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| Title : | Regulations Governing the Standards for and Appraisal of Insurance Enterprises' Admitted Assets  |
| Date : | 2003.03.07 |
| Legislative : | 1. Promulgated and enforced 25 April 1995 per Ministry of Finance Order (84) Taiwan-Finance-Insurance No. 842024511 2. Articles 4 to 9 amended and promulgated 7 March 2003 per Ministry of Finance Order Taiwan-Finance-Insurance No. 0920750326 |
| Content : | <p>Article 1</p> <p>These Regulations are adopted pursuant to Article 143, of the Insurance Act.</p> <p>Article 2</p> <p>Standards for and appraisal of the admitted assets of insurance enterprises shall be as set out in these Regulations; any matters not provided for herein shall be governed by applicable acts and regulations and the generally accepted accounting principles issued by the Financial Accounting Standards Board of the Accounting Research and Development Foundation of the Republic of China.</p> <p>Article 3</p> <p>"Appraisal of an insurance enterprise's admitted assets" refers to assessment of the liquidity of those assets by the competent authority in order to ensure the solvency and capital adequacy of the enterprise.</p> <p>Article 4</p> <p>Stocks not listed on an exchange or OTC market shall be appraised at the lower of their cost or net worth per share. When a loan is secured by a pledge of such unlisted stocks and the amount of credit extended exceeds the value of the stocks pledged as calculated on a net-worth-per-share basis, the loan is a non-admitted asset.</p> <p>Article 5</p> <p>Receivables are non-admitted assets under the following circumstances:</p> <ol style="list-style-type: none">1. Where the maturity date of a negotiable instrument receivable is three months or more beyond the record date of the appraisal, or where a premium or other receivable is outstanding three months or more beyond its account-entry date.2. Where the premium payment or negotiable instrument receivable for a stipulated installment premium is outstanding three months or more beyond the stipulated payment date.3. Where, with the exception of interest receivable on life policy loans and short-term advances, earned revenues receivable are still outstanding three months or more beyond the stipulated date of payment.4. Where a negotiable instrument is still outstanding at maturity. |

5. Where insurance claims or payments recoverable from reinsurers remain outstanding at six months or more past the insurance claim or payment date, except where otherwise provided in the reinsurance contract.
6. Where funds receivable for reinsurance transactions are outstanding six months or more beyond the stipulated account-entry date, except where covered by sufficient collateral.

Article 6

Temporary payments and prepayments, except for tax purposes or the purchase of real estate, electronic data processing equipment, or computer software, are non-admitted assets.

Article 7

Land with no economic benefit is a non-admitted asset. Where land that cannot be independently used has been appraised by a real estate appraiser at a value lower than cost, the price differential between historical cost and appraised value is a non-admitted asset. Fixed assets other than real estate, except for electronic data processing equipment and computer software, are non-admitted assets.

The amount of admitted assets for the electronic data processing equipment and computer software referred to in the preceding paragraph, after deduction of accumulated depreciation and amortization costs, may not exceed 3 percent of the insurance enterprise's owners equity for the preceding fiscal year following deduction of the electronic data processing equipment and computer software, net deferred income-tax assets, and net goodwill.

Article 8

Deferred debits and intangible assets, except for admitted assets for computer software recognized under the preceding article, are non-admitted assets; the balance after offsetting deferred income-tax assets against deferred income-tax liabilities, however, may be recognized as admitted assets.

The amount of the balance that may be recognized as admitted assets after offsetting deferred income-tax assets against deferred income-tax liabilities under the preceding paragraph may not exceed the lesser of 10 percent of the insurance enterprise's owners' equity for the preceding year after deduction of the electronic data processing equipment and computer software, net deferred income-tax assets, and net goodwill, or the amount realizable within one year.

Article 9

The following subparagraphs apply to recognition of other assets:

1. Overdue receivables, except where appropriate collateral has been provided, are non-admitted assets.
2. Applicable provisions of these Regulations apply mutatis mutandis to guarantee deposits paid in accordance with their characteristics.
3. Reinsurance liability reserves contributed are non-admitted assets six months or more beyond the collection date stipulated in the reinsurance contract.

Article 10

When an insurance enterprise's assets are placed with a deposit-taking institution that undergoes a financial crisis or suffers a loss of creditworthiness, or when there is substantial evidence to indicate that those assets have lost value, the amount of value lost is a non-admitted asset.

Article 11

As conditions require, the competent authority may require an insurance enterprise to obtain a report from an appraisal institution for valuation of its assets; when the appraised value of the assets is lower than the enterprise's book value, they shall be valued at the appraised value. The appraisal fees are to be borne by the insurance enterprise.

Article 12

These Regulations are in force from the date of promulgation.

Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System