

Content

Title :	Regulations Governing Use of Insurer's funds in Special Projects, Public Utilities and Social Welfare Enterprises Ch
Date :	2014.06.17
Legislative :	<p>1.Promulgated by Ministry of Finance (90-tai-tsai-pao-tzu No. 0900751418) in total of 10 articles on 2001.12.26.</p> <p>2.Revised and promulgated by Ministry of Finance (Tai-tsai-pao-tzu No. 0920751641) on 2003.10.28 regarding Article 8.</p> <p>3.Revised and promulgated by Ministry of Finance (Tai-tsai-pao-tzu No. 0930750473) on 2004.3.2 regarding Article 8.</p> <p>4.Amended on August 29, 2007.</p> <p>5.Articles 7 amended on 1 December 2010 per Order Ref. Jin-Kuan-Bao- TSAI 09902512962 of the Financial Supervisory Commission, Executive Yuan.</p> <p>6.Articles 7 and 9 amended on 19 July 2012 per Order Ref. Jin-Kuan-Bao-TSAI 10102511721 of the Financial Supervisory Commission.</p> <p>7.Amended on January 17, 2013.</p> <p>8.Amended on June 17, 2014.</p>
Content :	<p>Article 1</p> <p>These Regulations are formulated in accordance with the provisions of Paragraph 1 of Article 146-5 of the Insurance Act (hereinafter referred to as the "Act").</p> <p>Article 2</p> <p>Use of Insurer' s funds for special projects shall be restricted to investments in or extension of loans for the following projects:</p> <p>1.Emerging and key strategic projects or venture investment projects approved by the government.</p> <p>2.Industrial zone or regional development projects approved by the government.</p> <p>3.Purchase of houses by the houseless.</p> <p>4.Cultural and educational conservation and construction.</p> <p>5.Funeral facilities not distributed as public utilities listed in Article 3.</p> <p>6.Other use in line with the government policies.</p> <p>Article 3</p> <p>Use of Insurer' s funds for public utilities shall be restricted to the following utilities:</p> <p>1.Transportation facilities of highways, railroads, harbors, parking lots and airports.</p> <p>2.Facilities of public utilities, such as water, electricity, telecommunications, etc.</p> <p>3.Public housing construction, social housing and elderly residence projects.</p> <p>4.Environmental protection facilities, including river, sewerage, garbage and waste disposal, and funeral facilities.</p> <p>5.Construction of public-welfare facilities for public recreation.</p> <p>6.Other public utilities as promoted by the government or in line with the government's construction projects.</p>

Article 4

The insurance industry's investment in social welfare business is limited to the business for social welfare operation that is established in accordance with the authorization of the competent authorities and the necessary facilities, including social assistance, welfare services, employment, social insurance, and healthcare.

Article 5

The investment targets of insurance companies, either special projects, public utilities and social welfare enterprises, shall be profitable and restricted to such companies limited by shares that are incorporated and registered in accordance with the Company Act, with the exception of such development and construction projects, loans and investments as are in line with the government policies.

Article 6

An insurance company, which intends to invest in a special projects, public utilities and social welfare enterprises, shall formulate a procedure, which, as well as the amendment thereof, shall be submitted to the board of directors and shareholders' meeting for approval and to the competent authority for reference. The said procedure shall set forth the following information:

- 1.Assessment and operational procedures (including the investment limit, management level, implementation department authorized by the board of directors)
- 2.Procedure for determination of transaction terms (including method and bases for determination of the prices)
- 3.Internal control system (including risk management measures, regular assessment method, analysis of performance, etc.).
- 4.Regular reports by designated senior executives to the board of directors on the performance of projects.
- 5.Other information specified by the competent authority.

Article 7

The total amount that an insurance company uses for special projects, public utilities and social welfare enterprises shall not exceed 10% of its total funds, and the total amount invested in one and the same entity shall not exceed 5% of its total funds.

The total amount of an insurance company's investment in one and the same investee shall not exceed 10% of the paid-in capital of the invested entity; where the invested entity is a venture investment enterprise, such amount shall not exceed 25% of the paid-in capital of the invested entity; where the investment is made onto an enterprise with the items enumerated under Article 3 and 4, such amount shall not exceed 45% of the paid-in capital of the invested entity.

In case of securitization products issued by an insurance enterprise aiming at the contents set forth in Article 3 and 4 as the target, such insurance company may invest within the limit of 10% of the total amount of the securitization products, free of the restriction of the investment ratio set forth in the preceding paragraph.

Where, after an insurance company invests in an entity for special projects, public utilities and social welfare enterprises, the said entity is qualified to accept investments under Subparagraph 3 or 4 of Paragraph 1

of Article 146-1 of the Act, the investments in such entity shall be governed by the provisions of the said Subparagraph instead, provided that if the said investment exceeds such limits as are prescribed in Subparagraph 3 or 4 of Paragraph 1 of Article 146-1 of the Act instead, provided that if the said investment exceeds the ratio as prescribed in Subparagraph 3 or 4 of Paragraph 1 or Paragraph 2 of Article 146-1 of the Act, no additional funds shall be invested in the entity unless the additional investment is made to maintain the original equity share in the entity.

Article 8

An insurance company desiring to use its funds for special projects, public utilities and social welfare enterprises shall apply for approval from the competent authority by submitting the following documents

1. Investment plan and objectives (including objectives, method, market analysis, cost analysis, analysis of long-term and short-term return on investment, composition of shareholders and management team).
2. Details of the funds used for the special project or public utilities or social welfare enterprises, and analysis of return (including analysis of return on investment in each phase with explanatory notes)
3. Financial statements of the invested entity.
4. Documents regarding decisions resolved or powers authorized by the board of directors.
5. Letters of approval issued by the relevant authorities.
6. Other information specified by the competent authority.

Where, after the date of receipt of the application package for use of funds for a special project or for investment in public or social welfare utilities submitted by the insurance company, the competent authority makes no objection thereto or does not require for supplementary or explanatory documents within 15 working days, the application shall be deemed as approved.

Where the aforementioned supplementary or explanatory documents are required by the competent authority, if the competent authority makes no objection within 15 working days after the date of receipt of the supplementary or explanatory documents, the application shall be deemed as approved.

Article 9

In any of the following circumstances, an insurance company may use its funds for a special project or public utilities or social welfare enterprises within the limit authorized by the board of directors without going through the application procedure, provided that the documents set forth in Paragraph 1 of the preceding Article shall be submitted to the competent authority for subsequent review:

1. The insurance company increases its monetary investment in an entity for such project as has been approved by the competent authority, without increasing its original share in the total investment in the project
2. The invested entity is a venture investment enterprise qualified to receive guidance and/or assistance from the central competent authority according to the Regulations for the Guidelines for Venture Capital Businesses, and the total amount that the insurance company invests in one and the same entity is less than NT\$100 million and less than 5% of the

paid-in capital of the insurance company.

3.The invested entity is not such an enterprises as is specified in the preceding Subparagraph and the total amount that the insurance company invests in one and the same entity is less than NT\$50 million and less than 2% of the paid-in capital of the insurance company.

For an insurance company engaging in the investment set forth in preceding Paragraph, the risk-based capital ratio thereof should comply with the provisions of Paragraph 1 of Article 143-4 of the Act,

The competent authority may, on a regular basis, audit the investment made by an insurance company in such special projects, public utilities and social welfare enterprises as are set forth in Paragraph 1, and may, in light of the social and economic circumstances and the actual performance of the projects, impose restrictions on or require review of such investment.

Article 10

Insurance industry handles special use of loans as follows:

1.Loans guaranteed by credit guarantee institutions authorized by the banks or competent authorities;

2.Loans guaranteed with the collateral of properties or real properties;

3.Loans guaranteed with collateral of marketable securities in compliance with Article 146.1 of this Act;

The insurance industry must collect 100% collateral for the loans granted to the person in charge, employees or major shareholders, or the related party of the person in charge or the responsible loan officer; also, the loan terms and conditions shall not be superior to other similar debtors, If the loan amount exceeds the threshold stipulated by the competent authorities, it must be with the consent of three fourths of the directors at the meeting and two thirds of the boards attending the meeting. The scope, quota, total loan amount, and other binding matters for the related party are guided by the Rules Governing the Loans Granted to Related Party by Insurance Industry.”

For the insurance industry with the latest equity capital and risk capital ratio over 200%, the special loans arranged in accordance with the government policy may be reported to the competent authorities for exemption not subject to the restrictions of the first paragraph.

Article 11

This Regulation shall come into force on the date of promulgation.