

# Annual Report

2003



Department of Insurance,  
Ministry of Finance  
Republic of China



# Contents



## *Annual Report*

- 02 *Preface*
- 06 *Chapter 1 The Insurance Industry Situation*
  - 07 *Section 1 The Economy and the Insurance Development Situations*
  - 11 *Section 2 Non-life Insurance*
  - 16 *Section 3 Life Insurance*
  - 22 *Section 4 Reinsurance*
  - 24 *Section 5 Insurance Auxiliary*
- 26 *Chapter 2 Insurance Supervision*
  - 27 *Section 1 The Supervisory Authority*
  - 29 *Section 2 Important Measures in 2003*
- 44 *Chapter 3 Prospect*
- 52 *Appendix*
  - 53 *Appendix 1: Major Indices*
  - 55 *Appendix 2: Major Events of Insurance*
  - 65 *Appendix 3: Introduction to Insurance Institutes*
  - 71 *Appendix 4: Financial Statistic of the Insurance Business*
  - 85 *Appendix 5: Insurance Institutes Listing*

# *Preface*

---



The international economic situation has finally broken away from the shadow of recession, and prosperity is in sight. Meanwhile, the insurance business environment has been quite improved. Growing against odds, the revenue of the Taiwanese insurance business has reached a record high of NT\$ 1,242.1 billion, an increase of 25.38% comparing to last year's figure of NT\$ 990.7 billions and a higher growth rate than the 20.86% achieved in 2002. In 2003, the total assets of the insurance industry in Taiwan is NT\$4,688.1 billions or 15.21% of the total assets of financial institutes nation wide, an increase of 2.17% comparing to that of 13.04% in 2002. The insurance business is gaining its importance more than ever in the Taiwanese financial industry. As of the end of 2003, there are total 55 insurance institutes including 25 in non-life insurance (including Taiwan Fishery Marine Insurance Cooperative Society) among which eight are foreign affiliates; 29 in life insurance among which eight are foreign affiliates; and one professional re-insurer. The potentiality of the Taiwanese insurance business is still very promising in this trend of economic prosperity.

Last year, Taiwan officially became a member of the World Trade Organization (WTO), and accordingly the Ministry of Finance (MOF) has taken initiatives in many administrative policies to extend economic and financial growth, to enable insurers to participate in global market more actively, and to speed up the modernization of Taiwan insurance market. These initiatives include:

### **I. Amendment of Insurance Law**

1. Raised the insurance business investment ceiling for oversea investment from 20% to 35%, and define accident under the scope of personal accident insurance
2. Amended Article 167, 168, 168-2, 168-3, 168-4, 168-5, and 172-1 of the Insurance Law

### **II. Deregulation on the Exchange of Insurance Business between Taiwan and Mainland China**

The MOF amended several articles of the "Permission Guideline of Insurance Business contact Between Taiwan and Mainland China" according to the resolution found in the "Study in Further Exchange of Insurance Business between Taiwan and Mainland China" written by Fiscal Reform Project Team of the Executive Yuan. The MOF also initiated deregulation on exchange of reinsurance contact between Taiwan and Mainland China and open up channels of direct investments in Mainland China for insurance agents, brokers, and surveyors.

### **III. Continuation on the Promotion of Residential Earthquake Insurance System**

The Department of Insurance (DOI) continues to actively promote residential earthquake insurance system to better protect residents' property against the enormous and potential threats of earthquake. The system disperses the risk of severe financial loss through four layers of protection: NT\$2 billion by domestic co-insurance, NT\$18 billion by the Residential Earthquake Insurance Fund, NT\$20 billion by



oversea re-insurance, and NT\$10 billion by the Central Government.

#### **IV. Issuance of the First Domestic Catastrophe Bond**

The frequency of catastrophe occurrences is increasing, and financial losses are rising. For worldwide insurance businesses, the hidden losses behind risk of catastrophe have exceeded their insurance capacity. The only responses to avoid further financial losses are to raise the insurance premium or limit the insured amount. To diversify the risk and to connect with capital market, on August 25, 2003, Taiwan has issued the three-year Catastrophe Bond of US\$100 million in abroad for Residential Earthquake Insurance Fund.

#### **V. Supervision on Insurance Agents, Brokers, and Surveyors**

In order to reflect the different functions between insurance agents, brokers, and surveyors, the "Regulations Governing the Administration of Agent, Broker, and Surveyor" initiated in 1969 is amended to the "Regulations Governing the Administration of Agent," and additional "Regulations Governing the Administration of Broker" and "Regulations Governing Insurance Surveyor" have been initiated since December 8, 2003.

#### **VI. Strengthening the Monitor over Reinsurance Business**

The "Financial Reinsurance Guideline" has been amended to meet the financial needs of insurers. And the "Direction for Ceding of Reinsurance by Insurance Enterprises" has been implemented to reduce the credit risk of reinsurance, and to help maintaining the solvency of insurance enterprises.

#### **VII. Promotion to Attract Foreign Company to Invest in Taiwan Insurance Business**

The Minister Lin Chun of the MOF led a promotion team on August 22, 2003, to New York and Boston and successfully attracted foreign companies to invest in Taiwan's insurance business.

#### **VIII. Realization of a Fast and Easier Insurance Product Filing System to Promote Product Innovation and Diversity**

To improve the insurance product filing system, the amendment of the "Regulations Governing Pre-sale Procedures for Insurance Products" has been finished. The "Guideline of Non-Life Insurance Product Filing" and "Guideline of Life Insurance Product Filing" have been amended to relax restrictions of insurance product filing system.

#### **IX. Implementation of Information Disclosure Clause**

"Regulation Governing the Disclosure of Information of Non-Life Insurance Industry" and "Regulation Governing the Disclosure of Information of Life Insurance Industry" are amended to strengthen information transparency and protect public interests.



## X. Studies on Alternative Mechanism to Supplement the Insurance Stability Fund

The Non-Life Insurance Stability Fund and the Life Insurance Stability Fund are established separately under the provision of Insurance law, Article 143-1, 143-2, and 143-3 to secure policyholders' rights when an insurer becomes insolvent. Alternative mechanism in supplementary to the Stability Fund are also being studied to further strengthen the safety net.

Facing the ever-changing global economic situation and tough international insurance market the DOI shall work together with all non-life and life insurance companies in Taiwan to improve risk management mechanism through the implementation of the risk based capital system in the coming year; remain an open attitude toward the insurance capital management to encourage new investments and increase efficiency of capital utilization; continue monitoring insurance business to release crucial information pertaining to public interests; actualize a faster and easier product filing system to promote product innovation and diversity; continue the establishment of a settlement mechanism; strengthen early warning system; improve residential earthquake insurance system; set up database on insurance products to simplify the filing process and provide the public with complete product information; enhance a complaint filing system to protect public rights. We look forward to provide a favorable operation environment for insurance business, to consolidate supervisory management over the insurance business, as well as to establish prevention measures and response mechanism dealing against insolvency.

魏晉生

Mark P. Wei

(Mark p.Wei)

Commissioner

Department of Insurance

Acting Chief Secretary

Ministry of Finance

May 2004



*Chapter 1*  
*The Insurance Industry*  
*Situation*





## Section 1 The Economy and the Insurance Development Situation

Review last few years, international economy has sunk into a situation with surplus of technology outcomes, foamy of assets amount, and cut-pricing competition in new and developing market. Rising price index is moderated obviously, even falling, and deflation spread out in worldwide countries. The first half of 2003 the war in Middle East and SARS epidemic situation in East Asia has been occurred and those uncertain factors constrain the prosperity, however fortunately they have been controlled in shortest time. Form the second half of 2003, the economic growth rate of Europe and U. S. developed countries have rose strongly, and according to the Department of Commercial in United States, the GDP growth rate of third quarter in 2003 was reached 8.2%, a higher 0.1% compared to 7.2% which is expected by market, as well as the highest point of certain quarter of last nineteen years. By the economic prosperity spring in Asia countries, the global economy has made progress from prosperity to spread. Based on the forecast of Global Insight Inc. in Mar. 2004, the global trade growth rate will rise from 4.6% in 2003 to 6.9%, and the International Monetary Fund (IMF) and Economist Information Union (EIU) also expect that global economic growth in 2004 will be reached around 3.9% ~4.1% in their economic prospect reports.

Looking out in 2004, under the international prosperity is in sight, and industrial division of labor in Taiwan and Mainland China, international trade will remain shaky. As for the domestic demand, By the Consumer Confidence Index has rose and fortune shrink effect has spread, the public consumption will grow. For construction industry, a symbol of all industries, under the stimulation of low-interest house purchasing loaning program, this stimulated factor will keep until 2004. And the domestic demand market has also gained several positive effects from such as technology industry's enthusiasm to build new factories and open up great investment program, and government's effort to push a 5-year and NT\$500 billion program, which is named as New Ten Great Constructions, to expand the public construction. In general speaking, according to the statistic forecast of economic trend made by Department of Statistic in the Executive Yuan, the domestic economy in 2004 will be better than it in 2003. And under the adjustment of politics and economy and stimulation of valid demand, it will be worthy to look forward of the 2004.

### I. Economic Growth Rate and GNP

The economic growth rates of each quarter in 2003 are 3.53%, -0.08%, 4.18%, and 5.17% respectively. The 2003 annual growth rate reached 3.24%, a decrease of 0.35% compared to 3.59% in 2002. The main factors are the war in Middle East and SARS epidemic situation. After the recession of harmful factors, the economic momentum may be gradually released, Taiwan's international trade may remain current status, and domestic demand may increase consuming willing by the fortune effects from stock price raising and house market recovery. Gross National Productivity (GNP) in 2003 is NT\$10,181.4 billion, an increase of 1.78% compared to NT\$10,003 billion in 2002. The per Capita GNP is US\$13,157, an increase of US\$241 compared to 2002.





## Chapter 1 The Insurance Industry Situation

### II. National Income and Gross National Saving

The National Income in 2003 is NT\$9,163 billion, an increase of 1.75% compared to NT\$9,005.1 billion in 2002. The per Capita National Income is NT\$407,434, an increase of 1.33% compared to NT\$402,077 in 2002. In national consuming and saving parts, furthermore, in Q4 of 2003 public consumption is gradually increased, as well as Yearly Public Consumption Nominal is raised up to 0.6%, equal to 62.82% of GDP. And the Saving Rate (the percentage of Gross Saving to GNP) in 2003 increases from 25.34% to 25.96% due to its percentage decrease compared to 2002.

### III. Labor Force

The labor force supply in 2003 is 10.07 million people, an increase of 0.01% compared to 9.96 million people in 2002. Among whole industry structure, service sector takes up 57.9%, agriculture as well as industry sectors take up 7.27% and 34.83% of whole industry structure, and all are decreased compared to 2002. In manufacture business, yearly labor productivity increase rate has decreased from 7.66% to 3.3%, because of several harmful factors in Q2. And unemployment rate in 2003 reached 4.99%, a decrease of 0.18% that is slightly lower than 5.17% of 2002. It shows that prosperity push the increase of domestic employment change.

### IV. Price Index

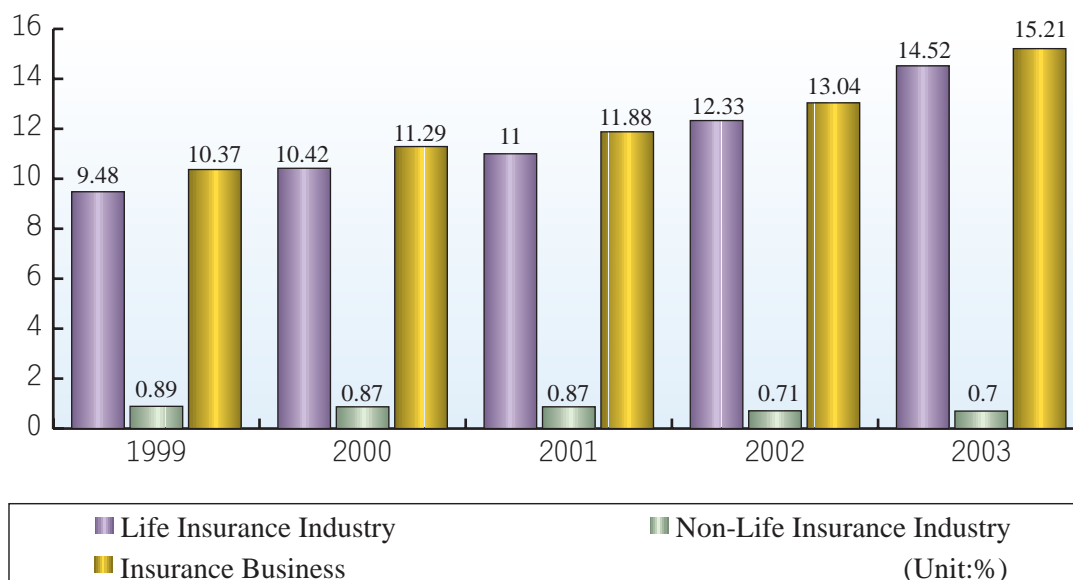
The yearly growth rate of Consumer Price Index (CPI) in 2002 still remained negative. Although the drastic competition in domestic demand market, the price of retail goods has few rise and the price of service goods keep falling, that cause the yearly CPI dropped of 0.28%. In the forth quarter of 2003 the exchange rate of New Taiwanese Dollar increased of 2.5% compared to 2002, and it offset the rising of several import costs to result in the growth of the price index of import goods and the price index of wholesale goods (WPI). Among which the increase of WPI results from the raising of steel price and reduction of sandstone supply, and lead to the growth rate of whole year is reached 2.47%. Since international crude oil price is still high, and the demand of material market is much more than its supply, the price index of wholesale goods will continue to be rocketed expectantly in 2003.

### V. Insurance Business Status in Financial Market

The total asset of the entire financial industry in 2003 was about NT\$30,820.6 billion, an increase of 11.84% compare to NT\$27,556.9 in 2002; among which the insurance industry accounted for NT\$4,688.1 billion, or 15.21% of financial industry asset, an increase of 2.17% compared to 13.04% in 2002. The total asset of the non-life insurance business was NT\$ 214.3 billion, or 0.70% of financial industry asset, a decrease of 0.01% compared to 0.71% in 2002. The total asset of the life insurance business was NT\$ 4,473.8 billion, or 14.52% of financial industry asset, an increase of 2.19% compared to 12.33% in 2002. (See Fig. 1)



**Figure 1 Ratio of Insurance Business Asset to Entire Financial Industry**



## VI. GNP and Premium Income

The total premium income of the entire insurance business in 2003 was NT\$1,242.1 billion, an increase of 25.38% compared to NT\$990.7 billion in 2002. It represented 12.20% of GNP in 2003, an increase of 2.29% compared to 9.91% in 2002. The non-life insurance premium income in 2003 is NT\$109.5 billion, an increase of 7.99% compared to NT\$101.4 billion in 2002. The life insurance premium income in 2003 is NT\$1,132.7 billion, an increase of 27.37% compared to NT\$889.3 billion in 2002.

## VII. Insured Rates, Spread Rates, insurance Penetration, and Insurance Density

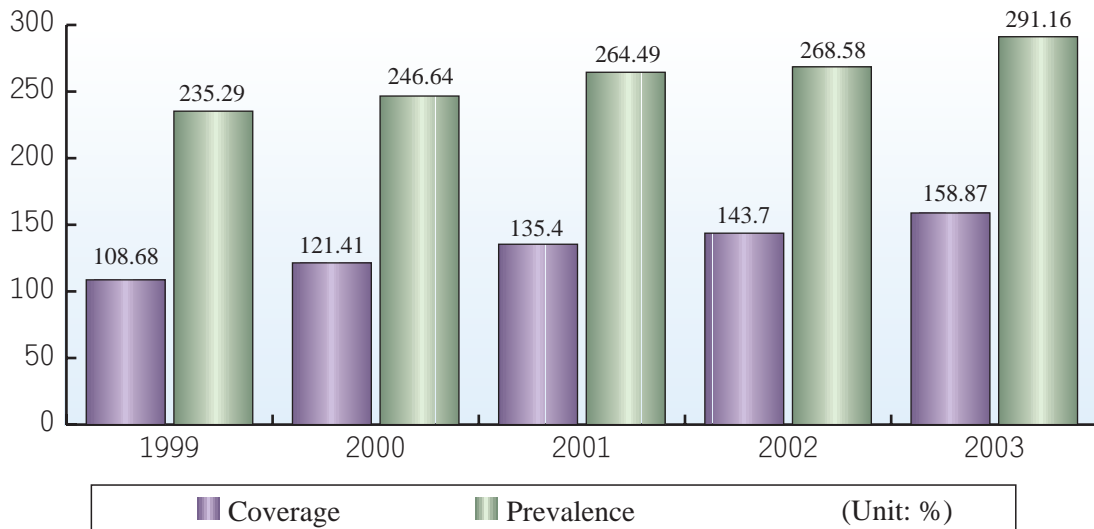
The Ratio of Having Life and Annuity Insurance Coverage in 2003 was 158.87%, an increase of 15.17% compared to 143.70% in 2002. The Ratio of Prevalence Life and Annuity Insurance Coverage in 2003 was 291.16%, an increase of 22.58% compared to 268.58% in 2002. (See Fig. 2)





## Chapter 1 The Insurance Industry Situation

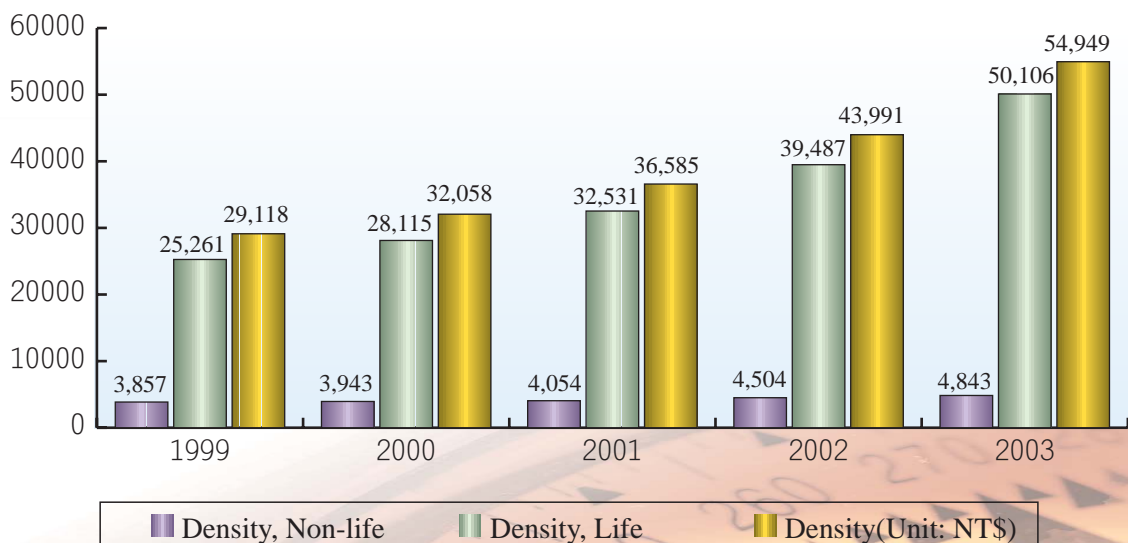
**Figure 2 Ratio of Coverage and Prevalence in Life and Annuity Insurance**



The Non-life Insurance Penetration in 2003 was 1.11%, an increase of 0.07% compared to 1.04% in 2002. The Life Insurance Penetration in 2003 was 11.50%, an increase of 2.38% compared to 9.12% in 2002.

The Non-life Insurance Density in 2003 was NT\$4,843, an increase of 7.53% compared to NT\$4,504 in 2002. The Life Insurance Density in 2003 was NT\$50,106, an increase of 26.89% compared to NT\$39,487 in 2002. (See Fig. 3)

**Figure 3 Insurance Density**



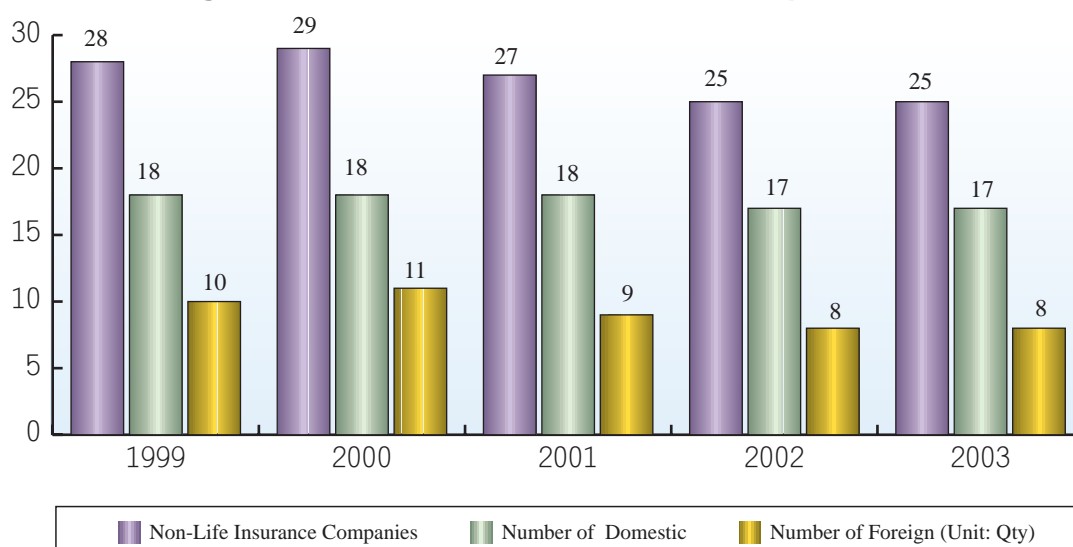


## Section 2 Non-life Insurance

### I. Number of Companies

In the end of 2003, there were total 25 licensed non-life insurance companies in Taiwan, in which 16 were domestic and 1 was cooperative. Among which the Taiwan Fishery Marine Insurance Cooperative was the only insurance cooperative and engages in fishery marine insurance only, and 16 domestic non-life insurance companies were limited joint-stock incorporated. During 2002 the merger between Union Insurance and China Mariner's Assurance has been approved and that was the first example of merger between insurance companies. There are 8 foreign non-life insurance companies in Taiwan, among which 3 were from America, 2 from France, and 1 each from Britain, Hong Kong and Japan.( See Fig 4 )

Figure 4 Number of Non-life Insurance Companies



### II. Business Status

#### A. Premium Income

In 2003, the Premium of non-life insurance business amounted to NT\$109,469 million, an increase of 7.92%, or NT\$8,035 million compared to NT\$101,433 million in 2002. The automobile insurance was the majority of non-life insurance premium income, which took up 46.03%, however, it was in the trend of decline. Followed by fire insurance at 22.09% (See Fig. 5). Retained premium income amounted to NT\$56,133 million, or 51.27% of written premium, among which the automobile insurance had the highest retain ratio 71.03%. In 2003, the total amount of domestic reinsurance premium income was NT\$7,768 million, an increase of NT\$423 million compared to NT\$7,345 million in 2002. The total amount of foreign reinsurance premium income in 2003 was NT\$1,112 million, an increase of NT\$32 million compared to NT\$1,080 million in 2002.

Personal accident insurance and health insurance belong to intermediate insurance, which are

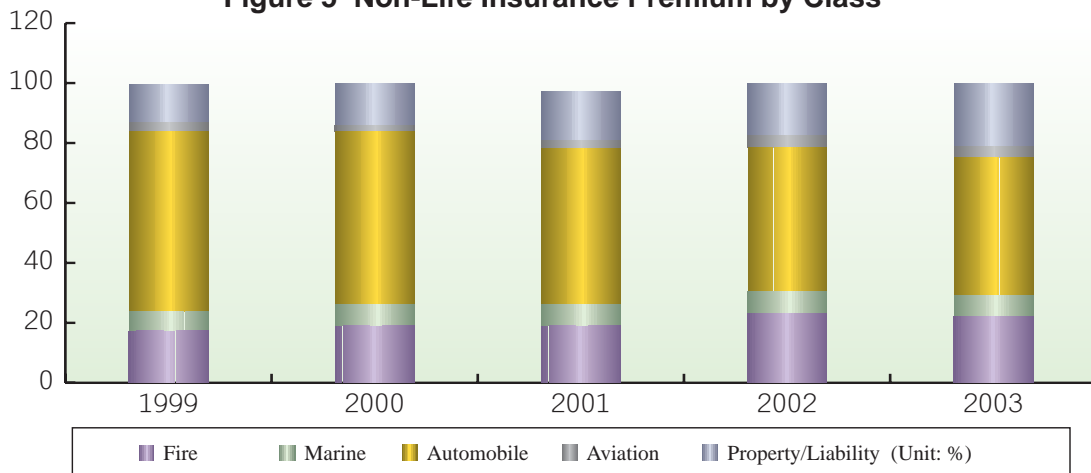




## Chapter 1 The Insurance Industry Situation

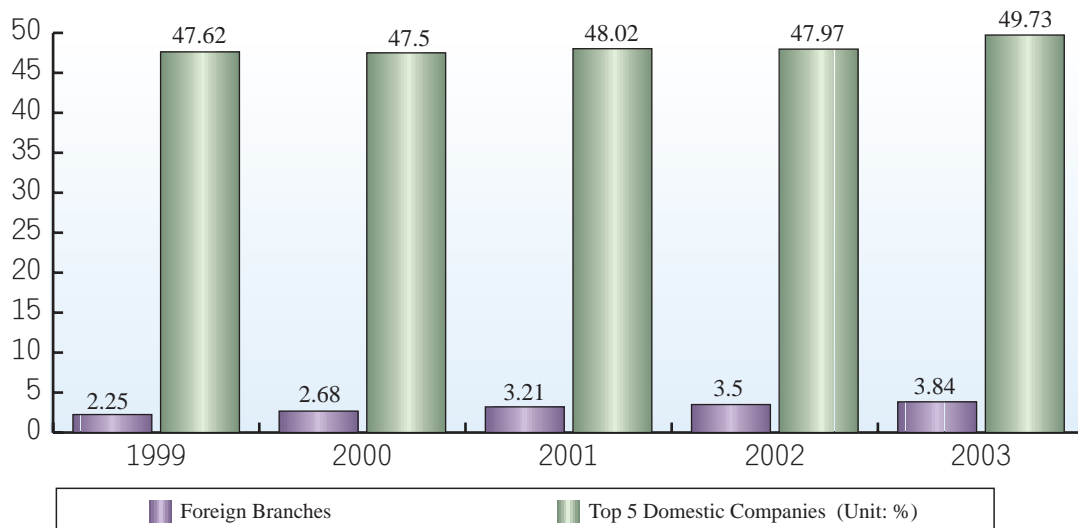
operable by both life and non-life insurance company. In respond to the globalization and liberalization of insurance business and to connect international market, non-life insurance company may engage in personal accident insurance and business as added dependent insurance with permission from the Ministry of Finance since May, 1997. After the amendment of Insurance Law in 2001, the laws have allowed non-life insurance company to engage in personal accident insurance business as the main insurance. According to the statistics in 2003, personal accident insurance premium has reached NT\$4.9 billion. Such amendment should benefit the premium income for non-life insurance business.

**Figure 5 Non-Life Insurance Premium by Class**



The Premium income of foreign insurance business has grown steadily. In 2003, the market share in terms of premium income of foreign branches was 3.84%, slightly increase 0.34% compared to 3.50% in 2002. Non-life market concentration, or the top five non-life insurance business premium income was 49.73% in 2003, an increase of 1.76% compared to 47.97% in 2002. (See Fig. 6)

**Figure 6 Market Concentration and Foreign Branch Non-Life Insurance Premium Income Market Share**





## **B. Claim Paid**

The total amount of claims paid for non-life insurance in 2003 was NT\$49,603 million, an increase of 4.90%, or NT\$2,316 million, compared to NT\$47,286 million in 2002.

## **C. Combined Ratio**

Combined ratio is a ratio of loss ratio plus loading. In 2003, the combined ratio of non-life insurance reached 72.02%, a decrease of 2.86% compared to 74.88% in 2001. This was attributed to no major disaster happened and insurance business verified claims more carefully and strengthened risk assessment.

## **D. Co-insurance: Based on the necessity and particularity of insurance business, insurance companies make up co-insurance organization and manage by themselves**

### 1. Co-insurance of compulsory Automobile Liability Insurance:

There were total 19 insurance companies in the "Co-insurance of Compulsory Automobile Liability Insurance Organization", among which 16 were domestic, 2 were foreign, and 1 was Central Reinsurance Corporation. The operation was that each co-insurance member retained 60% of business written, with Insurance Industry the remaining to be co-insured in accordance with an agreed formula, i.e. basic share plus the proportion of the growth of the said business. The organization operated well and was supportive to drive the co-insurance policy.

### 2. Co-insurance of Nuclear Insurance

"The Nuclear Energy Insurance Pool of R.O.C." was formed to insure the nuclear power plants and the related liability of Taiwan Power Company and also to assume the reciprocal exchange of similar risk from foreign nuclear insurance associations. At present, Chung Kuo Insurance Company is the policy-issuing insurer and co-insurer with all member companies. The "Pool" ceded the insurance to foreign nuclear insurance pools and shared the business of reciprocal exchange with members.

### 3. Co-insurance of Engineering Insurance

In view of enormous sums insured and the complexity of engineering insurance, the "Engineering Insurance Association" was formed to take charge of all co-insurance matters in this class.

### 4. Co-insurance of Fishing Vessel Insurance

For the sake of stabilizing the fishing vessel insurance business and to support the reinsurance arrangement, the non-life industry has formed the Fishing Vessels Pool. All fishing vessels over 20 tons and below 100 tons shall be co-insured by the "Pool". The Maximum limit is NT\$120 million for any individual vessel co-insured under the co-insurance scheme; the insured amount in excess of the said limit shall be handled by the writing company through other reinsurance channels. The joint retention of the "Pool" is 80% and the remaining 20% is reinsured on the international insurance companies.



## Chapter 1 The Insurance Industry Situation

### 5. Co-insurance of Bulk Cargo

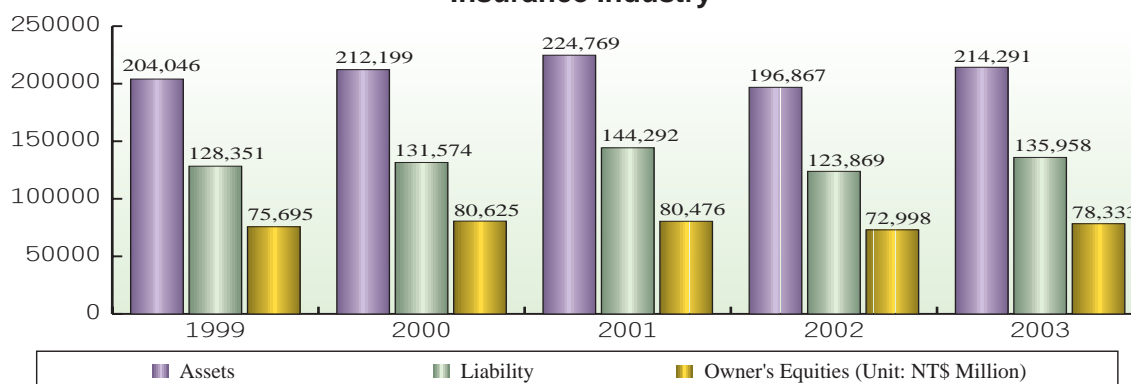
The non-life insurance industry also provide co-insurance for marine insurance of imported bulk cargoes such as soybeans, maize, barley, wheat and sorghum, which are very important to the national economy and public well-being.

## III. Financial Status

### A. Asset and Liability

In 2003, the non-life insurance industry was better than 2002 by the prosperity revived. The total asset of non-life insurance industry was NT\$214,291 million, an increase of 8.85% compared to NT\$196,867 in 2002. The total amount of liability in 2003 was NT\$135,958 million, an increase of 9.76% in 2002. The total amount of owner's equity in 2003 was NT\$78,333 million, an increase of 7.31% in 2002. The ratio of liability to owner's equity in 2003 has increased to 173% from 170% in 2002. The ratio of capital stock to owner's equity in 2003 has decreased to 76% from 80% in 2002. The ratio of fixed assets to owner's equity in 2002 and 2003 remained in 15%. (See Fig 7)

**Figure 7 Assets, Liability and Owner's Equities of the Non-Life Insurance Industry**



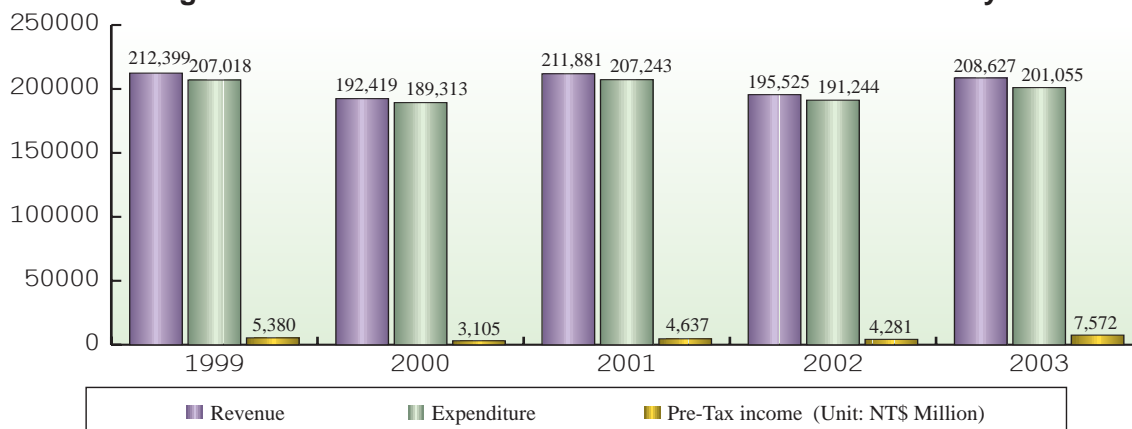
### B. Profit and Losses

The total revenue of the non-life insurance industry in 2003 was NT\$208,627 million, where the total expenditure was NT\$201,055 million and pre-tax profit was NT\$7,572 million. Compared to that of 2002, the total revenue increased by 6.70%, total expenditure increased by 5.13%, and pre-tax profit increased by 76.91%. In the end of 2003, the profit and losses of the non-life insurance for the last five years have growth and decline, in a close relation with written insurance premium income and the level of loss rate. (See Fig. 8)





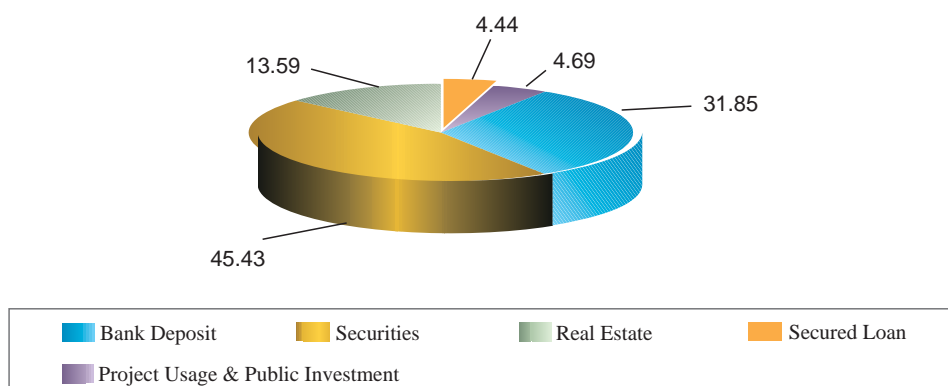
**Figure 8 Profits & Losses of the Non-Life Insurance Industry**



### C. Capital Investment

In 2002, the total amount of capital invested by the non-life insurance industry was NT\$129,141 million, of which NT\$58,699 million or 45.43% was spent on marketable securities; NT\$41,136 million or 31.85% on bank deposits; NT\$17,546 million or 13.59% on real estate; NT\$5,730 million or 4.44% on secured loans, and NT\$6,057 million or 4.69% on project usage and public investment. (See Fig. 9) The status of the use of fund in the non-life insurance industry for the least five years was that the bank deposit dropped from 46.41% in 1999 to 31.85% in 2003; the marketable securities increased from 38.51% in 1999 to 45.43% in 2003; the investment of real estate increased slightly from 11.63% in 1999 to 13.59% in 2003; the secured loan increased from 3.45% in 1999 to 4.44% in 2003. The working cash ratio is defined as the total amount of working capital to total asset. The ratio of investment fund to total asset for the last five years was around 76.51%, which is shown that there is still a space to develop and adjust in the use efficiency of fund in the non-life insurance industry.

**Figure 9 Allocation of Capital Investment of the Non-Life Insurance Industry, 2003**



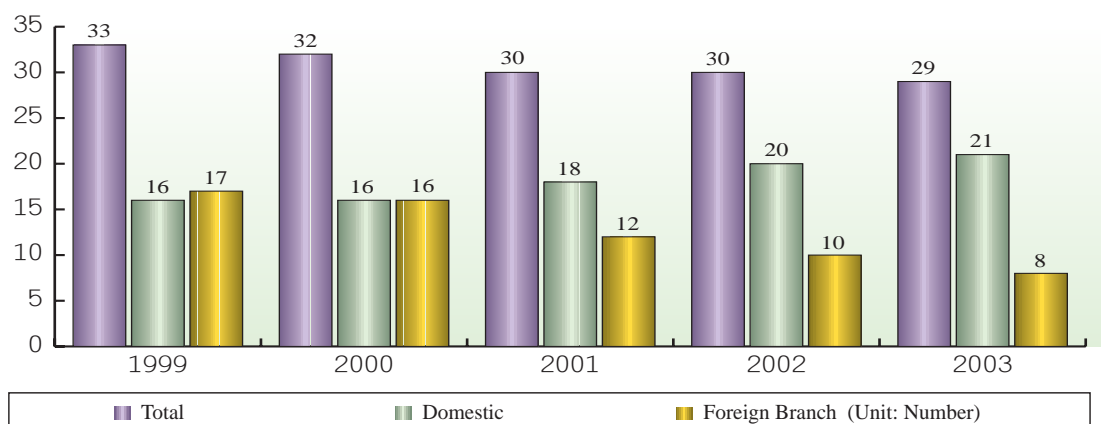


## Section 3 Life Insurance

### I. Number of Companies

As the end of 2003, there were 29 licensed life insurance companies in Taiwan, in which 21 were domestic, which were limited joint-stock incorporated. On Jul. 1 2003, the Life Insurance Department of the Central Trust of China has been convert into a limited joint-stock incorporated. And on Jan. 1, 2002, Chung Hwa Post has been changed into a limited joint-stock incorporated and joint the Life Insurance Association of the Republic of China as a member in Jul. 2002. Nan-Shan, Prudential Assurance, and Allianz President are all joint venture companies and more than half of the stocks are owned by foreign entities. In Aug. 2002, the New York Life Insurance Taiwan Corporation was approved to establish its subsidiary in Taiwan, and assume all business operation of the New York Life Insurance Taiwan Branch Office. There were 8 foreign insurance companies in Taiwan, (See Fig. 10) in which 5 were from America, 2 from Switzerland and 1 from France.

**Figure 10 Number of Life Insurance Company in Taiwan**



### II. Business Status

#### A. Number of Contract (count by contract number in life insurance, and count by head in group insurance; applied to the followings)

1. New Contract: Number of new life insurance contract in 2003 was 35,606,000, a decrease of 0.03% compared to 35,618,000 in 2002.
  - a. Life Insurance: total 5,598,000 or 15.72% to new contract, a decrease of 20.86% compared to 4,631,000 in 2002.
  - b. Accident Insurance: total 15,381,000 or 43.20% to new contract, a decrease of 9.97% compared to 17,084,000 in 2002.
  - c. Health Insurance: total 14,541,000 or 40.84% to new contract, an increase of 4.70% compared to 13,888,000 in 2002.



d. Annuity Insurance: total 86,872 or 0.24% to new contract, an increase of 463.92% compared to 15,405 in 2002.

2. Contract In-Force: Number of life insurance contracts In-force in 2003 was 129,182,000, an increase of 2.59% compared to 125,922,000 in 2002.

a. Life Insurance: total 35,810,000 or 27.72% to total number of contract in-force, an increase of 10.73% compared to 32,340,000 in 2002.

b. Accident Insurance: total 41,745,000 or 32.31% to total number of contract in-force, an increase of 0.99% compared to 41,335,000 in 2002.

c. Health Insurance: total 51,527,000 or 39.89% to total number of contract in-force, a decrease of 1.34% compared to 52,225,000 in 2002.

d. Annuity Insurance: total 100,080 or 0.08% to total number of contract in-force, an increase of 369.33% compared to 21,324 in 2002.

## **B. Premium Income**

1. First Year Premium Income: The total amount of the first year premium income of life insurance was NT\$344,365 million, an increase of 30.40% compared to NT\$263,457 million in 2002.

a. Life Insurance: total NT\$235,559 million or 68.41% to total first year premium income, an increase of 10.06% compared to NT\$214,025 million in 2002.

b. Accident Insurance: total NT\$15,090 million or 4.38% to total first year premium income, an increase of 4.44% compared to NT\$14,448 million in 2002.

c. Health Insurance: total NT\$20,704 million or 6.01% to total first year premium income, a decrease of 7.48% compared to NT\$22,377 million in 2002.

d. Annuity Insurance: total NT\$73,012 million or 21.20% to total first year premium income, an increase of 479.14% compared to NT\$12,607 million in 2002.

2. Total Premium Income: The total amount of life insurance income in 2003 was NT\$1,132,652 million, an increase of 27.37% compared to NT\$889,287 million in 2002.

a. Life Insurance: total NT\$871,559 million, an increase of 24.58% compared to NT\$699,586 million in 2002. Among which the personal life insurance sector amounted NT\$864,722 million or 76.34%, and the group life insurance sector amounted NT\$6,837 million or 0.60%.

b. Accident Insurance: total NT\$61,554 million, an increase of 3.23% compared to NT\$59,630 million in 2002. Among which the personal accident insurance sector amounted NT\$52,045 million or 4.60%, and the group accident insurance sector amounted NT\$9,509 million or 0.84%.

c. Health Insurance: total NT\$125,922 million, an increase of 11.09% compared to NT\$113,347 million in 2002. Among which the personal health insurance sector amounted NT\$120,321 million or 10.62%, and the group health insurance sector amounted NT\$5,601 million or 0.50%.

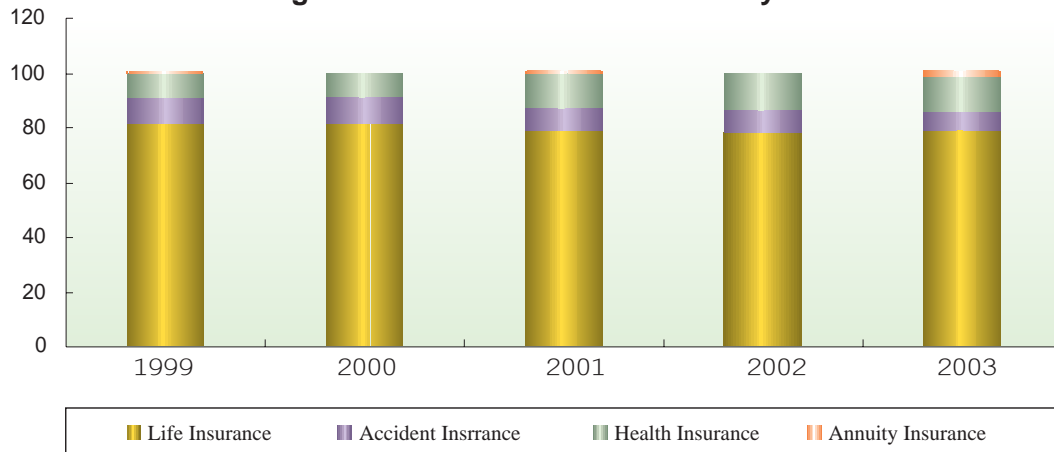




## Chapter 1 The Insurance Industry Situation

d. Annuity Insurance: total NT\$73,617 million, an increase of 340.19% compared to NT\$16,724 million in 2002. Among which the individual immediate annuity amounted NT\$1,802 million or 0.16%, and the individual deferred annuity amounted NT\$71,815 million or 6.34%. (See Fig. 11)

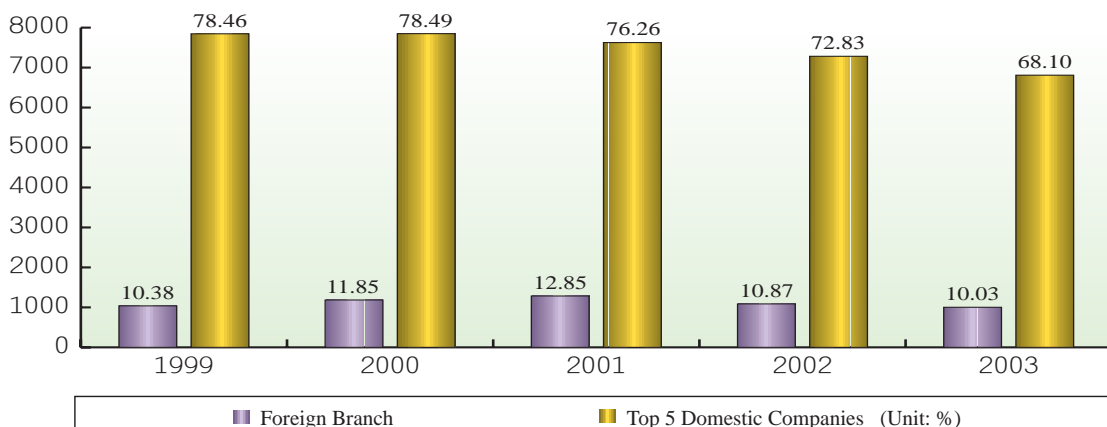
**Figure 11 Life Insurance Premium by Class**



The total domestic insurance premium income in 2003 was NT\$1,019 million, representing 0.09% of the total premium income NT\$1,132,652 million, and a decrease of 21.73% compared to NT\$1,302 million in 2002. The total amount of ceded reinsurance premium of domestic re-insurance in 2003 was NT\$3,893 million, a decrease of NT\$ 843 million compared to NT\$4,736 million in 2002. The total amount of reinsurance premium written from abroad in 2003 was NT\$194 million, a decrease of 36.92% compared to NT\$ 308 million in 2002.

The 2003 market share in term of premium income of the foreign branches in Taiwan was 10.03%, a decrease of 0.10% compared to 10.13% in 2002. Market concentration is the total premium income of the top five insurance companies, in the term of market share, divided by total amount of premium income of the entire life insurance industry. The market concentration in 2003 was 68.10%, a decrease of 4.73% compared to 72.83% in 2002. (See Fig. 12)

**Figure 12 Market Concentration and Foreign Branch Life Insurance Premium Income Market Share**





### C. Benefit Payment

The Total amount of life insurance benefit payments in 2003 was NT\$390,253 million, an increase of 35.24% compared to NT\$288,570 million in 2002. Among which the individual insurance indemnity was NT\$ 376,824 million or 96.56%, and the group insurance indemnity was NT\$13,729 million or 3.44%.

1. Life Insurance: total NT\$330,235 million, an increase of 42.27% compared to NT\$232,112 million in 2002. Among which the individual life insurance indemnity amounted NT\$325,394 million or 83.38%, and the group life insurance indemnity amounted NT\$4,841 million or 1.24%.
2. Accident Insurance: total NT\$19,056 million, a decrease of 5.69% compared to NT\$20,205 million in 2002. Among which the individual accident insurance indemnity amounted NT\$15,369 million or 3.94%, and the group accident insurance indemnity amounted NT\$3.687 million or 0.95%.
3. Health Insurance: total NT\$35,169 million, an increase of 1.96% compared to NT\$34,494 million in 2002. Among which the individual health insurance indemnity amounted NT\$30,268 million or 7.76%, and the group health insurance indemnity amounted NT\$4,901 million or 1.26%.
4. Annuity Insurance: total NT\$5,793 million, an increase of 229.33% compared to NT\$1,759 million in 2002. Among which the individual immediate annuity insurance indemnity amounted NT\$441 million or 0.11%, and the individual deferred annuity insurance indemnity amounted NT\$5,352 million or 1.37%.

## III. Financial Status

### A. Assets and Liability

The total assets of life insurance industry in 2003 was 4,473,787 million, an increase of 31.72% compared to NT\$ 3,396,377 million in 2002; the total liability was NT\$4,240,950 million, and increase of 31.53% compared to NT\$3,224,284 million in 2002. The owner's equity was NT\$232,837 million or 5.2% to total assets, an increase of 35.3% compared to NT\$172,093 million in 2002. (See Fig. 13) The ratio of liability to equity of the life insurance has demonstrated a trend of increase over the last five years.

### B. Profits and Losses

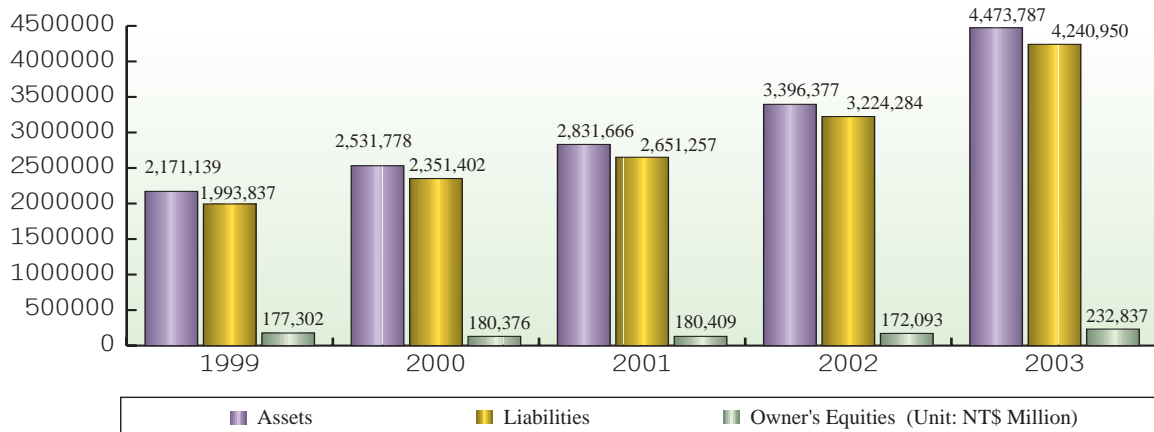
The total income amount of life insurance industry in 2003 was NT\$1,763,380 million, the total expenditure was NT\$1,712,051 million, and the pre-tax profit was NT\$51,329 million. Compared to income of NT\$1,302,741 million, expenditure of NT\$1,294,399 million, and pre-tax profit of NT\$8,342 million in 2002, the income has increased 35.36%, expenditure increased 32.37%, and pre-tax increased 515.31%. (See Fig.14) For the life insurance industry within the last five years, 2002 has rise the total growth rate since more than 20 life insurance companies reap profits, the pre-tax profit of 1999 decreased due to increased indemnity payment for the 921



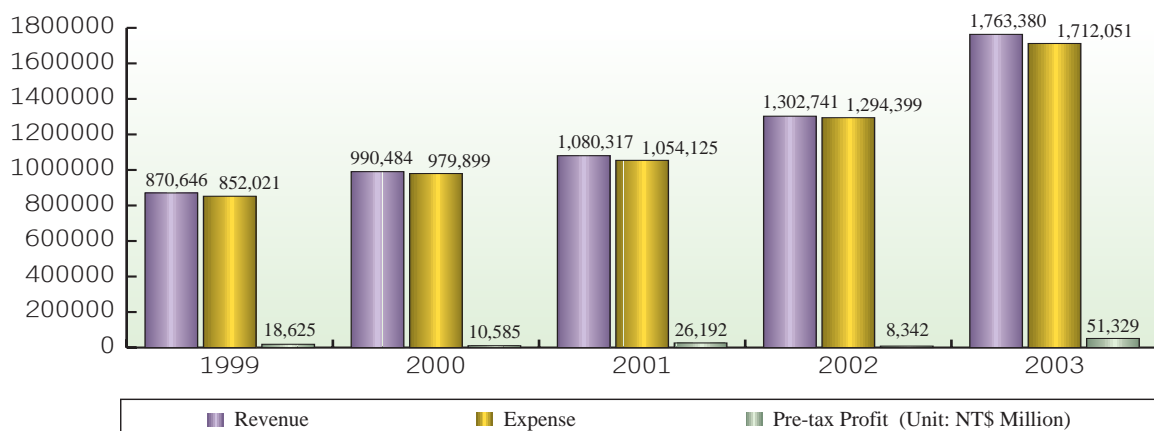
## Chapter 1 The Insurance Industry Situation

Earthquake, and the pre-tax profit of 2002 fell due to sliding interest rate, negative growth of new contract written, and economic recession.

**Figure 13 Assets, Liabilities, and Owner's Equities of life Insurance Industry**



**Figure 14 Profits and Losses of life Insurance Industry**



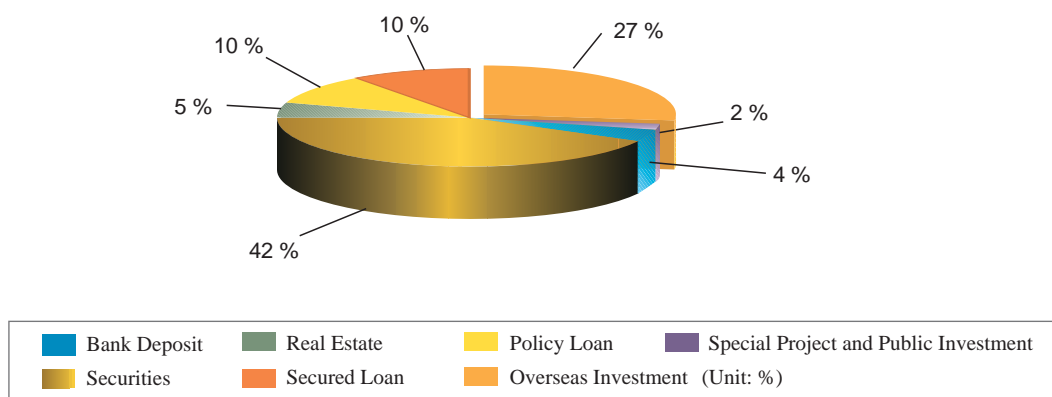




### C. Capital Investment

The total amount of capital invested by the life insurance industry was NT\$4,217,539 million in 2003, of which NT\$1,743,124 million or 41.33% was spent on in securities; NT\$439,964 million or 10.43% in overseas investment; NT\$430,427 million or 10.21% in life insurance policy loans; NT\$180,810 million or 4.29% in bank deposits; NT\$221,781 million or 5.26% in real estate, and NT\$90,450 million or 2.14% in special projects and public investment. (See Fig. 15) In the capital investments made by life industry over the last five years, bank deposit dropped from 20.19% in 1999 to 4.29% in 2003; securities increased from 23.18% in 1999 to 41.33% in 2003; the real estate and secured loans dropped from 6.79% and 19.81% in 1999 to 5.26% and 10.43% in 2003, respectively. The working cash ratio is the ratio of total amount of capital invested versus total amount of capital (owner's equities and other reserve by obligation). The working cash ratio has been maintained at 96.25% in the life insurance industry over the last five years, suggesting that the efficiency of capital for the life insurance industry is acceptable.

**Figure 15 Allocation of Capital Investment of the Life Insurance Industry, 2003**





### Section 4 Reinsurance

#### I. Number of Companies

The only professional reinsurance company in Taiwan was the Central Reinsurance Corporation (CRC). The company was established in 1968 according to the "Central Reinsurance Corporation Act" announced by the President in 1972 that underwrote and reinsured domestic and overseas life and non-life insurances to function as risk diversification and catastrophic protection, and eventually promote the stable growth of domestic insurance industry. The paid-up capital of CRC was NT\$3.6 billion whose major holders were the Ministry of Finance and domestic insurance companies. The original holding of the Ministry of Finance was 87.04%, and the CRC started going public proactively since September 1997 in order to comply with the privatizing state-owned business policy of the central government. On July 6, 2000 the CRC stocks officially began to trade at the Taiwan Stock Exchange, and starting from July 11, 2002, the CRC had officially become a private corporation to realize the deregulating insurance industry policy. As the end of 2003, the state-owned CRC shares were 32.88%. The holding shares will be further lowered according to the Executive Yuan-approved post-privatization optimal holding shares for mid and long term to reduce less to 20%.

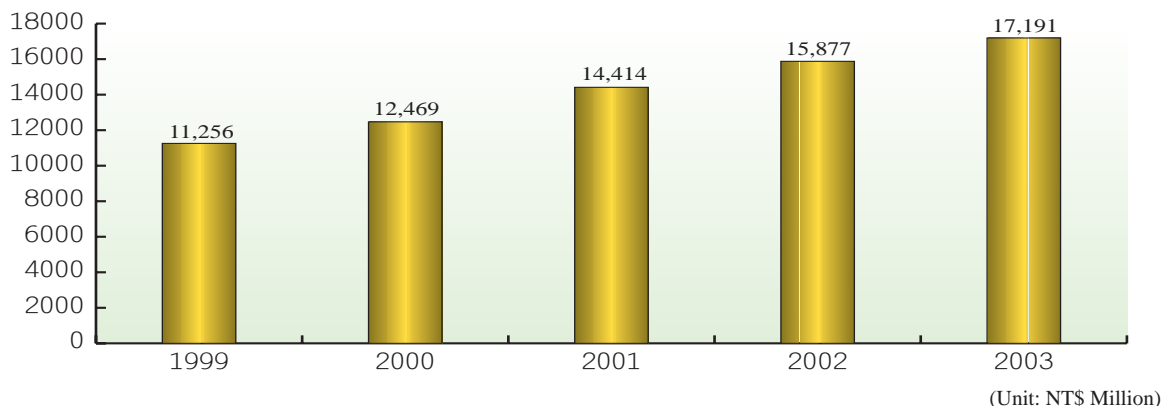
As of the end of 2003, there were 7 foreign professional reinsurance companies branches set up in Taiwan. In order to further consolidate globalization and deregulation, more of reputed foreign reinsurance companies will be introduced into Taiwan to set up branches or subsidiaries to participate in the reinsurance market.

#### II. Business Status

The total amount of reinsurance premium income of CRC in 2003 was NT\$17,191 million, an increase of 8.27% compared to NT\$15,877 million in 2002. Among which the non-life reinsurance premium income amounted NT\$12,559 million or 73% to total income, and the life reinsurance premium income amounted NT\$4,632 million or 27% to total income. Amount non-life insurance income, the overseas origin amounted NT\$406 million and domestic origin amounted NT\$12,153 million in which the automobile reinsurance income was the majority and contributed of NT\$3,925 million or 22.83% to total income. Among the personal reinsurance income, the overseas origin amounted NT\$24 million and domestic amounted NT\$4,608 million in which injury reinsurance was the majority and contributed of NT\$1,846 million or 10.74% to total income. Additionally, the retained reinsurance income in 2003 was NT\$11,580 million, and the retain ratio was 67.36%.

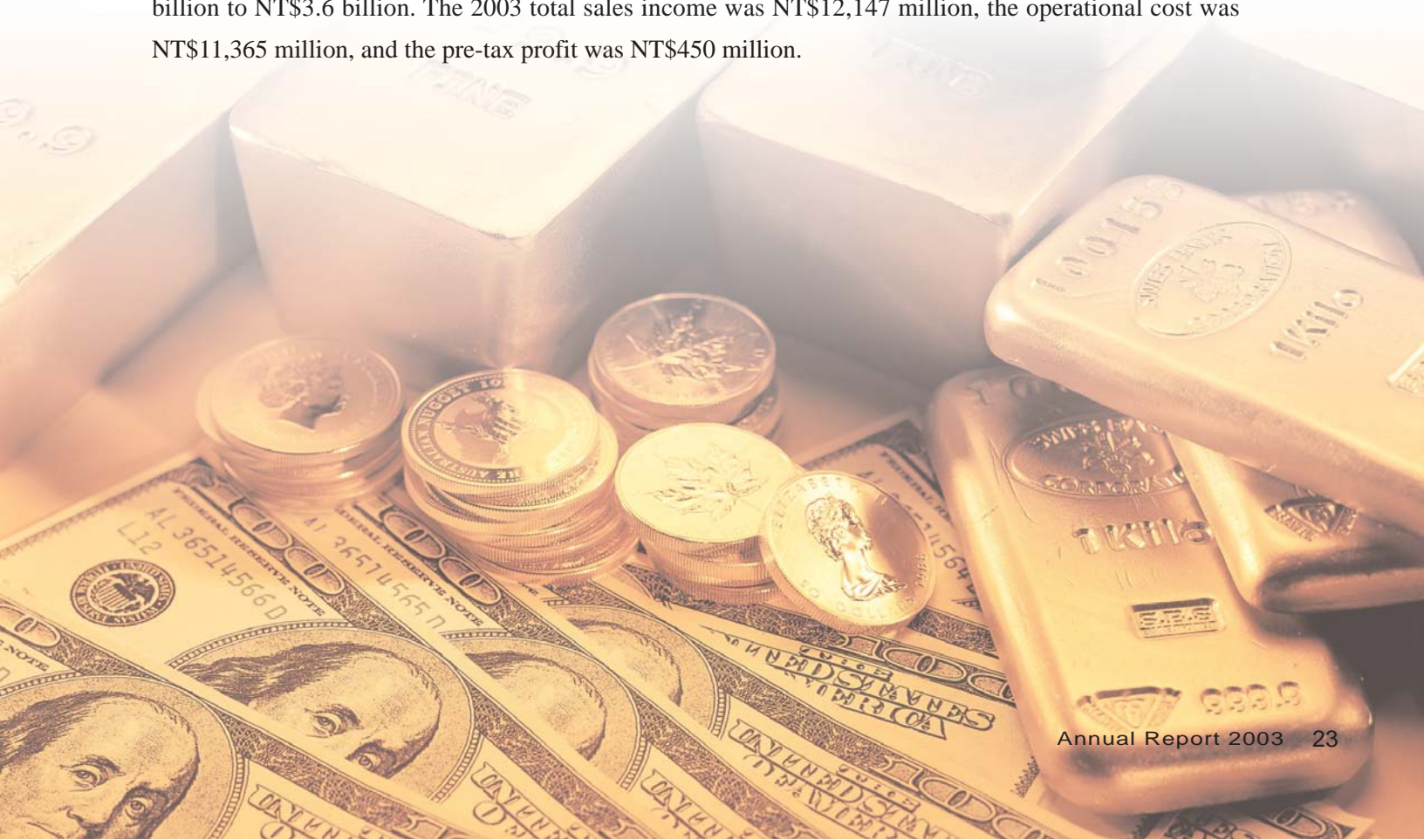


**Figure 16 Premium Income of Professional Reinsurance Industry**



### III. Financial Status

The total assets of the CRC in 2003 was NT\$18,655 million, an increase of NT\$2,498 million or 15% compared to NT\$16,157 million in 2002, among which the cash and cash-equivalent amounted NT\$3,864 million or 21% to total assets, and short-term investment amounted NT\$10,487 million or 56% to total assets. The total liabilities was NT\$14,162 million or 76% to total assets, an increase of NT\$1,749 million or 14% compared to NT\$ 12,413 million in 2002 which was attributed to increase reserve by obligation. Owner's equity before divided distribution was NT\$4,493 million or 24% to total assets, an increase of NT\$749 million or 20% compared to NT\$ 3,744 million in 2002, and the main reason was due to increased cash investment NT\$ 0.6 billion in 2003 which lead the paid-up capital of CRC from NT\$3 billion to NT\$3.6 billion. The 2003 total sales income was NT\$12,147 million, the operational cost was NT\$11,365 million, and the pre-tax profit was NT\$450 million.







### Section 5 Insurance Auxiliary

The term "insurance auxiliary", according to Article 163 of the Insurance Law, include insurance agents, broker and surveyors, and may practice insurance business in forms of individual or corporate organization.

Both the insurance agent and broker are parts of the insurance system in Taiwan, and regulated, as does the surveyors, by the "Regulation Governing the Administration of Insurance agents, Brokers, and Surveyors". Success of qualifying an agent, broker or surveyor required passing the exam for professional and technical personnel who is administered by the Ministry of Examination, having register for business practice and submitting deposit and purchasing liability insurance, and having acquired practice license before practicing business. Insurance auxiliary practices with roots in good nature shall help the defending the rights of insurance products consumers. The Ministry shall continue to strengthen and sponsor professional education on insurance agents, brokers and surveyors in order to enhance the status and quality of agents and brokers, establish professional marketing system, consolidate customer services, encourage positive competition, and the expand to a better market efficiency.

In lights of market status and supervisory need, and to comply with amendments of Insurance Law, the "Regulation Governing the Administration of Insurance Agents, Brokers, and Surveyors" have amend to the "Regulation Governing the Administration of Insurance Agents", and augment the "Regulations Governing the Administration of Broker" and the "Regulations Governing the Administration of Surveyor" on Dec. 8, 2003.

#### I. Number of Insurance Auxiliary

##### A. Number of Companies

As the end of 2003 the insurance auxiliary that operate in form of company organization include 813 domestic companies and 9 foreign affiliates, among them:

1. Insurance Agents: total 415 companies and all were domestic; 286 of them were in the non-life insurance domain where 19 were joint ventures of banks; 129 of them were in the life insurance domain where 32 were joint ventures of banks.
2. Insurance Brokers: 309 domestic companies including 52 non-life insurance brokers, 170 life insurance brokers and 87 run both life and non-life insurance brokers business where. Among which 19 were joint ventures of banks, 11 were non-life insurance brokers, and 8 run both life and non-life insurance brokers business; 4 were dedicated insurance department in banks; 4 were foreign affiliates.
3. Insurance Surveyors: 89 domestic surveyors including 41 general insurance surveyors, 48 maritime insurance surveyors; 5 foreign surveyors including 3 general insurance surveyors and 2 maritime insurance surveyors.



### **B. Individual Practitioners**

As of the end of 2003 there were total 117 individual practitioners, including 14 insurance agents (5 non-life insurance agents, and 9 life insurance agents), 102 insurance brokers (27 non-life insurance brokers and 75 life insurance brokers), and 1 insurance surveyor (general insurance surveyor).

## **II. Labor Force**

As of the end of 2003 the number of total insurance salesperson of insurance agent/broker companies was 96,602 persons, among those who belong to insurance agent companies were 58,608 persons (9,182 persons in non-life insurance agent companies and 49,426 persons in life insurance agent companies), and belong to insurance broker companies were 37,994 persons (9,659 persons in non-life insurance broker companies and 28,335 persons in life insurance broker companies).

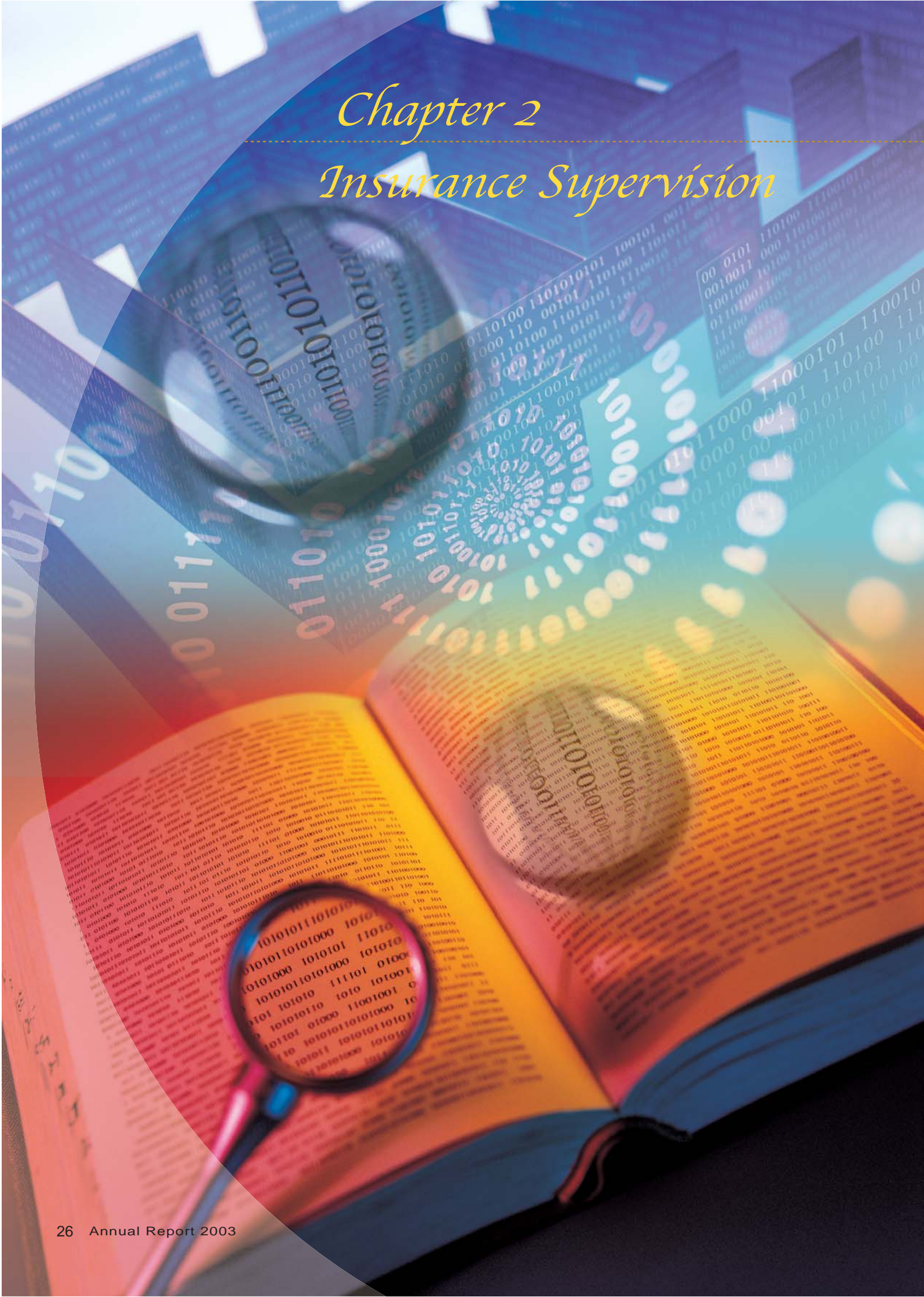




# *Chapter 2*

---

## *Insurance Supervision*







The purpose of insurance supervision was to maintain a sound environment for insurance business operation, construct an orderly competing market, monitor the normal operation of insurance industry, make certain of indemnity capability to protect insurance policy consumers, promote long-term development of insurance business, direct the massive capital of the insurance industry to better utilized, and match the national economic development and social policy needs.

## Section 1 The Supervisory Authority

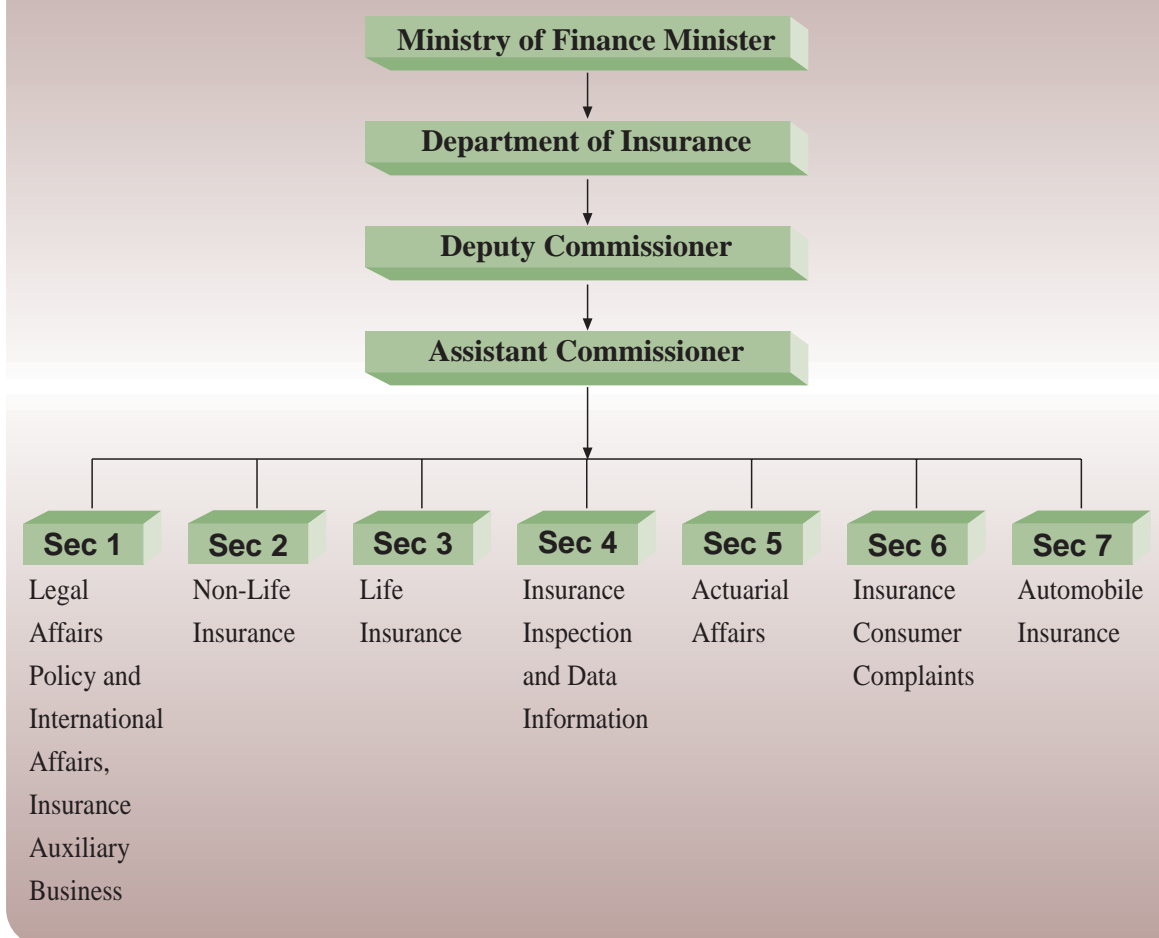
### I. History

In order to increase the quality of supervision, maintain market order, and to act in accordance with the implementation of insurance liberalization and internationalization, the Insurance Section of the Department of Monetary Affairs was upgraded to the Department of Insurance on July 1, 1991. As a result, the number of staff was greatly increased to carry out the new functions resulting from expansion. In the initial stages, the Department was composed of four sections: Section I - Legal Affairs and Policy, Section II - Non-Life Insurance, Section III - Life Insurance, and Section IV - Insurance Inspection. From Sep. 1, 1992, Section V and Section VI were added, taking responsibility for the regulation of insurance agents, brokers and surveyors and handling consumer complaints respectively. On May 1, 2000, Section VII was set up to take charge of automobile insurance. In response to the trend towards liberalization of the insurance market, the focus of supervisory work has gradually moved to corporate finance and solvency. The role of actuaries is becoming increasingly important. In Europe and U. S., most insurance authorities retain actuaries to take charge of the monitoring of actuarial matters in the insurance industry. In compliance with the government personnel policy effective from Sep. 1, 2001, the functions of Section V were ceded to Section I, and Section V was designated to take charge of all actuarial matter. This reorganization was aimed at improving supervisory effectiveness.

### II. Organization and Tasks

According to Article 6 in "Organization Principle in Department of Finance", the Department of Insurance take charge of insurance affairs, and the responsibilities of each section are as follows:

### Organization Chart of Department of Insurance Ministry of Finance



**A. Section I**

Section I is in charge of (1) supervising work regarding the amendment and interpretation of the Insurance Law and relevant rules and regulations; (2) research and planning of insurance policies and systems; (3) tracking insurance markets at home and abroad; (4) serving as a liaison with international organizations; (5) the regulation of insurance agents, brokers and surveyors.

**B. Section II**

Section II is in charge of regulating the non-life insurance industry. Its responsibilities include (1) supervision and evaluation of the industry; (2) administration of the establishment, re-registration, and dissolution of insurance companies and/or branches and (3) the examination of new products.

**C. Section III**

Section III is in charge of regulating the life insurance industry, including: (1) establishment,



re-regulation, supervision, and dissolution of life insurance companies and/or branches and (2) the examination of new products and mortality table.

#### **D. Section IV**

Section IV is in charge of: (1) examining the operation and financial status of insurance institutions; (2) exercising regulatory sanctions in case of violation of the insurance laws and regulations; (3) monitoring corrective action; (4) reviewing the internal auditing systems of insurance institutions; and (5) the web site of the Department and e-commerce matters.

#### **E. Section V**

Section V is in charge of: (1) examining the pricing of insurance products, both life and non-life; (2) the review of technical reserves; (3) the stipulation of rules and regulations governing the adequacy of capital and solvency of insurance institutions; and (4) matters relevant to actuaries.

#### **F. Section VI**

Section VI is in charge of : (1) drafting and reviewing rules governing matters related to consumer complaints; (2) tracking the treatment of consumer complaints; and (3) insurance education for the general public.

#### **G. Section VII**

Section VII is in charge of: (1) drafting the Compulsory Automobile Liability Insurance Law and relevant regulations; (2) the interpretation and amendment of the said law; and (3) regulating the said insurance scheme as well as the automobile insurance business.

### **III. Personnel and Training**

As the end of 2003, the manning quota has 58 people available, currently there are 57 people. 36 people have master degree, 17 people have bachelor degree, and 4 people have college or other degree; 24 males and 33 females. The staff members with master's degrees represent 63.1% of the total.

Human resources are the most important factor in an organization. Staff training is highly valued by the Department. Other than encourage our staff to take advanced courses in insurance, finance, accounting, actuarial science and data information so as to upgrade their professional capability, we also periodically send them abroad to enable them to become familiar with the operation of foreign insurance institutions and regulatory work.

## **Section 2 Important Measures in 2003**

### **I. Amendment and Consolidation of Insurance Law and System**

#### **A. Amendment of Insurance Law**

1. Raise the insurance business investment ceiling for oversea investment from 20% to 35%, and define the accident in accident insurance.

2. According to the conclusion made by Financial Crime Prevention Team to amend several article of Insurance Law. The main idea is to rising penalty of the related financial crime, augment the regulation of confiscate goods or property gained by crime to avoid the criminal from possessing the criminal income and curb the financial crime.
3. Plan to augment the Article 168-6, 168-7 and 174-1 of Insurance Law to prevent momentous insurance crime, to protect the property right of victims, and to limit the criminal or related persons to enjoy the benefits. And said article have report to Executive Yuan and pass to Legislative Yuan for deliberation.
4. In order to adopt the need of insurance market development, strengthen the supervision of insurance business, and establish an insurance environment with international competition, the Department of Insurance in Ministry of Finance have amended some articles according to the conclusion made by Fiscal Reform Project Team of the Executive Yuan, and pass to the Executive Yuan for review. The main amendments are: complete the regulation governing supervision of reinsurance business, strengthen supervision and management in the finance of insurance industry, amend "Association Article" to establish the self-discipline function of insurance association to strengthen self-discipline organization function and adopt the change in market, and adjust the business range of non-life insurance industry appropriately.

### **B. Deregulate Exchange of Insurance Business between Taiwan and Mainland China**

To promote normal development for domestic insurance industry to set up affiliates or branch offices in Mainland China and rise its competitiveness, as well as to adopt the need of insurance agents, brokers and surveyors to enter the market in Mainland China, the Ministry of Finance has amended the "Measure of Permission for Conducting Business Between Taiwan and Mainland China Area", according to the conclusion of "Study for Further Exchange Between Taiwan and Mainland China" made by Fiscal Reform Project Team of the Executive Yuan, and announced and implemented in June 20, 2003. It also deregulated the "Reinsurance Business" between Taiwan and Mainland China to exchange directly, and open up the insurance agents, brokers and surveyors companies to set up liaisons in Mainland China area. At the time of publish, the Ministry has approved 14 domestic life / non-life insurance companies to set up 42 liaisons in Mainland China, and 11 liaisons have established in Mainland China area. The Ministry also approved Fubon Insurance Company Ltd. to set up Suzhou branch office, Cathay Life Insurance Company to set up Shanghai branch office, and Shin Kong Life Insurance Company Ltd. to set up Shanghai branch office, which are all pass the investment reviews by Investment Commission of the Department of Economic Affairs.

### **C. Deregulate Capital Investment of Insurance Industry**

1. To help the insurance industry to increase return on investment, the Ministry has amended the Article 146-4 of Insurance Law to increase insurance overseas investment limit from 20% of





capital of 35%; such amendment may help the insurance industry to increase overseas investment more than NT\$600 billion.

2. On Dec. 30, 2002 the "Guidelines Governing Scope of Overseas Investment for Insurance Industry" has been amended to cancel limit of net profit ratio of stock of overseas investment, clarifying the definition of foreign currency deposit to expand the volume of available fund for overseas investment. Meanwhile, the requirement of consolidated calculation of domestic securities imposed by Article 146-1 was also canceled for a broader scope of overseas investment.
3. In order to urge insurance industry to invest capital in venture business, the "Review Principle Governing Project Usage and Public Investment of Insurance Industry" has been amended in October 28, 2003, and regulated Article 8-1-2 "NT\$50 million and below 0.2% of real capital of insurance industry" to "NT\$100 million and below 0.5% of real capital of insurance industry"
4. The Ministry of Finance announced that according to the "Regulation of Marketable Securities Loaning in Taiwan Stock Exchange Corporation", from January 2004 the insurance companies could join the marketable securities loaning system by its lender identity. And in order to prevent over-central investment risk, it was also regulated that it should not exceed 5% of total capital for the accumulative credit amount of marketable securities from the same exchanger.
5. The insurance companies can invest the benefit securities and capital based securities issued according to regulation of estate securities and regulation of financial capital securities. For invested benefit securities, capital based securities and entrust organization, they should reach certain credibility review standard. It also amended the regulation governing the investment of marketable securities raised privately of insurance companies.

#### **D. Strengthen the Supervision of Reinsurance Business**

The "Key Points for Insurance Enterprise Conducting Re-Insurance Business" has been amended on July 18, 2003 to meet the need of reinsurance conducting for insurance enterprises, and to make it smoothly. The point of amendment is to set up the proof of law that is corrected contract term of reinsurance to one year or more, and deleted the regulation of cash flow. And the "Key Points for Insurance Enterprise Conducting Re-Insurance Division Business" has been implemented to ensure the safety of reinsurance division business, and to maintain the solvency of insurance enterprises.

#### **E. Integrate Insurance and Capital Market to Issue the First Catastrophe Bond**

To disperse the risk and to connect with capital market, on Aug. 25, 2003, Taiwan has issued the 3-year Catastrophe Bond of US\$0.1 billion in abroad for Residential Earthquake Insurance Fund. It is the first time and a pioneering work to issue Catastrophe Bond in Taiwan. As for the significant example, it also helpful to push securities market of insurance industry, as well as integrate finance and promote the performance of industry under the multi-function trend of insurance, securities and finance. The said bond has attracted around NT\$3.4 billion from overseas, carry out the loading mechanism of residential earthquake insurance effectively, and became the

second country that issued Catastrophe Bond succeed to Japan in Asia. In worldwide view, Taiwan has become the third country that issued became the second country that issued succeed to Japan in Asia to issue Catastrophe Bond succeed to U.S. and Japan, that is beneficial to strengthen Taiwanese professional image of catastrophe management, as well as enhance the reputation in international financial market.

### **F. Continue to Advocate Residential Earthquake Insurance System**

In respond to the enormous and potential threats of earthquake brought upon citizens' real estate non-life may be better protected, the Ministry of Finance has advocated the Residential Earthquake Insurance System actively. The system was designed to sustain severe financial losses in earthquake with NT\$2 billion by domestic co-insurance, NT\$18 billion by Residential Earthquake Insurance Fund, NT\$20 billion by oversea re-insurance, and NT\$10 billion by the Central Government. It's a total 4 layers risk dispersion mechanism. According to the data from the Division of Earthquake Insurance of the Central Reinsurance Corporation, as of the end of 2003, the number of in-force policy was 1,358,229, the accumulated premium was NT\$194 million, the accumulated amount of coverage was NT1,158.6 billion, and ratio of coverage was 11.31%.

### **G. Promote Foreign Company to Invest Taiwan Insurance Business**

The Minister Lin Chun of the Ministry of Finance has leaded a promotion team on Aug. 22, 2003 to New York and Boston in U.S. for attracting foreign company to invest Taiwan Insurance Business and return to Taiwan on Aug. 30, 2003 with a fulfillment. The trip was not only to promote open-up policy of stock, finance and insurance in Taiwan, but also meet with important financial organization in U.S. The specific achievements are: the Citigroup remitted NT\$2 billion to Taiwan to increase the capital of Citibank Securities Corporation Taiwan Branch; In Aug. 2002, the New York Life Insurance Taiwan Corporation was approved to establish its subsidiary in Taiwan, and remitted NT\$0.5 billion to Taiwan; United Guaranty belonged to AIG group remitted NT\$50 million and established its subsidiary in Taiwan; Guy Carpenter Reinsurance Agency belonged to Marsh Insurance Agency Group announced to establish its subsidiary in Taiwan.

### **H. Study for Other Mechanism for Insufficiency of Insurance Stability Fund**

The Non-life Insurance Stability Fund and the Life Insurance Stability Fund were established separately under the provision of Insurance Law, Article 143-1, 143-2 and 143-3 to ensure insurers' interest if insurance companies loss of solvency. Appraise and decide the Regulation Governing the Insurance Stability Fund, as well as study to amend the range and limit of Insurance Stability Fund of Article 143-3-1-3 in Insurance Law, and to look for other mechanism for insufficiency of Insurance Stability Fund.

### **I. Strengthen the Monitor of Insurance Agents, Brokers, and Surveyors**

The term "insurance auxiliary" includes insurance agents, brokers and surveyors, which are professionals to assist insurance exchange smoothly. Among them, the agents and the brokers are



important in insurance marketing system, and the surveyors are very significant and professional in handling with insurance claims. In order to reflect the different functions between insurance agents, brokers, and surveyors, the "Regulations Governing the Administration of Agents, Brokers, and Surveyors" initiated in 1969 has been amend to the "Regulations Governing the Administration of Agents", and augment the "Regulations Governing the Administration of Brokers" and the "Regulations Governing the Administration of Surveyors". Those have been announced and initiated since Dec. 8, 2003.

#### **J. Establish "The Insurance Anti-fraud Institute of the R.O.C."**

In order to keep from insurance crime effectively by the professional organizations, the Non-Life Insurance Association of the Republic of China, the Life Insurance Association of the Republic of China, the Insurance Institute of the Republic of China, and judiciary authorities such as prosecuting attorneys and police officers etc., have connected with each other and seek advice from related specialists. The Insurance Anti-fraud Institute of the R.O.C. was invested by public insurance industry, designed and set up by Insurance Institute of the Republic of China with assistance of the Ministry of Finance operated in coordination. It was hold the Donor Meeting and first Board of Directors on September 19, 2003, set and registered juridical person on December 7, 2003, and started to operate on January 30, 2004.

## **II. Strengthen Supervision of Insurance Industry**

### **A. Realize Fast and Convenient Insurance Product Review Principles to Promote the Innovation and Diversity of Insurance Products**

To improve the Insurance product review system, the amendment of the "Principle of Insurance Product Pre-sale Procedure" has been finished on June 11, 2003 to amend the article about the notice of preparing the product review for insurance industry. The "Key Points of Non-Life Insurance Product Review" have been amend on June 17, 2003, as well as the "Key Points of Life Insurance Product Review" have been amend on June 30, 2003. The principle for life insurance adopts "check and approve", and the principle for commercial insurance adopts "examine and verify". As for product that adopt "file and use" principle, on top of maritime insurance, aviation insurance, other insurance filed by the Non-Life Insurance Association of the Republic of China that are approved and other insurance approved by the governing authorities, have newly included engineering insurance and nuclear insurance that apply to the first stage of implementation of premium structure liberalization policy, and commercial fire insurance of large amount or for foreign multinational enterprise (depending on the terms on conditions of the principal insurer). The Ministry also plans to speed up the process of review, shorten the time required for governing authority review, change the original 90-working day of review period to 60, and extend the adjustment period for insurance company applicant from 60-day to 60-working day.

In 2003, there were 2,267 filings of new products from non-life insurance industry, an increase of 92% compared to 1,179 in 2002. It mainly due that after the "Time Table of Deregulation of Property Insurance Premium Structure Project" have been implemented, the commercial insurance contract which adopt "file and use" principle had a great increasing. And after the amendment of the "Key Points of Life Insurance Product Review", the adopt range of "examine and verify" and "file and use" have been widen, that was because the insurance companies designed insurance product actively. There were 2,204 filings were approval, "examine and verify" and file and use" in 2003. Among the approved new insurance products, the more unique ones included: the Attached Public Accident Insurance Liability Insurance designed by the Non-life Insurance Associate of the Republic of China - "Attached Food Poison Liability Insurance", "Attached Parting Lot Accident Liability Insurance", "Attached Elevator Accident Liability Insurance", "Attached Swimming Pool Accident Liability Insurance", "Attached Fire Liability Insurance for Building Renter", "Attached Car Repair Factory Liability Insurance", "Attached Schools and Kindergarten Liability Insurance"; "Car Multiple Guarantee for Third Party Liability Insurance" was designed for guarantee multiple by car owner's need; "Third Party's Fault of Car Crashing Loss Insurance" was designed for the loss of insured car due to the third party's fault in car crashing; "Car Passenger Integration Insurance" was design for different passenger-type of car; "Judicial Auction House Loan Credit Insurance" was designed made for the possible life danger of the Auction winner of Judicial Auction House, and Judicial Auction House suffered from fire or calamity; and "Residential Calamity Compensation Insurance" was design for the building for residence suffered from calamity of nature and gotten loss. Those unique insurance products were designed and applied by different insurance companies.

In 2003, there were 368 filings of new products from life insurance industry, a decrease 39 fillings compared to 407 in 2002. Among the new products, 57 filings were "use and file", 143 were "file and use", and 168 were "examine and approve". The results of the filings were 293 approvals. As for the investment-linked insurance, the Ministry has approved 71 such products from 2000, and 20 was still under review. It was approved 32 investment-linked insurances in 2003.

### **B. Improve the Insurance Sales and Marketing System**

Continue to supervise the publication and advertisement of business operation or recruiting of the insurance industry, to ensure the content authenticated and prevent from improper recruitment. The "Guidelines for Self Discipline and Improvement of Marketing" announced in 1996 was designed to increase the life policy renewal ratio, and the retention rate of agents.

Considering that the investment-linked insurance products more complex than traditional life insurance products, and avoiding consumers be misguided by the complexity, the Ministry has amended the special test in the Article 4 and 13-4 of the "Guidelines Governing Insurance Agents"





on April 16, 2003, and commissioned the Insurance Institute of Republic of China to conduct education, training, and qualification test for investment-linked insurance agents to protect insurance consumer rights. Such qualification test has been started since July 15, 2001. As of the end of 2003, more than 92,000 people have passed the test.

### **C. Establish Insurance Supervision Information System**

In order to comply with the e-Government policy, on top of electronic document producing, managing, and scanning, the Ministry also completed developments in succession of 1. "Insurance Industry Financial Early Warning System" to strengthen the monitoring and supervising on the financial status of insurance industry; 2. "Auxiliary Insurance License Validation and Renewal System" to increase efficiency of auxiliary insurance agent management; 3. "Department of Insurance Web Portal" to enhance public service; 4. "Insurance Appeal Case Statistics and Announcement System" to strengthen efficiency of handling appeal cases; 5. "Insurance Industry Basic Information Management System" to increase efficiency of insurance industry supervision; 6. "Insurance Inspecting and Tracking System" to increase efficiency of insurance inspection. At the same time, to promote e-Commerce of insurance industry, the Ministry of Finance has approved the "Principle Governing e-Commerce of Insurance Industry" applied by Life Insurance Association of the Republic of China on March 31, 2003, and Executive Yuan has also approved and amended the Article 4-1 of "Measure Governing Insurance Industry Management" on December 31, 2003 to provide a benefit for insurance industry to promote e-Commerce.

### **D. Strengthen the Supervisory Mechanism of Actuaries Rate**

1. Liberalization and diversity of insurance premium structure are the trend of insurance market, yet the principle of setting premiums should still base on actuary principles to maintain the just and reasons of premium structure to protect policyholders' rights and sound financial status of the insurance industry, so the demand for professional actuaries was increasing. In order to meet such demand, to raise the quality standard of our actuaries, and to reduce the dependency on foreign actuaries, the establishment of rules for appointed actuary was paramount. On top of having announced the "Regulation Governing Certifying Actuaries of Insurance Enterprises" which was about to implement the actuary appointment system in 2003, the Ministry has also commissioned the Actuary Institute of the Republic of China to conduct actuary ethics course twice, and assisted to conclude on appoint report, Actuary Practice Principles, and continued to provide efforts in training and education. Considering such appointed actuary rules were first implemented in Taiwan, and the gap between actuary supply, competency, and the actual status, the Ministry also commissioned the Actuary Institute of the Republic of China and the Insurance Institute of the Republic of China to conduct courses to cultivate and train actuaries. More than 200 persons have attended the training.
2. To help the actuaries to prepare the Authenticated Report, and to unify the main content and

format of Authenticated Report, the Ministry has establish the "Guideline to Insurance Actuaries to Make Authenticated Report" on February 12,2003 as the reference for certified actuaries to make a Authenticated Report.

3. In order to adopt the prosperity booming, and to avoid from stop-buying effort of insurance product as well as the cancellation, terminate or transfer of the insurance in force, and to separate bonus and non-bonus insurance policy, the "To Adopt the Actuary Formula with Automatic Adjustment for the Rate of New Contract Loan Reserves" has been amended the sample period of 10-year government bond accumulative rate to 12-month and 18-month to reflect more stable level of rate.
4. Due to unique character and risk-taken type of some insurance product introduced by foreign insurance companies, and the difference with domestic traditional insurance, the withdraw and deposit of reserves should be approved by case; and to adopt the deregulation of business management, regulation of financial management, liberalization of insurance premium establishment, all norm of reserves should be clear and definite. The Article 4 and 9 in the "Guideline to Withdraw and Deposit of Reserve for Insurance" have been amended on November 26,2003 to regulate the rate of reserve, withdraw and deposit way and related affairs.

### **E. Continue to Strengthen the Supervisory System for Public Information in Insurance Industry**

"Regulation Governing the Disclosure of Information of Non-life Insurance Industry" and "Regulation Governing the Disclosure of Information of Life Insurance Industry" have both been officially implemented in succession since January 1, 2002. Such measure were taken to supervise public interest-concerned disclosure of financial and business information of insurance industry to actualize the disclosure of both non-life and life insurance sectors to match actual needs in each sector. Such measures shall be implemented by phases in the consideration of development of insurance industry, so that the insurance industry may adjust to adopt the implementation of these measures.

To ensure the consumer rights, activate the disclosure of information, the Ministry of Finance has amended the "Regulation Governing the Disclosure of Information of Non-life Insurance Industry" and "Regulation Governing the Disclosure of Information of Life Insurance Industry". The main points of corrections included: the document not only post in website of enterprises but also made a hard copy in the headquarters (head office), the branch (subsidiary) and liaisons for public's reference. Only if insurance company would like to save printing and paper cost, and promote information update efficiency, it was acceptable to set computer equipment in the said offices to provide public review by download, which reach the same effect as in written form.

The Ministry conduct the guideline of items should or shouldn't be written in life insurance contract to protect consumer's rights actively, and also commissioned Insurance Institutes of the Republic of China to compile the guideline for the disclosure of information of insurance industry



to assist consumers to understand the intension of information disclosure. It also studied the guideline to disclosure of information of investment-linked insurance to provide fully and accuracy information of investment-linked insurance to assist consumers to understand of investment-linked insurance. By disclosure of financial and business information, the consumer can choose the right companies by the market mechanism, and play the supervisory roles.

To assist consumers, insurer and media to get important news and provide information to government immediately, it has been set up a "Important News E station of Insurance Industry" as a unified format for insurance companies to disclosure the important news, and it also commissioned the Insurance Institution of the Republic of China to set linkages to the website with important news of Non-life Insurance Association of the Republic of China, Life Insurance Association of the Republic of China, and other insurance companies.

#### **F. Activate Liberalization of Non-life Insurance Premium Structure**

The liberalization of non-life insurance premium structure is a determined policy, and the trend of the global insurance market. The Ministry of Finance has announced the "Time Table of Deregulation of Property Insurance Premium Structure Project" on January 28, 2002, and implemented since April 1, 2002. Considering the implementation experience in other countries, heavy impact on insurance industry will be inevitable. To prevent vicious competition among insurance companies, disturbance of market order, compromise of financial capacity and sacrifice of consumer rights after the implementation of liberalized premium structure, the project will be conducted in three phases to deregulate control over premium structure and products development gradually and establish an orderly and free competition market. In order to encouraging insurance companies with sound operation and solid financial status, on March 31, 2003, the Ministry of Finance set the criteria for shortening the determined procedures of the Time Table of Deregulation of Property Insurance Premium Structure Project. Those companies qualified by the above mentioned conditions might be entitled to entering the next phases of the project in advance.

#### **G. Promote Insurance Enterprise Management System**

To adopt the trend to promote insurance enterprise management system worldwide, and push the change of domestic enterprise management system, according to the Insurance Law and Principle Governing Insurance Supervision addressed by the International Association of Insurance Supervisors (IAIS), Ministry of Finance has regulated the "Measure Governing Insurance Internal Control and Supervisory System", "Criterion for Financial and Business Report of Life and Non-life Insurance Industry", "Regulation Governing the Disclosure of Information of Life and Non-life Insurance Industry", "Regulation Governing Certifying Actuaries of Insurance Enterprises", "Regulation Governing the Insurance Stability Fund" and "Regulation Governing the Interest-related Party of Insurance Industry". It also approved the Practice Rule of Insurance Enterprise Management issued by Non-life Insurance Association of the Republic of China and Life Insurance

Association of the Republic of China, and the said rule has been announced on December 31, 2003 to insurance industry for following up.

### **H. Plan to Organize the Co-insurance Organization of Accident Insurance and Terrorism Insurance**

Due to the effect of 911 in U.S., international insurance and reinsurance companies have no willing to insure the Terrorism. The Non-life Insurance Association of the Republic of China established a co-insurance organization for the accident insurance in non-life insurance to solve the problem that consumers (insured person) can't insure the Terrorism Insurance. The co-insurance organization insured the death and disable of each insured person maximum NT\$2 million, and made NT\$1 billion as the total amount of the co-insurance organization, which provide individual insurance, group insurance, travel insurance for insured person with coverage basic Terrorism insurance automatically. It has been implemented on January 1, 2004.

## **III. Strengthen Performance of Insurance Review to Establish Financial Business Alarm System**

### **A. Insurance Inspection Operation**

Currently the inspection on insurance industry included report auditing and on-site examination. Report auditing consisted of monthly and yearly reports; on-site examination consisted of annual ordinary examination and special examination by project. Due to the opening of insurance market and resulted in increasing numbers of insurance institutions and the efficient deployment of inspection staff, the Ministry emphasized inspection of report auditing and the assessment of the financial status of the institutions. Annual ordinary examinations were made selectively. Special examinations were only made when the situation demanded. Sanctions would be imposed on insurance institutions that violate laws and / or regulations. Corrective actions by insurance institutions would be checked.

According to the Article 148 of Insurance Law, the Ministry of Finance shall inspect annually to check the financial and operational status, and also made a project inspection by the situation demanded. The Ministry can ask insurance institutions to provide financial report and/or its account books, document and exchange data with other financial institutions, if necessary. If there are any violate, the insurance institutions shall be given a penalty by the related regulation in Insurance Law, required a deadline to corrective actions, and tracked the its improvement.

### **B. Strengthen Internal Control and Auditing System**

By the "Guideline for Internal Control and Internal Auditing of Insurance Industry" and the "Principle of Insurance Companies' Corporate Governance Practice", the Ministry promote to supervise the insurance companies' corporate governance, to made insurance business and financial in good conditions, and to assist insurance industry to strengthen its establishment of internal





control and auditing system as the evidence to self-check by manager. The key point of the said guideline are: (1) the goal and principles of important matters, (2) chief auditor was the head of auditing department, equivalent to executive vice president, and shall report to Board of Directors, (3) the appointment of a senior office to take charge of the observance of law, regulations, and supervisory instructions, (4) formulation of auditing manual, plans, the interval of internal auditing and the punishment of wrongdoing staff, the check up of corrective actions, (5) the retention of CPA to check the internal auditing system and the auditing works.

### **C. Strengthen Marginal Solvency and Promote Risk Based Capital System in Insurance Industry**

In order to strengthen the marginal solvency of insurance industry, the minimum paid-up capital of an insurance institution was raised up to NT\$2 billion in 1992. Any domestic insurance institution with paid-up capital below this level must increase its paid-up capital to NT\$2 billion within 10 years. The paid-in capital of 1 non-life insurance company must comply with this rule by the end of 2003. All life insurance companies have met this rule. Additionally, in order to preventing insurance industry from losing its solvency and to the adequacy of capital, the Ministry would still keep following Article 143-1 of Insurance Law by July 2003. For those insurance companies whose admitted assets less liability is less than three times of the guaranteed fund, defined in Article 141 of Insurance Law, should increase their capital in cash before instructed deadline. After July 2003, the Risk Based Capital System (RBC) will be implemented and replace above mentioned method for handling of capital increment.

The purpose of implementation of Risk Based Capital System was to identify as early as possible that any insurance companies that may possible loss of solvency, allow supervisory authority to take proper actions in advance, and to minimize compromising policyholders' rights. Because such system was the first time implementation in Taiwan, the Ministry has hired experts, scholars, and insurance professionals to team up a project team, which has started operation in the mid 2002, and planed to conduct two trial calculations to acquire more complete data for tuning the system before its official rolling out. The first trial calculation has been completed in the end of July 2002, and was being reviewed, and the second trial calculation will be implemented before July 2003.

To adopt the Article 143-4 of Insurance Law, the insurance industry has run the Risk Based Capital System since July 9, 2003. After second trial calculation by project team, the Ministry of Finance have studied the internal and external economic situation, and the latest correction of Risk Based Capital System in U.S., and referred the suggestions by insurance industry, and it was announced the range of owner's entity and risk capital, calculate formula, and the format of "Capital Sufficiency Report for Insurance Industry on June 30,2003". (It was separated into "Capital Sufficiency Report for Non-life Insurance Industry ", "Capital Sufficiency Report for Life Insurance Industry", and "Capital Sufficiency Report for Reinsurance Industry").

### **D. Establish Offset System for Bad Debt**

The supplement the amendment of the Business Tax Law, Article 11, the "Guideline for the Offsetting Bad Loans against Bad Loan Reserve of Insurance Institutions" implemented on October 27, 1999, the Ministry demanded insurance industry to write off bad loans against bad loan reserves with the additional revenue derived from the lowered sales tax to speed up offsetting bad loans within four years starting from July 1, 1999. Considering the nature of insurance industry, the Ministry explanation in 2000 has indicated that those insurance companies without bad loans, on top of reserving required fund for bad loans, may also reserve the fund as the reserve for operational loss to offset the non-regular sever losses happened in many companies that were going public and caused financial difficulties, and fall of stock price. In order to urge the insurance enterprise to be self disciplined to maintain market order, to speed up the offsetting of bad loans, to improve the quality of insurance enterprise assets, and to secure the solvency of insurance company, the Ministry regulated the "Guidelines for Insurance Enterprises Handling Assets, Reserves, Delinquent Loans, Receivable on Demand, and Bad Debts" on December 12, 2001. Because the "Regulations Governing Insurance Enterprise Reserve" already has rules to govern all kinds of reserves, and the Department of Banking in the Ministry of Finance has alternative amendment draft for the definition of delinquent loan, therefore the Department of Insurance was planning to amend the reserve related articles and to amend the definition of delinquent loan in accordance with banking industry. According to the credit guaranty and the time exceeded deadline, also to classify the loan capital from 4 kinds to 5 kinds, and to define the bad loans. To more preparation time for insurance industry, it will be implemented on July 1, 2004.

### **E. Develop Financial Early Warning System of Insurance Industry**

In order to review and analyze the financial and business information reported monthly by insurance companies to identify inclined business operation and financially deteriorated companies as early as possible, the Ministry has referred to the Insurance Regulation Information System (IRIS) and the Financial Analysis and Solvency Tracking (FAST) from U. S. to develop Financial Early Warning System of Insurance Industry, and demanded insurance companies to upload financial and business data via internet to the designated Insurance Institute of the Republic of China to build supervisory statistic database. The system also set up key performance indicators with the practical experience from other countries to analyze the financial and business conditions of all insurance companies. The Ministry expected to closely monitor the real insurance industry situation in the dynamic insurance market and economic environment and take preventive supervisory measures, if necessary. The Ministry also expected insurance companies to adopt required measures in the early stage of deteriorating operation so that the insurance market may be better stabilized.

## **IV. Claim Process, Education and Training to Activate Consumer Protection**

In order to protect the rights of the insured citizen and to strengthen general public trust in insurance, the Ministry of Finance has approved the Insurance Institute of the Republic of China to establish the



Committee for the Mediation of Insurance Disputes to handle claim dispute at the Institute. The Ministry shall continue to supervise the Institute operation to reduce litigations. Additionally, the Ministry also strengthens the complaint handling functions built in the insurance companies to make it more accessible, periodically releases statistics about complaint cases on public media, and expects to guide the insurance companies to increase awareness of consumer rights. Also, most of the insurance disputes are caused by insufficient knowledge about insurance products; therefore the Ministry of Finance engages in the campaigns of correct concepts of insurance toward general public and urges insurance industry to strengthen the underwriting operation, to establish reporting system on high amount insurance policy, and to minimize unnecessary disputes from insurance frauds.

The Ministry of Finance continued to release statistics of complaint cases regularly in every half year to maintain insurance industry's awareness of consumer rights through public opinions. In 2003, the total number of complaint case was 1,811, among which 578 cases were non-life insurance related and 1,233 cases were life insurance related. In the content of the complaints, the majority was indemnity related with 1,344 cases or 73.66% to total cases. The percentage of complaint in non-life insurance to total written contract was 24.59 pre million, lower than that 31.40 pre million in 2002. The percentage of complaint in life insurance to total written contract was 5.35 pre million, lower than that 5.82 pre million in 2002.

The Committee for the Mediation of Insurance Disputes has been in operation for more than 2 years since its establishment on January 1, 2002. According to the last 2-year statistics, the Committee has received 3,670 complaint cases. The Ministry of Finance will continue to supervise and urge the Committee to assess and review its operational rules and procedures to enhance its efficiency and credibility. It is paramount that the complaint cases are settled within reasonable time span in order to protecting policyholders' right.

The Consumer Protect Act has added regulations about arbitration of disputes, empowered the arbitration commissioner to offer solutions on small amount consumer dispute, and to conclude dispute of one party is absent on the date of arbitration without justifiable reason. The Ministry of Finance shall act in accordance with the Insurance Institute of the Republic of China and the Consumer Protection Committee of Executive Yuan to study and develop measures to strengthen the professional education for local Officers of Consumer Protection Committee so that disputes may be settled locally and quickly. Additionally, in order to prevent insurance fraud, the Ministry of Finance will also assist the related institutions to establish communication channels among judges, investigation authorities, criminal investigation department, and Central Health Insurance Bureau, and assist the Insurance Institute of the Republic of China to plan and implement case study seminars and training programs about anti-insurance fraud for related personnel described herein.

The Ministry has commissioned the Insurance Institute of the Republic of China to conduct insurance education and training, as well as to enhance consumer protection idea in course as follows: conduct the class of "Life Insurance Guaranty" on January 3, 2003 to strengthen the professional skills and insurance claims handling for insurers; conduct the class of "Consumer Purchase Behavior Analysis" on March 4, 2003 and May 29, 2003, to train the insurance agents, insurance broker, and insurance surveyors before

they engage to promote the service quality of insurers; conduct the class of "Life Insurance Claims" to enhance the professional skills on handling insurance claims; and conduct the class of "Life Insurance Guaranty" In October 2003 again.

### **V. Continue to Promote Compulsory Automobile Liability Insurance System**

#### **A. Compulsory Automobile Liability Insurance**

The Compulsory Automobile Liability Insurance was implemented from January 1, 1998, and the compulsory motorcycle liability insurance was also implemented from January 1, 1999. All victims of automobile and motorcycle accident may be cover with basic compensation.

According to the 1998 statistics of the Insurance Institute of the R.O.C. and the results from expert actuary, the Ministry of Finance has established the said insurance premium structure review committee, which consist of respectable opinion leaders in society. After the Ministry of Finance, in conjugation with the Ministry of Transportation, reported to and approved by the Executive Yuan, sine August 12, 2000, the death and total disability compensation of said insurance increased from NT\$1.2 million to NT\$1.4 million. In order to lighten up the premium burden of insured citizen, except for the net premium, quota of special compensation fund, and agent income fee that were adjusted on July 1, 2001, the fiscal 2003 will continue to use the experience based on 1998 to 2002 data, propose adjustment of the premium structure review committee for review and approval and mutually agreed and co-announced by both the Ministry of Finance and the Ministry of Transportation, to implemented such adjustments from January 1, 2004.

According to the statistics of the Insurance Institute of the Republic of China, such said insurance has paid out indemnity of NT\$68,787,044,659 to automobile accident victims from 1998 to the end of 2003. Among such amount, 35,628 people claimed death benefit with NT\$31,829,557,335; 83,041 people claimed total disability benefit with NT\$21,538,870,963; and 599,895 people claimed medical compensation with NT\$15,418,616,361. Total 718,304 people have claimed the basic coverage benefit quickly.

#### **B. Motor Vehicle Accident Compensation Fund**

To ensure that all injured parties in motor vehicle accidents may be covered with basic protection, the Motor Vehicle Accident Compensation Fund was established on January 1, 1998 under the provisions of the Compulsory Automobile Liability Insurance Law. The fund is designed to provide protection to victims who were injured or killed in hit-and-run case or by uninsured drivers. The fund has paid out indemnity of NT\$2,331,087,650 from 1998 which the fund established to the end of 2003. Among such amount, 1,987 people claimed death benefit with NT\$1,925,145,461; 827 people claimed total disability benefit with NT\$371,970,063; and 803 people claimed medical compensation with NT\$33,972,126. Total 3,617 people who were injured or killed in hit-and-run case or by uninsured drivers have claimed the indemnity.

### **VI. Actively Participate in Activities of International Organization**

#### **A. Actively Participate in Consultation and Negotiation of International Economic and Trade Organization**





To participate the International Economic and Trade Organization, the Ministry of Finance joint the "Sixth Workgroup Meeting for Vietnam's Application to Enter into WTO" and the "First Bipartite Meeting between Taiwan and Vietnam" in Geneva in May 2003. And after 8-month negotiation, the Ministry signed the Free Trade Agreement (FTA) with Panama in August 2003.

## **B. Participate in Activities of International Insurance Organization**

To push the internationalization of insurance business, strengthen the connection with international insurance supervisory institutes, the Ministry joins several international activities as follows:

### **1. International Association of Insurance Supervisors (IAIS)**

International Association of Insurance Supervisors was form in 1994 to protect policyholders, to upgrade the efficiency of insurance market and strengthen ties between insurance supervisors authorities. There are 80 member countries; the Republic of China is one of them. The representative of the Department attend the tenth annual meeting held in Singapore in October 2003. The topic of the meeting was to establish a competitive insurance industry. IAIS also announced the amended main principle and methodology of insurance, and discuss about solvency of insurance industry, establish a competitive insurance supervision in high-risk environment, supervision of reinsurance, construct the cooperation with other industry etc. The participation of the meeting is very important and beneficial to our connection with international insurance organization and promotion of insurance supervision.

The Ministry joined in the discussions of "Disclosure Principle for Technical Performance and Risk of Non-life Insurance and Reinsurance " and "Supervision Principle of Reinsurance" investigated by IAIS, amendment of "Main Principle and Methodology of Insurance", and issued the suggestions, in order to participate in regulate the international insurance supervision principle, strengthen connection and cooperation with foreign supervision organization, and grasp current situation of global and insurance market of each countries.

### **2. International Insurance Society (IIS)**

International Insurance Society (IIS) was formed in 1965 in the U.S. dedicated to promote the professionalism of insurance industry with long-term perspective. The Society is composed the professionals. At present, there are more than 1,100 individual members and 200 organization members covering 92 countries/regions, including R.O.C. and Mainland China. The representative of the Department attend the 39th Annual Meeting held in New York from July 13, 2003 to July 16. The topic of the meeting was "Changing the Economics of Insurance: Meeting Today's Challenges, Conquering New Opportunities" included enterprise management, safety planning of global retirement and important information technology etc. Due of 911 attack in U.S., global insurance industry has experienced serious losses, and result in great change to international insurance market. The participation of the meeting is helpful for us to catch the development trend of international insurance industry, enforce supervision works in the future, understand and react to the supervisory direction of advanced countries, and to promote our globalization of insurance industry as well as reformation of Insurance Law.

# *Chapter 3*

## *Prospect*







Since ROC-US Trade Negotiation of 1986, the Republic of China has gradually opened the insurance market. For the past 15 years, the number of non-life insurance companies (included cooperative) has increased from 15 to 25, while life insurance companies increased from 8 to 29. There is still only one professional re-insurance company due to its special status. Of the 55 insurance companies, 38 are domestic and 16 are foreign branches or subsidiaries. The opening of our insurance market is conducive to enhancement of professionalism of our insurance industry and spurs further liberalization and globalization. We are going to attract internationally reputable insurance companies to our market and to strengthen our ties with foreign insurance supervisory authorities with a view to further safer, stabilizing, and modernizing our market and supervisory system. Our major supervisory work includes the followings:

### **I. Amend Insurance Law**

To adopt the need of insurance market development, strengthen insurance supervision system, and conduct a insurance environment with international competition, according to the conclusion by the Finance Reform Project Team of the Executive Yuan, the Department of Insurance of Ministry of Finance has studies to amend related article in Insurance Law. It was mainly included: to conduct a sound regulation of reinsurance business supervision, to strengthen financial supervision and management of insurance industry, to establish the self-discipline function of insurance associations and add the "Chapter: Association" to promote the self-discipline function, adopt the change of insurance market, and adjust the business range of non-life insurance industry appropriately.

### **II. Amend Compulsory Automobile Liability Insurance Law**

Following the three guidelines: fully protect the victims, simplify the claim process, and reduce the lawsuit, the Ministry planed to amend the Compulsory Automobile Liability Insurance Law. The key points are to provide the basic protection to the victims and speed the insurance claims process. It was mainly included: (1) according to the society development and the Regulation Governing Labor Insurance, to list the ordinary of application rights of victims' relative; (2) to keep the efficiency of insuring compulsory automobile liability insurance by car owner, the Ministry regulated that the insurance companies have the responsibility to advise car owner to continue the insurance; (3) to speed the insurance claim process, the insured should pay the insurance premium in a certain period, and it should be paid retard deferred interest if any delay; (4) to enhance the function of Motor Vehicle Accident Compensation Fund, and deregulate that it should be deduct social insurance if the compensation has been received, so that the victims' right would not be effect; (5) to reduce the fine for who didn't insured the Compulsory Automobile Liability Insurance, and authorized the government to punish accordance with the kinds of car, the period without insuring the Compulsory Automobile Liability Insurance, and if it has cause trouble.

### **III. Review Risk Based Capital System to Strengthen the Mechanism of Risk Management**

Although the Risk Based Capital System has been implemented from July 2003, there were several items need to be review. Currently, the development of new investing tools (such as financial property stock, estate stock etc.) United Guaranty has established Taiwan branch to run the mortgage loan, credit guaranty etc. insurance business. And the Ministry has opened up the life insurance industry to run the free-bonus insurance business, which was still need to amend, adjust and correct. According with the suggestion under the topic of "Strengthen the Supervision of Insurance Industry" issued by the Finance Reform Project Team of the Executive Yuan, it should conduct the "Insurance Assets Review Project Team for Insurance Industry" to review the risk based capital system periodically insurance rights.

### **IV. Continue to Establish the Dropout Mechanism of Insurance Industry**

To adopt the change of financial environment, and connect with international market, the Ministry has been studying the Dropout Mechanism of Insurance Industry, the main points included: set reviewing guideline and handling mechanism of problem insurance companies; establish Stability Fund to protect the public rights; conduct the mechanism to prevent the risk of insurance's solvency; continue to promote the merger of insurance companies and supervise the problem insurance companies to drop out the market by wholly transferring or merging; and survey a workable way to conduct short-term insurance re-build mechanism etc. Currently, the said measures have been reviewed by project team.

### **V. Continue to Promote Residential Earthquake Insurance System**

To ensure the insurance claims mechanism success when the earthquake happened, the Ministry has been commissioned the Residential Earthquake Fund to analyze the "Procedure of Residential Earthquake Insurance Claim". It will hold a nation-wide earthquake insurance claim procedure drill referred by the developed countries.

### **VI. Continue to Promote and Improve Compulsory Automobile / Motorcycle Liability Insurance System**

#### **A. Assemble a Compulsory Automobile / Motorcycle Insurance Premium Structure Team to Periodically Assess and Adjust Premium Structure**

The Ministry has set a team at the Insurance Institute of the Republic of China on January 1, 2003 to research and study the actuary of the premium structure for the said insurance, to plan the Insurance Premium-Related Query Center, the reasonable compensation, causer and victim's responsibility.

#### **B. Promote Information Disclosure of Compulsory Automobile / Motorcycle Liability Insurance,**





### **and Establish Insurance Premium-Related Query Center**

To consolidate the implementation of the per automobile factor in the said insurance and to allow the insured drivers may query the premium related information, the Ministry has published details description, premium table by car types, premium structure formula, and pre driver accidental records on the Ministry's website. In the end of 2003, it was finished the Premium Query System of Compulsory Automobile/Motorcycle Liability Insurance Companies, which will be on line from January 1, 2004, It was also established the information checking mechanism, which can review the accuracy of data from insurance companies by computer automatically, to reach the multi targets of maintenance insurance market principles and protecting insurance rights.

### **C. Strengthen Compulsory Automobile / Motorcycle Liability Insurance**

The Compulsory Automobile / Motorcycle Liability Insurance has been implemented since January 1, 1998. Since then, more than 14 million cars / motorcycles have joined the insurance system. After experiencing a large amount of claims, it is inevitable that doubts about the regulations may arise. That is why the Ministry has been receiving requests of explanations regarding to premium, underwriting complaint and regulations. Because there are many issues to be improved, the Ministry has established the "Compulsory Automobile Liability Insurance Actuary and Research Development Team" to review the insurance premiums and system continually. The team has suggest for the net premium of main insurance, business expense of insurer. which has been approved by the Insurance Premium Review Committees and implemented on January 1, 2004, furthermore, it has finished the Premium Query System of Compulsory Automobile / Motorcycle Liability Insurance System for Insurance Companies, which will be implemented on January 1. 2004.

## **VII. Expand Scope of insurance Business**

Recently, some life insurance companies planed to start the foreign currency investment-links insurance that was valued and paid by foreign currency. Base on the wideness of non-life insurance business, the allocation of credit and debt of insurance companies, and the avoidance from the risk of interest and exchange rate, the Ministry held the positive attitude. However, the foreign currency related to complex exchange operation, included kind and range of investment, method of exchange settlement etc. that should be reviewed carefully. The Ministry has planed to amended "Regulation Governing to Investment-linked Product" actively. After the said regulation has been amended, insurance companies can apply for related business.

Since Taiwan has been the member of World Trade Organization (WTO) in 2002, in order to link with global insurance industry, co-develop with around countries, adopt the insurance theory and foreign legislative example, and consider the request of domestic non-life insurance, the Ministry planned to open domestic non-life insurance to run below 1-year health insurance business as increasing business income

and widening business construction.

Currently the draft of the "Guideline for Labor Retirement Fund" is still being reviewed in the Legislative Yuan. As a view of national economy, if the life insurance industry could be brought into the executive institutions, and encourage public to plan and respond for their retired life, the financial loading of government will be reduced, and it is beneficial for long-term developing of life insurance industry.

### **VIII. Promoting Liberalization of Non-life Insurance Premium Structure**

The "Time Table of Deregulation of Non-life Insurance Premium Structure Project" has been implemented from 2002. Considering the implementation experience of other countries, the product will be conducted in three phases to deregulation control over premium structure and product development gradually. Each phase is a 3-year operation in principle. 2004 will be the third year of Phase I of this project. The Ministry will continue to track and supervise if non-life insurance companies conduct by the project.

### **XI. Establish Insurance Product Database to Provide Public Fully Information of Insurance Product**

In order to convenient the public to review information of insurance product, according to Article 15 in "Principle Governing Insurance Product Pre-sale Procedure" the Ministry has commissioned the Insurance Institute of the Republic of China to conduct insurance product database. The Insurance Institute of the Republic of China has established actively, and expect that after establishment, the public can review and understand insurance product, and furthermore to select the suitable product.

### **X. Supervise Insurance Industry for the Advanced Age Society**

In order to adopt the advanced age society, the Ministry has supervise the insurance industry to exert its function to assist citizen to plan its elder life and reduce the loading of government, for example: to encourage insurance industry to promote annuity insurance and long-term care insurance, and help insurance industry to use invest in the elder residence and related business to provide for the aged.

### **XI. Urge Insurance Industry to Cultivate Professional Personnel**

The common issue of the insurance industry is how to maintain competitiveness under the circumstance of business penetrations from financial and securities industries. The priority is the nurture human resource especially that the insurance industry is and industry where professional-demanding investment institutes are suffering decreasing interest rate with interest rate differential risks. Therefore the insurance industry needs to extensively invest in professional human resource for quality staff that is well trained, experienced, and skillful in the investment-related investment business such as financial, securities or trust. Additionally, despite the number of qualified actuaries in the non-life insurance industry



is relatively more than other industries, yet the number is still inefficient. After the implementation of appointed actuary in 2003, more training of professional actuaries is needed to increase professional level and to synchronize with international market. As for other professions who function as insurance underwriting and claims handling should consider following the tracks of other professions such as lawyers, accountants, and internal auditors to receive on-job extended education programs to uplift professionalism and be prepared for the future changes in the life insurance market.

## **XII. Utilize Bi-Lateral Consultation of International Organization to Assist Insurance Industry to Develop Overseas Market**

Under the structure of World Trade Organization (WTO), to open the insurance market is inevitable. To be fully prepared for the impact and to turn crisis into chances, domestic insurance companies should compete and learn from foreign insurance enterprises, then our insurance industry will have a very good change to rise up to the international market. On top of consolidating the domestic market share, insurance companies should adopt the strategic concept of "rooted locally, deployed globally" to seize opportunities in the global market. Because the development of overseas market is the new niche for insurance business, many advance countries such as U.S. and many EC members are using all government influences and resources to acquire international market for their domestic insurance companies. The "US-Vietnam Trade Agree" effective since December 2001 is a good example of that the U.S. government successfully cracks through Vietnam, the 13th largest population country in the world, for its insurance companies. As Taiwan has recently joined the WTO, on top of defending domestic market passively, we should actively participate in every international meeting we can get to absorb experiences of success from other countries, facilitate the internet as information collection tool, and unify government and private enterprise resources together for our insurance industry to develop a wider space in the global market.

## **XIII. Strengthen Internal Control and Internal Audit System of Insurance Industry**

The "Guideline for Internal Auditing of Insurance Institutions" has been implemented since December 20, 2001 to establish legislative system for insurance industry. The Ministry has commissioned Non-life Insurance Association of the Republic of China and Life Insurance Association of the Republic of China to compile non-life / life insurance regulation booklets for insurance companies' reference.

According to the law, insurance companies should have certified public accountants to conduct audition on internal control. To regulate the method and scope of audition, the Department of Insurance has published the sample of accountant audition report for accountants' reference. However, it will be reviewed in 2004 whether accountants exceed its specialty to audit insurance companies as well as the performance of auditing.

## **XIV. Open Insurance Companies to Invest in Mainland China**

In order to help domestic insurance industry to open up the insurance market in Mainland China, and to rise its international competition, the Ministry reviewed the and found currently the limit which set up by Mainland China Government of establishing a insurance companies by foreign was still high, (such as it should be match that the total asset of company is US\$5 billion before 1 year of applicant, running insurance business more than 30 years, and have set branch in more than 2 years in Mainland China), and the domestic insurance companies which has matched those limit were still a few.

The Ministry has studies that to open up the insurance companies by "joining" (the stock holding rate below 25% and no branch established) to invest region insurance companies in Mainland China Area to help domestic insurance companies can join with the nation-wide investment of large-scale Insurance Company, and open up market gradually in Mainland China Area.

### **XV. Continue to Promote E-Government and E-Commerce**

#### **A. Maintain Ministry of Finance High Ranked Executive Information System**

Maintain Ministry of Finance High Ranked Executive Information System in compliance with the Financial and Tax Database Center, extract data from the Financial Early Warning System, to establish key performance indicators that are valuable and critical to decision making, so that the internal high ranked executives may obtain instant information when managing financial matter.

#### **B. Update the Worldwide Website of Department of Insurance**

In order to strengthen the content in website of Department of Insurance of the Ministry of Finance, provide in-time information, enhance the convenience and policy promotion function, increase the service to the public and the insurance industry, develop by outsider, widen current function of the website of Department of Insurance of the Ministry of Finance, the Department has restructure the content of website which was conducted by dynamic back-end management. It has increased information area, such as Convenience Service Area and Insurance Industry Area. At the same, it was also set up Insurance Product Review Area to notify the latest progress of insurance product's review and approval, as well as provide insurance industry to query the status of reviewing. The said website was expected to set on-line in the first quarter of 2004 to provide the public to browse.

#### **C. Develop Annual Report System**

To simplify the various forms for applicant, the Ministry has conducted the supervision report combine plan. It will combine the annual report and monthly report in the same form, and use risk value system and dynamic solvency to evaluate the risk of insurance industry to run its business.

Additionally, to establish full Early Warning System of Financial Business of Insurance Industry, except continue to enhance monthly report system and correct some format of monthly report by regulation, the Ministry has commissioned to develop Early Warning System of Annual Report to combine the annual report into early warning system. The format will be announce in the





early 2004 and it will be commissioned immediately.

#### **D. Electronic Document Exchange System**

In order to increase administrative efficiency, the Ministry has commissioned Insurance Institute of the Republic of China to assemble a project team to conduct research and plan for insurance industry electronic document exchange system for the Department of Insurance, insurance supervisory authorities, and insurance companies to exchange document electronically.

#### **E. E-Commerce**

After the development of digital economy, the exchange in the internet has become popular. In order to conduct the complete of law, the Ministry plans to amend "Exclusion of Electronic Signature Law" announced on April 1, 2002, and promote the e-Commerce of Traveling Safety Insurance and Compulsory Automobile / Motorcycle Liability Insurance by the electronic signature mechanism, not only to provide faster and more convenient service but also decrease the marketing cost of insurance industry.

In order to adopt the e-Commerce environment, the prospects to promote e-Commerce are: (1) plan for the adoption of electronic signature mechanism in e-Commerce of insurance industry with full self-discipline. Except those exclusions in Electronic Signature Law, others can be considered opening up to insure and issue insurance contract in internet. The Ministry has commissioned the Non-life Insurance Association of the Republic of China and the Life Insurance Association of the Republic of China to suggest the planned kind of insurance under no difference to approval and pass to the Ministry of Finance, to increase the marketing channel and decrease the cost of insurance industry; (2) establish the certification exchange interface of insurance industry, to convenient the insured who can apply a "Insurance Certification" in any insurance company and purchase the insurance product in other insurance company. In the future, all insurance companies will be forced to join the certification exchange interface.

### **VXI. Assess and Consolidate Actuaries System**

Because the "Regulation Governing Certifying Actuaries of Insurance Enterprise" was first time implement, and the situation of supply and competency of current actuaries have a gap with the ideal situation. In order to fully realize the system, the Ministry of Finance will observe closely on the result of implementation and to conduct further improvements, including strengthen the functions of domestic institutions of actuaries by promoting them to independent organizations and to enhance professional actuary quality; promote private professional actuary organization to accept commissions from enterprise or government to manage actuary for insurance product design and certifying; and supervise and urge insurance industry to actively cultivate professional actuaries.

# Appendix







## Appendix 1: Major indices

# MAJOR INDICES

Current : NT\$

Item	Unit	1999	2000	2001	2002	2003
Economic Growth Rate	%	5.42	5.86	-2.18	3.59	3.24
Gross National Production	NT\$ 100 mil.	93,758	98,033	96,980	100,030	101,814
Per Capita GNP	USD	13,235	14,188	12,876	12,916	13,157
Gross Domestic Production	NT\$ 100 mil.	92,899	96,634	95,066	97,488	98,478
Total Population (Sovereign Taiwan Area)	1000 persons	22,092	22,277	22,406	22,521	22,605
National Income	NT\$ 100 mil.	85,717	89,249	87,652	90,051	91,630
Per Capita National Income	NT\$	390,466	403,382	393,447	402,077	407,434
Gross National Savings	NT\$ 100 mil.	24,424	24,936	23,228	25,347	26,434
Percentage of National Savings	%	26.05	25.44	23.95	25.34	25.96
Unemployment Rate	%	2.92	2.99	4.57	5.17	4.99
Consumer Price Index (Year2001=100)	%	98.77	100.01	100.00	99.80	99.52
Wholesale Price Index(Year2001=100)	%	99.55	101.36	100.00	100.05	102.53
Stock Index (Year1966=100)	Point	7,426	7,847	4,907	5,225	5,162
Number of Insurance Companies (based on licenses issued)	company	63	62	58	56	55
Domestic Non-life Insurance Companies (including Cooperatives)	company	18	18	18	17	17
Domestic Life Insurance Companies	company	16	16	18	20	21
Foreign Non-life Insurance Companies (including Cooperatives)	company	10	11	9	8	8
Foreign Life Insurance Companies	company	18	16	12	10	8
Domestic Reinsurance Companies	company	1	1	1	1	1
Domestic Insurance Companies <sup>1</sup>	company	27	26	25	25	24
Overseas Affiliates						
Non-life Insurance	company	21	20	20	19	18
Life Insurance	company	6	6	5	6	6
Foreign Insurance Companies <sup>1</sup>	company	23	30	24	20	19
Overseas Liaison Offices						
Non-life Insurance	company	20	20	15	12	11
Life Insurance	company	3	3	2	1	1
Reinsurance	company	---	7	7	7	7
Total Assets of Financial Institutions	NT\$ 100 mil	229,118	243,035	257,377	275,569	308,206
Total Assets of Insurance Industry	NT\$ 100 mil	23,751	27,440	30,365	35,933	46,881
Non-Life Insurance	NT\$ 100 mil	2,040	2,122	2,248	1,969	2,143
Life Insurance	NT\$ 100 mil	21,711	25,318	28,317	33,964	44,738
Ratio of Total Assets of Insurance Industry to Financial Institutions	%	10.37	11.29	11.88	13.04	15.21
Ratio of Total Assets of Non-life Insurance Industry to Financial Institutions	%	0.89	0.87	0.87	0.71	0.70
Ratio of Total Assets of Life Insurance Industry to Financial Institutions	%	9.48	10.42	11.00	12.33	14.52
Percentage of Premium Income to GNP	%	6.86	7.27	8.42	9.91	12.20
Premium Income	NT\$ 100 mil	6,433	7,141	8,197	9,907	12,421
Non-life Insurance Premium Income	NT\$ 100 mil	852	878	908	1,014	1,095

## Appendix 1 : Major Indices

Item	Unit	1999	2000	2001	2002	2003
Life Insurance Premium Income	NT\$ 100 mil	5,581	6,263	7,289	8,893	11,326
Ratio of Premium Income of Non-life Insurance Industry to Life Insurance Industry	%	1:6.55	1:7.13	1:8.03	1:8.77	1:10.35
Annual Growth Rate of Non-life Insurance Premium Income	%	12.23	3.08	3.41	11.67	7.99
Annual Growth Rate of Life Insurance Premium Income	%	14.08	12.23	16.38	22.01	27.37
Market Share of Foreign Non-life Insurance Companies	%	2.25	2.68	3.21	3.50	3.84
Market Share of Foreign Life Insurance Companies	%	10.38	11.84	12.85	10.86	10.03
Market Concentration Ratio of Non-life Insurance Industry	%	47.62	47.50	48.02	47.97	49.73
Market Concentration Ratio of Life Insurance Industry	%	78.46	78.46	76.26	72.83	68.10
Insurance Settlement Payment and Indemnity	NT\$ 100 mil	2,773	2,743	3,274	3,356	4,398
Non-life Insurance Claims	NT\$ 100 mil	702	501	676	473	496
Life Insurance Claims	NT\$ 100 mil	2,071	2,242	2,598	2,885	3,902
Insurance Density	NT\$	29,118	32,058	36,585	43,982	54,949
Non-life Insurance Density	NT\$	3,857	3,943	4,054	4,495	4,843
Life Insurance Density	NT\$	25,261	28,115	32,531	39,487	50,106
Insurance Penetration	%	6.92	7.39	8.59	10.18	12.61
Non-life Insurance Penetration	%	0.91	0.91	0.96	1.04	1.11
Life Insurance Penetration	%	6.01	6.48	7.64	9.12	11.50
Numbers of New Contracts: Personal Insurance	1000	42,330	40,614	46,250	35,618	35,606
Total Insured Amount of New Contracts: Personal Insurance	NT\$ 100 mil	453,847	443,822	448,777	401,569	379,076
Numbers of Contracts In-force: Life Insurance	1000	24,009	27,046	30,330	32,339	35,810
Total Insured Amount of Contracts In-force: Life Insurance	NT\$ 100 mil	201,686	220,126	231,848	241,789	266,241
Ratio of Having Life and Annuity Insurance Coverage	%	108.68	121.41	135.40	143.70	158.87
Ratio of Prevalence of Life and Annuity Insurance	%	235.29	246.64	264.49	268.58	291.16
Average Interest Rate of Life Insurance Bonus	%	5.22	5.15	4.05	2.31	1.62

- ▶ Number of Insurance Companies is based on operating licenses that have been granted.
- ▶ The overseas affiliates include subsidiaries, branch offices, representative offices, and liaison offices.
- ▶ Premium Income indicates direct premiums written.
- ▶ Market share of foreign insurance companies indicates the ratio of premium income of foreign insurance companies to total premium incomes of insurance companies.
- ▶ Market Concentration Ratio indicates the ratio of total premium income of the top 5 insurance companies in term of market share to total premium income of all insurance companies.
- ▶ Insurance Density indicates per capita expense of insurance premium.
- ▶ Insurance Penetration indicates total premium incomes of all insurance companies to GDP.
- ▶ Ratio of Having Life and Annuity Insurance Coverage indicates the ratio of the number of life and annuity insurance contracts in-force to total population.
- ▶ Ratio of Prevalence Life and Annuity Insurance indicates the total amount of life and annuity insurance contract in-force insured to GNP.





## Appendix 2: Major Events of Insurance

Jan.2003

### *Major Events of Insurance*

- The Ministry announced to the life insurance industry that the disclosure items should be remark by clear characters on related document, insurance offer document, insurance one-side page and insurance contract when selling non-participating life insurance on January 10, 2003.
- Ministry of Finance, Insurance Institute of the Republic of China with the Non-Life Insurance Association of the Republic of China and the Life Insurance Association of the Republic of China held a 2-day conference of "Prevent and Restrain from Insurance Deception in Practice" in Public Servant Development Center from January 13, 2003.
- The Ministry interpreted the insurance premium of overseas insurance adopt to article about expense offsetting in the "Supplementary Regulation Governing Business Income Tax" on January 16, 2003, and cancelled the Letter of Department of Monetary of Ministry of Finance Number 770044898 announced on March 22, 1988.
- The Ministry proclaimed that accordance with the Article 146-1-2 of Insurance Law, the insurance companies could invest the benefit securities or capital-based securities issued by "Regulation Governing Financial Capital Securities" on January 16, 2003.
- The amendment of the Article 131 and 146-1 of Insurance Law was announced by the President Decree of Hwa-Zong-Yi-Yi-Zi number 0920011690 on January 22, 2003
- On January 23, 2003 the Ministry proclaimed that if the investment subject of the new investment-linked insurance product applied by insurance companies was Overseas Joint Fund or Exchange Traded Fund (ETFs), it would be limited to having a consultancy from investment consultancy companies approved by the Securities and Futures Bureau, Financial Supervisory Commission.
- The Ministry of Finance appraised the retain indemnity NT\$ 30 million accumulated by several kinds of insurance, which is accept by non-life insurance companies for the Air disaster of China Airlines Flight# 611 in Pon-Hou, should be offset from the Vital Accident Reserve Fund.

Feb.2003

- Mr. Douglas Renfield-Miller of Department of International and Ms. Nancy Fox of Department of Asia Pacific Zone in Ambac Assurance Corporation, companioned with Bai Wen Cheng, the Consultant of the Executive Yuan and the President of Polaris Group, to visit the Vice-minister of Finance S. L. Chang, and Department of Monetary, and the Department of Insurance on February 11 and 12 respectively. And they also share the ideas of capital securities market and regulation structure, and the successful experience to capital securities with the Department of Insurance.

Feb.2003

### *Major Events of Insurance*

- The Ministry of Finance approved the insurance premium rate of fishing vessels insurance in 2003, and announced that from 2004, except whether the fishing vessels below 100 tons remain to be co-insured by the "Pool", which is studied by Fisheries Agency, Council of Agriculture, as well as cancelled the co-insurance premium rate for other kinds of fishing vessels, and the insurance industry will establish the premium rate by case.
- The Ministry of Finance reviewed that the minimum premium in each written form should be decided by the insurance companies accordance with its cost, which was issued by the Non-life Insurance Association of the Republic of China.
- The Ministry of Finance proclaimed to cancel the regulation of minimum premium in each written form, which was announced by the Letter of the Department of Monetary of Ministry of Finance Number 20512 on July 19, 1983.
- The Ministry of Finance canceled the co-insurance premium rate for fishing vessels below 100 tons, and the insurance industry will establish the premium rate by case from January 1, 2004.
- The Ministry established the "Guideline to Insurance Actuaries to Make to Authenticated Report" on February 12,2003 to urge insurance actuaries to provide authenticated reports including insurance premium rate setting, accounting of responsibility reserves and dividend insurance written to supervisory authorities.
- On February 14, 2003 the Ministry interpreted the definition and application range of "Specialized Account Books" in the Article 146-5 of Insurance Law.

Mar.2003

- The Ministry of Finance proclaimed the Capital Management Company to belong as Insurance Related Business accordance with the Article 146-4 of Insurance Law on March 4, 2003.
- On March 12, 2003 the Ministry of Finance proclaimed that for foreign insurance companies, if the drawing of its reinsurance reserve fund has matched the domestic law and related actuary principle with the certificate signed by a chartered accountant, they could not need to adopt to the regulation of the "Measure of Reinsurance Company's Drawing of Reinsurance Reserve Fund" under the Letter of the Department of Insurance of Ministry of Finance Number 821227755 on December 24, 1993.
- The Second Stage of Premium Ratio Adjustment Project in Fire Insurance was appraised. For the Commercial Fire Insurance, the Ministry of Finance the Ministry of Finance decided to implement late on the Letter of Note 2 of the Department of Insurance of Ministry of Finance Number 0910702969 on March 29, 2002, until the Non-life Insurance Association of the Republic of China reviewed the basic premium rate of the said insurance accordance with the lose accumulated statistics data in the end of November 2003; For the Residential Fire Insurance, from April 1, 2003 the residential fire and earthquake insurance premium rate was decreased , and its



Mar.2003

### *Major Events of Insurance*

decreasing range should be accordance with the Letter of Note 5 of the Department of Insurance of Ministry of Finance Number 0900710196 on December 25, 2001.

- Work out the first stage of "Non-life Insurance Market Liberalization Schedule" and implement the second stage in priority.
- In order to adopt to the changing of market status, insurance business in practice and the norm of the Criterion for Financial and Business Report of Insurance Industry, the Ministry of Finance amended the "Standard and Evaluative Criterion for Recognized Capital of Insurance Industry" on March 7, 2003.
- In coordination with the amendment of the fixed-ratio reserve of Compulsory Automobile Liability Insurance Premium Structure on January 1, 2003, and "Criterion for Financial and Business Report of non-Life Insurance Industry", the Ministry amended the "Reserve Drawing of Compulsory Automobile Liability Insurance" and "Accounting Rule for the insured of Compulsory Automobile Liability Insurance" on March 11, 2003.
- The Ministry of Finance amended the Regulation Governing the Disclosure of Information of Bonus and non-Bonus Life Insurance Policy on March 31, 2003.

Apr.2003

- In order to guidance enterprises the emphasis on risk management and lose prevention, the Ministry of Finance commissioned the Insurance Institute of the Republic of China to establish the "Enterprise Risk Management Promotion Team", to realize the need of risk management in enterprises and provide the advice of lost preventing.
- On April 17, 2003 the Ministry approved the "Self-disciplined for Insurance Industry to Engage in Derivative Product Exchange" applied by the Non-life Insurance Association of the Republic of China and the Life Insurance Association of the Republic of China. The insurance industry can engage in derivation product exchange for hedging under its investment limit.
- The Ministry amended the Article 4 and 13-4 of the "Guidelines Governing Insurance Agents" on April 16, 2003, to add the legal foundation of commissioning special test to the Insurance Institute of the Republic of China.
- On April 28, 2003 the Ministry of Finance proclaims if the investment subject of the new investment-linked insurance product applied by insurance companies was Exchange Traded Fund (ETFs) exchanged in domestic and/or overseas stock exchange institutions, it would be limited to having a consultancy from investment consultancy companies approved by the Securities and Futures Bureau, Financial Supervisory Commission accordance to the Letter of the Department of Insurance of Ministry of Finance Number 0910751490 on January 23, 2003.
- For the bad debt or operation loss reserve which was the accumulation of declined insurance business tax 30% and not offset in the end of June 2003, life insurance companies should transfer the accumulation to life responsibility reserve, and non-life insurance companies should keep the accumulation for offsetting the overdue liabilities or the ownership of marketable securities issued by the company with financial problem.

## May 2003

### *Major Events of Insurance*

- In May 2003 the Ministry of Finance jointed the "Sixth Workgroup Meeting for Vietnam's Application to Enter into WTO", that is the first meeting after Taiwan joined the WTO, and the "First Bipartite Meeting between Taiwan and Vietnam", which was applied to set up insurance companies' branch or subsidiary and insurance agency companies in Vietnam, in Geneva.
- The Ministry of Finance amended the negative conditions in the Article 3 of the "Criterion of the Certificate of the Representative of Insurance Company" on May 7, 2003.
- The Ministry approved the "Accounting Criterion of Investment-linked Product of Life Insurance" applied by Life Insurance Association of the Republic of China.
- In accordance with the "Europe Week" event, the Ministry of Finance held the "Current Finance Market and Prospect in Europe" to introduce the political and economic environment of main countries in Europe, financial market and capital market, and related investment tools to increase the knowledge of Europe market in Howard Hotel, Taipei on May 9, 2003.
- The Ministry invited the representative of non-life insurance companies to join the breakfast meeting on May 6, 2003 to realize the difference and demand in physical operation.

## Jun 2003

- On June 24, 2003, the Ministry announced that according to the "Regulation of Marketable Securities Loaning in Taiwan Stock Exchange Corporation", the insurance companies could join the marketable securities loaning system by its lender identity
- The Ministry announce that the insurance companies can invest the Exchange Traded Fund (ETFs) base on the Article 146-1-1-2 of Insurance Law on June 25, 2003
- The Ministry amended the "Principle of Insurance Product Pre-sale Procedure" on June 11, 2003 to regulate the notice item when the insurance companies prepare the review document.
- The Ministry amended the "Key Points of Non-Life Insurance Product Review" and the "Key Points of Life Insurance Product Review" on June 17 & 30, 2003 respectively to proclaim the review principle of insurance product and to speed the review period by the government.
- On June 20, 2003, the Ministry amended the "Measure of Permission for Conducting Business Between Taiwan and Mainland China Area" to proclaim the measure of permission of the reinsurance business for exchanging directly between Taiwan and Mainland China, and set up the quality request and business range for the insurance agents, brokers and surveyors companies to set up liaisons in Mainland China area.
- The Ministry invited the representative of life insurance companies to join the breakfast meeting on June 17, 2003 to realize the difference and demand in practices.
- According to the Article 143-4 of Insurance Law and the Article 2~4 in "Measure Governing Capital Sufficiency Management", to set up the range of owner's entity and





## *Major Events of Insurance*

risk capital, calculate formula, and the format of "Capital Sufficiency Report for Insurance Industry" (It was separated into "Capital Sufficiency Report for Non-life Insurance Industry", "Capital Sufficiency Report for Life Insurance Industry", and "Capital Sufficiency Report for Reinsurance Industry") which was announced on June 30, 2003 and implement on July 9, 2003.

### Jul.2003

- On July 1, 2003, the Ministry proclaimed that insurance industry could process the movable property mortgage loan based on the Article 146-3-1-2 of Insurance Law. It should be followed the Article: General and the Article: Movable Property Mortgage in "Movable Property Mortgage Exchange Law".
- On July 11, 2003, the financial business index items and update frequency of the Article 6-1-14 in "Regulation Governing the Disclosure of Information of Non-Life Insurance Industry" and the Article 6-1-16 in "Regulation Governing the Disclosure of Information of Life Insurance Industry" were made and complemented by Ministry of Finance.
- The "Key Points for Insurance Enterprise Conducting Re-Insurance Division Business" has been announced to ensure the safety of reinsurance division business, and to maintain the solvency of insurance enterprises on July 16, 2003.
- The "Key Points for Insurance Enterprise Conducting Re-Insurance Business" has been amend to meet the need of reinsurance conducting for insurance enterprises, and to make it smoothly on July 18, 2003.
- To match the Insurance Law amended in July, 2001, adopt the change of domestic and international economic environment and the market status as well as the need for insurance supervision, the amendment plan of "Rules of Implementation of Insurance Law" and "Measure of Insurance Industry Management" drafted by the Ministry of Finance was announced and implemented by the Letter of the Ministry Finance Number 0920009168 on July 2, 2003.
- In order to richen the summer vocation of the aboriginal child in Tai An Hsian, The Insurance Institute of the Republic of China, under the direction of the Ministry of Finance, held three "Insurance Material" activities on July 24~25, 2003 in Tai An Hsian, to help the aboriginal child to learn the concept of risk management and insurance.
- Approved the United Guaranty belonged to AIG group to establish and registered its subsidiary in Taiwan.
- On July 11, 2003, the Ministry of Finance amended the "Regulation Governing the Disclosure of Information of Non-Life Insurance Industry" and "Regulation Governing the Disclosure of Information of Life Insurance Industry" to strengthen the insurance companies' general situation, and the disclosure of information related to the public's benefit.
- On July 21, 2003, the Ministry of Finance proclaimed that if the insurance companies request the insurance agent companies to pay fee of the advisement and printings for the investment-linked insurance, it was not against the Letter of the Department of

Jul.2003

*Major Events of Insurance*

Insurance of Ministry Finance Number 0920750408 issued on June 12, 2003.

- The Ministry of Finance interpreted the application rule of Article 11-3 in "Value-Added and Non Value-Added Business Tax Law" on July 22, 2003, and amended the Decree of the Department of Insurance of Ministry Finance Number 0920750506 issued on April 30, 2003.

Aug.2003

- According to the "Regulations Governing the Chunghwa Post Simplified Life Insurance Supervision", Chunghwa Post applied its insurance product designing procedure and the first Post Simplified Life Insurance Product (Post Simplified 6-Year Ji-Lee Insurance). The Ministry of Finance followed the legal process and finish the first review, and issued the letter with suggestion on the August 11, 2003.
- The United Guaranty under American International Group (AIG) held a Press Conference in Inter-Continental Hotel, New York on August 26, 2003 to announce the establishment of its subsidiary in Taiwan and the investment project about running the business of mortgage loan, trust assurance insurance. In the Conference, the Minister Lin Chun of the Ministry of Finance issued the Finance Professionals Award to Mr. W. D. Kou of Nan Shan Life Insurance Company, Ltd to honor his outstanding contribution to domestic insurance industry.
- On August 26, 2003, the Minister Lin Chun of the Ministry of Finance with Vice-minister of Finance S. L. Chang and the Commissioner of Department of Insurance P. S. Chang has leaded a promotion team to U.S. for attracting foreign company to invest Taiwan Insurance Business. The significant activities included: meet with Chinese Academic Union in Eastern America composed by oversea Chinese and Taiwan-U.S. Economic Union composed by U.S. Enterprises in New York as well as meet with the representatives of securities, finance and insurance company such as Citigroup, Morgan & Stanley Capital International (MSCI), American International Group (AIG), New York Life Insurance Company Ltd., Metropolitan International Life Company, Ltd., State Street Bank, Fidelity Investments, MassMutual etc.; have a interview by New York Wall Street Daily News to show the economic development, finance reform procedure and measure of open up the market in Taiwan.
- Approved and issued the License of Metropolitan International Life Company, Ltd. The company is from Metropolitan International Life Company, Ltd., Taiwan Branch and establish by division mode.
- To reply the query by the Insurance Institutes of the Republic of China, the Ministry of Finance approved that the investment-linked insurance product adopted the Article 107 of Insurance Law to consider with the regulation and market development.

Sep.2003

- On September 3, 2003, according to the Article 146-1-1-2 of Insurance Law, the Ministry of Finance proclaimed insurance industry to invest benefit certificate and



Sep.2003

## *Major Events of Insurance*

capital-based securities which were issued accordance with the "Regulation Governing Financial Capital Securities". For those investments on the benefit certificate and capital-based securities without credit evaluation or under the standard of credit evaluation, the remaining sum of original obtain cost should not exceed 1% of insurance companies' capitals.

- On September 3, 2003, according to the Article 146-1-1-2 of Insurance Law, the Ministry of Finance proclaimed insurance industry to purchase the private recruiting benefit certificate, and the total amount should not exceed 5% of insurance companies' capitals.
- On September 16, 2003, the Ministry of Finance approved the "Fitch Ratings Company, Ltd., Taiwan Branch" and the "Moody's Company, Ltd." as a evaluation institutions certificated by the Ministry of Finance.
- The Ministry of Finance approved the amendment of Chapter 5: building construction grade, Chapter 6: range of the same hazard, and the premium rate of the "Rules Governing the Fire Insurance Premium Rate" addressed by the Non-life Insurance Association of the Republic of China.
- When insurance industry process the loan business accordance with the Article 146-3 of Insurance Law, it should notice and provide another copy of loan contract to consumer automatically to protect their rights.
- According the Article 146-2 of Insurance Law, the Ministry of Finance proclaimed that the insurance capital can be paid admission and rental to obtain the air right of the ground, and limit to the immediate usage and receivable revenue on September 30, 2003

Oct.2003

- The Ministry of Finance announced that if the insured of life insurance contract, accident insurance contract or simplified life insurance contract was the juveniles under 14 years old, or the lost-mind and the weaken-spirit person, the ceiling of insurance indemnity for funeral and burial fee was NT\$2 million. It was implemented on October 1, 2003.
- On October 7, 2003 the Ministry of Finance proclaimed the "Regulation Governing the Disclosure of Information of Investment-linked Insurance" and approved the investment-linked Insurance Product. The insurance companies should be adjusted and corrected in one month to protect customers' rights.
- The Ministry of Finance amended the "Review Key Point for Overseas Insurance Institution to Establish Liaisons" on October 22, 2003. Except correcting the name, it also canceled the time limit of application for overseas insurance institution to establish liaisons.
- The Ministry of Finance amended the Article 5 of "Articles Governing Life Insurance Written Form Sample" on October 22, 2003 and implemented on January 1, 2004.
- The Ministry approved to wide the waiting time of insuring for serious disease (included cancer) to 90 days under conditions on October 24, 2003. It can be augmented the waiting time of recovery.

Oct.2003

### *Major Events of Insurance*

- In accordance with the Article 11-1 of the "Principle Governing Insurance Product Pre-sale Procedure", which regulate the new life insurance product adopt the "check and approve" or "file and use", If there were reached 4 cases, which has not finish the review or request to supply the document buy not finished in time yet, of a insurance companies, the director organization won't review the new application. It was implemented on October 27, 2003.
- The Ministry of Finance that the insurance industry should purchase commercial promissory note assured by financial institutions by the Article 146-1-1-2 of Insurance Law on October 28, 2003. The so-called financial institutions were banks and securities companies that can process commercial promissory note.

Nov.2003

- The Article 3 of the "Criterion Governing Range and Content of Insurance Companies' Overseas Investment of Insurance Industry" was amended on November 10, 2003. It included Investment, setting the insurance agent and insurance broker companies, and related business approved by the authorities.
- The "Insurance Crime Prevention Center", which was promoted by the Ministry of Finance, non-life and life insurance companies, and the Insurance Institute of the Republic of China, was set up and registered in November 7, 2003, and started to operate.
- The Ministry approved insurance companies to join the securities center as lender accordance with the "Gretai Securities Market's Regulations Governing Book-Entry Operations for Centrally Deposited Securities" on November 11, 2003
- The highest insurance amount of Chunghwa Post Simplified Life and the insurance by the same insurer were proclaimed by the Ministry on November 12, 2003, and has been adjusted to NT\$2 million from November 7, 2003.
- On November 19, 2003 the Ministry announced that from January 1, 2004, the decided danger happened rate of new 1-year group insurance's drawing reserve which was based on the minimum premium income, should be changed to 70% by each age of the Taiwan life insurance industry's fourth experienced life table.
- Approved the practical death experienced rate of distributed death bonus in 2003 Written Year suggested by the Life Insurance Association of the Republic of China. The male counted by third male life insurance premium was 74.85% death experienced rate and female was 55.06% counted by the same way.
- Under the direction of the Ministry of Finance, the Ministry of the Interior, and the Judicial Personnel Study Center of The Judicial Yuan, the Insurance Crime Prevention Center, the Life Insurance Association of the Republic of China, and the Non-life Insurance Association of the Republic of China held the second "Prevent and Restrain from Insurance Deception in Practice" conference in the Ta Shee Resort located in Taoyuan from December 19, 2003 and total were 3 days.





Dec.2003

## *Major Events of Insurance*

- The Ministry of Finance approved the first Insurance Product (Post Simplified 6-Year Ji-Lee Insurance) of Chunghwa Post on November 20, 2003.
- To strengthen the auxiliary insurance agencies and have a sound insurance supervision, the "Regulations Governing the Administration of Agent, Broker, and Surveyor" was amended the "Regulations Governing the Administration of Agent", and augmented the "Regulations Governing the Administration of Broker" and the "Regulations Governing the Administration of Surveyor". Those have been announced and initiated since Dec. 8, 2003.
- The Ministry of Finance approved the Non-life Insurance Association of Republic of China to establish a co-insurance organization for the accident insurance, which provide individual insurance, group insurance, travel insurance for insured person with coverage basic Terrorism insurance automatically. The co-insurance organization insured the death and disable of each insured person maximum NT\$2 million, and made NT\$1 billion as the total amount of the co-insurance organization. It has been implemented on January 1, 2004.
- On December 22, 2003 according to the Article 146-1-1-2 of Insurance Law, the Ministry of Finance approved insurance industry to invest benefit certificate and capital-based securities issued accordance with the "Regulation Governing Estate Securities" and "Regulation Governing Financial Capital Securities". And the Ministry also proclaimed that private recruiting benefit certificate based on the "Regulation Governing Estate Securities" was belonged to the private recruiting marketable securities regulated in the Article 146-1-1-2 of Insurance Law.
- File and review the "Practice Rule of Insurance Enterprise Management" applied by the Non-life Insurance Association of the Republic of China and the Life Insurance Association of the Republic of China.
- The Ministry announced that the insurance industry should remark by clear characters to show how to review companies' information on the introduction of insurance product and insurance offer document, to fulfill the request from public to understand business information, and enhance the promotion and set up the knowledge for consumers' insuring on Dec 22, 2003
- On December 16, 2003 the President Mr. Donald J. Shepard of AEGON visit the Minister Lin Chun of the Ministry of Finance to realize domestic financial insurance market, and announced to increase investment of NT\$2.2 billion to Aegon Life Insurance (Taiwan) Inc. to broaden the scope its business in Taiwan.
- According to the data from 1998 to 2002, the Ministry of Finance and the Ministry of Transportation amended the "Compulsory Automobile Liability Insurance Premium Structure" on December 24, 2003, and implemented on January 1, 2004.
- On December 23, 2003 the Ministry of Finance amended the "Organization Regulation Governing the Board of Insurance Development Fund", to strengthen its function.
- The Executive Yuan approved and amended the Article 4-1 in "Measure Governing of Insurance Management" on December 31, 2003 in order to compare with the "Exclusion



## Appendix 2 : Major Events of Insurance

Dec.2003

### *Major Events of Insurance*

of Electronic Signature Law". It lead to the exclusion of electronic signature mechanism to ensure the safety, security of internet exchange between insurance company and consumer, and the regulation of operational management such as necessary to keep the record, safety controlling and contract copy etc.

- In order to reach the prefer of the Compulsory Automobile Liability Insurance System, solve the possible problem in practice and decrease the factors of man-made wrong quotation, the "Query Center of Compulsory Automobile Liability Insurance Premium" was set on December 31, 2003 for insurance companies' reference.
- The Ministry of Finance issue official letter to request the Executive Yuan to amend the draft of "Compulsory Automobile Liability Insurance Law" on December 31, 2003. The key points of amendment are: provide basic protection; speed insurance indemnity; enhance to ensure the insurance contract relationship; strengthen the Motor Vehicle Accident Compensation Fund; strengthen the government's supervision to insurance industry; and decrease the penalty loading of public.



## Appendix 3 : Introduction to Insurance Institutes

### A. Insurance Advisory Council

The Ministry of Finance established the Insurance Advisory Council in 1970. According to the Charter of the Insurance Advisory Council, the Council has 15 members, whose terms last one year and may be reappointed. Members shall elect the chairperson. The function of the Council is to consult in matters related to insurance laws and regulations, administration, the provisions of insurance contracts, ratings, and suggestions made to the Ministry of Finance.

### B. The Board of Insurance Development Fund

The Board of Insurance Development Fund was set up to take charge of income, expenditures and custody of the fund. The Board of Fund consists of 9 to 15 members, currently actual number of members is 15, appointed by the Minister of Finance. They are officials, insurance professionals, professors, and other person of high standing in the community. The Vice Minister of Finance is the Chairperson of the Board, and the Commissioner of the Insurance Department is concurrently the executive secretary and also one of the members. The revenue of the fund has come from a levy on premium income from its beginning in June 1971. The levies were 0.5% for fire, marine and automobile insurances, 0.3% for other classes, and 0.5% on the first-year premium of new life insurance contract. These levies ceased from July 1, 1995.

### C. Insurance Institute of the Republic of China

For the purpose of the development of insurance industry and related research, training and statistical work, the Insurance Institute of the Republic of China was founded on March 11, 1985 with a donation from the Insurance Development Fund. The Institute consists of a Secretariat, Accounting Office, Department of Training & Education, Department of Research & Development, and Department of Information & Statistics. Besides the research conducted by its staff, the Institute also invites scholars, experts and professional of the insurance industry to do independent research, such as the publishing of Insurance Quarterly, Insurance Information and the translation of insurance laws, regulations of other countries. The Institute also organizes basic insurance training programs, general courses for insurance staff, seminars, and speeches. The Institute is commissioned from time to time by the Ministry of Finance to provide the training for the insurance industry as well as to take charge of the compilation of insurance statistics of the market. On January 2, 2002, the Institute formed the Insurance Disputes Tribunal to mediate the disputes between policyholders and insurers free of charge.

### D. Insurance Stability Fund

The Non-life Insurance Stability Fund and the Life Insurance Stability Fund were established separately under the provision of Insurance Law, Article 143-1, 143-2 and 143-3. Their funding comes from the levy on the premium income and became effective on January 1, 1993. The rate of



## *Appendix 3 : Introduction to Insurance Institutes*

levy is 0.2% for non-life insurance and that for life is 0.1%. The allocation of the fund shall be made as provided under Insurance Law and regulations. According to the "Regulations Governing the Organization and Administration of Insurance Stability Fund", the board of each Fund consists of 9 to 15 members who are the representatives of the Ministry of Finance, scholars, insurance professionals, senior executives of insurance institutions, and other persons of high standing in the community. The term of a board member is three years.

### **E. Motor Vehicle Accident Compensation Fund**

The Fund was set up in January 1998 to provide for a Compulsory Automobile Liability Insurance Scheme, as provided under the Compulsory Automobile Liability Insurance Law, Article 36. The Fund provides basic insurance protection for persons injured by (1) uninsured automobiles, (2) hit-and-run drivers, and (3) parties that are unable to pay. The injured parties may apply to the Fund for compensation up to the indemnity limit as provided under Compulsory Automobile Liability Insurance Law. The revenue of the said Fund comes from the levy on the premium income of Compulsory Automobile Liability insurance as provided under the said Law, Article 40, 41. Currently, the rate of levy is 3% and has been approved by the Rate Review Committee that consists of the persons of high standing in the community. According to the "Donate Sector of Governing Motor Vehicle Accident Compensation Fund ", and other organization regulations, the board of directors is the highest commanding power. The Board of the Fund consists of 9 members who are representatives of the Ministry of Finance, Ministry of Transportation and Communications, scholars and professionals. The term of member is three years.

### **F. Residential Earthquake Insurance Fund**

In order to sustain the residential earthquake insurance by the insurance industry, according to Article 138-1 of Insurance Law amended and announced in July 2001 and Civil Law, the Residential Earthquake Insurance Fund was established in January 2002 with NT\$18 billion to co-insure residential earthquake insurance and the second layer of risk shield mechanism. According to the rules of the Fund, the sources of income include distributed share of premium from residential earthquake insurance, management fee, revenue from investment, and other income. The board of directors is the highest commanding power. The Board has 9 members that consist of representatives from the Ministry of Finance, insurance industry, Central Reinsurance Corporation, experts and scholars. The term of member is three years.

### **G. The insurance Anti-fraud Institute of the R.O.C.**

The Ministry of Finance, the Life Insurance Association of the Republic of China, the Insurance Institute of the Republic of China, the Prosecutors' Office for the Taiwan High Court, National Police Agency, and National Fire Agency promote to establish the "The Insurance Anti-fraud Institute of the R.O.C." to engaged in investigating, researching, analyzing of suspected insurance crime cases and strengthen the connection with the procurator, the police department and





the fire bureau. The Center was set up and registered on November 7, 2003, and started to operate in January 30, 2004 to prevent and curb from insurance crime case, decrease citizen's life and property lose as well as protect their insured benefit. According to the "Donating Rule Governing The Insurance Anti-fraud Institute of the R.O.C.", the Board of Directors is the highest commanding power. The Board has 9 members that consist of representative from the Ministry of Finance, the Non- Life Insurance Association of R.O.C, the Life Insurance Association of R.O.C, the Taiwan High Court, and the Ministry of the Interior.

## **H. Insurance Associations**

### **1. Non-Life Insurance Association of the Republic of China**

The Taipei Insurance Association was established on April 1, 1949 and members of the Association consist of both life and non-life insurance companies. Due to the different characteristics of life and non-life insurance business, the Association was divided into the Taipei Life Insurance Association and Taipei Non-life Insurance Association in 1964. In compliance with the amendment of the Business Association Law, the Taipei Non-life Insurance Association was reorganized as the Non-life Insurance Association of the Republic of China in June 1998. The General Assembly is the supreme body, and under it there are Board of Directors and Board of Auditors. The Secretary General, which is under Board of Directors, takes charge of routine daily work and reports to the Chairman of the Board. Recently, in the interest of speedy handling of insurance complaints and disputes, an Insurance Tribunal was set up for this purpose. The Tribunal consists of 2 scholars or professionals, 2 government officials, 2 member company representatives, and 1 consumer representative. The Tribunal is expected to provide an alternative solution to litigation.

### **2. Life Insurance Association of the Republic of China**

In compliance with the amendment of the Business Association Law, the Life Insurance Association was formed by the life insurance industry in September 1998 and merged with the Taipei Life Insurance Association established in 1964. The Association seeks to promote the common interests of the life insurance industry, with main responsibilities for marketing information, research, and matters related to development, publicity, and statistics. The General Assembly is the supreme body, and the members elect a Board of Directors and Board of Auditors. The Secretary General, assisted by the deputy Secretary General, takes charge of daily matters. The Life Insurance Tribunal was set up to be the mediator of insurance disputes as an alternative solution to litigation.

### **3. Insurance Agents Association of the Republic of China**

The Association was formed in December 1998 as the successor to the Taipei Insurance Agents Association established in March 1983. It serves its members and also takes part in research of the development of insurance market and matters related to the promotion of social welfare. Its



## Appendix 3 : Introduction to Insurance Institutes

development plan consists of: (1) office automation; (2) urging government agencies to reduce restrictions; (3) supporting the upkeep of market discipline; (4) promoting the "law-abiding spirit"; and (5) helping members to develop markets.

### 4. National Association of Insurance Brokering Companies

The Association was formed on October 16, 1999 as the successor to the Taipei Insurance Brokers Association. Currently there are 17 directors and 3 supervisors. The Association's goals include supporting government to implement policies, develop insurance broker industry, coordinate common interests among peer brokers, and to promote the prosperity of the society and the country.

### 5. The Insurance Broker's Association of the Republic of China

The Association was formed on October 16, 1999 as the successor to the Taiwan Insurance Brokers Association. To release the limit of members joint due to Taipei and Kauhsiung elevated to a municipality directly under the jurisdiction of the Central Government, and to make convenience to exchange information between member, the "Insurance Broker's Association of the Republic of China" was established. The General Assembly is the supreme body, and under it there are Board of Directors and Board of Auditors, and the Secretary General is under Board of Directors. The Association goals include researching insurance industry, providing service, and promote the prosperity of the society and the country.

### 6. Surveyors Association of Taipei

Before 1950, there were few surveyors in Taiwan, and later on with the economy and international trade developing, surveyors started to increase, however, they have no enough persons to set up a association, as a result that the business was managed by the Non-Life Insurance Association of the Republic of China. Until June 1963, since the member reached the number written in Law, the Association was formed on August 20, 1963. There are 9 Directors, and the Directors shall select 3 routine Director, among which 1 is chosen as the President to handle the Association affairs and to be the representative. And also set 3 Auditors, among which 1 is chosen as the routine Auditor.

### 7. Surveyors Association of Kauhsiung

The Association was formed on November 11, 1987 by surveyors located in Kauhsiung to take part in the promotion of the development of trade, pushing economy development, coordinating relationship in industry, and mutual interests of members.

## I. Institutes and Societies

### 1. Insurance Society of the R.O.C.

The Insurance Society of the R.O.C. was founded in 1965 for promoting academic activities in insurance field, strengthening international relationship between insurance industries,



promoting exchange of expertise, and to promote the sound development of the local insurance industry. The Society sponsors delegations of insurance professionals (both life and non-life), scholars, and other to participate in International Insurance Seminars and the East Asian Insurance Conference. In recent years, the Society has been taking turns with the Insurance Society of the PRC to hold the Cross-Strait Insurance Seminar and organize reciprocal visit to promote mutual understanding.

2. The Actuarial Institute of the R.O.C.

The Actuarial Institute of the R.O.C. was found in June 1969 to promote academic activities in the actuarial field, train and educate actuarial professionals, exchange expertise with foreign actuaries, and promote the sound development local actuarial businesses. Besides sponsoring the examination for actuaries, the Institute also organizes seminars and speeches in the field.

3. The Non-Life Underwriters Society of the R.O.C.

The Non-Life Underwriters Society of the R.O.C. was found in January 1991 for research and exchange of experience of insurance underwriting and claim adjustment, and to promote the healthy development of insurance industry. The Society holds an examination for certified underwriters and certified claim adjusters each year. The Society also sponsors seminars and speeches in these fields.

4. Life Insurance Management Institute of the R.O.C.

The Life Insurance Management Institute of the R.O.C. was found in October 1986 for the purpose of promoting academic activities in life insurance management, training experts in life insurance management, and exchanging life insurance expertise with foreign professionals. The General Assembly is the supreme body of the Institute, under which there are Board of Directors, Board of Auditor, and the secretary general who takes charge of daily matters. The General Assembly convenes every year. The members of the Institute are classified into five categories, i.e. full membership and associate membership upon persons who have passed the examination for life insurance management held by the Institute or passed the qualification tests of other academic institutes recognized by the Institute.

5. Engineering Insurance Association

The Taiwan Fire and Marine Insurance Company Ltd., and Union Insurance Company Ltd., formed the "Joint Committee for Contractor All Risks Insurance" in 1966 to develop the said insurance. In order to accommodate the introduction of "Erection All Risks Insurance" and other newly developed engineering insurance, the said committee was reorganized as the Committee for United Processing of Engineering Insurance in 1974. In 1984, thanks to the efforts of Mr. Chen Ji Yao, the committee was further reorganized as the Engineering Insurance Association. It became the first non-profit institution for research and development in matters related to engineering insurance as well as promoting the market of this insurance. The service of the



## *Appendix 3 : Introduction to Insurance Institutes*

Association covers the gathering of relevant information, training, and the research for the improvement of underwriting and claim adjustment, and assistance in reinsurance matters. Most important of all, however, is the fact that the Association is entrusted by member companies as the manager of the Engineering Insurance Pool. At present, the Pool accommodates six types of engineering insurance, five types of engineering bonds, and employer's liability insurance attached to construction / erection insurance.

### 6. Risk Management Society of the R.O.C.

The Risk Management Society of the R.O.C. was founded in 1992, and is the sole domestic non-profit organization devoted to promoting risk management. For years, the Society has been mobilizing its limited resource to actively promote risk management research and its application, and the training risk management professionals. Furthermore, the Society also sponsors speeches and seminars in related matters. To train risk management professionals, the Society also holds "Business Risk Management Expert" and "Individual Risk Management Expert" examinations every summer and autumn in northern, central and southern Taiwan.





## Appendix 4 : Financial Statistic of the Insurance Business

### A. Non-Life Insurance Business and Financial Statistics

#### 1. Non-life Insurance Business Statistics

##### a. Written Premium and Market Share

Unit: NT\$ Million

Year Class	1999		2000		2001		2002		2003	
	Amount	Share %	Amount	Share %	Amount	Share %	Amount	Share %	Amount	Share %
Fire	14,764	17.33	16,692	19.00	19,754	21.75	23,627	23.29	24,178	22.09
Marine	5,868	6.89	6,382	7.27	6,693	7.73	7,370	7.27	7,738	7.07
Marine Cargo	3,912	4.59	4,373	4.98	4,298	4.73	4,705	4.64	5,285	4.83
Marine Hull	1,236	1.45	1,268	1.44	1,630	1.79	1,922	1.90	1,723	1.57
Fishing Vessel	720	0.85	740	0.84	765	0.84	743	0.73	730	0.67
Automobile	51,096	59.97	50,640	57.65	47,254	52.02	48,659	47.97	50,387	46.03
General	30,001	35.21	31,927	36.35	30,616	33.71	31,531	31.09	33,698	30.78
Compulsory Liability	21,096	24.76	18,712	21.30	16,638	18.32	17,128	16.89	16,689	15.25
(Automobile)	16,119	18.92	13,094	14.91	12,230	13.46	11,897	11.73	11,394	10.41
(Motorcycle)	4,976	5.84	5,618	6.40	4,408	4.85	5,231	5.16	5,295	4.84
Aviation	2,531	2.97	1,814	2.07	2,390	2.63	3,908	3.85	3,840	3.51
Other Property and Liability	10,948	12.85	12,308	14.01	14,738	16.23	17,870	17.62	23,326	21.31
Engineering	3,597	4.22	4,265	4.86	4,585	5.05	6,267	6.18	6,865	6.27
Liability	2,587	3.04	3,366	3.83	4,440	4.89	5,476	5.40	5,799	5.30
Bonding & Credit	1,947	2.29	2,055	2.34	2,326	2.56	2,675	2.64	2,686	2.45
Other Property	2,817	3.31	2,621	2.98	3,387	3.73	3,452	3.40	7,976	7.29
<b>Total</b>	<b>85,207</b>	<b>100.00</b>	<b>87,835</b>	<b>100.00</b>	<b>90,830</b>	<b>100.00</b>	<b>101,434</b>	<b>100.00</b>	<b>109,469</b>	<b>100.00</b>

Source: Insurance Institute of the Republic of China.

Note: the statistic data is from monthly report.

## Appendix 4 : Financial Statistic of the Insurance Business

### b. Paid Losses and Market Share

Unit: NT\$ Million

Year Class	1999		2000		2001		2002		2003	
	Amount	Share %	Amount	Share %	Amount	Share %	Amount	Share %	Amount	Share %
Fire	26,173	37.30	6,915	13.79	19,098	28.25	2,877	6.08	2,606	5.25
Marine	3,924	5.59	4,736	9.45	4,330	6.40	2,695	5.70	3,322	6.70
Marine Cargo	2,146	3.06	2,222	4.43	2,617	3.87	1,757	3.72	2,172	4.38
Marine Hull	1,222	1.74	1,898	3.79	1,158	1.71	584	1.23	696	1.40
Fishing Vessel	557	0.79	615	1.23	555	0.82	354	0.75	454	0.92
Automobile	28,413	40.49	30,116	60.06	30,435	45.01	29,770	62.96	31,671	63.85
General	17,096	24.36	17,083	34.07	17,161	25.38	16,878	35.69	18,334	36.96
Compulsory Liability	11,318	16.13	13,033	25.99	13,274	19.63	12,892	27.26	13,337	26.89
(Automobile)	9,896	14.10	9,043	18.03	9,316	13.78	8,840	18.69	8,763	17.67
(Motorcycle)	1,422	2.03	3,990	7.96	3,958	5.85	4,052	8.57	4,575	9.22
Aviation	2,106	3.00	274	0.55	299	0.44	4,192	8.87	3,612	7.28
Other Property and Liability	9,555	13.62	8,103	16.16	13,450	19.89	7,753	16.40	8,392	16.92
Engineering	5,109	7.28	2,022	4.03	6,532	9.66	-300	-0.63	1,745	3.52
Liability	1,228	1.75	1,767	3.52	2,317	3.43	2,625	5.55	2,130	4.29
Bonding & Credit	1,742	2.48	2,781	5.55	2,303	3.41	3,444	7.28	2,229	4.63
Other Property	1,476	2.10	1,533	3.06	2,298	3.40	1,984	4.19	2,219	4.47
<b>Total</b>	<b>70,172</b>	<b>100.00</b>	<b>50,144</b>	<b>100.00</b>	<b>67,611</b>	<b>100.00</b>	<b>47,287</b>	<b>100.00</b>	<b>47,604</b>	<b>100.00</b>

Source: Insurance Institute of the Republic of China.

Note: the statistic data is from monthly report.



c. Retained Premium of Non-life Insurance in 2003

Unit: NT\$ Million

Class	Written Premiums	Reinsurance Premiums			Reinsurance Expenditures			Retained Premiums	Ratio of Retained Premiums %
		Domestic	Foreign	Total	Domestic	Foreign	Total		
Fire	24,178	1,634	682	2,316	5,289	14,639	19,928	6,566	27.16
Marine	7,738	1,016	144	1,160	2,254	3,184	5,439	3,459	44.70
Marine Cargo	5,286	485	104	590	1,218	1,964	3,182	2,693	50.95
Marine Hull	1,723	266	26	292	692	950	1,642	373	21.64
Fishing Vessel	730	265	13	278	344	271	615	393	53.89
Automobile	50,387	3,914	60	3,974	9,501	9,067	18,568	35,793	71.04
General	33,697	1,343	60	1,403	4,400	9,064	13,464	21,637	64.21
Compulsory Liability	16,690	2,571	0	2,571	5,101	3	5,104	14,156	84.82
(Automobile)	11,394	1,777	0	1,777	3,572	1	3,573	9,598	84.24
(Motorcycle)	5,295	794	0	794	1,530	2	1,531	4,558	86.07
Aviation	3,840	35	9	43	969	2,694	3,663	20	5.74
Other Property and Liability	23,325	1,171	217	1,387	4,382	10,236	14,617	10,096	43.28
Engineering	6,865	361	93	454	1,557	3,905	5,462	1,857	27.05
Liability	5,799	297	91	388	976	2,465	3,441	2,746	47.35
Bonding & Credit	2,686	61	4	65	240	1,037	1,277	1,473	54.86
Other Property	7,976	453	28	481	1,609	2,828	4,437	4,020	50.40
<b>Total</b>	<b>109,469</b>	<b>7,768</b>	<b>1,112</b>	<b>8,880</b>	<b>22,394</b>	<b>39,821</b>	<b>62,215</b>	<b>56,134</b>	<b>51.28</b>

Source: Insurance Institute of the Republic of China.

Note: 1. Ratio of Retained Premium is the ratio of retained premiums to written premiums.

2. the statistic data is from monthly report.

d. Combined Ratio of Non-life Insurance

Unit: NT\$ Million

Year	1999	2000	2001	2002	2003
Written Premiums	98,423	96,490	97,047	107,237	118,983
Direct Premium Written	86,016	86,352	89,041	99,155	110,038
Reinsurance Premiums	12,407	10,138	8,006	8,082	8,945
Incurred Expense	25,333	25,646	25,822	25,966	30,248
Commission & Other Acquisition Expense	7,633	8,463	8,387	8,690	10,623
Business & Administrative Expense	17,700	17,183	17,435	17,276	19,625
Expense Ratio	25.74	26.58	26.61	24.21	25.42
Earned Premiums	92,057	94,255	98,440	105,272	117,851
Direct Premiums Written	86,016	86,352	89,041	99,155	110,038
Reinsurance Premiums	12,407	10,138	8,006	8,082	8,945
Unearned Premium Reserves, Previous Year	34,065	39,390	41,587	39,313	41,958
Minus: Unearned Premium Reserves, Current Year	40,431	41,625	40,194	41,278	43,090
Incurred Losses	87,478	57,617	74,984	53,342	54,928
Claims	74,045	49,939	67,865	47,641	49,757
Reinsurance Claims	13,433	7,678	7,119	5,701	5,171
Loss Ratio	95.03	61.13	76.17	50.57	46.61
<b>Combined Ratio</b>	<b>120.77</b>	<b>87.71</b>	<b>102.78</b>	<b>74.88</b>	<b>72.03</b>

Source: Insurance Institute of the Republic of China and Section II of the Insurance Department of the Ministry of Finance, R. O. C.

Note: the statistic data is from monthly report.

## Appendix 4 : Financial Statistic of the Insurance Business

### e. Total Premium Income of Selected Non-life Insurance Companies

Unit: NT\$ Million

Year Company	1999			2000			2001			2002			2003		
	Amount	Share %	Rank	Amount	Share %	Rank	Amount	Share %	Rank	Amount	Share %	Rank	Amount	Share %	Rank
Taiwan Fire & Marine Insurance Company, Ltd.	4,370	5.13	7	3,285	3.74	15	3,580	3.94	11	4,065	4.01	12	3,944	3.06	13
Chung Kuo Insurance Company, Ltd.	3,993	4.69	10	4,097	4.66	9	4,350	4.79	8	4,630	4.56	9	4,960	4.53	9
The Tai Ping Insurance Company, Ltd.	2,648	3.11	15	2,424	2.76	16	2,499	2.75	17	2,344	2.31	17	2,356	2.15	17
China Mariners' Assurance Corporation	3,777	4.43	12	3,619	4.12	13	3,248	3.58	15	2,354	2.32	16			
Fubon Insurance Company, Ltd.	16,425	19.28	1	17,104	19.47	1	17,944	19.76	1	20,081	19.80	1	22,269	20.34	1
Zurich Insurance (Taiwan), Ltd.	4,066	4.77	9	4,497	5.12	7	4,641	5.11	7	5,274	5.20	8	5,772	5.27	8
Taian Insurance Company, Ltd.	4,836	5.68	5	5,040	5.74	5	5,020	5.53	5	5,766	5.68	6	6,180	5.56	7
Mintai Fire & Marine Insurance Company, Ltd.	8,466	9.94	2	8,204	9.34	2	8,286	9.12	2	9,204	9.07	2	9,901	9.04	2
Central Insurance Company, Ltd.	5,464	6.41	3	5,290	6.02	4	5,595	6.16	4	6,044	5.96	4	6,405	5.85	6
The First Insurance Company, Ltd.	3,585	4.21	13	3,639	4.14	12	4,103	4.52	9	4,227	4.17	11	4,747	4.34	11
Kuo Hua Insurance Company, Ltd.	4,318	5.07	8	3,942	4.49	10	3,514	3.87	13	3,789	3.74	14	3,790	3.46	14
Union Insurance Company, Ltd.	3,838	4.50	11	4,116	4.69	8	4,101	4.51	10	5,407	5.33	7	7,618	6.96	4
Shin Kong Fire & Marine Insurance Company, Ltd.	5,381	6.32	4	6,086	6.93	3	6,774	7.46	3	7,514	7.41	3	7,968	7.28	3
South China Insurance Company, Ltd.	3,471	4.07	14	3,572	4.07	14	3,481	3.83	14	3,972	3.92	13	4,286	3.92	12
Cathay Century Insurance Company, Ltd.	4,529	5.32	6	4,622	5.26	6	4,718	5.19	6	5,815	5.73	5	6,686	6.11	5
Allianz President General Insurance Company, Ltd.	1,933	2.27	17	2,216	2.52	17	2,518	2.77	16	3,144	3.10	15	3,463	3.16	15
Newa Insurance Company, Ltd.	2,186	2.57	16	3,729	4.25	11	3,539	3.90	12	4,259	4.20	10	4,917	4.49	10
AIU Insurance Company, Taiwan Branch	834	0.98	18	1,136	1.29	18	1,556	1.71	18	2,121	2.09	18	2,537	2.32	16
Insurance Company of North America, Taipei Branch	216	0.25	22	291	0.33	19	410	0.45	19	738	0.73	19	982	0.90	18
Federal Insurance Company, Taipei Branch (CHUBB)	227	0.27	21	223	0.25	22	152	0.17	22	165	0.16	21	111	0.10	21
Hartford Fire Insurance Company, Taiwan Branch				0	0.00	26	-1	0.00	27	0	0.00	27			
General Accident Insurance of America, Taiwan Branch	258	0.30	19	259	0.29	20	96	0.11	25						
Guardian Royal Exchange Assurance Plc, Taiwan Branch	17	0.02	25												
Royal & SunAlliance Insurance Plc, Taiwan Branch	237	0.28	20	248	0.28	21	226	0.25	20	19	0.02	26			
Asia Insurance Company, Ltd. Taiwan Branch	22	0.03	24	28	0.03	25	32	0.04	26	20	0.02	25	21	0.02	23
AXA Assurance I. A. R. D. Taiwan Branch	102	0.12	23	89	0.10	23	122	0.13	24	124	0.12	22	21	0.02	22
Mitsui Sumitomo Insurance Company, Ltd. Taipei Branch	8	0.01	26	79	0.09	24	185	0.20	21	293	0.29	20	349	0.32	19
CGU International Insurance plc, Taiwan Branch							141	0.16	23	44	0.04	23			
Cardif Risques Insurance Company Taiwan Branch										21	0.02	24	186	0.17	20
Domestic Company	83,286	97.75		85,482	97.32		87,911	96.79		97,889	96.51		105,262	96.16	
Foreign Companies	1,921	2.25		2,353	2.68		2,919	3.21		3,545	3.49		4,207	3.84	
Concentration Ratio %	40,572	47.62		41,724	47.50		43,619	48.02		48,658	47.97		54,442	49.73	
<b>Total</b>	<b>85,207</b>	<b>100.00</b>		<b>87,835</b>	<b>100.00</b>		<b>90,830</b>	<b>100.00</b>		<b>101,434</b>	<b>100.00</b>		<b>109,469</b>	<b>100.00</b>	

Source: Insurance Institute of the Republic of China.

Note :1. Concentration Ratio is the ratio of written premiums of the top 5 non-life insurance companies (by market share) to total life insurance companies' written premiums.

2. There is no data in 2003 of the General Accident Insurance of America, Taiwan Branch and the Guardian Royal Exchange Assurance Plc, Taiwan Branch due that they has not existed already.

3. the statistic data is from monthly report.





g. Paid Losses of Selected Non-life Insurance Companies

Unit: NT\$ Million

Year Company	1999		2000		2001		2002		2003	
	Amount	Share%	Amount	Share%	Amount	Share%	Amount	Share%	Amount	Share%
Taiwan Fire & Marine Insurance Company, Ltd.	4,331	6.17	1,843	3.68	2,175	3.22	2,808	5.94	3,661	7.38
Chung Kuo Insurance Company, Ltd.	3,324	4.74	2,425	4.84	3,161	4.68	1,413	2.99	1,005	2.03
The Tai Ping Insurance Company, Ltd.	3,145	4.48	2,351	4.69	3,237	4.79	446	0.94	671	1.35
China Mariners' Assurance Corporation	2,603	3.71	2,434	4.85	2,681	3.97	1,829	3.87		
Fubon Insurance Company, Ltd.	15,663	22.32	9,545	19.03	11,546	17.08	8,811	18.63	9,661	19.48
Zurich Insurance (Taiwan), Ltd.	3,766	5.37	3,059	6.10	3,405	5.04	1,860	3.93	2,421	4.88
Taian Insurance Company, Ltd.	3,558	5.07	3,041	6.06	3,400	5.03	3,771	7.97	3,194	6.44
Mintai Fire & Marine Insurance Company, Ltd.	6,813	9.71	4,071	8.12	5,917	8.75	4,387	9.28	3,938	7.94
Central Insurance Company, Ltd.	5,325	7.59	2,841	5.67	2,628	3.89	1,823	3.86	1,270	2.56
The First Insurance Company, Ltd.	2,239	3.19	2,055	4.10	3,866	5.72	5,160	4.57	2,476	4.99
Kuo Hua Insurance Company, Ltd.	2,859	4.07	2,557	5.10	2,520	3.73	2,493	5.27	2,541	5.12
Union Insurance Company, Ltd.	2,521	3.59	2,148	4.28	4,478	6.62	2,483	5.25	4,473	9.02
Shin Kong Fire & Marine Insurance Company, Ltd.	4,499	6.41	2,723	5.43	4,791	7.09	4,044	8.55	4,032	8.13
South China Insurance Company, Ltd.	2,201	3.14	1,882	3.75	2,411	3.57	2,303	4.87	2,334	4.71
Cathay Century Insurance Company, Ltd.	2,465	3.51	2,226	4.44	2,868	4.24	2,675	5.66	2,915	5.88
Allianz President General Insurance Company, Ltd.	1,732	2.47	1,933	3.85	3,823	5.65	1,124	2.38	1,511	3.05
Newa Insurance Company, Ltd.	512	0.73	1,863	3.72	2,394	3.54	1,953	4.13	2,322	4.68
AIU Insurance Company, Taiwan Branch	761	1.08	239	0.48	1,245	1.84	406	0.86	927	1.87
Insurance Company of North America, Taipei Branch	504	0.72	111	0.22	-26	-0.04	305	0.64	163	0.33
Federal Insurance Company, Taipei Branch (CHUBB)	76	0.11	150	0.30	63	0.09	62	0.13	55	0.11
General Accident Insurance of America, Taiwan Branch	470	0.67	103	0.21	-4	-0.01				
Guardian Royal Exchange Assurance Plc, Taiwan Branch	4	0.01								
Royal & SunAlliance Insurance Plc, Taiwan Branch	736	1.05	468	0.93	89	0.13	-30	-0.06		
Asia Insurance Company, Ltd. Taiwan Branch	23	0.03	21	0.04	35	0.05	2	0.00	7	0.01
AXA Assurance I. A. R. D. Taiwan Branch	40	0.06	24	0.05	241	0.36	88	0.19	-62	-0.12
Mitsui Sumitomo Insurance Company, Ltd. Taipei Branch			32	0.06	92	0.14	203	0.43	72	0.15
CGU International Insurance plc, Taiwan Branch					575	0.85	-135	-0.29		
Cardif Risques Insurance Company Taiwan Branch							3	0.01	17	0.03
Domestic Company	67,557	96.27	48,997	97.71	65,301	96.58	46,383	98.09	48,425	97.62
Foreign Companies	2,615	3.73	1,148	2.29	2,311	3.42	904	1.91	1,179	2.38
<b>Total</b>	<b>70,171</b>	<b>100.00</b>	<b>50,145</b>	<b>100.00</b>	<b>67,611</b>	<b>100.00</b>	<b>47,287</b>	<b>100.00</b>	<b>49,604</b>	<b>100.00</b>

Source : Insurance Institute of the Republic of China.

Note : 1. There is no data in 2003 of the General Accident Insurance of America, Taiwan Branch and the Guardian Royal Exchange Assurance Plc, Taiwan Branch due that they has not existed already.

2. The statistic data is from monthly report.

## Appendix 4 : Financial Statistic of the Insurance Business

### 2. Non-Life Insurance Financial Statistics

#### a. Balance Sheet of Non-life Insurance Industry

Unit: NT\$ Million

Year Item	1999		2000		2001		2002		2003	
	Amount	Growth%	Amount	Growth%	Amount	Growth%	Amount	Growth%	Amount	Growth%
Total Assets	204,046	13.41	212,199	4.00	224,769	5.92	196,867	-12.41	202,479	2.85
Current Assets	193,197	13.92	200,833	3.95	231,410	6.26	185,739	-12.97	190,652	2.65
Fixed Assets	10,849	5.03	11,366	4.76	11,351	-0.13	11,128	-1.97	11,827	6.28
Total Liability	128,351	15.72	131,574	2.51	144,292	9.67	123,869	-14.15	124,407	0.43
Legal Reserve	77,282	14.74	82,147	6.30	83,647	1.83	85,244	1.91	89,867	5.42
Unearned Premium Reserve	39,433	18.71	41,642	5.6	40,228	-3.40	41,981	4.36	43,079	2.62
Claim Reserve	30,090	14.12	32,595	8.32	38,522	18.18	39,442	2.39	43,633	11.04
Equity	75,695	9.69	80,625	6.51	80,476	-0.18	72,998	-9.29	78,072	6.95
Capital Stock	49,179	17.58	55,749	13.36	67,544	21.16	58,677	29.81	60,008	2.27
Capital Surplus	18,718	-12.12	22,538	20.41	14,749	-34.56	13,789	7.00	13,055	-5.32
Accumulated Profits & Losses	2,416	4.00	-767	-131.74	-4,258	455.15	-3,749	-1.90	-2,564	-31.61
Net Income	5,380	51.21	3,098	-42.29	2,390	-23.03	4,281	2.17	7,573	76.90

Source: Insurance Institute of the Republic of China.

Note: the statistic data is from monthly report.

#### b. Income Statement of Non-life Insurance Industry

Unit: NT\$ Million

Year Item	1999		2000		2001		2002		2003	
	Amount	Growth%	Amount	Growth%	Amount	Growth%	Amount	Growth%	Amount	Growth%
Revenue	212,398	19.24	192,419	-9.41	211,881	10.11	195,525	-7.72	208,628	6.70
Operating Revenues	201,463	18.97	182,762	-9.28	200,680	9.80	186,453	-7.09	200,681	7.63
Financial Revenues	9,534	15.96	8,513	-10.72	9,738	14.39	7,854	-19.35	5,600	-28.70
Miscellaneous Revenues	1,400	151.35	1,144	-18.29	1,462	27.80	1,218	-16.71	2,347	92.69
Revenue Expense	207,018	18.59	189,313	-8.55	207,243	9.47	191,244	-7.72	201,055	5.13
Operating Expenditures	185,818	20.78	166,240	-10.54	184,661	11.08	167,830	-9.11	178,910	6.60
Financial Expenditures	2,477	1.35	4,362	76.11	3,464	-20.59	3,052	-11.88	511	-83.26
Business & Administrative Express	17,151	5.57	17,183	0.18	17,435	1.47	17,276	-0.91	19,625	13.60
Depreciation and Amortization	826	55.85	936	13.33	1,156	23.50	1,344	16.22	1,083	-19.36
Miscellaneous Express	744	-50.00	591	-20.65	527	-10.83	1,743	230.46	926	-46.87
Net Income	5,380	51.12	3,105	-42.29	4,637	49.34	4,281	-7.69	7,573	76.90

Source: Insurance Institute of the Republic of China .

Note: the statistic data is from monthly report.



c. Investment Portfolio of Non-life Insurance Industry

Unit: NT\$ Million

Year Item	1999		2000		2001		2002		2003	
	Amount	Growth%	Amount	Growth%	Amount	Growth%	Amount	Growth%	Amount	Growth%
Bank Deposits	53,889	46.41	53,320	42.02	47,690	36.71	46,488	40.52	41,137	31.85
Securities	44,716	38.51	55,453	43.70	63,189	48.64	47,925	41.77	58,669	45.43
Government Bond	9,425	8.12	13,970	11.01	25,982	20.00	13,773	12.00	17,210	13.33
Treasury Bills	7,113	6.13	11,223	8.84	6,355	4.89	8,496	7.41	2,289	1.77
Shares	23,055	19.86	25,263	19.91	25,311	19.48	22,206	19.35	17,399	13.47
Corporate Bonds	5,123	4.41	4,997	3.94	5,541	4.27	3,451	3.01	6,680	5.17
Benefit Certificate									15,091	11.69
Real Estate	13,502	11.63	13,729	10.82	14,253	10.97	14,874	12.96	17,546	13.59
Mortgage Loans	4,008	3.45	4,381	3.45	4,779	3.68	5,445	4.75	5,731	4.44
Authorized Project or Public Investment									6,058	4.69
Total Operating Funds	116,115	100.00	126,884	100.00	129,911	100.00	114,733	100.00	129,141	100.00
Total Cash	152,978		162,765		164,123		158,242		167,939	
Total Assets	204,047		212,199		224,769		196,867		202,479	
Investment Ratio (%)		56.91		59.79		57.80		58.27		76.90

Source : Insurance Institute of the Republic of China (Note: the statistic data is from monthly report)

Note : Investment Ratio is the ratio of total investments to total assets.

3. Statistics of Compulsory Automobile Liability Insurance

Unit: NT\$ Million

Year	Cases Insured	Premiums Income	Claims	Indemnity	Cases in-force end of the period
1999	5,013,118	12,521	56,224	8,595	5,024,449
2000	5,378,848	12,585	62,174	8,686	5,514,982
2001	5,616,155	12,115	67,592	8,749	5,753,037
2002	5,772,053	11,861	70,853	8,389	5,946,161
2003	6,138,427	11,022	70,770	8,355	6,327,891

Source : Insurance Institute of the Republic of China and Trade-Van Information Service Company, Ltd.

Note : 1. Total table does not include the fund of special compensation.

2. Data based on business statistics instead of accounting bases in order tables. Premium income indicates in-force policy premium at the then-current end period.

## Appendix 4 : Financial Statistic of the Insurance Business

### 4. Statistics of Compulsory Motorcycle Liability Insurance

Unit: NT\$ Million

Year	Cases Insured	Premiums Income	Claims	Indemnity	Cases in-force end of the period
1999	7,006,040	7,092	19,307	2,819	7,742,047
2000	5,357,374	5,485	33,036	4,304	6,829,035
2001	4,464,067	4,370	39,267	4,147	7,360,970
2002	5,382,119	5,257	46,840	4,144	7,779,692
2003	5,172,770	5,134	49,401	4,246	8,175,493

Source : Insurance Institute of the Republic of China and Trade-Van Information Service Company, Ltd.

Note : 1. Total table does not include Motor Vehicle Accident Compensation Fund.

2. Data based on business statistics instead of accounting bases in order tables. Premium income indicates in-force policy premium at the then-current end period.

### 5. Statistics of Special Compensation Fund

Unit: NT\$ Million

Year	Accumulated Amount	Compensation Amounts	Cases
1999	1,335	434	654
2000	1,225	382	541
2001	886	504	700
2002	711	421	647
2003	500	451	680

Source : Motor Vehicle Accident Compensation Fund.

Note : Un-settled compensation amount may affect actual total amount.





## B. Life Insurance-Business and Financial Statistics

### 1. Life Insurance-Business Statistics

#### a. New Contract

Unit: Case

Year Class	1999		2000		2001		2002		2003	
	Amount	Share%	Amount	Share%	Amount	Share%	Amount	Share%	Amount	Share%
Life	4,821,520	11.39	5,473,157	13.48	6,185,005	13.37	4,631,300	13.00	5,597,559	15.72
Accident	20,366,308	48.11	19,879,878	48.95	20,008,060	43.26	17,083,601	47.97	15,381,065	43.20
Health	17,141,126	40.49	15,260,909	37.58	20,050,7919	43.35	13,887,700	38.99	14,540,739	40.84
Annuities	612	0.00	541	0.00	6,586	0.02	15,405	0.04	86,872	0.24
<b>Total</b>	<b>42,329,566</b>	<b>100.00</b>	<b>40,614,485</b>	<b>100.00</b>	<b>46,250,370</b>	<b>100.00</b>	<b>35,618,006</b>	<b>100.00</b>	<b>35,606,235</b>	<b>100.00</b>

#### b. Contract in Force

Unit: Case

Year Class	1999		2000		2001		2002		2003	
	Amount	Share%	Amount	Share%	Amount	Share%	Amount	Share%	Amount	Share%
Life	24,008,114	23.21	27,045,603	21.68	30,330,106	24.38	32,339,998	24.38	35,810,063	27.72
Accident	38,968,212	37.67	43,920,691	35.21	40,614,799	32.64	41,335,210	32.64	41,744,541	32.31
Health	40,459,781	39.12	53,780,253	43.11	53,470,185	42.97	52,225,321	42.97	51,526,519	39.89
Annuities	752	0.00	1,278	0.00	7,430	0.01	21,324	0.01	100,080	0.08
<b>Total</b>	<b>103,436,859</b>	<b>100.00</b>	<b>124,747,825</b>	<b>100.00</b>	<b>124,422,520</b>	<b>100.00</b>	<b>125,21,853</b>	<b>100.00</b>	<b>129,181,803</b>	<b>100.00</b>

#### c. Premium Income of First Year

Unit: NT\$ Million

Year Class	1999		2000		2001		2002		2003	
	Amount	Share%	Amount	Share%	Amount	Share%	Amount	Share%	Amount	Share%
Life	91,177	71.07	100,183	69.66	130,669	74.15	214,025	81.24	235,559	68.41
Accident	15,655	12.20	16,556	11.51	16,413	9.32	14,448	5.48	15,090	4.38
Health	20,716	16.15	26,601	18.50	25,384	14.40	22,377	8.49	20,704	6.01
Annuities	736	0.57	472	0.33	3,761	2.13	12,607	4.79	73,012	21.20
<b>Total</b>	<b>128,284</b>	<b>100.00</b>	<b>143,812</b>	<b>100.00</b>	<b>176,227</b>	<b>100.00</b>	<b>263,458</b>	<b>100.00</b>	<b>344,365</b>	<b>100.00</b>

#### d. Total Insurance Premium Income

Unit: NT\$ Million

Year Class	1999		2000		2001		2002		2003	
	Amount	Share%	Amount	Share%	Amount	Share%	Amount	Share%	Amount	Share%
Life	398,508	80.46	491,900	78.54	569,081	78.08	699,586	78.67	871,559	76.95
Accident	43,322	8.38	51,776	8.27	55,569	7.62	59,630	6.70	61,554	5.43
Health	47,049	11.02	82,082	13.11	100,308	13.76	113,347	12.75	125,922	11.12
Annuities	341	0.14	559	0.09	3,933	0.54	16,724	1.88	73,617	6.50
<b>Total</b>	<b>489,220</b>	<b>100.00</b>	<b>626,317</b>	<b>100.00</b>	<b>728,891</b>	<b>100.00</b>	<b>889,287</b>	<b>100.00</b>	<b>1,132,652</b>	<b>100.00</b>



## Appendix 4 : Financial Statistic of the Insurance Business

### e. The Case of Claims

Unit: Case

Year Class	1999		2000		2001		2002		2003	
	Amount	Share%	Amount	Share%	Amount	Share%	Amount	Share%	Amount	Share%
Life	2,407,986	46.16	2,752,465	44.08	2,921,359	41.86	3,226,982	42.24	3,725,741	46.20
Accident	1,026,779	19.68	1,164,252	18.65	1,429,639	20.49	1,343,581	17.59	1,355,151	16.81
Health	1,781,262	34.15	2,326,178	37.26	2,624,069	37.61	3,061,851	40.08	2,966,658	36.79
Annuities	402	0.01	702	0.01	2,872	0.04	6,569	0.09	15,965	0.20
<b>Total</b>	<b>5,216,429</b>	<b>100.00</b>	<b>6,243,597</b>	<b>100.00</b>	<b>6,977,939</b>	<b>100.00</b>	<b>7,638,983</b>	<b>100.00</b>	<b>8,063,515</b>	<b>100.00</b>

### f. Benefit Payment for Life Insurance

Unit: NT\$ Million

Year Class	1999		2000		2001		2002		2003	
	Amount	Share%	Amount	Share%	Amount	Share%	Amount	Share%	Amount	Share%
Life	168,842	81.51	180,285	80.42	208,333	80.18	232,112	80.43	330,235	84.62
Accident	20,315	9.81	20,737	9.25	20,679	7.96	20,205	7.00	19,056	4.88
Health	17,945	8.66	23,048	10.28	30,469	11.73	34,494	11.96	35,169	9.01
Annuities	44	0.02	117	0.05	343	0.13	1,759	0.61	5,793	1.48
<b>Total</b>	<b>207,146</b>	<b>100.00</b>	<b>224,187</b>	<b>100.00</b>	<b>259,824</b>	<b>100.00</b>	<b>288,570</b>	<b>100.00</b>	<b>390,253</b>	<b>100.00</b>

Source: Life Insurance Association of the Republic of China.

### g. Total Premium Income of Selected Life Insurance Companies

Unit: NT\$ Million

Year Company	1999			2000			2001			2002			2003		
	Amount	Share%	Rank	Amount	Share%	Rank	Amount	Share%	Rank	Amount	Share%	Rank	Amount	Share%	Rank
Life Insurance of Central Trust of China	9,908	1.78	10	10,872	1.74	10	11,764	1.61	11	12,236	1.38	12	12,439	1.10	16
Taiwan Life Insurance Company, Ltd.	18,242	3.27	6	18,730	2.68	7	19,848	2.72	8	30,889	3.47	7	27,725	2.45	11
Prudential Life Insurance Company, Ltd.	7,022	1.26	11	9,198	1.47	11	13,930	1.91	10	19,605	2.20	10	25,758	2.27	12
Cathay Life Insurance Company, Ltd.	183,542	32.89	1	204,840	32.71	1	220,848	30.30	1	280,404	31.53	1	274,419	24.23	1
China Life Insurance Company, Ltd.	12,733	2.28	9	11,763	1.88	9	14,648	2.01	9	25,286	2.84	9	32,383	2.86	10
Nan Shan Life Insurance Company, Ltd.	99,317	17.80	2	107,610	17.18	2	125,279	17.19	2	140,533	15.80	2	162,800	15.84	2
Kuo Hua Life Insurance Company, Ltd.	27,736	4.97	5	31,594	5.04	5	33,034	4.53	5	34,493	3.88	5	33,518	2.96	8
Shin Kong Life Insurance Company, Ltd.	90,604	16.24	3	100,821	16.10	3	111,536	15.30	3	114,788	12.91	3	132,162	15.14	3
Fubon Life Assurance Company, Ltd.	16,267	2.91	7	14,930	2.38	8	24,592	3.37	6	33,434	3.76	6	43,154	3.81	7
Global Life Insurance Company, Ltd.	2,733	0.49	16	4,538	0.72	16	6,829	0.94	14	6,831	0.77	17	7,098	0.63	21
Mass Mutual Mercuries Life Insurance Company, Ltd.	14,906	2.67	8	18,851	3.01	6	24,196	3.32	7	30,765	3.46	8	36,776	3.25	7
Shinon Life Insurance Company, Ltd.	1,567	0.28	22	1,847	0.29	21	2,640	0.36	21	2,890	0.33	22	3,520	0.31	24
Shin Fu Life Insurance Company, Ltd.	2,452	0.44	19	2,665	0.43	20	6,007	0.82	15	7,343	0.83	16	8,285	0.73	20
Far Glory Life Insurance Company, Ltd.	5,903	1.06	12	6,168	0.98	12	7,144	0.98	13	8,466	0.95	15	21,608	1.91	13
Hontai Life Insurance Company, Ltd.	4,522	0.81	14	4,866	0.78	15	5,366	0.74	17	9,829	1.11	14	8,594	0.76	19



g. Total Premium Income of Selected Life Insurance Companies (continued)

Unit: NT\$ Million

Year Company	1999			2000			2001			2002			2003		
	Amount	Share%	Rank	Amount	Share%	Rank	Amount	Share%	Rank	Amount	Share%	Rank	Amount	Share%	Rank
Allianz President Life Insurance Company, Ltd.	2,698	0.48	17	2,835	0.45	18	3,853	0.53	19	9,829	1.11	14	32,651	2.88	9
China Post Company, Ltd.													114,340	10.09	4
Aetna Life Insurance of America, Taiwan Branch	36,685	6.57	4	46,748	7.46	4	65,119	8.93	4	77,443	8.71	4	87,635	7.74	5
Life Insurance Company of Georgia, Taiwan Branch	5,164	0.93	13	5,879	0.94	13	4,026	0.55	18						
Metropolitan Insurance & Annuity Co. Taiwan Branch	4,046	0.72	15	5,185	0.83	14	5,898	0.81	16	6,528	0.73	18	9,252	0.82	18
Prudential Life Insurance Co. of Taiwan Inc.	2,245	0.40	20	2,805	0.45	19	3,682	0.51	20	4,389	0.49	21	5,046	0.45	22
Connecticut General Life Insurance Co. Taiwan Branch	1,326	0.24	24	1,621	0.26	22	1,912	0.26	22	2,020	0.23	24	2,610	0.23	26
American Life Insurance Co. Taiwan Branch	432	0.08	28	456	0.07	30	601	0.08	29	928	0.10	26	1,427	0.13	27
The Manufacturers Life Ins. Co. of American Taiwan Branch	343	0.06	29	503	0.08	29	847	0.12	28	1,676	0.19	25	3,237	0.29	25
Transamerica Occidental Life Insurance Co. Taiwan Branch	1,375	0.25	23	1,324	0.21	24	1,144	0.16	25						
New York Life Insurance, Taiwan Branch	2,564	0.46	18	4,534	0.72	17	8,018	1.10	12	15,651	1.76	11	11,007	0.97	17
Winterthur Insurance Co. Taiwan Branch	1,660	0.30	21	1,618	0.26	23	1,705	0.23	24	2,126	0.24	23	4,012	0.35	23
The National Mutual Life Ass. Of Australia Ltd., Taiwan Branch	682	0.12	28	821	0.13	29	1,041	0.14	27						
Aegon Life Insurance (Taiwan) Inc.	635	0.11	26	759	0.12	28	1,081	0.15	26	4,993	0.56	20	16,563	1.46	14
Zurich Life Insurance Co. Taiwan Branch	583	0.10	27	812	0.13	27	1,836	0.25	23	5,080	0.57	19	12,903	1.14	15
Cardif Insurance Co. Taiwan Branch	22	0.00	31	167	0.03	31	467	0.06	30	769	0.09	27	1,408	0.12	28
Citicorp Insurance Co. Taiwan Branch	161	0.03	30	957	0.15	25									
ACE America Insurance Co. Taiwan Branch										63	0.01	28	322	0.03	29
Subtotal-Domestic	500,152	89.62		552,128	88.15		635,195	87.15		792,654	89.13		1,019,099	89.97	
Subtotal-Foreign	57,923	10.38		74,189	11.85		93,695	12.85		96,633	10.87		113,553	10.03	
Market Concentration Ratio	437,884	78.46		491,613	78.49		555,816	76.26		647,661	72.83		771,356	68.10	
<b>Total</b>	<b>558,075</b>	<b>100.00</b>		<b>626,317</b>	<b>100.00</b>		<b>728,891</b>	<b>100.00</b>		<b>889,287</b>	<b>100.00</b>		<b>1,132,652</b>	<b>100.0</b>	

Source : Life Insurance Association of the Republic of China.

Note : Concentration Ratio is the ratio of written premiums of the top 5 life insurance companies (by market share) to total life insurance companies' written premiums.

## Appendix 4 : Financial Statistic of the Insurance Business

### 2. Life Insurance Financial Statistics

#### a. Balance Sheet of Life Insurance Industry

Unit: NT\$ Million

Year Item	1999		2000		2001		2002		2003	
	Amount	Growth%	Amount	Growth%	Amount	Growth%	Amount	Growth%	Amount	Growth%
<b>Total Assets</b>	2,171,139	16.87	2,531,778	16.61	2,831,666	12.30	3,396,377	19.45	4,627,987	36.26
Cash & Bank Deposit	406,617	3.13	358,896	-11.74	335,652	-6.48	264,587	-21.17	184,857	-79.13
Premiums Receivable	141	-6.00	2	-98.58	90	4,400.00	48	-46.67	68	41.67
Claims Receivable from Reinsurance	1,974	130.34	1,677	-15.05	1,432	-14.61	1,140	-20.39	944	-17.19
Accrued Income Receivable	20,395	5.43	28,963	42.01	33,235	14.75	41,708	25.49	53,998	29.47
Other Account Receivable	58,435	5.13	68,832	17.79	69,997	1.69	78,979	12.83	101,083	28.00
Mortgage Loans	741,737	14.31	865,191	16.64	908,093	4.96	922,511	1.59	937,114	1.58
Marketable Securities and Bonds	699,601	30.37	937,546	34.01	1,223,996	30.55	1,799,382	47.01	2,871,722	59.59
Investment in Enterprise	326	213.46								
Investment in Real Estate	159,637	17.11	185,281	16.06	177,539	-4.18	193,901	9.22	221,780	14.38
Fixed Assets	48,236	9.46	49,706	3.05	50,123	0.84	50,985	1.72	56,977	11.75
Other Assets	34,040	58.41	35,684	4.83	31,509	20.88	43,136	0.00	120,796	180.04
Investment-linked Insurance Assets									78,648	
<b>Total Liability</b>	1,993,837	17.98	2,351,402	17.93	2,651,257	12.75	3,224,284	21.61	4,396,065	36.34
Claims Payment	6,313	51.86	8,478	34.29	10,703	26.24	12,981	21.28	15,668	20.70
Other Account Payment	34,653	-5.08	58,053	67.53	63,470	9.33	78,744	24.06	121,761	54.64
Reserve	1,932,865	18.47	2,266,051	17.24	2,559,477	12.95	3,101,010	21.16	4,145,433	33.68
Other Liability	20,006	12.16	18,820	-5.93	17,607	-6.45	31,549	79.18	34,555	9.53
Investment-linked Insurance Liability									78,648	
<b>Owners' Equity</b>	177,302	5.73	180,376	1.73	180,409	0.02	172,093	-4.61	231,922	34.77
Capital Stock	142,907	13.45	150,374	5.23	157,563	4.78	156,520	-0.66	176,243	12.60
Capital Surplus	14,588	36.18	19,482	33.55	19,019	-2.38	17,552	-7.71	17,575	0.13
Accumulated Profits & Losses	1,182	-83.30	-65	-105.50	-22,365	34,307.69	-10,321	-53.85	-13,225	28.14
Pre-tax Net Income for the Year	18,625	-22.18	10,585	-43.17	26,192	147.44	8,342	-68.15	51,329	515.31

Source : Life Insurance Association of the Republic of China.

Note : No Data from Kuo Hua Life in 2001 and 2002.





### b. Income Statement of Life Insurance Industry

Unit: NT\$ Million

Year Item	1999		2000		2001		2002		2003	
	Amount	Growth%	Amount	Growth%	Amount	Growth%	Amount	Growth%	Amount	Growth%
<b>Revenue</b>	870,646	12.68	990,484	13.76	1,080,317	9.07	1,302,741	20.59	1,763,380	35.36
Operating Revenues	737,762	13.29	849,958	15.21	929,048	9.31	1,153,987	24.21	1,529,010	32.50
Financial Revenues	131,422	11.50	132,315	0.68	143,482	8.44	142,542	-0.66	220,436	54.65
Other Revenues	1,462	-59.39	8,211	461.63	7,787	-5.16	6,212	-20.23	13,934	124.31
<b>Expense</b>	852,021	13.80	979,899	15.01	1,054,125	7.57	1,294,399	22.79	1,712,051	32.27
Operating Expenditures	774,643	17.63	863,464	11.47	965,191	11.78	1,210,012	25.37	1,620,140	33.89
Financial Expenditures	3,297	-70.87	14,598	342.77	2,278	-84.40	4,238	86.04	1,701	-59.86
Business & Administrative Expenses	61,659	-12.79	70,394	14.17	71,942	2.20	67,262	-6.51	78,283	16.38
Depreciation and Amortization	9,337	69.24	29,768	218.82	12,573	-57.76	11,172	-11.14	7,940	-28.93
Other Expenses	3,085	16.15	1,675	-45.71	2,141	27.82	1,715	-19.90	3,987	132.48
<b>Net Income (Pre-tax)</b>	18,625	-22.18	10,585	-43.17	26,192	147.44	8,342	-68.15	51,329	515.31

Source: Life Insurance Association of the Republic of China.

Note: No data from Kuo Hua Life in 2001 and 2002.

### c. Investment Portfolio of Life Insurance Industry

Unit: NT\$ Million

Year Item	1999		2000		2001		2002		2003	
	Amount	Growth%	Amount	Growth%	Amount	Growth%	Amount	Growth%	Amount	Growth%
Bank Deposits	405,030	20.19	357,370	15.24	334,828	12.66	265,206	8.32	180,810	4.29
Securities	602,627	30.04	806,890	34.40	868,085	32.83	1,257,901	39.44	1,743,124	41.33
Government & Treasury Bond	221,021	11.02	364,495	15.54	466,481	17.64	751,808	23.57	1,031,339	24.46
Stock	126,876	6.32	135,209	5.76	124,713	4.72	171,922	5.39	273,632	6.49
Corporate Bond	50,731	2.53	49,733	2.12	97,633	3.69	95,510	2.99	88,101	2.09
Benefit Certificate	34,266	1.71	44,179	1.88	93,015	3.52	118,958	3.72	139,430	3.31
Short-term Investment	169,733	8.46	213,274	9.09	86,243	3.26	120,063	3.76	210,623	4.99
Real Estate	159,637	7.96	185,281	7.90	177,539	6.71	193,901	6.08	221,781	5.26
Policy Loans	265,952	13.26	332,212	14.16	364,889	13.80	383,912	12.04	430,427	10.21
Mortgage Loans	424,534	21.16	469,159	20.00	475,369	17.98	472,336	14.81	439,964	10.43
Overseas Investments	83,655	4.17	108,405	4.62	329,533	12.46	523,773	16.42	1,110,983	26.34
Authorized Project or Public Investment	64,690	3.22	86,072	3.67	93,691	3.54	92,063	2.89	90,450	2.14
<b>Total Investment</b>	2,006,125	100.00	2,345,389	100.00	2,643,934	100.00	3,189,092	100.00	4,217,538	100.00
Total Cash	2,110,167		2,446,427		2,739,886		3,273,103		4,377,355	
Total Assets	2,171,139		2,531,778		2,831,666		3,396,377		4,627,987	
<b>Investment Ratio (%)</b>		95.07		95.87		96.51		97.43		96.35

Source : Life Insurance Association of the Republic of China.

Note : 1. Investment Rate is the ratio of total investment to total Cash.

2. No data from Kuo Hua Life in 2001 and 2002.

## Appendix 4 : Financial Statistic of the Insurance Business

### C. Complaint Cases

#### 1. Complaint Cases of Non-Life Insurance

Unit: Case

Item	1999	2000	2001	2002	2003	Total	Ratio (%)
Handed according to complainants' opinion	90	109	148	114	189	673	28.01
Handed according to insurers' opinion	93	149	246	120	231	905	37.66
Settlement	53	40	36	68	21	255	10.61
Other	15	12	65	331	137	570	23.72
Total	251	310	495	633	578	2,403	100.00
Number of Policy in-force (Unit: 1000)	19,813	19,165	19,766	20,142	23,501		
Complaint Ratio (Unit: 1000)	0.0127	0.0162	0.0250	0.0314	0.0246		

Source : Non-life Insurance Association of the R.O.C. and Section 6 of the Department of Insurance of the Ministry of Finance.

#### 2. Complaint Cases of Life Insurance

Unit: Case

Item	1999	2000	2001	2002	2003	Total	Ratio (%)
Handed according to complainants' opinion	105	92	73	295	505	1,197	25.02
Handed according to insurers' opinion	413	376	471	290	378	2,306	48.20
Settlement	43	33	43	77	116	364	7.60
Other	23	19	57	564	234	916	19.15
Total	584	520	644	1,226	1,233	4,783	100.00
Number of Policy in-force (Unit: 1000)	140,124	163,228	177,366	210,599	230,612		
Complaint Ratio (Unit: 1000)	0.0042	0.0032	0.0036	0.0058	0.0054		

Source: Non-life Insurance Association of the R.O.C. and Section 6 of the Department of Insurance of the Ministry of Finance.

### D. Statistics of Insurance Stabilization Fund Accumulated Contribution

Unit: NT\$ Million

Year	Total	Non-Life Insurance Stabilization Fund	Life Insurance Stabilization Fund
1995	1,314	444	870
1996	1,908	620	1,288
1997	2,629	806	1,823
1998	3,507	1,012	2,495
1999	4,477	1,240	3,237
2000	5,469	1,481	3,988
2001	6,694	1,732	4,962
2002	7,953	1,985	5,968
2003	9,563	2,240	7,323

Source: Committee of Non-Life Insurance Stabilization Fund and Committee of Life Insurance Stabilization Fund.



## Appendix 5 Insurance Institutes Listing

### A. Domestic Non-life Insurance Companies

Company Name/ Date Established	Chairman/President	Tel / Fax	Address / Website Http://www.
Chung Kuo Insurance Company, Ltd. Nov. 1931	C. Y. Liu C. P. Ting	23812727 23713576	58, Sec. 1 Wu-Cheng Street, Taipei cki.com.tw
Taiwan Fire & Marine Insurance Company, Ltd. Jun. 1946	K. L. Lai H. B. Yang	23821666 23892374	49, Kuan Chien Rd., Taipei tfmi.com.tw
The Tai Ping Insurance Company, Ltd. Jan. 1951	Ching-Chia Huang James. Sun	27582700 27295681	3-5F, 550, Sec. 4, Chung Hsiao E. Rd., Taipei taiping.com.tw
Fubon Insurance Company, Ltd. Apr. 1961	Tsan-Ming Shih T. H. Chen	27067890 27042915	237, Sec. 1, Chien Kuo S. Rd., Taipei 518fb.com.tw
Zurich Insurance (Taiwan) Ltd. Apr. 1961	D. L. Chiang R. H. Chen	27752888 27416004	8F, 56 Tun Hwa N. Rd., Taipei zurich.com.tw
Taian Insurance Company, Ltd. Apr. 1961	C. H. Chen S. C. Lee	23819678 23816057	2F, 59 Kuan Chien Rd., Taipei taian.com.tw
Mingtai Fire & Marine Insurance Company, Ltd. Sep. 1961	P. C. Lin H. T. Chen	27725678 27726666	1, Sec. 4, Jen Ai Rd., Taipei mingtai.com.tw
Central Insurance Company, Ltd. Mar. 1962	W. R. Pai D. P. Sun	23819910 23116901	15F, 6, Sec. 1, Chung Hsiao W. Rd., Taipei cins.com.tw
The First Insurance Company, Ltd. Mar. 1962	C. H. Lee I. L. Lai	23913271 23412864	54, Sec. 1, Chung Hsiao E. Rd., Taipei firstins.com.tw
Kuo Hua Insurance Company, Ltd. Sep. 1962	J. B. Wang J. B. Wang	27514225 27817802	166, Sec. 2, Chang An E. Rd., Taipei kuohua.com.tw
Union Insurance Company, Ltd. Feb. 1962	P. F. Chen S. C. Wang	27765567 27118610	12F, 219, Sec. 4, Chung Hsiao E. Rd., Taipei unionins.com.tw
South China Insurance Company, Ltd. Apr. 1962	C. F. Liao C. Y. Tasi	27588418 27298022	5F, 560, Sec. 4, Chung Hsiao E. Rd., Taipei south-china.com.tw
Shin Kong Fire & Marine Insurance Company, Ltd. May 1962	Anthony T. S. Wu Yih-Hsiung Lee	25075335 25074580	13, Sec. 2, Chien Kuo N. Rd., Taipei skinsurance.com.tw
Central Reinsurance Corporation Nov. 1972	C. T. Yang C. F. Chiu	25115211 25233833	53, Sec. 2, Nanking E. Rd., Taipei crc.com.tw
Taiwan Provincial Fishery Marine Insurance Cooperation Society Sep. 1981	Chung-Chi Yuang C. J. huang	25603948 25223833	4F-7, Sec. 1, Min Cheng E. Rd., Taipei tfmic.com.tw
Cathy Century Insurance Company, Ltd. Jul. 1993	T. Y. Lee W. C. Ma	27551299 27093699	5F, 296, Sec. 4, Jen Ai Rd., Taipei cathay-ins.com.tw
Allianz President Insurance Company, Ltd. Nov. 1996	Tsang-Sheng Lin Bruce Bowers	25157177 25074995	11F, 69, Sec. 3, Ming Cheng Rd., Taipei allianz.com.tw
Newa Insurance Company, Ltd. Feb. 1999	Kenneth K. T. Yen Chung-Keng Chen	87727777 87722335	9F, 130, Sec. 3, Nanking E. Rd., Taipei newa.com.tw

Note: Table below (include this table) are all most recently updated.

## Appendix 5 Insurance Institutes Listing

### B. Domestic Life Insurance Companies

Company Name/ Date Established	Chairman/President	Tel / Fax	Address / Website Http://www.
Life Ins. Dept. of Central Trust of China Mar. 1931	C. D. Hsu K.C. Chang	27849151 27052214	6F, Sec. 2 Tun Hwa S. Rd., Taipei ctclife.com.tw
Taiwan Life Insurance Company, Ltd. Dec. 1947	P. Y. Chu Y. B. Lin	23116411 23613344	18F, 17, Hsu Chang St., Taipei twlife.com.tw
Prudential Life Assurance Company, Ltd. May 1962	D. A. Bao C. M. Chang	27582727 27586758	12F, 550, Sec. 4, Chung Hsiao E. Rd., Taipei pcalife.com.tw
Cathay Life Insurance Company, Ltd. Aug. 1962	H. T. Tsai T. K. Huang	27551399 27551222	296, Sec. 4, Jen Ai Rd., Taipei cathaylife.com.tw
China Life Insurance Company Ltd. Apr. 1963	C. C. Wang M. Y. Wang	27134511 27125966	5F, 122 Tun Hwa N. Rd., Taipei chinalife.com.tw
Nan Shan Life Insurance Company, Ltd. Jul. 1963	W. T. Kuo R. K. Chen	25013333 25012555	144, Sec. 2, Min Chunn E. Rd., Taipei nanshenlife.com.tw
Kuo Hwa Life Insurance Company, Ltd. Jul. 1963	Y. M. Weng C. T. Kuo	25110102 25423832	42, Sec. 2, Chung Shan N. Rd., Taipei khl.com.tw
Shin Kong Life Insurance Company, Ltd. Jul. 1963	T. C. Yu B. J. Pan	23895858 23758688	37F, 66, Sec. 1, Chung Hsiao W. Rd., Taipei skl.com.tw
Prudential Life International Company, Ltd. Dec. 2000	S. C. Ysueh D. K. Kin	25046699 25045500	11F, 70, Sec. 3, Nanking E. Rd., Taipei prudential.com.tw
Fubon Life Insurance Company, Ltd. Jun. 1993	M. H. Tsai B. Y. Chen	87716699 87715522	12F, 108, Sec. 1, Tun Hwa S. Rd., Taipei fubonlife.com.tw
Global Life Insurance Company, Ltd. Jun. 1993	C. F. Tseng C. C. Lin	28967899 28958311	18, Sec. 2, Central S. Rd., Pei Tou Taipei global-life.com.tw
Mass Mutual Mercuries Life Insurance Company, Ltd. Jun. 1993	H. D. Chen C. S. Liu	23455511 23456616	6F, 2, Lane 150, Sec. 5, Hsin Yi Rd., Taipei mli.com.tw
Shinnon Life Company, Ltd. Jul. 1993	D. K. Wu W. Y. Chen	23817172 23817176	8F, 6, Sec. 1, Chung Hsiao W. Rd., Taipei singforlife.com.tw
ShinFor Company, Ltd. Jul. 1993	B. Y. Hung B. D. Lai	04-23721653 04-23722008	11F, 155, Tsu Chih St., Taichung sinonlife.com.tw
Far Glory Life Insurance Company, Ltd. Dec. 1993	T. H. Chao C. S. Tu	27583099 23451635	18F, 200, Keelung Rd., Taipei fglife.com.tw
Hontai Life Insurance Company, Ltd. Jul. 1994	M. C. Chia M. C. Chia	87866888 87862998	15F, 89, Sun-Ren Rd., Taipei hontai.com.tw
Allianz President Life Insurance Company, Ltd. Oct. 1994	N. T. Chuang Bruce Bowers	25151888 25151777	14F, 69, Sec. 3, Minh Sheng E. Rd., Taipei allinz.com.tw
Aegon Life Insurance (Taiwan) Inc. Oct. 2001	S. J. Liu S. J. Liu	23707270 23707280	8F, 39, Sec. 1, Chuang Hwa Rd., Taipei aegon.com.tw
New York Life Insurance Taiwan Inc. Aug. 1992	L. M. Chu B. T. Shi	27195277 27129896	14F, 133, Sec. 3, Ming Sheng E. Rd., Taipei nylinc.com.tw
Metropolitan International Life Company, Ltd. Jul. 2003	Y. H. Feng Y. H. Feng	27607988 87616779	8F, 1, Sec. 1, Nankang E. Rd., Taipei metlife.com.tw
Chunghwa Post Company, Ltd. (Division of Life Insurance) Jan. 2003	J. C. Liao (Manager) R. J. Su (Vice Manager)	23931261	55, Sec. 2, Kingshan S. Rd., Taipei post.gov.tw





### C. Branches of Foreign Non-life Insurance Companies

Company Name/ Date Established	Chairman/President	Tel / Fax	Address / Website Http://www.
Insurance Company of North America, Taipei Branch (ACE-INA) Jan. 1982	C. L. Chang	77118989 27056616	11F, 181, Sec 4, Hsiung Y. Rd., Taipei ace-ina.com.tw
AIU Insurance Company, Taiwan Branch Jan. 1982	Chyang Chen	27236666 87884698	8F, 200, Sec. 1, Keelung Rd., Taipei auai.com.tw
Federal Insurance Company, Taiwan Branch (CHUBB) Feb. 1987	Ai-Yun Liang	87808809 87809269	1F, 101, Song Jen Rd., Taipei chubb.com.tw
Asia Insurance Company, Ltd., Taiwan Branch Oct. 1996	An Lo Sung	25683080 25638246	Rm 905, 9F, 18, Sec.1, Chang An E. Rd., Taipei asiainsurance.com.tw
AXA Assurance I. A. R. D. Taiwan Branch Jan. 1997	B. L. Ma	27388012 27385864	Rm 616, 4F, 25, Sec. 1, Tun Hwa S. Rd., Taipei axatwn.com.tw
Mitsui Sumitomo Insurance Company, Ltd., Taiwan Branch May 1999	Sakai Masaru	87121350 87121370	7F, 260, Sec. 1, Tun Hwa N. Rd., Taipei ms-ins.com.tw
General Accident Insurance, Taiwan Branch (CGU) Jan. 1991	Wei-Chyun Deng	27136316 27136670	8F, 22, Ai Kou E. Rd., Taipei
Cardif Risques Divers, Taiwan Branch Apr. 2001	C. H. Lin	66383456 66383457	17F, 270, Sec. 4, Chung Hsiao E. Rd., Taipei cardif.com.tw

Note: The General Accident Insurance Taiwan has filed for discontinuance of business.

## Appendix 5 Insurance Institutes Listing

### D. Branches of Foreign Life Insurance Companies

Company Name/ Date Established	Chairman/President	Tel / Fax	Address / Website Http://www.
ING Life Insurance Company of America, Taiwan Branch Jul. 1987	P. Y. Chen	88098888 88098889	26F, 27, Chung-Chen E. Rd., Tanshuei, Taipei County inglife.com.tw
Connecticut General Life Insurance Company, Taiwan Branch Oct. 1988	Graeme Hannah	23821666 23892374	8F, 49, Kuan Chien Rd., Taipei cigna.com.tw
American Life Insurance Company, Taiwan Branch Oct. 1989	D. C. Chen	27563456 27615633	15F, 108, Sec. 5, Nanking E. Rd., Taipei alice.com.tw
The Manulife Life Insurance Company, Taiwan Branch Nov. 1990	David Wong	27575888 27572888	Bldg. A, 2F, 89, Sun-Ren Rd., Taipei manulife.com.tw
Winterthur Life Insurance Company, Taiwan Branch Sep. 1991	Peter E. Vogel	27030306 27030299	25F, 97, Sec. 2, Tun Hwa S. Rd., Taipei winterhur.com.tw
Zurich Life Insurance Company, Taiwan Branch Aug. 1993	Roger Steel	27785950 27785960	6F, 56, Tun Hwa N. Rd., Taipei zurich.com.tw
Cardif Life Insurance Company, Taiwan Branch Nov. 1996	C. Y. Lee	66363456 66363457	18F, 270, Sec. 4, Chung Hsiao E. Rd., Taipei cardif.com.tw
ACE American Life Insurance Company, Taiwan Branch Apr. 2002	Glen Browne	77110800 77110809	7F, 184, Sec. 4, Hsin Yi Rd., Taipei ace-ina.com.tw
The National Mutual Life Assurance of Australia Ltd., Taiwan Branch Mar. 1993	Y. F. Hsu	25311199 25112725	12F-B, 44, Sec. 2, Chung Shan N. Rd., Taipei axa-chinarehion.com.tw



## E. Domestic Non-life Insurance Companies' Overseas offices

Company Name	Representative	Tel / Fax	Address
Chung Kuo Insurance Company, Ltd. (The Philippines)	Justin Chen	242-3310-8	10F, Tytana Plaza, Loronzo Ruiz Binondo, Manila, Philippines
Chung Kuo Insurance Company, Ltd., Guam Representative Office	Richard S. Y. Chen	(671)4777696 (671)4774788	Suite 707, GCIC bldg. 414 West Soledad Ave. Agana Guam 96910, USA
Chung Kuo Insurance Company, Ltd., Vietnam Representative Office	Ho Feng Tao	(848)8415148 (848)8445586	91 Phan Dang Luu, Phu Nhuan Dist. Ho Chi Minh City, Vietnam
Fubon Insurance Company, Ltd., Kuala Lumpur Representative Office	Joe Chen	(603)76501372 (603)2424557	Level 28 Wismakia Peng No. 3, Jalan Kia Peg 50450 Kuala Lumpur Malaysia
Fubon Insurance Company, Ltd., Pulau Pinang Representative Office	Yi.-Hao Shieh	(604)2638262 (604)2612435	Tingkat 3 Bangunan Hla, 17 Leboh Bishop, 10200 Pulau Pinang, Malaysia
Fubon Insurance Company, Ltd., Hong Kong Representative Office	Ming-Jen Hsiao	(852)8279321 (852)8345551	Rm.2118, Miramar Bldg. Kimberley Blvd., 1-23, Tsimshatsui, Kowloon, Hong Kong
Fubon Insurance Company, Ltd., Thailand Representative Office	Ming-Long Huang	(662)3188469 (662)3191441	Commercial Union Bldg., 1908 New Petchburi Rd., Huay Kwang, Bangkok 10310 thailand
Fubon Insurance Company, Ltd., Indonesia Representative Office	Jeng-Chiou Chen	(6621)6333073 (6621)3848526	Duta Merlin Complex Bloack A. No. 4-5, Ji Gajah Mada No. 3-5 Jakarta 10130, Indonesia
Fubon Insurance Company, Ltd., Vientnam Representative Office	Chian-Yi Shyng	(848)8293996 (848)8250532	1st Floor, OSIC Building 8, Ngyyen Hue Dtrss District 1, Ho Chi Min City, Vietnam
Fubon Insurance Company, Ltd., Philippine Representative Office	Jing-Shyan Shin	(632)8179071 (632)8124605	Pionner House-Makati 108 paseo De Rozas Makati Metro Manila, Philipine
Fubon Insurance Company, Ltd., Beijing Representative Office	Michael Hsiao	(10)65814163 (10)65814277	Rm. 502, North Herchiao Bldg., Kwanhwa, Jaoyang, Beijing, China
Mingtai Fire & Marine Insurance Company, Ltd., Malaysia Representative Office	Lin Cheng Tai	(603)21468259 (603)21432587	Menara MAA. (10th Floor). No. 12, Jalan Dewan Bahasa, 50460 Kuala Lumpur, Malaysia
Mingtai Fire & Marine Insurance Company, Ltd., Thailand Representative Office	C. C. Ho	(662)6773692 (662)6773697	Bangkok Insurance Building 2F 25 South Sathorn Road, Bangkok 10120, Thailand
Mingtai Fire & Marine Insurance Company, Ltd., Indonesia Representative Office	Lin Cheng Tai	(6221)5637928 (6221)5637941	PT. Asuransi Central Asia Wisma Asia Slipi, 12Ath Fl. J1 Let. Jend. S. Parman, Kav. 79, Jakarta 11420, Indonesia
Mingtai Fire & Marine Insurance Company, Ltd., Hong Kong Representative Office	Y. C. Wang	(852)28270111 (852)28270966	3502, The Lee Gardens 33 Hysan Avenue Causeway Bay, Hong Kong
Mingtai Fire & Marine Insurance Company, Ltd., Vietnam Representative Office	C. H. Hsu	(848)8478833 (848)8476239	No. 43R/7. Ho Van Hue St. District. Phu Khuan, Ward 9, Ho Chi Min City Vietnam.
Mingtai Fire & Marine Insurance Company, Ltd., Shanghai Representative Office	Y. S. Kao	(8621)64687789 (8621)64687787	Rm. 8520, Building A, 808, Hong Chiao Road. Shanghai, China
Shin Kong Fire & Marine Insurance Company, Ltd., Hong Kong Representative Office	Andy Yen	(852)25283733 (852)25283306	Room 4412, 44F, COSCO Tower, 183 Queen's Road, Central Hong Kong
The Tai Ping Insurance Company, Ltd., Malaysia Representative Office	Heh -Ling Chen	(603)40432100 (603)40453520	9th Fl. Bangunan Amdo No. 1 Jalan Lumut, 50400 Kuala Lumper Malaysia
The Tai Ping Insurance Company, Ltd., Hong Kong Representative Office	Billy Song	(852)28151239 (852)28152739	7F, Chinese General Commerce Camber Bldg., Central 64, Connaught Road, Central, Hong Kong

## Appendix 5 Insurance Institutes Listing

### E. Domestic Non-life Insurance Companies

Company Name	Representative	Tel / Fax	Address
Union Insurance Company, Ltd., Vietnam Representative Office	W. B. Song	(852)28151239 (852)28152739	11 Floor SICB Building No. 8, Ngyyen Hue Ave, Dist. 1 Ho Chi Min City, Vietnam
Union Insurance Company, Ltd., Beijing Representative Office	H. L. Chiang	(8610)65002266 # 2052	3#, Jienguomenweaidajieh, Beijing
Century Insurance Company, Ltd., Shanghai Representative Office	G. S. Tsai	(21)68860929 (21)68861829	Rm. 2016, China Mariner Bldg. Pudong Blvd., Pudong, Shanghai, China
Central Insurance Company, Ltd., Guangzhou Representative Office	K. H. Yu	(00262) 038781660	R. 912, Ginlilai Digital Network Bldg., #138, Tiyu E. Rd., Guangzhou, China

Note : Domestic Non-Life Insurance Companies' Oversea Offices include subsidiaries, affiliates, liaison offices and representative offices.

### F. Domestic Life Insurance Companies' Overseas offices

Company Name	Representative	Tel / Fax	Address
Cathay (Bermuda) Life Insurance Company	Rue-Yun Lee	(1441)2952244 (1441)2983328	Cedar house, 41 Cedar Avenue, Hamilton Bermuda
Cathay Life Insurance Company, Ltd., Tokyo Representative Office	C. R. Gong	(813)32717399 (813)32717599	2F, Cathay Building 3-2-8 Kyobashi Chuo-Ku, Tokyo, 104 Japan / Email: cathaylife-tokyo@ni-ho.ne.jp
Cathay Life Insurance Company, Ltd., Hong Kong Representative Office	Lin Chung Hsien	(852)28241399 (852)28249277	Rm. 1504, 14F, Shui on Centre, Wanchai, Hong Kong/ Email: cathylif@netvigator.com
Cathay Life Insurance Company, Ltd., Beijing Representative Office	Chien-Yuan Wang	(86)1083913425 (86)1083913427	Rm. 1008, 10F, Capital Time Plaza, #88, Chan-An W. St. Beijing, China
Cathay Life Insurance Company, Ltd., Chendu Representative Office	K. W. Wang	(86)2886766499 (86)2886766500	Rm. 2301, Minshin Financial Bldg., #88, 23F, Ti-Du St., Chengdu, Szechwan, China
Cathay Life Insurance Company, Ltd., Vietnam Hanoi Representative Office	S. P. Hong	(84)49438555 (84)49438556	#15-4 Prime Centre, 53 Quang Trung Street, Hanoi Vietnam.
Shin Kong Life Insurance Company, Ltd., Hong Kong Representative Office	Yaw-Tung Chen	(852)22305550 (852)28400487	Flat/Rm. 4001-3 BLK2 Lippo Centre 89 Queenway Central, Hong Kong
Shin Kong Life Insurance Company, Ltd., Beijing Representative Office	K. C. Chen	(86)1063903399 (86)1063903155	6F, No. 8 Lianhuachi Xili Fengtai District Beijing, China
Taiwan Life Insurance Company, Ltd., Beijing Representative Office	J. H. Liu	(86)1085191568 (86)1085191551	#8, Beidajieh, Chienguomen, Beijing, China
Fubon Life Insurance Company, Ltd., Beijing Representative Office	C. M. Nien	(86)1065815667 (86)1065814277	Rm. 501, Bldg. B, Herchiao Bldg., #A8, Kwanhwa Rd., Jaoyang, Beijing, China

Note: Domestic Non-Life Insurance Companies' Oversea Offices include subsidiaries, affiliates, liaison offices and representative offices.





### G. Liaison Offices of Foreign Non-life Insurance Companies in the R. O. C.

Company Name	Representative	Tel / Fax	Address
Reliance National Indemnity Company, Taipei Liaison Office	Joseph Lee	26305125	11F, 156, Sec. 3, Ming Sheng E. Rd., Taipei
The Nippon Fire & Marine Insurance Company, Ltd., Taipei Liaison Office	Masahiro Tamaru	27766484 27725456	Rm. 1403, 205, Sec. 1, Tun Hwa S. Rd., Taipei
The Chiyoda Fire & Marine Insurance Company, Ltd., Taipei Liaison Office	Onishi Koji	27576300 27576095	Rm. 2212, 22F, #333, Sec. 1, Keelung Rd., Taipei
The Yasuda Fire & Marine Insurance Company, Ltd., Taipei Liaison Office	Shuei Yoshida	25612761 25622134	Rm. C, 10F, 146, Sung Chiang Rd., Taipei
The Tokyo Fire & Marine Insurance Company, Ltd., Taipei Liaison Office	Kenji Kawanishi	25064507 25064506	14F, 111, Sung Chiang Rd., Taipei

### H. Liaison Offices of Foreign Life Insurance Companies in the R. O. C.

Company Name	Representative	Tel / Fax	Address
The Dai-ichi Mutual Life Insurance Company, Taipei Liaison Office	Kajuaki Miyada Kajuaki Miyada	25175027 25042240	6F, 123, Sec. 2, Nanking E. Rd., Taipei
Transamerica Life Insurance Company, Taipei Liaison Office	M. C. Lin	25140707 25148800	Rm. D, 8F, #133, Min-Shen E. Rd., Taipei

### I. Liaison Offices of Foreign Reinsurance Companies in the R. O. C.

Company Name	Representative	Tel / Fax	Address
Swiss Reinsurance Taipei Liaison Office	Judith Chen	27161388 27135774	9F-5 & 6, 156, Sec. 3, Min Sheng E. Rd., Taipei
Hannover Reinsurance Company Taipei Representative Office	T. C. Chen	27011096 27048177	Rm. A2, 12F, 296, Sec. 4, Jen Ai Rd., Taipei
The Cologne Reinsurance Taipei Liaison Office	Roger Chen	87331179 27330110	Rm. B1, 20F, 216, Sec. 2, Tun Hwa S. Rd., Taipei
Gerling-Global Reinsurance Taipei Liaison Office	Andrew Antony Tuan-An	23456609 23456657	Rm, 127, 17F Place B, 167, Tun Hwa N. Rd., Taipei
Munich Reinsurance Taipei Liaison Office	Christian Kraut	27177231 27124959	16F, 109, Sec. 3, Min Sheng E. Rd., Taipei
The Toa Reinsurance Taipei Liaison Office	Hsing T. Wang	27151015 27151628	4F-2, 128, Sec. 3, Min Sheng E. Rd., Taipei
RGA Reinsurance Taipei Liaison Office	Joan Cheu	87892217 87892220	Rm. 401, 4F, 2, Land 150, Sec. 5, Hsin-Yi Rd., Taipei

## Appendix 5 Insurance Institutes Listing

### J. Other Institutions

Institution Name	Chairperson/ GM	Tel/Fax	Address / Website Http://www.
Insurance Institute of the Republic of China	K. R. Chou W. R. Tseng	23972227 23517508	6F, 3, Nan Hai Rd., Taipei www.iroc.org.tw
Motor Vehicle Accident Compensation Fund	T. C. Yang B. H. Kuo	87898897 87896061	18F, 2, Lane 150, Sec. 5, Hsin Yi Rd., Taipei www.mvacg.org.tw
Residential Earthquake Insurance Fund	S. L. Chang C. D. Yang	25115211 25632933	13F, 53, Sec. 2, Nanking E. Rd., Taipei Under construction
The Finance Crime Prevention Center	C. K. Chiang F. Y. Kao	33221488 33221490	1, Sec. 1, Nan Chang Rd., Taipei www.iafi.org.tw
The Non-life Insurance Association of the R. O. C.	S. J. Wang K. K. Sa	25071566 25178069	13F, 125, Sec. 2, Nanking E. Rd., Taipei insurance.tradevan.com.tw
The Life Insurance Association of the R. O. C.	W. Y. Lin T. N. Hong	25612144 25613774	5F, 152, Sung Chiang Rd., Taipei www.lia-roc.com.tw
The Non-life Underwriters Society of the R. O. C.	T. S. Shi I. T. Huang	25065941 25075245	13F, 125, Sec. 2, Nanking E. Rd., Taipei
Engineering Insurance Association	N. S. Chang S. J. Wang	23820051 23820001	9F, 29, Sec. 1, Chung Hsiao W. Rd., Taipei
R. O. C. Nuclear Energy Insurance Association	S. Y. Liu B. C. Wei	25514235 25611176	15F, 88, Sec. 2, Nanking E. Rd., Taipei meiproc@mail.cki.com.tw
Risk Management Society of Taiwan, Republic of China	J. H. Chiu S. F. Peng	27058393 27549459	13F, 237, Sec. 2, Fu Hsing S. Rd., Taipei www.rmst.org.tw service@rmst.org.tw
The Actuarial Institute of the Republic of China	W. H. Lo S. S. Yeh	27169947 27169920	13F, 122, Tun Hwa N. Rd., Taipei www.airc.org.tw
Life Insurance Management Institute of the R. O. C.	P. H. Lai C. C. Shieh	23710852 23758879	20F, 66, Sec. 1, Chunghsia W. Rd., Taipei www.khl.com.tw/other/limi-org/certification/index.html
Insurance Society of the Republic of China	C. T. Wang K. H. Shen	25071566 #117	12F, 56, Tun Hwa N. Rd., Taipei
Insurance Agents Association of the R. O. C.	C. H. Hing J. S. Chao	25055891 25155390	11F, 42, Sec. 3, Chien Kuo N. Rd., Taipei www.ciaa.org.tw
The Insurance Brokers Association of the Republic of China	R. H. Cheng H. Y. Shen	25174939 25174857	4F, 45, Sec. 3, Min-Chun E. Rd., Taipei naibtw.tworg.net
Insurance Brokers Association of Taipei	F. Huang H. P. Chu	25642809 25646814	3F-2, 58, Lane 85, Lin Sen N. Rd., Taipei
Surveyors Association of the Republic of China	K. M. Chen L. W. Ping	23707617 23755407	Rm. 705, 7F, 43, Sec. 1, Chung-Chin S. Rd., Taipei www.taipei-surveyors.org.tw
Surveyors Association of Kaohsiung	W. F. Hsieh	(07)7132207 (07)7131853	8F-2, 224, San Duo 2nd Rd., Lin Ya District, Kaohsiung
Taipei Insurance Service Association	E. M. Tseng C. L. Chang	25966516 25967112	Rm. 1301A, 27, Sec. 3, Chung Shan N. Rd., Taipei www.cisa.org.tw

**Edit /** Department of Insurance, Ministry of Finance

**Address /** #2, Ai-Kuo W. Rd., Taipei, R. O. C.

**TEL /** 2332-8000

**FAX /** 2393-5097

**URL /** <http://www.insurance.gov.tw>

**Print /** Printing Plant, Ministry of Finance

288, Section 1, Chung-Hsing Road, Ta-Li City,

Tai-Chung County, 412, Taiwan, R. O. C.

**TEL /** (04) 2495-3126

**FAX /** (04) 2493-8834

**Purchase /** Please Contact Department of Insurance, Ministry of Finance

**Price /** NT\$250 (not including postage)

June 2004



*Department of Insurance, Ministry of Finance*

*Address / #2, Ai-Kuo W. Rd., Taipei, R. O. C.*

*TEL / 2332-8000*

*FAX / 2393-5097*

*URL / <http://www.insurance.gov.tw>*

ISSN 16098781



9 771609 878000

GPN:2008100044

Price / NT \$ 250