

Content

Title :	Regulations Governing the Taiwan Residential Earthquake Insurance Fund 
Date :	2013.10.14
Legislative :	<ol style="list-style-type: none">1. Adopted per 30 November 2001 Letter No. Taiwan-Finance-Insurance-09007513372. Amended per 1 December 2005 Letter No. Financial-Supervisory-Insurance-094025640413. Amended per 29 December 2006 Letter No. Financial-Supervisory-Insurance-095025653324. Amended per 26 November 2007 Letter No. Financial-Supervisory-Insurance-096025641025. Amended per 20 December 2011 Letter No. Financial-Supervisory-Insurance-100025665366. Amended per 14 October 2013 Letter No. Financial-Supervisory-Insurance-10202527731
Content :	<p>Article 1 These regulations are adopted pursuant to Article 138-1, paragraph 4 of the Insurance Act.</p> <p>Article 2 Management of the Taiwan Residential Earthquake Insurance Fund (TREIF) shall be conducted in accordance with these Regulations unless otherwise provided by law.</p> <p>Article 3 When the TREIF assumes and spreads residential earthquake risks and handles other related business under the “Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance” adopted by the competent authority in charge of the particular enterprise, it shall do so in accordance with the provisions of Article 138-1 of the Insurance Act and other applicable acts or regulations.</p> <p>Article 4 The TREIF may not engage in operations outside the scope authorized by the Insurance Act and its Act of Endowment.</p> <p>Article 5 The balance of the total pure premium received by the TREIF in accordance with the provisions of Article 6, subparagraph 1 of its Act of Endowment after deduction of premium allocated to the Pool and the costs in connection with spreading of risk on domestic, overseas reinsurance or capital markets shall be accumulated in their entirety, and may not be drawn upon except for the claim payments which shall be made in connection with an earthquake event or for the principal and interest payments of financing loans mentioned in paragraph 2.</p> <p>When the occurrence of a major earthquake disaster results in claim payments that exceed the amount of funds accumulated in the TREIF, the TREIF shall lay down a financing plan to raise fund with domestic or foreign institutional loans or other financing patterns, and in order to safeguard the interest of the insured parties the TREIF may as necessary ask the competent authority and the Ministry of Finance to jointly request</p>

Executive Yuan' s approval for the national treasury to provide collateral to obtain the necessary source of funding.

Article 6

Apart from the support of operational needs, the funds from the TREIF shall only be utilized for the following purposes:

1. To make NT Dollar or foreign currency deposits in domestic banks.
2. To purchase government bonds, treasury bills, financial bonds, negotiable certificates of deposits, banker' s acceptances, and commercial promissory notes guaranteed by a financial institution.
3. To purchase publicly issued guaranteed corporate bonds, or corporate bonds issued by a company which has been rated above certain level by a credit rating agency.
4. To purchase bond funds.
5. Other application of funds as approved by the competent authority in charge of the particular enterprise.

The investment limits and terms as referred to in subparagraph 3 and 4 of the preceding paragraph shall be reported to the competent authority in charge of the particular enterprise for approval.

The balance of the yearly financial income of the TREIF after deduction of financial costs, expenses, and losses shall be carried over as accumulated surplus/deficit.

Article 7

The TREIF shall set aside or treat various reserves of the Insurance pursuant to the following provisions:

1. Unearned premium reserve: to set aside by the 1/24 method according to the pure premium to which the TREIF is entitled.
2. Loss reserve: The outstanding loss reserve and IBNR reserve shall be set aside according to the result of the TREIF loss assessment.
3. Special reserve:

(1) At the end of each year, the TREIF shall set aside the balance of the total amount of pure premium received after deduction of premium allocated to the Pool, the costs in connection with spreading of risk on domestic, overseas reinsurance or capital markets, net retained loss, net change in unearned premium reserve, and net change in loss reserve as special reserve.

(2) At the end of each year, the TREIF shall set aside the balance of the income from expense loading plus the sum of various incomes excluding the financial income after deduction of operating costs and expenses as a special reserve. In the event that the balance of this item is negative, it shall be carried over into accumulated surplus/deficit.

(3) In the event that the special reserve in item 1 is insufficient, the deficit shall be replenished with the recovered special reserve accumulated in the previous years. If any deficit remains, it shall be replenished with the special reserves set aside in the subsequent years.

The costs and expenses referred to in item 2, subparagraph 3 of the preceding paragraph shall not include the costs, expenses, indemnities, and losses deducted as per the provisions of paragraph 3 of Article 6 and item 1 of subparagraph 3 of the preceding paragraph.

Article 8

The competent authority in charge of the particular enterprise may from

time to time dispatch personnel to examine the TREIF' s operational and financial status.

The TREIF shall regularly report, in accordance with the regulations of the competent authority in charge of the particular enterprise, its operational and financial status to the competent authority in charge of the particular enterprise or to an organization designated thereby.

Article 9

These regulations shall be enforced from January 1, 2008.

Articles amended and promulgated on December 20, 2011, shall enter into force on January 1, 2012.

Articles amended on October 14, 2013, shall enter into force from the date of promulgation.

Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System