

Content

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| Title :       | Regulations Governing Insurance Brokers    |
| Date :        | 2014.06.24  |
| Legislative : | <ol style="list-style-type: none"><li>1. Full 46 articles promulgated and enforced 8 December 2003 per Ministry of Finance Order Taiwan-Finance-Insurance No. 0920752070.</li><li>2. Articles 7 to 17, 19, 20, 26, 35, 36, 29, 40, and 42 amended and issued 16 February 2005 per Order No. Financial-Supervisory-Insurance-III-09402540862 of the Financial Supervisory Commission, Executive Yuan.</li><li>3. Amended on February 4, 2010.</li><li>4. Amendment to full text of 49 articles promulgated per Financial Supervisory Commission Order No. Jin-Guan-Bao-Li-Zi-10002545321 dated February 25, 2011 and implemented on the date of promulgation.</li><li>5. Amendment to Articles 1, 15, 18, 19, 21, 22, 37, 40, 44, 45, 49, addition of Articles 40-1 ~ 40-3 and deletion of Article 6 promulgated per Financial Supervisory Commission Order No. Jin-Guan-Bao-Li-Zi-10002660381 dated December 29, 2011. With the exception of Articles 40-1 ~ 40-3 that will enter into force on July 1, 2012, the amended provisions will enter into force from the date of promulgation.</li><li>6. Amendment to Articles 17,27,28 and 39 promulgated per Financial Supervisory Commission Order No. Jin-Guan-Bao-Zong-Zi- 10102573201 dated December 28, 2012.</li><li>7. Amendment and full text of 54 articles promulgated per order of Financial Supervisory Commission No. Jin-Guan-Bao- Zong-Zi-10302565241 dated June 24, 2014; except for Articles 25 and 26 which will be in force one year after the promulgation of the amendment, the rest of the articles enter into force on the date of promulgation.</li></ol> |
| Content :     | <p>Chapter 1 General Provisions</p> <p>Article 1<br/>These Regulations are adopted pursuant to paragraph 4 of Article 163 of the Insurance Act</p> <p>Article 2<br/>The term “insurance broker” (hereinafter, "broker") as used in these Regulations means “broker” as defined in Article 9 of the Insurance Act.<br/>The term "independent broker" as used in these Regulations shall mean a person who practices insurance broker business in his or her own name.<br/>The term "broker company" as used in these Regulations shall mean a company operating insurance broker business in the capacity of a corporate organization.</p> <p>Article 3<br/>A broker who has not obtained a practice license in accordance with these Regulations shall not practice.</p> <p>Article 4<br/>Brokers are divided into non-life insurance brokers and personal insurance brokers.</p> <p>Chapter 2 Qualifications and Conditions</p>  |

#### Article 5

A broker shall possess one of the following qualifications:

1. Has passed the Examination for Professionals and Technical Personnel in the category of insurance broker.
2. Is on record as having previously passed a broker qualification test held by the competent authority.
3. Has previously obtained a broker practice license and practiced thereunder.

A person possessing the qualification specified in subparagraph 3 of the preceding paragraph shall be restricted to practicing the same type of business.

#### Article 6

A person having any of the following situations may not serve as a broker or act as a responsible person of a broker company:

1. Having no legal capacity or limited legal capacity or subject to the court order of commencement of assistance and such order has not been revoked.
2. Having committed a crime under the Organized Crime Prevention Act, and has been found guilty by a final and unappealable judgment.
3. Having been sentenced to imprisonment for counterfeiting currency or valuable securities, embezzlement, fraud or breach of trust and the sentence has not been completed or ten years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.
4. Having received a final and unappealable sentence for violating Insurance Act, Banking Act, Financial Holding Company Act, Trust Enterprise Act, Act Governing Bills Finance Business, Financial Asset Securitization Act, Real Estate Securitization Act, Securities and Exchange Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Foreign Exchange Regulation Act, Credit Cooperative Act, Agricultural Finance Act, Farmers Association Act, Fishermen Association Act, Money Laundering Control Act, or any other laws regulating financial activity, and the sentence has not been completed or five years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.
5. Having been declared bankrupt, and rights and privileges have not been reinstated.
6. Being the responsible person of a legal entity at the time such legal entity was adjudicated bankrupt and five years have not elapsed since the closure of the bankruptcy or the terms of bankruptcy settlement have not yet been fulfilled.
7. Having an ongoing event that seriously damages his or her creditworthiness or five years have not elapsed since the closure of such an event.
8. Five years have not elapsed since being replaced or discharged from duties by order of the competent authority due to a violation the Insurance Act, Banking Act, Financial Holding Company Act, Trust Enterprise Act, Act Governing Bills Finance Business, Financial Assets Securitization Act, Clauses of the Real Estate Securitization Act , Securities and Exchange

Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Foreign Exchange Regulation Act, Credit Cooperatives Act, Agricultural Finance Act, Farmers Association Act, Fishermen Association Act, Fair Trade Act or other laws regulating financial activity.

9. Factual proof shows that the person has engaged in or otherwise been involved in any other dishonest or improper activities, demonstrating unsuitability for the work in question.

10. Is currently serving as an employee of an insurance enterprise or related industry association. Notwithstanding the foregoing, if the insurance enterprise has an investment relationship with the broker company and their chairman and general manager have not taken concurrent positions in each other, the employee of the insurance enterprise may act as a responsible person of the broker company, subject to the approval of the competent authority.

11. Is already registered as an insurance solicitor, provided, this does not apply where a solicitor employed by a broker company serves as its responsible person.

12. Practice license has been revoked by the competent authority and five years have not elapsed.

13. Having been involved in serious cheating in a special examination for professional or technical personnel of insurance enterprises, and has been sentenced to imprisonment for a definite period by a final and unappealable judgment.

14. Having been sentenced to imprisonment for forging instruments or seals, offence against privacy, usury, impairing the rights of creditors or violating Tax Collection Act, Trademark Act, Patent Act or other acts or regulations governing industrial or commercial activity and the sentence has not been completed or five years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.

15. Having been sentenced to imprisonment for embezzlement and the sentence has not been completed or five years have not lapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.

16. Having been denied service by the bills clearing house and the denial status has yet to be removed, or there remains a record of dishonored check(s) due to insufficient funds in three years since the denial status has been removed

17. Having been ordered to enter a reformatory or having been ordered to perform compulsory labor due to the offense of larceny or receiving stolen property and the sentence has not been completed or five years have not elapsed since the sentence completion.

18. Being a director, supervisor or general manager of an insurance agent company, broker company or insurance surveyor company at the time such company was subject to disciplinary action provided in subparagraph 1, paragraph 1, Article 164-1 of the Insurance Act or had its permit revoked and practice license cancelled pursuant to paragraph 5 of Article 163 or Article 167-2 of the Insurance Act, and three years have not elapsed.

19. Being otherwise restricted by law.

The term "responsible person" mentioned in the preceding paragraph shall

mean a director, supervisor, general manager, or sales-related assistant general managers of a broker company, managers of branch office or a person in comparable position.

A broker who has obtained practice license before the amended Regulations are in force but does not meet the requirements set out in any of the provisions in subparagraphs 3, 4, 6 through 9, and 14 through 18 of the first paragraph hereof may continue to practice or be employed until his or her practice license expires or is cancelled.

Where, before the amended Regulations are in force, a responsible person does not meet the requirements set out in any of the provisions in subparagraphs 3, 4, 6 and 9, and 14 through 18 of the first paragraph hereof, he or she may continue to serve until his or her term expires or he or she is discharged; for those who do not have a fixed term of office, the broker company shall make adjustment within one year of the date the amended Regulations enter into force.

### Chapter 3 Registration of Business Practice and Application for Practice License

#### Article 7

A person possessing a broker qualification as set out in these Regulations and free of the situations provided in any subparagraph of paragraph 1 of the preceding article may, after obtaining a practice license, practice business independently or as an employee of a corporate a broker company organization.

A broker company shall employ at least one broker to serve as a signatory, and carry out registration of permission with the competent authority. The company shall make appropriate adjustments to the number of such persons according to the scale of its business and the number of the insurance solicitor. When necessary, the competent authority also may require the company to employ additional brokers to serve as signatories.

After completing the registration of permission set out in the preceding paragraph, it shall duly carry out registration of incorporation with the appropriate competent authority in charge of company registration.

No broker may serve as a signatory for two or more companies concurrently.

#### Article 8

An independent broker shall submit the following documents to carry out registration of permission with the competent authority:

1. An application form.
2. Certification showing that the qualification requirements set out in these Regulations are met.
3. Certification of pre-job training, obtained within the last year and recognized by the competent authority; for a broker whose certification of pre-job training was obtained one year or more earlier, the already obtained certification of pre-job training along with certification of at least 16 hours of on-the-job training within the last year; where registration of permission is based on the qualifications set out in subparagraph 3, paragraph 1 of Article 5 herein, certification of at least 16 hours of on-the-job training within the past 1 year before submission of the application.

4. Proof of identity.
5. A business plan.
6. A written statement undertaking the absence of situations provided in paragraph 1 of Article 6.
7. Other documents as required by the competent authority.

#### Article 9

A broker company shall operate its business as a specialized operation and include the wording "Insurance broker" in the name of the company.

A broker company shall submit the following documents to the competent authority for registration of permission:

1. An application form.
2. A photocopy of the valid practice license of brokers employed or certification showing that brokers employed meet the qualification requirements set out in these Regulations and any of the following certifications:
  - (1) Certification of pre-job training, obtained within the last year and recognized by the competent authority;
  - (2) For a broker whose certification of pre-job training was obtained one year or more earlier, the already obtained certification of pre-job training and the certification of at least 16 hours of on-the-job training within the past 1 year before submission of the application; or
  - (3) Where registration of permission is based on the qualifications set out in subparagraph 3, paragraph 1 of Article 5 herein, certification of at least 16 hours of on-the-job training within the last year.
3. Proof of identity for any brokers employed.
4. A written statement that the designated chairman, general manager and any brokers employed are free of the situations in subparagraphs 1 through 9 and subparagraphs 12 through 19 of paragraph 1, Article 6 herein.
5. A business plan.
6. A list of promoters or shareholders stating each promoter's or shareholder's name, sex, date of birth, domicile, ID number, and amount paid for subscription/purchase of shares.
7. The articles of incorporation.
8. Proof of full payment for shares or proof of the balance of deposits of the company.
9. Documents evidencing the qualifications of the designated chairman and general manager.
10. Other documents as required by the competent authority.

Where any of the promoters or shareholders referred to in subparagraph 6 of the preceding paragraph is a foreign insurance broker institution, the documents set out in subparagraphs 2 through 4, subparagraphs 11 and 12, paragraph 1 of Article 48 shall also be submitted.

#### Article 10

A broker company shall have one general manager in charge of managing the overall operations of the company and shall not have other officers in comparable position.

The general manager referred to in the preceding paragraph shall not act concurrently as the chairman or general manager of other broker companies

or insurance agent companies.

The general manager of a broker company shall possess one of the following qualifications:

1. Has graduated from a domestic or foreign school at the level of junior college or higher or possessing equivalent academic qualifications, and having no less than five years of experience working for an insurance company, insurance cooperative, broker company, insurance agent company, or insurance surveyor company and having the qualification of solicitor, agent or broker for same type of insurance business;
  2. Has graduated from a domestic or foreign school at the level of junior college or higher or possesses equivalent academic qualifications, and has served for no less than five years as a signatory for an insurance broker; or
  3. Has the qualification of solicitor, agent or broker for same type of insurance business and there is other factual evidence sufficient to show professional insurance expertise or insurance work experience that enables him or her to operate an insurance broker business soundly and effectively.
- The appointment or dismissal of the general manager mentioned in the preceding paragraph shall be duly registered with the competent authority in charge of company registration.

Where, before the amended Regulations are in force, a general manager does not meet the requirements set out in the third paragraph hereof, he or she may continue to serve until his or her term expires or he or she is discharged; for those who do not have a fixed term of office, the broker company shall it make adjustment within one year of the date the amended Regulations enter into force. Where a broker company does not meet the requirements set out in the first paragraph regarding number of general manager or the provisions in the second paragraph the general manager serving concurrent positions, the broker company shall make it adjustment within one year of the date the amended Regulations enter into force.

#### Article 11

The chairman of a broker company, at least one third of its directors and supervisors, sales-related vice general manager, managers of branch offices or officers in comparable positions shall possess one of the following qualifications:

1. Has graduated from a domestic or foreign school at the level of junior college or higher or possesses equivalent academic qualifications, and has no less than three years of insurance company, insurance cooperative, broker company, insurance agent company, or insurance surveyor company work experience.
2. Has graduated from a domestic or foreign school at the level of junior college or higher or possesses equivalent academic qualifications, and has served for no less than two years as a signatory for an insurance broker.
3. There is other factual evidence sufficient to prove professional insurance expertise or insurance work experience, and capability for safe, sound, and effective operation of an insurance broker business.

Besides possessing the qualification mentioned in the preceding paragraph, sales-related vice general managers, managers of branch office or officers in comparable positions shall also have the qualification of solicitor,

agent or broker for same type of insurance business.

Where, before the amended Regulations are in force, a chairman, sales-related vice general managers, managers of branch office or officers in comparable positions do not meet the requirements set out in the preceding two paragraphs hereof, he or she may continue to serve until his or her term expires or he or she is discharged; for those who do not have a fixed term of office, the broker company shall make adjustment within three years of the date the amended Regulations enter into force. Where a broker company does not have at least one third of its directors and supervisors meeting the provisions in the first paragraph hereof, the broker company shall make it adjustment within three years from the date the amended Regulations enter into force.

#### Article 12

Where there is a change of chairman, director, supervisor, general manager or managers of branch office, a broker company shall submit a written statement undertaking that the new appointee is free of situations set out in any of the subparagraphs of paragraph 1, Article 6 and documents evidencing compliance with qualifications provided in the preceding two articles to the brokerage association for recordation within fifteen days after the change.

A broker company shall report changes to place of business or paid-in capital to the brokerage association for recordation within fifteen days after registration of the change (with the appropriate authority); the preceding paragraph applies when an independent broker changes his or her place of business.

The directions for the reporting operations set out in the preceding two paragraphs shall be drawn up by the brokerage association and brokers association, and submitted to the competent authority for recordation; the preceding provision shall apply to any amendment to those directions.

#### Article 13

When a broker employed by a broker company ceases to serve as a signatory for the company, the broker company shall, within fifteen days after the employed broker departs, report to the competent authority and surrender the practice license of the departed broker, and report same to the brokerage association for recordation.

When a broker company employs an additional broker or changes a broker, and such new broker already has a practice license, the broker company shall report to the brokerage association for recordation within seven days after employing the additional broker or changing the broker.

The brokerage association shall prescribe directions for the reporting operation under the two preceding paragraphs.

#### Article 14

A broker company shall have minimum paid-in capital of NT\$5 million; one applying to operate reinsurance broker business shall have minimum paid-in capital of NT\$10 million; one applying to simultaneously operate insurance broker business and reinsurance brokering business shall have minimum paid-in capital of NT\$10 million. The capital contributions of promoters and

shareholders shall be limited to cash.

A broker company already being granted practice license before the amended Regulations are in force shall adjust its capital in accordance with the requirement set out in the preceding paragraph within five years of the date the amended Regulations enter into force.

#### Article 15

The bond deposited by a broker company will be returned upon duly made application only after liquidation of the company is completed according to law, and the practice license is surrendered and cancelled; provided, an independent broker may apply for return of the bond after he has ceased practice and his practice license has been surrendered and cancelled.

#### Article 16

A broker shall apply to the competent authority for issuance of a practice license and commence operating or practicing business within six months of the date of registration of permission. If the broker has not yet applied or has not yet commenced operation or practice at the end of this period, the competent authority will revoke its registration.

#### Article 17

A broker company having any of the following situations shall submit an application together with its board of directors' or shareholders' meeting minutes to the competent authority for approval and register with competent authority in charge of company registration to law:

1. Suspending.
2. Resuming business.
3. Dissolved.

An independent broker who ceases business shall, within fifteen days after the fact, file a report with the competent authority and surrender his or her practice license.

A broker company may suspend its business up to one year, and where there is legitimate reason, may apply for an extension of business suspension period once. The application for extension shall be made fifteen days before the allowed suspension period expires.

Where a broker company fails to apply for business resumption and employ a broker to serve as a signatory in accordance with Article 7 before the allowed suspension period expires, the competent authority will revoke its registration and cancel its practice license.

Where a broker company applies for business suspension, it shall surrender the practice licenses of brokers employed by the company. Where a broker company applies for dissolution, it shall surrender the practice licenses of brokers employed by the company as well as the company's practice license.

Where a broker company has a situation set out in subparagraph 1 or 3 of paragraph 1 hereof but fails to surrender the practice licenses of brokers employed by the company, the employed brokers shall, within thirty days from business suspension or dissolution of the broker company, submit relevant documents for cancellation of registration through the brokerage association.

The directions for the operation mentioned in the preceding paragraph shall be drawn up by the brokerage association.

#### Article 18

Upon applying to the competent authority for the issuance of a practice license, an independent broker shall pay the fees set by the competent authority and submit the following documents:

1. An application form.
2. The proof of the deposit of bond, a duplicate of an insurance policy showing the purchase of professional liability insurance and bonding insurance.
3. Certification showing membership in the brokers association in accordance with Article 37.

#### Article 19

Upon applying to the competent authority for the issuance of a practice license, a broker company shall pay the fees set by the competent authority and submit the following documents:

1. An application form;
2. The proof of the deposit of bond and a duplicate of an insurance policy showing the purchase of professional liability insurance;
3. Company registration form and a list of directors, supervisors and general manager;
4. A written statement undertaking that its directors and supervisors are free of the situations set out any of the subparagraphs of paragraph 1, Article 6 and proofs submitted by its chairman, general manager and employed brokers that they are free of the situations set out in subparagraphs 10 and 11 of paragraph 1, Article 6 herein;
5. Certification showing membership in the insurance brokerage association in accordance with Article 37 herein; and
6. Other documents as required by the competent authority.

#### Article 20

Registered banking enterprises and trust investment enterprises may apply to the competent authority for registration to operate non-life insurance broker business related to documentary credit negotiation and credit extension business. However, a separate department shall be established for such operations with independent capital, operations, and accounting.

Paragraphs 1 and 4 of Article 6, paragraphs 3 and 5 of Article 10, Article 5, Article 12 and Article 53 herein shall apply mutatis mutandis to the head of department described in the preceding paragraph; and paragraphs 1 and 4 of Article 6, Article 11 and Article 53 herein shall apply mutatis mutandis to the deputy head of department.

When registering in accordance with the first paragraph hereof, persons possessing the qualifications to receive a practice license shall be employed and reported to the competent authority for approval. Insurance broker business thus handled shall be signed by such approved qualified brokers.

#### Article 21

The practice license of independent brokers and brokers employed by a broker company is valid for a period of five years. A broker may not practice business unless he or she has completed the procedures for license renewal before the current practice license expires.

Upon applying for renewal of practice license, a broker shall pay the fee set by the competent authority and submit the following documents:

1. The original practice license.
2. Certification of on-the-job training recognized by the competent authority.
3. The proof of the deposit of bond, a duplicate of an insurance policy showing the purchase of professional liability insurance and bonding insurance.
4. The consolidated income tax returns of the broker (listing sources of income) for the past three years, tax withholding statements accompanied by an affidavit, or other documents proving that he or she has actually practiced the business.
5. Written statement of the non-existence of the circumstances listed in paragraph 1 of Article 6 .
6. Certification showing membership in brokers association or brokerage association in accordance with Article 37.
7. Other documents as required by the competent authority.

#### Article 22

The competent authority may not renew a practice license if the applying broker has any of the following circumstances:

1. Violate paragraph 2 of Article 165 of the Insurance Act.
2. Any of the circumstances listed in paragraph 1 of Article 6.
3. Violation of paragraph 2 or 4 of Article 7 herein.
4. Failure to apply for renewal of the practice license within the time limit specified in Article 21.
5. Failure to file business and financial statements in accordance with Article 35.
6. Failure to pay administrative fines, annual supervisory fees, examination fees, or other fees.
7. Other circumstances as provided by the competent authority.

#### Article 23

A broker who possesses the qualifications of both non-life insurance broker and personal insurance broker may concurrently apply for broker practice licenses for both non-life insurance and personal insurance.

### Chapter 4 Education and Training

#### Article 24

Training is divided into pre-job training and on-the-job training.

#### Article 25

Independent broker or brokers employed by a broker company shall have attended at least 32 hours of pre-job training and passed tests within the past 1 year before submission of the application.

Pre-job training may be conducted by the Taiwan Insurance Institute or a

university or college extension education institution. The guidelines and content for such training shall be submitted to the competent authority for approval.

This article shall take effect one year after the amended Regulations are promulgated.

#### Article 26

Independent brokers or brokers employed by a broker company shall attend not less than on average 16 hours of on-the-job training every year, including not less than eight hours of courses on laws and regulations during the valid period of their practice license.

On-the-job training may be conducted by the Taiwan Insurance Institute, the agents association, the brokerage association or brokers association, a university or college extension education institution, or another institution approved by the competent authority. The guidelines and content for such training shall be submitted to the competent authority for approval.

This article shall take effect one year after the amended Regulations are promulgated. Brokers who apply for renewal of practice license between the first year and the fourth year after this article takes effect shall attend respectively not less than 16 hours, 32 hours, 48 hours and 64 hours of on-the-job training during the valid period of practice license.

### Chapter 5 Management

#### Article 27

When operating or practicing business, a broker shall exercise due care of a good administrator to uphold the interests of the insureds, ensure that he or she has provided professional explanations to the proposer and made full disclosure of information relating to the major contents of the insurance product of interest and major rights and obligations of the insured, ensure that his or her operating procedures and practices are in compliance with applicable laws and regulations

When operating or practicing business, a broker should place his or her signature on relevant documents, and save and file those documents for future reference.

The "relevant documents" under the preceding paragraph include, for non-life insurance brokers:

1. Insurance application form.
2. Application for endorsement.
3. Proof of premium payment by the applicant.
4. Due diligence report on the needs of the applicant and the insured, and product suitability analysis.
5. Other documents relating to business practice.

The "relevant documents" under the second paragraph hereof include, for personal insurance brokers:

1. Insurance application form.
2. Application for endorsement.
3. Proof of premium payment by the applicant.
4. Due diligence report on the needs of the applicant and the insured, and product suitability analysis.

5. Other documents relating to business practice.

Article 28

A broker company may operate both insurance broker business and reinsurance broker business.

A broker company operating reinsurance broker business under the preceding paragraph shall comply with the qualification requirements and the business operation procedures prescribed by the competent authority, and shall apply to the competent authority for approval in advance.

A broker company operating insurance broker business and reinsurance broker business shall exercise the duty of a good administrator, have no conflict of interest by separating the internal control systems and business operation procedures of the two businesses, and comply with the code of professional ethics and self-regulatory rules prescribed by the brokerage association.

A broker company operating reinsurance broker business shall preserve complete transaction records including written confirmations of reinsurance arrangements, reinsurers' shares of participation, and credit ratings, and keep them on file for audit by the competent authority; it also shall notify the original insurers in a timely manner of all important information and records concerning its transactions with reinsurers, including reinsurance terms and conditions, reinsurance premium rates, and reinsurance commissions rates for the original insurer, as well as any material information affecting the finances or business of the reinsurer, and notify the original insurer before issuing the reinsurance contract.

Article 29

A broker company operating reinsurance brokering business shall set up a separate account for the reinsurance brokering business to record relevant revenues and expenditures.

A broker company may carry out account settlement for reinsurance brokering business on a quarterly or semi-annual basis.

Article 30

The content of publicity and advertising used in insurance solicitation by insurance solicitors of a broker company shall have been approved by the employing company; the employing company shall furthermore duly bear liability.

Article 31

A broker shall be liable to indemnify the proposer or insured for any damage suffered as a result of any act of negligence, error, or omission by the broker in practicing business.

Article 32

Brokers shall save and file relevant documents produced when negotiating and concluding an insurance contract for an insured.

Brokers shall directly deliver to the insurer the full premium payments collected from proposers, except for brokers who operate reinsurance broker business.

Where a proposer pays premium with a negotiable instrument not drawn in his or her own name, or the name of the insured or the beneficiary, a broker may not accept the premium payment unless the proposer has issued a statement to the effect.

#### Article 33

A broker that is authorized by an proposer to forward premiums on his or her behalf shall preserve collection records and photocopies of receipts. All documents to be preserved under the preceding paragraph shall be preserved for at least five years, provided that where otherwise specified by an act or regulation, such other provision shall apply.

#### Article 34

A broker shall have a fixed place of business that may not be located within the head office or branch office of an insurance company. Where a broker company changes any registered item on the company practice license, it shall, within 30 days, submit an amendment registration form and pay the fee as set by the competent authority for replacement of the practice license. A broker shall display the original of his or her practice license in a prominent location at the place of business. An independent broker shall display the original or a photocopy of his or her practice license and employee ID card when practicing business.

#### Article 35

A broker shall set up a special ledger to record operating revenues and expenditures and shall compile the various business and financial statements and submit them to the competent authority or an institution designated thereby within the time limit set by the competent authority; the formats of the statements shall be separately prescribed by the competent authority. The competent authority may from time to time send personnel to inspect the operations and assets and liabilities of brokers or order them to report the status of their operations within a time limit. With respect to the inspection opinions of the competent authority or deficiencies identified by the competent authority in an inspection, a broker shall take specific improvement actions and continue to follow up on the actions taken, and report the implementation of improvement actions to the competent authority within the time period prescribed by the competent authority. The broker company shall submit a written report on the follow-up of improvement actions taken to its board of directors and supervisors or audit committee for review.

#### Article 36

The commissions, expenses and costs of a broker associated with operating or practicing insurance broker business on behalf of the same insurance enterprise shall be transacted through a single bank account.

#### Article 37

After obtaining registration of permission with the competent authority, a

broker company shall join the brokerage association and an independent broker shall join the brokers association.

A broker who has not joined the brokerage association or brokers association and obtained a membership certificate in accordance with the preceding paragraph may not apply for a practice license to operate or practice in business.

#### Article 38

When the brokerage association or brokers association is established or holds reelection, it shall report its articles of association, a list of members, and a list of directors and supervisors to both the Ministry of the Interior and the competent authority for recordation.

The brokerage association or broker association shall disclose on its website the name, capital, place of business of its member companies, operating bonds deposited, liability insurance and bonding insurance purchased by members companies and other matters as required by the competent authority.

#### Article 39

A broker company that has not been sanctioned by the competent authority within the last one year for violating an act or regulation may apply to the competent authority for approval to establish a branch office.

A broker company that applies for the establishment of a branch office shall employ a broker to serve as a signatory and submit the following documents to the competent authority for registration of permission:

1. An application form clearly stating the name and location of the branch office.
2. The minutes of the board of directors meeting resolving to establish the branch office.
3. Proof of identity for the designated managers of branch offices and proof of their compliance with the qualification requirements set out in Article 11 herein.
4. A photocopy of the valid practice license of brokers employed or certification showing that any brokers employed meet the qualification requirements set out in these Regulations and any of the following certifications:
  - (1) Certification of pre-job training, obtained within the past 1 year before submission of the application and recognized by the competent authority;
  - (2) For a broker whose certification of pre-job training was obtained one year or more earlier, the already obtained certification of pre-job training and the certification of at least 16 hours of on-the-job training within the past 1 year before submission of the application; or
  - (3) Where registration of permission is based on the qualifications set out in subparagraph 3, paragraph 1 of Article 5 herein, certification of at least 16 hours of on-the-job training within the past 1 year before submission of the application.
5. Proof of identity for any brokers employed.
6. A written statement from the designated managers of branch office and brokers employed undertaking that they are free of the situations set out

in subparagraphs 1 through 9 and 12 through 19 of paragraph 1, Article 6.

7. A business plan for the branch office.

8. Other documents as required by the competent authority.

A broker company shall, in the six months of the approval of branch office establishment, submit an application form and a written statement undertaking that the manager of branch office and brokers to be employed are free of situations set out in subparagraphs 10 and 11 of paragraph 1, Article 6 herein to the competent authority for issuance of a practice license for the branch office.

#### Article 40

When a broker company plans to establish a subsidiary, branch office, or representative office or makes equity investment in a foreign country, relevant provisions of the Regulations Governing Permission of Insurance Business Transactions and Investment Between the Taiwan Area and the Mainland Area shall apply mutatis mutandis with respect to application criteria, required documentation, financial and business management, etc.

#### Article 41

A broker shall not commit any of the following acts:

1. Make a false representation when applying for a practice license.
2. Negotiate and conclude an insurance contract for an insurance enterprise that has not been approved and registered.
3. Deliberately conceal material matters concerning an insurance contract.
4. Take advantage of his or her professional or business position or use other improper means, with respect to the establishment of a contract, to coerce, induce, or restrict the freedom of a proposer, insured, or insurer, or to collect extra compensation or other benefit from them.
5. Make exaggerated, false, or misleading claims or advertisements or use other improper methods when operating or practicing business or recruiting personnel.
6. Use improper means to incite an insurance customer to take an action such as to surrender insurance, switch insurance policies, or take a loan.
7. Misappropriate or embezzle insurance premiums or policy proceeds.
8. Not practice oneself, but instead provide the practice license for use by another person.
9. Be sentenced to punishment for embezzlement, fraud, breach of trust, or forgery.
10. Operate or practice insurance business outside the scope specified on his or her practice license.
11. Collect, in addition to commissions and expenses set out in the contract or commissions charged according to industry standards, and reasonable compensation for insurance-related services as provided in Article 9 of the Insurance Act, money, articles or other compensations from an insurer in the name of other expense items or of a third party, or engage in uncustomary transactions.
12. By unlawful means, cause an insurer to make an improper insurance claim payment.
13. Disseminate untrue statements or promotional materials, thus disturbing the financial order.

14. Authorize a third party to operate or practice business on his/her/its behalf, or operate or practice business in other' s name.
15. In the case of a broker company, refer an application case solicited by a broker not employed by the company or an insurance solicitor not registered under the company to an insurer, or refer an application case solicited by it to an insurer through another broker or insurance agent, unless it is a case from an independent broker who has obtained the written consent of the proposer to the effect in advance.
16. Employ people who have not completed the registration procedure for insurance solicitor to solicit insurance business.
17. Fail to surrender or cancel practice license within the time period set out in Article 13, paragraph 1 or Article 17, paragraph 2 or paragraph 6.
18. Suspend, resume or dissolve business at own discretion.
19. In the case of a broker company, fail to hire another broker to serve as a signatory in accordance with Paragraph 2 of Article 8 herein when an employed broker leaves work.
20. Fail to report matters prescribed by the competent authority to the brokerage association or brokers association for recordation.
21. Fail to operate or practice business and sign relevant documents pursuant to Article 27 herein.
22. The content of advertising and publicity used in insurance solicitation is not provided or consented by the insurer.
23. Fail to preserve documents, premium collection records and photocopies of premium receipts as required in accordance with Article 32, Paragraph 1 and Article 33.
24. Pay commissions to insurance solicitors and their supervisors who did not actually perform the business solicitation; however the preceding provision does not apply to payments of renewal commissions to those who take over policyholder services .
25. Fail to confirm the suitability of an insurance product for a specific consumer.
26. Sell foreign viatical settlement products that have not been approved by the competent authority.
27. Fail to submit business information and financial statements within the time period prescribed by the competent authority or the information submitted is untruthful or incomplete.
28. Fail to operate or practice insurance broker business or reinsurance broker business in accordance with Article 28 herein.
29. Otherwise violate these Regulations or related acts or regulations.
30. Any other act injurious to the image of insurance business.

#### Article 42

A broker that has not carried out registration of permission with the competent authority, deposited bond, obtained professional liability insurance and bonding insurance, and obtained practice license may not negotiate or conclude an insurance contract on behalf of the insureds, or provide the insureds with relevant services. The preceding provision also applies to brokers whose practice license is cancelled or revoked by the competent authority.

#### Article 43

A broker company shall produce a compliance manual and appoint a compliance officer to take charge of the planning, management and implementation of its compliance system. The compliance officer shall also report periodically to the board of directors and supervisors. In case the broker company is a limited company, the compliance officer shall report periodically to all shareholders.

The compliance manual mentioned in the preceding paragraph shall contain at least the following particulars:

1. Compliance procedures to be adopted by each business.
2. Rules and regulations to be complied with by each business.
3. Procedures for handling violation of rules and regulations.

The compliance officer may not serve concurrently as an internal auditor.

The appointment, dismissal or transfer of compliance officer shall be reported in a manner designated by the competent authority with confirmation document and record filed and saved.

#### Article 44

A compliance officer shall carry out the following tasks:

1. Maintain a system for clear and adequate conveyance, counsel, coordination and communication of regulatory requirements;
2. Keep operating and management rules and procedures updated in line with relevant regulations to make sure all business activities comply with regulatory requirements; and
3. Provide adequate and pertinent compliance training to employees;

The working documents related to the tasks in the preceding paragraph shall be kept for at least five years.

#### Article 45

The compliance officer of a broker company shall possess one of the following qualifications:

1. Having the qualification of an insurance agent or broker and actually serving as a signatory.
2. Having at least five years of work experience in related business of insurance enterprise, insurance agent company or broker company.
3. Having graduated from college with a degree in finance, insurance or related field, or a degree in law and having at least three years of work experience in related business of insurance enterprise, insurance agent company or broker company.

A compliance officer referred to in the preceding paragraph shall be free of the situations set out in subparagraphs 1 through 10 and subparagraphs 12 through 19 in the paragraph 1 of Article 6 herein.

### Chapter 6 Foreign Insurance Brokers

#### Article 46

Where necessary, the competent authority may approve the establishment of branch offices within the territory of the Republic of China by a foreign insurance broker institution having an corporate entity to operate the same kind of business operated in its home country.

#### Article 47

A foreign insurance broker institution applying to establish a branch office within the territory of the Republic of China shall possess the following qualifications:

1. Having had sound operational performance and secure financial capacity in the three years prior to application; and
2. Free of the record of being disciplined (by the authority) due to major violation in the past three years as substantiated by the competent authority of its home country.

#### Article 48

A foreign insurance broker institution applying for approval to establish a branch office within the territory of the Republic of China to operate insurance broker business shall submit two copies of the following documents to the competent authority for review:

1. Foreign broker company's application for approval.
2. Documentary proof that the competent authority or agency of its home country has approved the registration of the applicant's incorporation as well as the scope of its business operations.
3. Documents showing the names, nationalities, positions, and residences or domiciles of the major responsible persons of the head office.
4. Documents evidencing that establishment of a branch office in the Republic of China has been approved by the competent authority or agency of its home country and agreed by its board of directors.
5. The articles of incorporation of the head office.
6. A business plan.
7. A photocopy of the valid practice license of brokers employed or certification showing that brokers employed meet the qualification requirements set out in these Regulations and any of the following certifications:
  - (1) The employed broker's certification of pre-job training, obtained within the past 1 year before submission of the application and recognized by the competent authority;
  - (2) For a broker whose certification of pre-job training was obtained one year or more earlier, the already obtained certification of pre-job training and the certification of at least 16 hours of on-the-job training within the past 1 year before submission of the application; or
  - (3) Where registration of permission is based on the qualifications set out in subparagraph 3, paragraph 1 of Article 5 herein, certification of on-the-job training of at least 16 hours within the past 1 year before submission of the application .
8. Proof of identity for any brokers employed.
9. A written statement undertaking that managers of branch office and brokers to be employed are free of situations set out in subparagraphs 1 through 9 and subparagraphs 12 through 19 of paragraph 1, Article 6 herein.
10. Proof of identity for the designated manager of branch office and proof of compliance with the qualification requirements set out in Article 11 herein.
11. A balance sheet and consolidated income statement for the last three years audited and attested by a certified public account recognized in the

home country.

12. A document issued by the competent authority in its home country evidencing that the applicant is free of the record of being disciplined (by the authority) due to major violation in the past three years.

13. Other documents as required by the competent authority.

The documents mentioned in the preceding paragraph may be replaced by comparable documents if any of them is unavailable according to the law of the home country.

If any of the documents mentioned in the preceding two paragraphs is not presented or recorded in Chinese due to special circumstances, their Chinese translations must be attached; except to documents provided in subparagraphs 1 through 6 and subparagraph 10 of the first paragraph hereof, the rest shall be authenticated by a ROC embassy/consulate or an overseas ROC representative office.

If the documents in the first paragraph or other representations are incomplete, the application will be rejected; the same applies if the situation could be rectified, but the applicant fails to do so within a time period given by the competent authority.

#### Article 49

The head office of a foreign insurance broker company shall appropriate funds of not less than NT\$5 million exclusively for the business operation of each branch office established according to its business plan; when applying for operation of reinsurance broker business, the minimum working capital of each branch office shall be NT\$10 million; when applying for operating concurrently insurance broker business and reinsurance broker business, the minimum working capital of each branch office shall be NT\$10 million.

Foreign insurance broker companies that have already obtained a practice license before the amended Regulations are in force shall adjust their working capital in Taiwan in compliance with the preceding paragraph within five years from the date the amended Regulations enter into force.

#### Article 50

The head office of a foreign broker company shall, within six months of permission, remit the funds for business operations of its branch office according to the preceding article, and apply to the competent authority in charge of company registration for recognition and registration of branch office establishment.

For those foreign broker companies that fail to apply for registration with the competent authority within the time period prescribed in the preceding paragraph, or fail to obtain approval from the competent authority in charge of company registration, the competent authority may revoke the permission.

Those that have completed the recognition and registration procedures under the first paragraph hereof shall, after depositing a bond and purchasing professional liability insurance, apply for and obtain a practice license from the competent authority by submitting a Branch Office Incorporation Registration Form and the fee as set by the competent authority. Those that have obtained a practice license shall carry out business registration in

accordance with relevant acts and regulations.

#### Article 51

A foreign insurance broker institution establishing a branch office to operate business within the territory of the Republic of China shall employ at least one person holding a Republic of China broker's practice license of the same type to practice the business.

#### Article 52

Provisions of other related chapters of these Regulations shall apply mutatis mutandis to matters regarding foreign insurance brokers on which this chapter is silent.

### Chapter 7 Supplementary Provisions

#### Article 53

The appointment or promotion of the responsible persons of a broker company shall meet the requirements set out in paragraph 1 of Article 6, Articles 10 and 11; one appointed or promoted without meeting those requirements shall be discharged.

Any responsible person of a broker company who has a situation in any subparagraph of paragraph 1, Article 6 after promotion or appointment shall be discharged.

If an independent broker or a broker employed by a broker company does not comply with paragraph 1 of Article 6 herein, the competent authority may revoke his or her permit and cancel his or her practice license.

#### Article 54

Unless the date of implementation is otherwise provided, these Regulations shall be in force on the date of promulgation.