

Content

Title :	Directions Governing Review of Establishment of Domestic Branch Units by Insurance Enterprises <b>Ch</b>
Date :	2008.01.09
Legislative :	<ol style="list-style-type: none"><li>1.</li><li>2. Amended and promulgated on 26 December 1980 per Ministry of Finance Letter (69) Taiwan-Finance-Cian No. 25635</li><li>3. Directions Governing Review of Applications for Establishment of Branch Units by Insurance Companies in the Taiwan Region amended to Directions Governing Review of Applications for Establishment of Domestic Branch Units by Insurance Enterprises on 19 January 1994 per Ministry of Finance Letter (83) Taiwan-Finance-Insurance No. 821729777</li><li>4. Articles 3 and 5 amended and promulgated on 13 June 1995 per Ministry of Finance Letter (84) Taiwan-Finance-Insurance No. 842029708</li><li>5. Articles 6, 10, and 11 amended and promulgated on 2 January 2001 per Ministry of Finance Letter (90) Taiwan-Finance-Insurance No. 0890751432</li><li>6. Name and full text of 10 articles amended and promulgated on 4 February 2004 per Ministry of Finance Order Taiwan-Finance-Insurance No. 0920751737, effective 4 February 2004 (original name: Directions Governing Review of Applications for Establishment of Domestic Branch Units by Insurance Enterprises)</li><li>7. Abolished on January 09, 2008</li></ol>
Content :	<p><b>Article 1</b> In order to strengthen administration of the establishment of domestic branch units by insurance enterprises, these Directions are prescribed in accordance with the provisions of Articles 5 and 6 of the Regulations Governing the Administration of Insurance Enterprises.</p> <p>An insurance enterprise establishing a domestic branch unit shall act in compliance with the provisions of these Directions. This also applies to a foreign insurance enterprise establishing an other branch unit.</p> <p><b>Article 2</b> The terms "insurance enterprise" and "foreign insurance enterprise" used in these Directions mean insurance enterprises and foreign insurance enterprises as defined in Article 6 of the Insurance Act.</p> <p>The term "branch unit" used in these Directions means a branch office (branch cooperative) or any other branch unit.</p> <p><b>Article 3</b> The owner's equity of an insurance enterprise establishing a branch office (branch cooperative) shall exceed it's paid-in capital or fund.</p> <p><b>Article 4</b> An insurance enterprise establishing a branch office (branch cooperative) shall apply to the competent authority by submitting the following information:</p> <ol style="list-style-type: none"><li>(1) Application Form for Establishment of Branch Office (Branch Cooperative) (see Attachment);</li><li>(2) minutes of the board of directors meeting at which it was resolved to establish a branch office (branch cooperative);</li><li>(3) business plan;</li><li>(4) financial statements for the most recent three years, audited and attested by a certified public accountant, or an audit report from an auditing institution on the enterprise's final accounts; and</li><li>(5) photocopies of proof of identity and proof of qualifications for</li></ol>

managers, underwriters, and claims adjustors.

#### **Article 5**

For an insurance enterprise establishing a branch office (branch cooperative), there must not exist any of the following circumstances:

- (1) Has been reprimanded by the competent authority for a deficiency in its financial operations and has not yet taken effectual corrective measures.
- (2) Has been punished in the most recent half-year for violating the Insurance Act, or for violating an order issued under authority of the Insurance Act.
- (3) A responsible person has been convicted and sentenced within the past year by a final and unappealable judgment to punishment for willful criminal conduct on the job.
- (4) The business plan of a branch unit is clearly not well thought out, or the qualifications of someone intended to serve as a responsible person do not satisfy requirements.
- (5) There are other circumstances that are likely to hinder sound business management, or that do not comply with requirements of insurance policy.

#### **Article 6**

An insurance enterprise moving or closing a branch office (branch cooperative) shall submit to the competent authority the minutes of board of directors meeting together with an explanation of the reasons for moving or closing the branch, for review and approval by the competent authority. Where the insurance enterprise holds a branch office (branch cooperative) business license, it shall also apply to have the license reissued or surrender the license for cancellation.

#### **Article 7**

Where an insurance enterprise or foreign insurance enterprise establishes, moves, or closes an other branch unit, or where the name, affiliation, or responsible person of an other branch unit is changed, such application or change shall be registered with the insurance industry association to which the enterprise belongs.

Directions governing the management and registration of other branch units of insurance enterprises are to be formulated and reported to the competent authority for recordation by the insurance industry association to which the enterprise belongs. Information regarding registrations shall be compiled and forwarded periodically to the competent authority.

#### **Article 8**

The responsible person of an other branch unit of an insurance enterprise shall possess qualification of being an insurance solicitor, and shall further possess one of the following qualifications:

- (1) Has graduated from a senior high school (senior vocational high school) or possesses an equivalent academic qualification, and has worked for three years or more in insurance enterprise.
- (2) Has graduated from a senior high school (senior vocational high school) or possesses an equivalent academic qualification, and has worked for three years or more in administration or supervision of the insurance enterprise.
- (3) Has worked for five years or more in insurance enterprise.

#### **Article 9**

An other branch unit of an insurance enterprise shall be affiliated with one of the following institutions:

- (1) The head office (head cooperative) of an insurance enterprise;
- (2) A branch office (branch cooperative) of an insurance enterprise; or
- (3) A branch office of a foreign insurance enterprise.

The name of an other branch unit of an insurance enterprise shall indicate the institution with which it is affiliated, and the institution listed in the preceding paragraph shall be responsible for administration.

An other branch unit of an insurance enterprise may handle the following matters:

- (1) accept insurance policy applications and forward application documents

- to the institution it is affiliated with ;
- (2) answer questions from insured parties regarding insurance matters;
  - (3) collect premiums and forward them to the institution it is affiliated with ;
  - (4) receive notices from the institution it is affiliated with and deliver them to insured parties;
  - (5) receive and forward insurance benefit payment applications, and forward insurance benefit payments;
  - (6) solicit insurance business provided the branch unit has qualified and registered insurance solicitors; and
  - (7) other non-business activities related to the insurance business.

An other branch unit of an insurance enterprise that engages in any activity not listed in the subparagraphs of the preceding paragraph shall receive a reprimand or be ordered to take corrective action within a specified time period.

#### **Article 10**

Where an insurance enterprise or a foreign insurance enterprise establishes an other branch unit without acting in compliance with the provisions of Point 7, or carries out insurance business activities under another institution without authorization, or a similar situation arises, the competent authority will order it to be closed and administer punishment in accordance with applicable acts and regulations.