

Content

Title : Regulations for Credit Lines Extendable by Insurance Enterprises in Making Loans to and Other Transactions with Same Person, Same Interested Party or Same Affiliated Enterprise [Ch](#)

Date : 2001.12.26

Legislative : 1. Promulgated by Ministry of Finance (90-tai-tsai-pao No. 0900751451) in total of 2 articles on 2001.12.26

Content : 1. Under Article 146-7 of the Insurance Law (the "Law"), the credit lines of loans extendable to the same person, the same interested party, or the same affiliated enterprise are as follows:

The total amount of loans extendable by an insurance enterprise to the same natural person shall not exceed 3% of the stockholders' equity in the insurance enterprise.

The total amount of loans extendable by an insurance enterprise to the same corporate person shall not exceed 20% of the stockholders' equity in the insurance enterprise.

The total amount of loans extendable by an insurance enterprise to the same interested party shall not exceed 40% of the stockholders' equity in the insurance enterprise, and shall not exceed 6% of the stockholders' equity in case that the interested party is a natural person.

The total amount of loans extendable by an insurance enterprise to the same affiliated enterprise shall not exceed 40% of the stockholders' equity in the insurance enterprise.

Where, according to the calculation formula referred to in the preceding paragraphs, the total amount of loans extendable by an insurance enterprise to the same person, the same interested party, or the same affiliated enterprise, does not reach NT\$300,000,000, the credit line available to any of them shall be NT\$300,000,000; likewise, if the total amount of loans extendable by an insurance enterprise to the same natural person, or the same interested party that happens to be a natural person, does not reach NT\$30,000,000, the credit line available to such a person shall be NT\$30,000,000.

The following loans shall not be included in the calculation of the "total amount of loans" referred to in these Regulations:

(1) The loans that, according to Article 146-5 of the Law, will be used as funds for the purposes of special projects or public investments, in support of government policies;

(2) The loans that are extended under the collateral of government bonds, treasury bills, savings bonds issued by the Central Bank of China, or negotiable certificates of deposit issued by the Central Bank of China, or under the pledge on life insurance policies issued by life insurance enterprises; and

(3) The loans for special projects as approved by the competent authority. If the total amount of prior loans extended to a borrower before the promulgation of these Regulations exceeds the credit lines extendable to

the same borrower under these Regulations, the loans available to that borrower shall not be increased, and an adjustment plan of such loans shall be submitted to the competent authority within one (1) month from the promulgation date of these Regulations. The adjustment period shall not in any way be longer than the loan period as specified in the original loan contract.

2. The other transactions with the same person, the same interested party, or the same affiliated enterprise as referred to in Article 146-7 of the Law denote any of the following transactions (the "Transaction"):

The purchase of marketable securities issued by the same transaction counterpart;

The purchase of real property, or marketable securities, and other assets other than real property, from that same transaction counterpart;

The sale of marketable securities, real property, or other assets to the same transaction counterpart;

The contract executed with the same transaction counterpart, whereby payment will be made, or services will be provided; or

The real property, personal property, or stock obtained from the same transaction counterpart as a result of exercise of mortgage or pledge.

The marketable securities referred to in Sub-paragraphs 1 and 3 above do not include government bonds, treasury bills, savings bonds issued by the Central Bank of China, or negotiable certificates of deposit issued by the Central Bank of China, or other bonds issued by the government.

When an insurance enterprise makes Transactions other than loans with the same person, the same interested party, or the same affiliated enterprise, the amount of each of such Transactions shall not exceed 30% of the stockholders' equity in the insurance enterprise, and the aggregate transaction amount shall not exceed 60% of the stockholders' equity, or not exceed 40% in the case of such Transactions with an interested party, except for the needs of financial holding companies, a merger, or handling a tro

ubled insurance enterprise with the approval of the competent authority.

Where, according to the calculation formula referred to in the immediate preceding paragraph, the amount of one of the Transactions does not reach NT\$30,000,000, the credit line extendable to that Transaction shall be NT\$30,000,000. If the amounts of the Transactions previously made exceed the credit line imposed in these Regulations, no additional Transactions shall be made.

The immediate preceding two paragraphs shall not apply to an insurance enterprise that handles its prior Transactions in an effort to meet these Regulations, with the approval of the competent authority.