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Research Update:

Bangkok Insurance Public Co. Ltd. 'A-' Rating Affirmed; Outlook Stable

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Research Update:

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Overview

- We expect Bangkok Insurance to maintain its strong competitive position in Thailand over the next two years.
- We also anticipate that the Thailand-based insurer will have strong capital and earnings over the period.
- We are affirming our 'A-' local currency long-term financial strength rating and counterparty credit rating on Bangkok Insurance. We are also affirming our 'axAA' long-term ASEAN regional scale rating on the insurer.
- The stable outlook over the next 24 months reflects our view that Bangkok Insurance will maintain its strong competitive position and capital and earnings despite marginal pressure on profitability.

Rating Action

On Oct. 17, 2016, S&P Global Ratings affirmed its 'A-' local currency long-term financial strength rating and counterparty credit rating on Bangkok Insurance Public Co. Ltd. The outlook is stable. We also affirmed our 'axAA' long-term ASEAN regional scale rating on the Thailand-based insurer.

Rationale

We affirmed the ratings because we expect Bangkok Insurance to maintain its strong competitive position in Thailand and its strong capital and earnings over the next 24 months. We assess the insurer's stand-alone credit profile as 'a-'.

The rating on Bangkok Insurance is higher than the foreign currency sovereign credit rating on Thailand (foreign currency BBB+/Stable/A-2; local currency A-/Stable/A-2; ASEAN regional scale axAA/axA-1). We believe the insurer's liquidity ratio will exceed 100% and its regulatory capital will remain positive under our hypothetical stress-scenario of a sovereign foreign-currency default.

We expect Bangkok Insurance's good market presence and brand recognition in Thailand to continue to support its strong competitive position. This factor, together with our intermediate industry and country risk assessment of Thailand's property and casualty market, supports Bangkok Insurance's strong business risk profile.

We expect Bangkok Insurance to maintain its strong capital and earnings over

the next 24 months, which supports our assessment of the insurer's financial risk profile as moderately strong. We assess Bangkok Insurance's risk position as moderate due to the insurer's high investment leverage and concentration.

Bangkok Insurance has adequate financial flexibility, in our view, reflecting its access to a moderate range of capital resources (as a listed company) and external liquidity. The insurer has no outstanding debt, and we do not expect its leverage to increase over the next two years.

We consider Bangkok Insurance's enterprise risk management (ERM) to be adequate. The company's risk exposure is straightforward, and it has processes to monitor and control risks. We expect Bangkok Insurance to continue to enhance its ERM practices to effectively support its strategic plans and growth targets.

We assess Bangkok Insurance's management and governance as satisfactory. The insurer's management team has extensive knowledge and industry experience, and its strategy has been consistent with its capabilities.

We regard Bangkok Insurance's liquidity as exceptional, given its sufficient holdings of liquid assets and the strong liquidity ratio of 4.0x as of Dec. 31, 2015.

Outlook

The stable outlook reflects our view that Bangkok Insurance will maintain its strong competitive position and capitalization and earnings over the next 24 months.

We expect the insurer's profitability to be under marginal pressure over the next 12-24 months due to continued economic slowdown in Thailand and strong price competition. We see a low likelihood that Bangkok Insurance will face losses similar to those in late 2011, given changes to its underwriting strategy and tighter management of flood risk over the years.

Downside scenario

We may lower the rating if Bangkok Insurance's financial risk profile deteriorates to lower adequate, which we view as unlikely over the next 12-24 months. This could occur because of a significant deterioration in equity markets. We may also lower the rating if we believe the insurer's susceptibility to a sovereign default has increased or if we lower our insurance industry and country risk assessment on Thailand's property and casualty sector.

Upside scenario

An upgrade is unlikely in the next one to two years. We could upgrade Bangkok Insurance if the insurer's financial risk profile improves to strong, which

could happen due to: (1) higher prospective capital adequacy levels with no deterioration in the risk position and financial flexibility; or (2) improvement in the risk position through reduced investment exposure.

Ratings Score Snapshot

Bangkok Insurance Public Co. Ltd.	
Financial Strength Rating	A-/Stable/--
BRP / FRP Anchor	
Business Risk Profile	a-
IICRA	Strong
Competitive Position	Intermediate Risk
Financial Risk Profile	
Capital and Earnings	Strong
Risk Position	Moderately Strong
Financial Flexibility	Moderate Risk
Modifiers	
ERM and Management	Adequate
Enterprise Risk Management	Satisfactory
Management and Governance	0
Holistic Analysis	0
Liquidity	Exceptional
Support	
Group Support	0
Government Support	0

Related Criteria And Research

Related Criteria

- General Criteria: National And Regional Scale Credit Ratings - September 22, 2014
- General Criteria: S&P Global Ratings' National And Regional Scale Mapping Tables - June 01, 2016
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers - November 13, 2012
- Criteria - Insurance - General: Enterprise Risk Management - May 07, 2013
- Criteria - Insurance - General: Insurers: Rating Methodology - May 07, 2013
- Criteria - Insurance - General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model - June 07, 2010
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009

- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions - November 19, 2013

Ratings List

Ratings Affirmed

Bangkok Insurance Public Co. Ltd.

Counterparty Credit Rating

Local Currency

A-/Stable/--

ASEAN Regional Scale

axAA/--/--

Financial Strength Rating

Local Currency

A-/Stable/--

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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