

Content

Title :	Compulsory Automobile Liability Insurance Act 
Date :	2010.05.19
Legislative :	<p>1.Full text of 50 articles enacted and promulgated on December 27, 1996 per Presidential Order No. Hua-Zong-(I)-Yi-8500301850 Issued 22 October 1997 per Order No. (86)-Taiwan-Finance-40498 of the Executive Yuan; for implementation from January 1, 1998 Purchase of compulsory automobile liability insurance by motorcycle owners to be implemented from January 1, 1999</p> <p>2.Full text of 53 articles amended and promulgated on February 5, 2005 per Presidential Order No. Hua-Zong-I-Yi-09400017821; for implementation from the date of promulgation</p> <p>3.Amended on May 19, 2010</p>
Content :	<p>Chapter 1 General Rules</p> <p>Article 1 This Act is specially adopted in order to ensure prompt basic coverage for the injured parties in automobile traffic accidents that result in injury or loss of life and to maintain roadway traffic safety.</p> <p>Article 2 Compulsory automobile liability insurance ("this insurance") shall be subject to the provisions of this Act; the Insurance Act will govern with respect to any matters not provided for herein.</p> <p>Article 3 The competent authority under this Act is the Financial Supervisory Commission, Executive Yuan.</p> <p>Article 4 In order to investigate claim adjustments, actuarial statistics, and compensation in relation to automobile traffic accidents covered by this insurance, the competent authority may request insurers, the police, traffic supervisory and other agencies or organizations connected with this insurance to provide relevant information.</p> <p>Article 5 In this Act, "automobile" means an automobile as provided in Article : 2, subparagraph 8 of the Highway Act, or any other motorized machinery driven on a road. "Motorcycle," as used in Articles 38 and 49, is also an automobile as defined in Article : 2, subparagraph 8 of the Highway Act. In addition to the vehicles given in the two preceding paragraphs, "automobile" also includes specified overland motorized vehicles that do not run on rails and have a transport function; the range of vehicles to be included in this category and the automobile categories for which the establishment of a contract for this insurance is required will be prescribed and announced by the competent authority in conjunction with the central competent authority for transportation and communications.</p> <p>Article 6 Owners of automobiles for which the establishment of a contract for this</p>

insurance is required shall do so in accordance with this Act; the same shall apply to military-use automobiles during non-wartime periods.

Where the owner of an automobile as given in the preceding paragraph has not established a contract for this insurance, the owner registered with a highway supervisory authority shall be presumed the party with the duty to insure.

For an automobile as given in paragraph 1 to which any of the following applies, its user or manager will be treated as the party with the duty to insure:

- 1.The license plate has been returned, surrendered for cancellation, or revoked (jhu siao).

- 2.The owner is unknown.

- 3.The owner is unable to manage or use the automobile for reasons attributable to the automobile's user or manager.

With respect to this insurance, the party with the duty to insure shall maintain the validity of the insurance contract, and prior to the termination of that contract or when an insurer refuses to insure pursuant to the provisions of Article : 18, paragraph 1 shall establish another contract for this insurance in accordance with the provisions of this Act.

Article 7

Where an injured party suffers injury or loss of life as the result of an automobile traffic accident, regardless of whether the injuring party is at fault, a claimant may claim insurance benefits from an insurer or compensation from the Motor Vehicle Accident Compensation Fund ("the Compensation Fund") in accordance with the provisions of this Act.

Article 8

In this Act, "insurer" refers to an insurance enterprise to which the competent authority has granted permission to provide this insurance.

With respect to applications by insurance enterprises for permission as referenced in the preceding paragraph, regulations governing qualification requirements, required documentation, conditions for revocation of permission, and other matters for compliance shall be adopted by the competent authority in conjunction with the central competent authority for transportation and communications.

Article 9

In this Act, "proposer" means a party that applies to an insurer to establish a contract for this insurance pursuant to Article : 6 and bears an obligation to pay insurance premiums.

In this Act, "insured" means a proposer to whom an insurer extends coverage and any person using or managing the insured automobile with the proposer's consent.

Article 10

In this Act, "injuring party" means any person who, through the use or management of an automobile, causes an automobile traffic accident.

In this Act, "injured party" means a person who suffers injury or loss of life as the result of an automobile traffic accident.

Article 11

In this Act, "claimant" means any of the following persons that may claim insurance benefits from an insurer or compensation from the Compensation Fund:

1. In the case of a person who has suffered injury as the result of an automobile traffic accident, it shall be the injured party himself.
2. In the case of a person who has suffered loss of life as the result of an automobile traffic accident, it shall be the survivors of the injured party, in the following order:
 - (1) parents, children, and spouse;
 - (2) grandparents;
 - (3) grandchildren;
 - (4) siblings.

When there are several persons at the same position in the order, insurance benefits or compensation will be distributed equally among them according to their number.

When, upon the death of an injured party, there are no claimants as provided in paragraph 1, subparagraph 2, persons paying the funeral and interment expenses of the deceased may, within the limit of [actual] funeral and interment expenses, claim benefits from an insurer or compensation from the Compensation Fund. Any sum remaining after deduction of the funeral and interment expenses from the insurance benefits shall belong to the Compensation Fund. When, upon the death of an injured party, there are neither claimants as provided in paragraph 1, subparagraph 2 nor persons paying for the funeral and interment expenses, insurance benefits shall be returned to the ownership of the Compensation Fund.

Items included under funeral and interment expenses under the preceding paragraph, and their amounts, will be prescribed and announced by the competent authority.

Article 12

In this Act, "insured automobile" means an automobile for which the establishment of a contract for this insurance in accordance with the provisions of this Act is required. After ten days from the insurer's receipt of an insurance proposal, if the insurer has not expressed any intention of either commitment or refusal to provide insurance, the automobile indicated in the proposal shall be deemed an insured automobile.

The automobile recorded on the insurance card for this insurance ("insurance card") shall be presumed to be the insured automobile.

In this Act, "uninsured automobile" means an automobile for which establishment of a contract for this insurance in accordance with the provisions of this Act is required but for which none has been established.

Article 13

In this Act, "automobile traffic accident" means an accident in which an automobile is used or managed in such a manner as to cause injury or loss of life to a passenger or to a third party outside the vehicle.

Article 14

A claimant's right to claim insurance benefits from an insurer shall be extinguished if not exercised within two years of the time when he learns of the occurrence of damage and the existence of the insurer, or within ten years of the date of the occurrence of the automobile traffic accident.

When a claimant has claimed against an insurer for insurance benefits prior to the end of the period of prescription referenced in the preceding paragraph, the period from the time the claim becomes effective until the notice of the insurer's decision on insurance benefits is received shall

not be counted against the period of prescription.

When there is an interruption in the period of prescription for a claimant's right to claim insurance benefits from an insurer, or when the period has not ended, or when a given time period is not counted against the period of extinctive prescription as referenced in the preceding paragraph, such event shall, within the limit of the insured amount, have the same effect with regard to the claimant's right to claim damages from the insured. When there is an interruption in the period of prescription for a claimant's right to claim damages from an insured, or when the period has not ended, such event shall have the same effect with regard to the claimant's right to claim insurance benefits from the insurer.

The provisions of the preceding three paragraphs apply mutatis mutandis to all matters relating to the right to claim compensation from the Compensation Fund arising out of this Act, with the exception that the beginning of the period of extinctive prescription for the right of claim is governed by the following provisions:

1. In cases where an accident vehicle cannot be traced, the period is counted from the time it is known that there is damage and it is confirmed that the at-fault automobile cannot be traced.
2. In cases where an accident vehicle is an uninsured automobile, the period is counted from the time it is known that there is damage and it is confirmed that the at-fault automobile is uninsured.
3. In cases where an accident vehicle is an insured automobile that was used or managed without the consent of the insured, the period is counted from the time it is known that damage has occurred and it is confirmed that the insured automobile was used or managed without consent.
4. In cases where an accident vehicle is one for which establishment of a contract for this insurance is not required, the period is counted from the time it is confirmed that damage has occurred and that the injuring automobile is one for which establishment of a contract for this insurance is not required.

Article 15

An insurer shall notify a proposer to renew the insurance 30 days prior to the expiry of the policy period. When an insurer fails to provide such notification and an insured peril occurs within 30 days after the expiry of the original policy period, the insurer shall still be liable for payment of insurance benefits if the proposer completes renewal procedures and extends the beginning of the policy period retroactively to the expiry of the original policy period.

Chapter 2 Insurance Contract

Section 1 Execution of the Contract

Article 16

When applying for issuance of a license plate or a temporary pass, or prior to the expiry of the policy period for this insurance, the owner of any automobile for which establishment of a contract for this insurance is required shall, for each such automobile, apply to an insurer to establish a contract for this insurance.

A highway supervisory authority may not issue a license plate or temporary pass, reissue a license plate, register an alteration [of registered particulars], or inspect an automobile to which either of the following

applies:

- 1.Establishment of a contract for this insurance is required, but none has been established.
- 2.This insurance became effective less than 30 days earlier, provided that this does not apply with respect to an application for a temporary license plate or a temporary pass.

Article 17

A proposer shall make truthful representations in regard to the following matters when applying to establish a contract for this insurance:

- 1.the automobile category;
- 2.the nature of its use;
- 3.the automobile license plate number, engine serial number, and vehicle body number;
- 4.The name, sex, date of birth, domicile, and national ID number of the party with the duty to insure.For an automobile owner that is an incorporated or unincorporated body or agency: its name, the government uniform invoice number on the profit-seeking enterprise registration certificate or the uniform invoice number issued by the tax authority, the locations of its places of business or offices, and the name of its representative.

Article 18

An insurer may not refuse to extend insurance coverage, except when a proposer has failed to make premium payments or has violated the duty of truthful representation under the preceding article.

When an insurer intends to refuse coverage as provided in the preceding paragraph it shall make a written expression of intention within 10 days of receiving the insurance proposal; when it has provided no such written expression by the end of that period, it will be deemed to have agreed to extend insurance coverage.

Article 19

After establishing a contract for this insurance, an insurer shall issue a document containing the policy provisions, an insurance card, and an insurance sticker to the proposer.

Within four working days after establishing a contract for this insurance, the approved particulars shall be transmitted by the insurer to the agencies (organizations) designated by the competent authority and the central competent authority for transportation and communications, respectively.

When the insured, the policy period, the insured automobile, or the insurance card number listed on the insurance card is changed, the proposer shall notify the insurer to update such information.

Article 20

An insurer may not rescind an insurance contract.

An insurer may not terminate an insurance contract, except under one of the following conditions:

- 1.The proposer has violated the duty of truthful representation under Article : 17.
- 2.The proposer has not made premium payments as stipulated.

Prior to terminating an insurance contract as provided in the preceding paragraph, an insurer shall notify the proposer in writing to make

rectification within 10 days after its receipt of the notice; if the proposer makes rectification at any time prior to receipt of a notice of termination of the contract, the insurer may not terminate the contract. When an insurance contract is terminated, the insurer shall give notice within three days to the highway supervisory authority with jurisdiction over the insured automobile, and to the agencies or organizations designated by the competent authority and the central competent authority for transportation and communications, respectively.

The insurer shall return to the proposer any unearned premium for the period after termination of the contract; the insurance contract shall be deemed to be in effect prior to return of the premium.

Article 21

A proposer may not rescind an insurance contract.

A proposer may not terminate an insurance contract, except under one of the following conditions:

- 1.The license plate of the insured automobile has been surrendered for cancellation, revoked (diao siao), revoked (jhu siao), or surrendered for suspension of use of vehicle.
- 2.The insured automobile is reported as scrapped.
- 3.Ownership of the insured automobile is transferred and the party with the duty to insure after transferal has already established a contract for this insurance, resulting in duplication of insurance.

After an insurance contract has been terminated as provided in the preceding paragraph, where premiums have already been paid the insurer shall return the unearned premium for the period after termination; where premiums have not been paid the proposer shall pay any premium earned prior to termination.

Article 22

When a proposer establishes a duplicate contract for this insurance either the proposer, or the insurer that issued the insurance contract with the later date of effect, may revoke the contract with the later date of effect; the same shall be true after the occurrence of an automobile traffic accident.

The right of revocation referenced in the preceding paragraph shall be exercised, at earliest, at the time duplication of insurance occurs, and prior to the expiry of the policy period of the insurance contract with the earlier date of effect.

When an insurance contract is revoked, the insurer shall return the premium (less the insurer's business expenses and any expenses needed to ensure the soundness of this insurance) to the proposer.

Article 23

When ownership of an insured automobile is transferred, procedures for establishing a contract for this insurance or for modification thereof shall first be completed; prior to completion thereof, a highway supervisory authority may not process title transfer registration.

Article 24

Any notice given to an insurer by a proposer, insured, or claimant, and any application by a proposer for modification of an insurance contract, shall be made in writing; the same applies to any notice given by an insurer to a proposer, insured, or claimant, and to any agreement by an insurer to

modification of an insurance contract.

Section 2 Coverage of Insurance

Article 25

Upon the occurrence of an automobile traffic accident involving an insured automobile, an insurer shall be liable for payment of insurance benefits to claimants as provided herein.

An insurer shall pay insurance benefits within 10 working days from the day after all relevant evidentiary documents have been submitted by the insured or a claimant; the content of those evidentiary documents shall be prescribed and announced by the competent authority in consultation with related agencies or organizations.

If, for reasons attributable to itself, the insurer fails to make payment within the time limit given in the preceding paragraph, it shall pay default interest at the rate of 10 percent per annum from the day after the time limit for payment has ended.

A claimant's right to claim insurance benefits as provided in paragraph 1 and insurance benefits not yet collected by a claimant may not be attached, assigned, or provided as security.

Article 26

The policy period of this insurance shall be determined by the competent authority in conjunction with the central competent authority for transportation and communications on the basis of practical need.

Article 27

Benefits payable under this insurance are:

1. personal injury medical expense benefits;
2. disability benefits;
3. death benefits.

Standards for the tiers, amounts, and approval procedures for the benefits referenced in the preceding paragraph shall be determined by the competent authority in conjunction with the central competent authority for transportation and communications based on actual social and economic conditions.

When the standards under the preceding paragraph are amended and an automobile traffic accident occurs after the date the amendment takes effect, the insurer shall handle insurance benefits in accordance with the amended provisions.

Article 28

When an automobile traffic accident involving an insured automobile occurs as a result of either of the following behaviors on the part of an injured party or other claimant, an insurer is not liable for payment of insurance benefits:

1. Caused it through a deliberate act.
2. Caused it through a criminal act.

When there is more than one other claimant and a deliberate or criminal act has been committed, as referenced in the preceding paragraph, by one or more persons among them, the insurer shall deduct the portion payable to such person or persons and pay the remainder to other claimants.

Article 29

When an automobile traffic accident involving an insured automobile occurs as a result of any of the following behaviors on the part of an insured,

the insurer shall still bear liability for payment of insurance benefits as provided herein, provided that the insurer may be subrogated to the claimant's right of claim against the insured, within the amount of benefits paid:

1. Was driving the automobile after ingesting alcohol or another similar substance and had a breath or blood alcohol concentration exceeding the standard set by any act or regulation governing road traffic.
2. Was driving after having taken intoxicants, hallucinogens, narcotics, or other similar controlled substances, as verified through a test.
3. Caused it through a deliberate act.
4. Was engaging in a criminal act or evading lawful arrest.
5. Was driving an automobile in violation of Article : 21 or 21-1 of the Act Governing Management of Roadway Traffic and Administration of Sanctions.

An insurer's right of subrogation as referenced in the preceding paragraph shall be extinguished if not exercised within two years of the date on which the insurer pays insurance benefits.

Article 30

An insurer shall not be bound by any settlement, waiver of rights, or other agreement between a claimant and an insured that was made without the consent of the insurer and would impede exercise of the insurer's right of subrogation to a claim by the claimant against the insured as referenced in the preceding article.

Section 3 Claim of Insurance Benefits

Article 31

When an automobile traffic accident involving an insured automobile occurs and the insured has already paid partial damages, the insurer bears liability for payment of insurance benefits only within the balance of the insured amount provided for herein after deduction of the compensation already made, provided that where the claimant and the insured have agreed that no such deduction may be made, such agreement shall govern.

Where an insured pays damages in advance as contemplated under the preceding paragraph, the insurer shall make payment of such amount to the insured within the limit of the insured amount as provided herein, provided that this provision shall not apply under the circumstances given in the proviso of the preceding paragraph.

Article 32

Insurance benefits paid by an insurer as provided herein will be deemed part of the damages payable by the insured and may be deducted by the insured when subject to a claim for damages.

Article 33

When the occurrence of an automobile traffic accident is attributable to a third party other than the insured, the insurer may, after payment of insurance benefits, be subrogated to the insured's right of claim against such third party, provided that the amount claimable thereby may not exceed the amount of insurance benefits paid.

When the third party given in the preceding paragraph is an insured's or claimant's spouse, head of family, other family member, blood relative within the fourth degree, or relative by marriage within the third degree, the insurer shall have no right of subrogation, provided that this restriction shall not apply when the accident resulted from the deliberate

intent of such a third party.

Article 34

When an automobile traffic accident involving an insured automobile occurs, it shall be handled in accordance with the following provisions:

1.The insured or the injuring party shall immediately escort the injured party to a local or nearby medical facility for emergency treatment, or shall request another person to do so, provided that this shall not apply when it is obviously impossible to carry out a rescue under the conditions at the time of the accident.

2.The insured or injuring party shall immediately report the accident to the local civilian or military police authorities for handling, and shall notify the insurer in writing within five days.A claimant may also give written notification directly to the insurer.

3.The insured, the injuring party, and claimants shall cooperate with the insurer in providing human evidence, physical evidence, and other related information and documentation.

The insurer shall still bear liability for payment of insurance benefits should the insured, an injuring party, or a claimant violate its obligations under the provisions of the preceding paragraph, provided that any of those parties shall bear liability for damages if the insurer incurs damages as a result of their deliberate intent or negligence.

Article 35

When an automobile traffic accident results in loss of life, a claimant may make a claim against the insurer for provisional payment in an amount equivalent to one-half of the insurance benefits by presenting evidentiary documents.

When an automobile traffic accident results in disability, a claimant may make a claim against the insurer for provisional payment of the insurance proceeds based on a disability tier already determined by the insurer, by submitting evidentiary documents.

The insurer shall make payment within 10 working days from the day after a claimant presents evidentiary documents as provided in either of the preceding two paragraphs. If, for reasons attributable to itself, the insurer fails to make payment within the prescribed time limit, it shall pay default interest at the rate of 10 percent per annum beginning from when the prescribed time limit expires.

When a provisional payment of insurance proceeds by an insurer exceeds the amount of insurance benefits actually payable, the insurer may claim for return of the excess portion by the claimant.

Article 36

When a single automobile traffic accident involves multiple automobiles, the matter shall be handled in accordance with the following provisions:

1.When each accident vehicle is an insured automobile, a claimant may claim for payment of insurance benefits jointly and severally by each insurer that is required to bear the obligation to pay benefits.

2.When each accident vehicle is an automobile as set forth in Article : 40, paragraph 1, the claimant may claim for compensation from the Compensation Fund.

3.When some of the accident vehicles are insured automobiles and some are automobiles as set forth in Article : 40, paragraph 1, a claimant may claim

for payment of insurance benefits or compensation jointly and severally by each insurer that is required to bear the obligation to pay benefits and by the Compensation Fund;

Apportionment of liability among the insurers or among the insurers and the Compensation Fund as referenced in the preceding paragraph shall be proportional to the number of accident vehicles for which each is required to bear liability for insurance benefits or compensation payments.

Article 37

When a claimant claims insurance benefits in accordance with the provisions of this Act, the insurer may not reject or reduce payment of benefits on the grounds that the claimant holds another type of insurance in addition to this insurance.

Chapter 3 Motor Vehicle Accident Compensation Fund

Article 38

The Compensation Fund shall be established in order to ensure prompt basic coverage for all the injured parties in automobile traffic accidents under this Act, and to ensure the soundness of this insurance system. The Compensation Fund shall maintain separate accounts for automobiles and for motorcycles as a basis for calculation of fees.

The Compensation Fund shall be an incorporated foundation; its articles of incorporation and regulations governing management of the fund shall be adopted by the competent authority in conjunction with the central competent authority for transportation and communications.

Article 39

Sources of the Compensation Fund are as follows:

1. Contributions to the Compensation Fund included in premiums for this insurance;
2. Income obtained through subrogation to claims as provided in Article : 42, paragraph 2;
3. Interest generated by the Fund;
4. Income obtained as provided in Article : 11, paragraph 3;
5. Other revenues.

Article 40

When an automobile traffic accident occurs and a claimant is unable, for one of the following reasons, to claim insurance benefits from an insurer in accordance with this Act, the claimant may claim for compensation from the Compensation Fund within the limit of the insured amount provided for herein:

1. An accident vehicle cannot be traced;
2. An accident vehicle is an uninsured automobile;
3. An accident vehicle is an insured automobile that was used or managed without the consent of the insured;
4. All or some of the accident vehicles are ones for which establishment of a contract for this insurance is not required.

When doubt exists regarding a determination on use or management of the automobile without the consent of the insured as set forth under subparagraph 3 of the preceding paragraph, a provisional payment of insurance proceeds prior to the establishment of such fact shall be made by the insurer of the insured automobile.

When each of the accident vehicles is an automobile for which establishment

of a contract for this insurance is not required as given in paragraph 1, subparagraph 4, the drivers of such vehicles may not apply to the Compensation Fund for compensation.

When, after payment of compensation by the Compensation Fund as provided in paragraph 1, subparagraph 1, it is found that the accident vehicle is an insured automobile under this insurance, the Compensation Fund may claim against its insurer for return of the compensation.

When an insurer returns compensation to the Compensation Fund in accordance with the preceding paragraph, it will be deemed to have paid insurance benefits to the claimant as provided herein.

When a claimant in respect of an automobile traffic accident applies for compensation from the Compensation Fund as provided in paragraph 1, then the provisions of Article : 25, paragraphs 2 through 4, and Articles 27, 28, 35, and 37 shall apply mutatis mutandis, provided that the payment of compensation for personal injury medical expense benefits through the mutatis mutandis application of Article : 27 shall not include the amount of benefits paid by National Health Insurance.

Article 41

The provisions of Article : 34 shall apply mutatis mutandis when an automobile traffic accident occurs involving an uninsured automobile or an automobile for which establishment of a contract for this insurance is not required.

Article 42

Compensation paid by the Compensation Fund as provided in Article : 40 will be deemed part of the damages payable by the party liable for damages, and may be deducted by that party when subject to a claim for damages.

After paying compensation, the Compensation Fund may be subrogated to the claimant's right of claim against the party liable for damages, provided that the amount claimable thereby may not exceed the amount of compensation paid.

The right of claim under the preceding paragraph shall be extinguished if not exercised within two years of the date on which compensation is paid by the Compensation Fund.

When the party liable for damages is a claimant's spouse, head of family, other family member, blood relative within the fourth degree, or relative by marriage within the third degree, the Compensation Fund shall have no right of subrogation, provided that this restriction shall not apply when the circumstances set forth under any of the subparagraphs listed under Article : 29, subparagraph 1 apply to the party liable for damages.

Article 43

The Compensation Fund shall not be bound by any settlement, waiver of rights, or other agreement between a claimant and a party liable for damages when such agreement was made without the consent of the Compensation Fund and would impede exercise of the Compensation Fund's right of subrogation to a claim by the claimant against the party liable for damages.

When a claimant has received damages from a party liable for damages, the Compensation Fund shall deduct the amount of such damages when making its own compensation payment. When a deductible amount is not deducted, the Compensation Fund may claim for return of compensation within the limit of

the deductible amount.

Chapter 4 Supervision of the Insurance Companies

Article 44

The premium structure of this insurance shall be based on the following:

1. expected losses;
2. the business expenses of the insurer;
3. [contributions to] the Stabilization Fund;
4. contributions to the Compensation Fund;
5. overhead associated with actuarial calculation of rates, research and development, public information services, information transmission, and other expenses necessary to ensure the soundness of this insurance.

The proportions, amounts, and content of the items set forth in the preceding subparagraphs shall be prescribed and announced by the competent authority in conjunction with the central competent authority for transportation and communications.

Article 45

Premium rates for this insurance shall be formulated by the competent authority in conjunction with the central competent authority for transportation and communications and submitted to a premium rate review board composed of fair and impartial members of society for passage, after which they are issued.

The formulation of premium rates under the preceding paragraph may be entrusted to an appropriate professional institution.

In setting insurance premiums, consideration shall in principle be given to both personal and vehicular factors, provided that one or the other may be selected for use in view of actual societal circumstances.

Insurers shall calculate and collect premiums on the basis of the premium rates issued by the competent authority in conjunction with the central competent authority for transportation and communications as provided in paragraph 1.

The competent authority may engage a professional institution to provide public information services on premiums and other relevant matters.

Article 46

An insurer that provides this insurance shall keep accurate records on the insurance coverage it extends and shall correctly handle claims adjustment; regulations governing required particulars of information on insurance coverage, claim adjustment procedures, the method for notification under Article : 15, and other matters for compliance shall be adopted by the competent authority.

Article 47

An insurer shall establish independent accounting to record the operational and financial status of this insurance.

The premium of this insurance which belongs to the expected losses referenced in Article 44, paragraph 1, subparagraph 1 shall be used exclusively for purposes of claims under this insurance and for setting aside of the various reserves. The difference between the expected losses and actual losses shall be set aside as special reserve, and may not be withdrawn, transferred, or used for any other purpose, except adjustment of premium rates, raising of insured amounts, covering a pure premium loss, or treatment pursuant to the regulations adopted under paragraph 3.

Regulations governing accounting treatment, the reporting of operational and financial information, the provisioning, custody, utilization, withdrawal, and transfer of the various reserves, and other matters for compliance by an insurer when handling this insurance shall be adopted by the competent authority in consultation with the central competent authority for transportation and communications.

Article 47-1

A creditor of an insurer may not apply for attachment of, or exercise any other right against, any asset relevant to the insurance, unless on the basis of a creditor's right obtained pursuant to this Act.

The items and scope of relevant assets referred to in the preceding paragraph shall be specified in the regulations mentioned in paragraph 3 of the preceding article.

Chapter 5 Penalty

Article 48

An administrative fine of not less than NT\$3 million and not more than NT\$15 million shall be imposed by the competent authority for violation of Article 8, paragraph 1 by an insurance enterprise.

An administrative fine of not less than NT\$200,000 and not more than NT\$1 million shall be imposed by the competent authority for violation of Article 18, paragraph 1 or Article 20 by an insurer.

An administrative fine of not less than NT\$600,000 and not more than NT\$3 million shall be imposed by the competent authority for violation by an insurer of Article 45, paragraph 4 or Article 47, paragraph 1 or 2, or violation of the regulations to be adopted pursuant to Article 47, paragraph 3 governing the following matters as they relate to this insurance: accounting treatment; the reporting of operational and financial information; and the provisioning, custody, utilization, withdrawal, and transfer of the various reserves.

An administrative fine of not less than NT\$60,000 and not more than NT\$300,000 shall be imposed by the competent authority for violation by an insurer of Article 15; violation of Article 19, paragraph 1 or 2; violation of the regulations to be adopted pursuant to Article 46 governing accurate keeping of records on insurance coverage and handling of claims adjustment; or violation of the Article 15 provisions regarding notification.

When issuing a disposition pursuant to the preceding four paragraphs, the competent authority may order the violator to make rectification within a specified period; when the insurer fails to make rectification by the end of the period, the competent authority may issue an administrative fine for each successive instance of failure, and may also render the following dispositions based on the severity of the violation:

1. Order the violator to dismiss managers or staffers from their positions.
2. Dismiss directors or supervisors from their positions or suspend them from execution of the duties of those positions for a specified period.
3. Suspend the writing of new business for this insurance for a specified period.
4. Void or revoke the insurer's permission to provide this insurance.

Article 49

The penalty for a party with the duty to insure who fails to establish a contract for this insurance as provided herein, or fails to establish

another such contract prior to the expiry of the policy period for this insurance, shall be as below:

1. When discovered at a roadside check and reported by a highway supervisory or police authority, an administrative fine will be imposed by the highway supervisory authority. For an automobile, an administrative fine of not less than NT\$3,000 and not more than NT\$15,000 shall be imposed; for a motorcycle, an administrative fine of not less than NT\$1,500 and not more than NT\$ 3,000 shall be imposed.

2. When an uninsured automobile causes an accident, a highway supervisory authority will impose an administrative fine of not less than NT\$6,000 and not more than NT\$30,000, and will impound the automobile license plate and return it after the automobile is insured as required.

Administrative fines under the preceding paragraph may be paid in installments. The central competent authority for transportation and communications in conjunction with the competent authority shall adopt regulations governing related matters including the conditions for applying, numbers of installments, and handling of failure to pay by the deadline.

Article 50

Certificates for this insurance shall be inspected by highway supervisory authorities during roadside checks and by the police when engaged in traffic duties; instances where this insurance has not been taken out as required shall be reported.

Upon receipt of a notice of a violation of this insurance, a party with the duty to insure shall within 15 days appear at the designated location to receive a decision; when said party has failed to appear by the end of that period, the highway supervisory authority may issue a default decision, provided that when the party with the duty to insure acknowledges that the facts of the violation are as stated in the notice, said party may directly pay the administrative fine imposed by the highway supervisory authority at the designated site without waiting for a decision, and the case will then be closed.

Article 51

Prior to the payment of an administrative fine issued pursuant to this Act, a highway supervisory authority will not process any license re-issuance, register an alteration [of registered particulars], or handle inspection for an automobile for which establishment of a contract for of this insurance is required.

Compulsory execution procedures will be initiated in accordance with the law for failure to pay the administrative fine referenced in the preceding paragraph within the prescribed period.

Chapter 6 Addendum

Article 52

Enforcement rules for this Act will be adopted by the competent authority in conjunction with the central competent authority for transportation and communications.

Article 53

This Act shall be implemented from the date of promulgation.