


Content

Title :	Regulations Governing the Administration of Insurance Enterprises 
Date :	2008.01.09
Legislative :	<ol style="list-style-type: none"><li>1. Promulgated 10 February 1968 per Executive Yuan Order (57) Taiwan-Finance No. 1050</li><li>2. Amended and promulgated 19 August 1975 per Executive Yuan Order (64) Taiwan-Finance 6167</li><li>3. Article 31 amended and promulgated 11 August 1982 per Executive Yuan Order (71) Taiwan-Finance 13543</li><li>4. Article 4 amended and promulgated 7 June 1983 per Executive Yuan Order (72) Taiwan-Finance 10331</li><li>5. Full 33 articles amended and promulgated 26 March 1993 per Executive Yuan Order (82) Taiwan-Finance 07792</li><li>6. Article 13 amended and promulgated 3 November 1993 per Executive Yuan Order (82) Taiwan-Finance 38427</li><li>7. Articles 4, 13, 15, 25, and 26 amended and promulgated and Article 17 deleted 21 May 1997 per Executive Yuan Order (86) Taiwan-Finance 38427</li><li>8. Full 22 articles amended and promulgated 2 July 2003 per Executive Yuan Order Taiwan-Finance 0920009168</li><li>9. Article 4-1 added and promulgated 31 December 2003 per Executive Yuan Order Taiwan-Finance 0920059764</li><li>10. Abolished on January 09, 2008</li></ol>
Content :	<p><b>Article 1</b> These Regulations are adopted pursuant to Articles 175 and 176 of the Insurance Act ("the Act").</p> <p><b>Article 2</b> An insurance enterprise applying to the competent authority for approval to operate insurance business under Article 137, paragraph 1 of the Act shall do so in compliance with the provisions of the standards for establishment of insurance enterprises.</p> <p><b>Article 3</b> An insurance enterprise changing its location, the type of insurance it operates, the total amount of its capital or fund, the chairman of its board of directors, or a president, director, or supervisor shall, within 15 days from the change, apply to the competent authority [in charge of insurance business] for amendment of the business registration. After the change has been effected, it shall duly carry out amendment registration with the competent authority [in charge of business registration]. Where the change relates to entries on the business license, it shall apply at</p>

the same time for replacement of the business license.

#### **Article 4**

An insurance enterprise shall not use exaggerated, false, or misleading advertisements or promotions in operating business or recruiting personnel.

#### **Article 4-1**

A policy or binder issued under Article 43 of the Act may be issued in electronic document format.

A policy or binder issued in electronic document format shall be signed with a digital signature. Operational and administrative rules governing records preservation, internal security and control, and contract templates for such policies or binders shall be prescribed in advance by the insurance industry association and reported to the competent authority for recordation.

#### **Article 5**

An insurance enterprise establishing a branch office (branch cooperative) to operate business in the Republic of China shall first obtain approval from the competent authority.

Within six months from the date of approval by the competent authority, the insurance enterprise shall submit an application form specifying particulars including the address, responsible person, and business scope of the branch office (branch cooperative) to the competent authority to apply for business registration and a business license for the branch office (branch cooperative). After approval has been obtained for business registration, it shall duly carry out registration with the relevant authority.

When there is any change to particulars specified on the business license under the preceding paragraph, the enterprise shall, within 15 days from the amendment, apply to the competent authority for amendment registration and replacement of the business license. After the business registration has been amended, it shall duly carry out amendment registration with the relevant authority.

If there is legitimate reason, an application for an extension may be filed with the competent authority before the expiry of the time limit specified in paragraph 2; such extension shall be on a once-only basis for period not exceeding three months. Where the extension is not approved, the competent authority may revoke the approval [for establishment].

Where an insurance enterprise has not commenced operation within six months after receiving a business license under paragraph 2, the competent authority may revoke its approval and order it to surrender its business license for cancellation within a prescribed time period; provided, where there is a legitimate reason and

approval is obtained from the competent authority, a once-only extension may be granted for a period not exceeding three months.

#### **Article 6**

In addition to establishing branch offices (branch cooperatives) under the preceding Article, an insurance enterprise may, as needed, establish other branch institutions in the ROC; provided, they shall not issue policies or binders.

#### **Article 7**

An insurance enterprise establishing a branch institution overseas shall first obtain approval from the competent authority.

An insurance institution organized and registered under foreign law may, after obtaining approval from the competent authority, establish a liaison office in Taiwan.

A liaison office under the preceding paragraph shall not engage in any business other than the below-listed matters:

1. Forwarding reports and notices.
2. Responding to inquiries regarding insurance matters.
3. Liaison for matters relating to coverage and claims.
4. Liaison for any other matters related to business.

#### **Article 8**

An insurance enterprise that establishes a branch office in a foreign country and is subject to the restrictions of law of that country may handle its utilization of funds there in accordance with the applicable laws and regulations of the local government.

#### **Article 9**

An insurance enterprise shall post bond at the national treasury in accordance with Article 141 and 142 of the Act; in case of the capital increase, it shall fully supplement the bond amount at the same time.

#### **Article 10**

An insurance enterprise extending loans under Article 146-3 of the Act shall adopt internal handling procedures for credit searches, loan approval, review work, and other important matters, and shall handle them in compliance with the regulations of the competent authority.

#### **Article 11**

In collecting premiums, an insurance enterprise shall not engage in mispricing or rebating, nor shall it enter any false expenditure account to achieve the purposes of mispricing or rebating.

#### **Article 12**

Contributions to the insurance stabilization funds by enterprises engaged in non-life insurance or insurance of the person under Article 143-2 of the Act shall be calculated monthly and deposited respectively into the designated account of the Non-life Insurance Stabilization Fund or the Life Insurance Stabilization Fund by

the end of  
the following month.

#### **Article 13**

When an insurance enterprise utilizes funds in accordance with Articles 146 through 146-7 of the Act and related provisions, the calculation of funds, owner's equity, various reserve funds, paid-in capital, and accumulated deficit shall be based on the final accounts for the most recent accounting period or year as certified or reviewed by a certified public accountant; provided, where an enterprise has undergone a capital increase and obtained a certificate of verification of capital as provided for by the competent authority, the capital increase may be included in the amount of the paid-in capital and related items. The terms "capital" and "fund" as used in Article 147 of the Act mean the total amount of paid-in capital and paid-in fund respectively and shall be calculated, along with the surplus, special reserve, and unappropriated retained earnings referred to in the same Article by applying, mutatis mutandis, the provisions of the preceding paragraph.

#### **Article 14**

Before an insurance enterprise passes a resolution to dissolve, it shall first draft a specific plan to preserve the rights and interests of proposers, insureds, and beneficiaries under its insurance contracts and submit the plan to the competent authority for approval.

#### **Article 15**

An insurance enterprise may by separate contract assign all or part of its insurance contracts to another insurance enterprise. Where an insurance enterprise assigns all of its insurance contracts under the preceding paragraph, and does so in combination with the assignment of assets, the competent authority may require the assigning insurance enterprise to retain part of its assets to protect its creditors.

An insurance enterprise that has suspended business for six months or more shall dissolve and surrender its business license for cancellation.

#### **Article 16**

Where an insurance enterprise dissolves for any of the below-listed reasons and within three months from dissolution an event occurs requiring payment of an insured amount, that insured amount shall still be paid.

1. Occurrence of a reason for dissolution as specified in the Articles of Incorporation.
2. Resolution by the general shareholders meeting or members meeting to dissolve.
3. Failure to meet the statutory minimum number of shareholders or members.
4. Government order or court judgment requiring dissolution.

Upon expiration of the time period referred to in the preceding paragraph, all collected but unearned premiums or policy value reserves shall be returned to the proposer.

#### **Article 17**

When an insurance enterprise organized as a cooperative is dissolved, its dissolution and liquidation shall be handled in accordance with the provisions of these Regulations and the Cooperative Act.

#### **Article 18**

An insurance enterprise shall supervise its registered insurance solicitors in accordance with the provisions of the Regulations Governing Insurance Solicitors.

If an insurance enterprise does not comply with the provisions of the preceding paragraph, the competent authority, in addition to imposing penalties under applicable provisions of the Act, when necessary may also restrict the insurance enterprise from registering new insurance solicitors or restrict it from beginning to operate new types of insurance.

#### **Article 19**

Those that operate various kinds of commercial insurance business under other laws and regulations shall be governed, mutatis mutandis, by the provisions of the Act, and regulated in accordance with these Regulations.

#### **Article 20**

Officials fees including a registration fee, license fee, and examination fee shall be paid when the competent authority processes under the Act an application by an insurance enterprise for business registration, business registration amendment, issuance, or replacement of its business license; the fee schedules will be prescribed by the competent authority

#### **Article 21**

Where an insurance enterprise arranges reinsurance, it shall formulate a reinsurance plan specifying the following particulars:

1. The method of reinsurance, the amount of reinsurance, and the retention limit for each risk unit or each event shall be determined separately based on the characteristics of individual types of insurance, the risk status, and the risk tolerance capacity.
2. Assessment of the reinsurer's financial condition, basis for its selection, and means of guaranteeing reinsurance claims.

Where an enterprise cedes reinsurance, the party assuming the ceded business, the terms of the financial reinsurance contract, the handling procedures, and the particulars to be disclosed in the report shall be in compliance with the provisions of

the competent authority.

**Article 22**

These Regulations shall be in force from the date of promulgation.

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Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System