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## AM Best Affirms Credit Ratings of Hyundai Marine & Fire Insurance Co., Ltd.

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### FOR IMMEDIATE RELEASE

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**AM Best** has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of “a” (Excellent) of Hyundai Marine & Fire Insurance Co., Ltd. (HMF) (South Korea). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect HMF’s balance sheet strength, which AM Best assesses as strong, as well as its adequate operating performance, favorable business profile and appropriate enterprise risk management.

HMF’s risk-adjusted capitalisation is at the strongest level, as measured by Best’s Capital Adequacy Ratio (BCAR), driven by stable capital growth from profit retention. HMF has favourable financial flexibility, proven by the successful issuances of hybrid and subordinated bonds in the capital markets over the past five years. HMF has a prudent investment strategy with a focus on asset-liability management. The majority of its investment portfolio is placed in high quality fixed-income assets, which support the strong balance sheet strength assessment. However, due to a large amount of available-for-sale securities, its capital demonstrates moderate volatility with market interest rate movements, which is an offsetting factor to its balance sheet strength.

HMF’s operating performance is considered adequate, underpinned by a five-year average return-on-equity ratio of 10.1% (2016-2020). While its investment income continued to be the major source of earnings, underwriting performance improved in 2020; this was largely driven by improved loss experience in the auto line due to its cumulative premium hikes, combined with the favourable impact from reduced miles driven related to COVID-19. HMF’s loss ratio in the long-term line improved slightly in 2020 as a result of various underwriting initiatives, albeit it remains relatively high compared with most of its peers.

HMF is one of South Korea’s leading non-life insurance companies, ranking second with a market share of 17% in terms of direct premium written in 2020. The company benefits from the strong Hyundai brand in its domestic market. In addition, a solid business relationship with Hyundai conglomerates, including Hyundai Motor Group, provides a stable source of business for its general line of business. While HMF has good control of its diversified distribution channels, the company has continuously expanded its general agency channel for the long-term line and the online channel for auto over the recent period to ensure solid business growth.



Negative rating actions could occur if there is a significant deterioration in the company's risk-adjusted capitalisation. Negative rating actions could also occur if there is a significant deterioration in the company's operating performance.

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

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

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