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| Title : | Regulations for Extending Loans by Insurance Enterprises to Interested Parties  |
| Date : | 2007.08.29 |
| Legislative : | 1. Promulgated by Ministry of Finance (90-tai-tsai-pao-tzu No. 0900751416) in total of 9 articles on 2001.12.26 2. Amended on August 29, 2007 |
| Content : | <p>Article 1</p> <p>These regulations are stipulated in accordance with the provision of Paragraph 3, Article 146-3 of Insurance Act (hereinafter referred to as this Act).</p> <p>Article 2</p> <p>Interested party as mentioned in Paragraph 3 of Article 146-3 of this Act refers to any of the following:</p> <ol style="list-style-type: none">1. The spouse, relatives within three degrees of consanguinity, or relatives within two degrees of affinity, of the responsible person of an insurance enterprise, or employees in charge of administering the loans in the insurance enterprise.2. A business solely funded or jointly run by the aforementioned responsible person, employees or the interested party prescribed in the preceding paragraph.3. The enterprise in which more than 10 percent of the total outstanding shares or total capital is held singly or aggregately by the above-mentioned responsible person in subparagraph 1, employees or interested party.4. The enterprise in which the responsible person, employees herein or interested party mentioned in subparagraph 1 act as director, supervisor or manager, but except those who concurrently hold these posts due to investment in that enterprise after approval of the central competent authority.5. A corporate body or any other organization at which the responsible person and employees hereof or interested party mentioned in subparagraph 1 act as a representative or administrator. <p>Major shareholder as used in this Act refers to one who holds more than 1 percent of the total outstanding shares of this insurance enterprise. When the shareholder is a natural person, the shares held by his or her spouse or underage children shall be deemed as his/her own shareholding.</p> <p>Full guarantee as used in this Act denotes that the total amount of the loans extended by an insurance enterprise to its responsible person, employees or major shareholders, or aforementioned interested party, shall not exceed a stipulated percentage of the assessed value of the appraised collateral submitted by the borrower upon the extending loans.</p> <p>If the loans extended to the same borrower, respectively or aggregately, reaches NT\$100 million or accounts for 1 percent of the proprietary equity, such loans shall be deemed beyond the limit stipulated by the competent</p> |

authority.

Employees in charge of loan business herein refers to the employees of the insurance enterprise, who is authorized to make the final decision on a loan application handled by him or her.

Employees herein refers to all of the formal employees employed (or retained) by the insurance firm, but excluding its insurance agents.

Parties of the same interest herein refer to the responsible person, employees in charge of the loans business of the insurance enterprise, and their interested parties.

Article 3

When an insurance enterprise extends loans under the pledge of its responsible person, employees, major shareholders, or the specified interested parties, the ceiling, the total amount, the terms and conditions of the loans, and the borrowers of the loans shall comply with the following stipulation:

1. The ceiling of loans denotes that when an insurance firm extends loans under the pledge of its responsible person, employees, major shareholders, or the specified interested parties, the total amount of the secured loans extended to the same natural person shall not exceed 2% of the proprietary equity of this insurance firm, the total amount to the same corporate person shall not exceed 10% of the proprietary equity, and the total amount to the same interested party shall not exceed 30% of the proprietary equity.

2. The total amount of loans refers to the sum of the loans extended by the insurance firm under the pledge of its responsible person, employees, major shareholders, or the specified interested parties, which shall not exceed 1.5 times of the proprietary equity in this insurance firm.

3. The following loans shall not be included in the ceiling of loan and the total amount of loans mentioned in these regulations:

A. The loans under the purposes of special projects, public or social welfare investments, in support of government policies, in accordance with Article 146-5 of the Act.

B. The loans to be extended under the collateral of government bonds, treasury bills, or negotiable certificates of time deposit issued by the Central Bank of the Republic of China (Taiwan) , or life insurance policies issued by the life insurer.

4. The terms and conditions of the loans shall include the following:

- (1). Interest rates, collaterals and the appraisal of the values thereof
- (2). Availability of guarantor(s)
- (3). Term of validity of the loans
- (4). The repayment methods of the principals and the interests

5. The borrower of the same categories refer to the person to whom the loans are extended by the same insurance enterprise during the period of the same prime rate, for the same purpose, and under the same accounting item.

An insurance enterprise shall extend loans to the interested parties with the approval of board of directors. The directors shall avoid participation in the case related to themselves or their interested persons and shall not exercise rights to make final decisions in place of other directors.

Article 4

A loan extended by an insurance enterprise to its interested person by mortgage on real property in compliance with Subparagraph 2, Paragraph 1 of Article 146-3 of the Act shall be registered as entitled to the first priority mortgage. This stipulation is applicable to a loan secured by mortgage on movable property.

Article 5

An insurance enterprise shall establish information regarding loan collection system of restricted borrowers, the affiliated enterprises, and the correlative natural persons, and shall update the information timely in response to any change in personnel or shareholding.

Article 6

As for the loan extended under the pledge of its responsible person, employees, major shareholders, or the interested persons, the insurance enterprise shall handle it in compliance with the normal practice of business operation, and shall carefully conduct credit investigation in advance and perform supervision afterwards. Shall any delay occur, the insurance enterprise shall immediately and actively demand repayment by means of collection pursuant to the Regulations Governing Lodgment of Reserves Based on Appraisal of Insurance Enterprises' Assets and Collection of Bad Debts Resulting from Overdue Repayment of Loans.

Article 7

In the event of negative proprietary equity, the insurance enterprise shall withdraw the due loans within the original amount and shall not extend extra loan or increase loan or renew loan contracts.

Article 8

The original loans contracts in unconformity with these regulations remain valid before the date of expiry.

Article 9

These regulations are implemented as of the date of announcement.