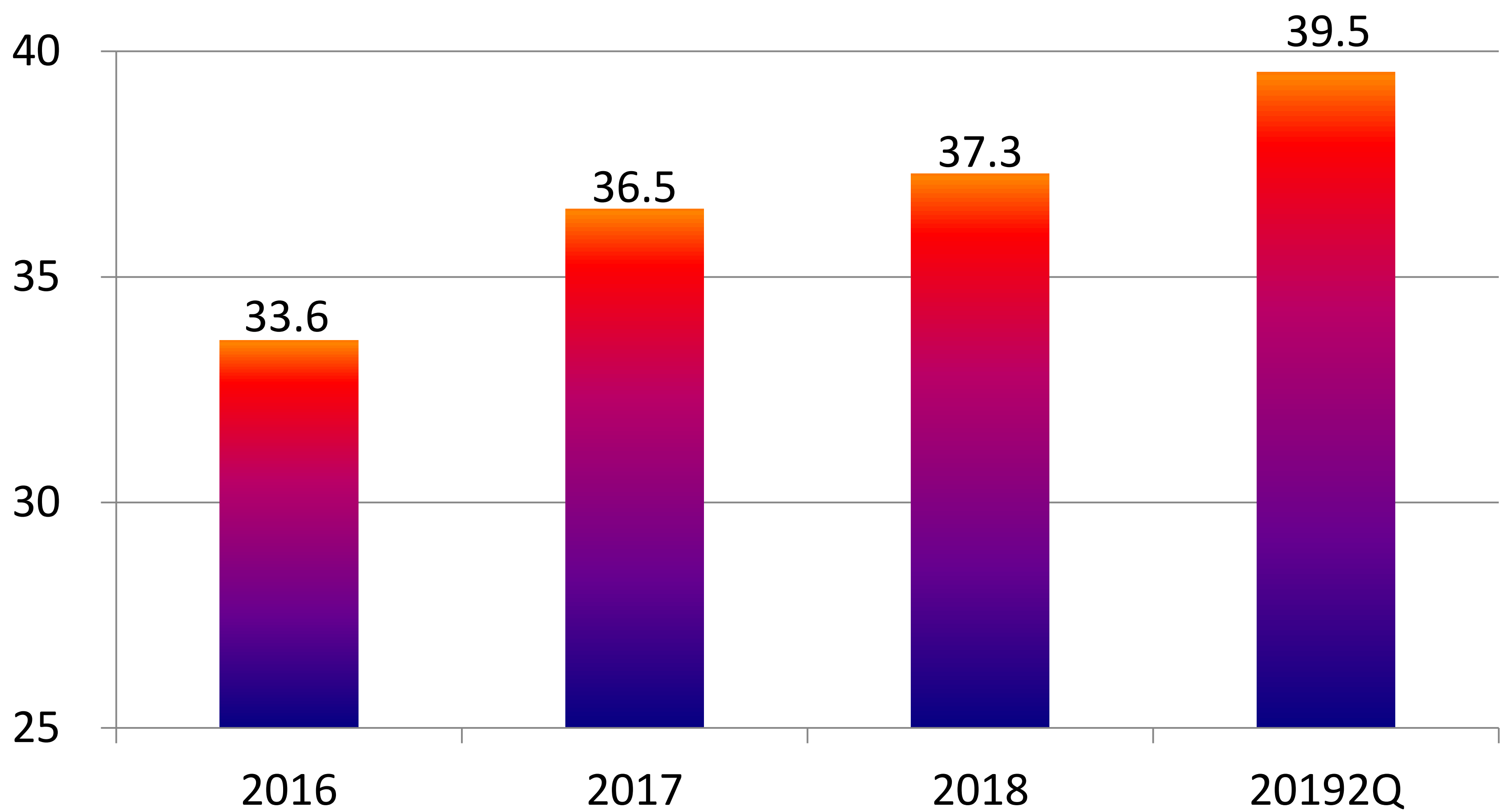
Capital Structure



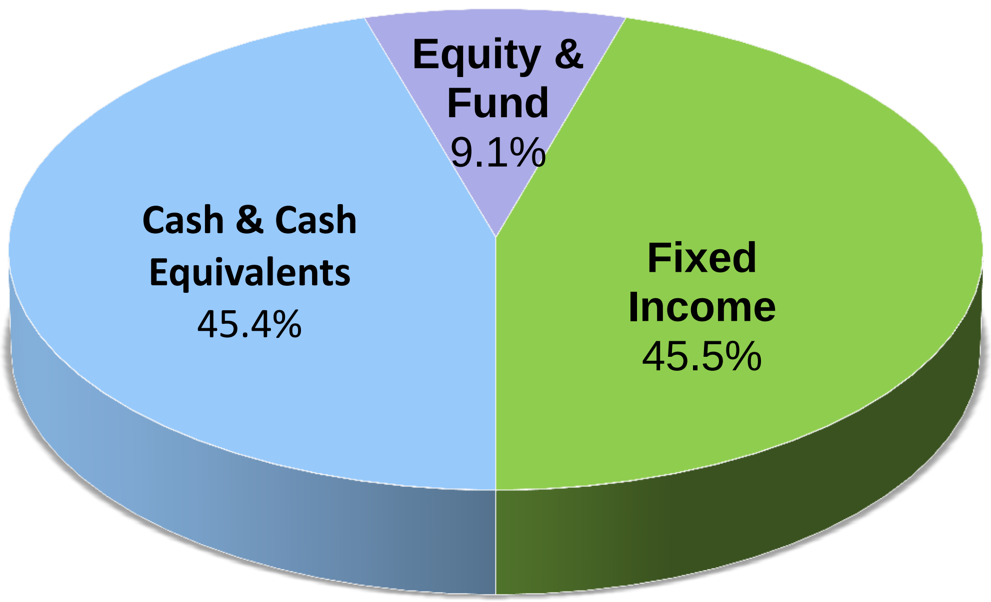
* Equalization Reserve excludes CALI.

Total Assets

Unit：TWD Billions



Asset Allocation



2019/6/30 Unit：TWD Billions

Cash & Cash Equivalents	Equity & Fund	Fixed Income
15	3	15

Key Profitability Ratios

	2015	2016	2017	2018	2019 2Q[3]
Combined Ratio[1] (%)	91.9	90.1	88.3	88.6	86.9
ROA (%)	2.28	2.29	3.96	2.85	1.58
ROE (%)	8.14	8.13	13.39	9.35	5.37
Net Profit Margin (%)	5.44	5.70	9.52	7.06	7.40
EPS[2] (TWD)	1.30	1.30	2.35	1.78	1.03

Note 1: Combined Ratio excludes CALI and Operating Expense.
Note 2: The earnings per share has been retroactively adjusted after capital increase.
Note 3: The figures are as of June 30, 2019, non-annualized ratio.

Dividend Policy

- Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 20% of the remaining amount shall be set aside as legal reserve. Afterwards, the Company shall recognize or reverse special reserve in accordance with regulations, and accumulate unappropriated earnings of the prior period. Appropriation of the remainder shall be proposed by the Board of Directors and resolved by the stockholders.

- The Company's dividends are distributed in the form of cash dividends and stock dividends in a coordinated way, among which, the cash dividends shall account for at least 50% of the total dividends distributed.

- **Past 5 years：**

Year	2015	2016	2017	2018	2019
Cash Dividends	1.2	0.7	0.5	1	0.9
Stock Dividends	0	0	0	0.5	0

Outline

Future Prospect

Competitive Advantage

Business Strategies

Competitive Advantage

From Rating Agency

A.M. Best

- Favorable operating performance, with positive underwriting results and investment income
- Strong and stable market position in Taiwan's reinsurance market with a diversified underwriting portfolio
- Strong risk-adjusted capitalization
- Appropriate enterprise risk management capability and control mechanisms

S&P Global

- Solid domestic market position
- Extremely strong capital adequacy
- Diversified and prudent investment profile
- Adequate enterprise risk management with strong risk controls
- Strong liquidity profile

Future Prospect

Business Strategies

Domestic Business

- Focus on better customer service
- Understand customers' needs, provide assistance in product developments and quotation, extend the business scope
- Optimize the retrocession strategy and expand the underwriting capacity

International business

- Keep prudent underwriting strategy (Focus on bottom line more than top line)
- Expanding new territories/new clients/product lines to increase portfolio diversification
- Arrange Cat excess of loss program to ensure steady underwriting result

Investment Business

Adhering to a sound investment strategy, we are committed to pursue a stable return to support the sustainable development of insurance business.

Q&A