Content

Title：	Regulations Governing the Preparation of Financial Reports by Insurance Enterprises Ch
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Content：
Article 9
Assets shall be properly classified and presented in the order of relative liquidity.
For each asset line item, the total amount expected to be recovered within 12 months after the balance sheet date and the total amount expected to be recovered more than 12 months after the balance sheet date shall be separately disclosed in the notes to the financial statements (referred to as the "Notes" hereunder).
Assets presented in the balance sheet shall include at least the following line items:
1. Cash and cash equivalents:
(1) Cash on hand, demand deposits, and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
(2) An insurance enterprise shall disclose the components of cash and cash equivalents and the policy which it adopts in determining the composition of cash and cash equivalents.
2. Receivables: Including receivables other than claims and payments recoverable from reinsurers and due from reinsurers and ceding companies, such as notes receivable, premiums receivable and other receivables.
(1) Notes receivable:
A. These receivables include notes receivables and non-accrual receivables.
B. Notes receivable shall be measured at amortized cost using the effective interest method. However, short-term notes receivables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.
C. With respect to discounted or transferred notes receivable, an assessment shall be made to determine whether the risks and rewards of the notes receivables, and the control retained over them will qualify them for derecognition under IFRS 9.
D. Notes receivables arising from operating activities and other notes receivable arising from non-operating activities shall be separately presented. Notes receivables from related parties in significant amounts shall also be separately presented.
E. Notes furnished as security shall be indicated in the Notes.
F. The amount of non-accrual receivables shall be disclosed in the Notes.
(2) Premiums receivable:
A. This receivable includes premiums receivable and non-accrual receivables arising from direct policy underwriting in the case of non-life insurers or premiums receivable and non-accrual receivables accrued during the insurance grace period in the case of life insurers (applicable to insurance businesses mandated by the government only).
B. Premiums from related parties in significant amounts shall be separately presented.
C. The amount of non-accrual receivables shall be disclosed in the Notes.
(3) Other receivables:
A. These receivables include receivables and non-accrual receivables other than notes receivable and premiums receivable.
B. The amount of non-accrual receivables shall be disclosed in the Notes.
3. Current tax assets: The portion of the tax amount already paid in respect of current and prior periods that exceeds the amount due for those

periods.
4. Assets held for sale:
(1) "Assets held for sale" means any asset or asset included in a disposal group held for sale, that is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups), and whose sale must be highly probable.
(2) The measurement, presentation, and disclosure of assets held for sale and disposal groups held for sale shall be made in accordance with IFRS 5.
(3) When assets or disposal groups classified as held for sale no longer meet the criteria in IFRS 5, they shall cease to be classified as held for sale.
(4) When assets or disposal groups meet the definition of held for distribution to owners, they shall be reclassified from held for sale to held for distribution to owners, and shall be deemed an extension of the original disposal plan, and the classification, presentation, and measurement of the new disposal plan shall apply. When the assets or disposal groups classified as held for distribution to owners no longer meet the criteria in IFRS 5, they shall cease to be classified as held for distribution to owners.
5. Financial assets measured at fair value through profit or loss:
(1) These assets refer to financial assets other than those measured at amortized cost or those measured at fair value through other comprehensive income.
(2) Financial assets carried at amortized cost or at fair value through other comprehensive income may be designated as financial assets measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.
6. Financial assets measured at fair value through other comprehensive income:
(1) Debt instrument investments that meet the following conditions simultaneously:
A. The debt instrument is held by the insurance enterprise within a busi¬ness model whose ob¬jec¬tive is achieved by both col¬lect¬ing con¬trac¬tual cash flows and selling fi¬nan¬cial assets; and
B. The con¬trac¬tual terms of the fi¬nan¬cial asset give rise on spec¬i¬fied dates to cash flows that are solely pay¬ments of prin¬ci¬pal and in¬ter¬est on the prin¬ci¬pal amount out¬stand¬ing.
(2) Equity investments not held for trading for which an irrevocable election is made at initial recognition to recognize changes in fair value in other comprehensive income (fair value through other comprehensive income).
7. Financial assets measured at amortized cost are assets that meet the following conditions simultaneously:
(1) The debt instrument is held by the insurance enterprise within a business model whose objective is achieved by collecting contractual cash flows; and
(2) The con¬trac¬tual terms of the fi¬nan¬cial asset give rise on spec¬i¬fied dates to cash flows that are solely pay¬ments of prin¬ci¬pal and in¬ter¬est on the prin¬ci¬pal amount out¬stand¬ing.
8. Financial assets for hedging are effective hedging instruments designated as such according to hedge accounting requirements.
9. Investments accounted for using the equity method:
(1) The valuation and presentation of investments accounted for using the equity method shall be made in accordance with IAS 28.
(2) When investment gain or loss is recognized, if the financial report prepared by an associate do not conform to these Regulations, the financial report shall first be adjusted to achieve conformance before it may be used to recognize investment gain or loss. The financial report of an associate to which the equity method applies shall be prepared as of the same date as that of the investor, and if prepared as of a different date, adjustments shall be made for the effects of significant transactions or events that occur between that date and the date of the investor's financial report. However, under no circumstances should the dif¬fer¬ence between the balance sheet date of the associate and that of the investor be longer than three months. If a CPA determines, pursuant to Statement of Auditing Standards

No. 51, that an associate has a material effect on the fair presentation of the financial report of an investor, the financial report of the associate shall be audited by a CPA in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and generally accepted auditing standards.
(3) If an investment accounted for using the equity method is pledged as collateral or otherwise subject to any restriction or limitation, the fact shall be noted.
10. Other financial assets: Financial assets not attributable to any of the classes above; if the loss allowance is set aside, the financial asset shall be presented on a net basis with the loss allowance deducted.
11. Right-of-use asset:
(1)Means an asset that represents a lessee's right to use an underlying asset for the lease term.
(2)A right-of-use asset shall be accounted for in accordance with IFRS 16.
12. Investment property:
(1) Investment property shall mean property held, by the owner or by the lessee with the right of use, to earn rentals, or for capital appreciation, or both.
(2) Investment property shall be accounted for in accordance with IAS 40, and investment property that is subsequently measured using the fair value model shall be subject to the following provisions:
A. When an insurance enterprise elects to use fair value model for its investment property, fair value measurement shall also be used for its insurance liability at the time of election, and the measurement method will be separately prescribed by the competent authority. When the measured fair value of insurance liability is greater than its carrying amount, a policy reserve shall be set aside for the difference thereof with the amount deducted from retained earnings.
B. An insurance enterprise shall, at the time fair value model is adopted for its investment property, engage an external joint appraisers office to assess the value of each and every investment property in accordance with relevant provisions of these Regulations, and at the balance sheet date, engage an appraiser to review the original appraisal report to determine whether to issue a new appraisal report. In addition, an insurance enterprise shall obtain an appraisal report issued by an appraiser at least once every half a year.
C. When the valuation of any single investment property held is above NT$1 billion, an insurance enterprise shall engage at least two joint appraisers offices to conduct the appraisal.
D. Property valuation shall use market value as basis of fair value measurement, and may not be performed based on specific market value, specified market value or special value.
E. If an insurance enterprise uses the fair value model for subsequent measurement of investment property, it shall adopt the same model for all of its investment property in accordance with IAS 40. However for vacant lands, an insurance enterprise shall measure the property in accordance with paragraph 53 of IAS 40 after obtaining construction license and undertaking development, and describe the change in the Notes for the current year.
F. The first outsourced appraisal report after the acquisition of an investment property may not be issued by the real estate appraiser and joint appraisers office that performed the original appraisal on the property acquired.
G. An insurance enterprise shall replace its real estate appraiser and joint appraisers office once every three years by using a different appraiser and joint appraisers office, and may not engage the service of the previous appraiser and joint appraisers office within one year after replacement.
H. The external joint appraisers office mentioned in Item (2) hereof and its appraisers shall perform appraisal in accordance with the relevant Statements of Valuation Standards issued by the Accounting Research and Development Foundation (ARDF), the Real Estate Appraiser Act and the Regulations Governing Real Estate Appraisals as well as appraisal methods and appraisal report contents set out in the technical bulletins issued by the real estate appraisers association, and shall meet the following

requirements:
a. The joint appraisers office shall have at least five employees and at least two practicing real estate appraisers who are members of an real estate appraisers association.
b. The appraiser must have at least 5 years of practical experience in real estate appraisal.
c. The appraiser has had the experiencing of participating in the valuation of real estate owned by a domestic company listed on Taiwan Stock Exchange (TWSE) or Taipei Exchange (TPEx).
d. The appraiser has relevant appraisal experience within the past year with respect to the location and category of the investment property being appraised.
e. The appraiser has never received a fixed prison sentence or a more severe punishment from a court due to an offense involving fraud, breach of fiduciary duty, embezzlement, or forgery in connection with real estate appraisal business.
f. The appraiser does not have a related party or substantive related party relationship as defined in IAS 24 with the insurance company requesting valuation service.
g. The appraiser does not have a record of poor credit in connection with negotiable instruments or with debt in the most recent 3 years nor a record of being subject to disciplinary action by a real estate appraiser disciplinary board in the most recent 5 years.
I. The appraiser shall issue a statement undertaking at least that he or she does not have a direct or indirect substantive relationship with the insurance enterprise requesting appraisal service and the legal consequences of failing to comply with applicable laws and regulations or failing to perform due professional care.
J. An insurance enterprise shall establish operating procedures for real estate valuation and include them in its internal control system. The procedures shall encompass the professional qualifications and conditions to be met by the outsourced joint appraisers office and appraisers, obtaining and analysis of information, checking the pertinence of appraised value and external appraisal report and preservation of relevant documents. The documentation regarding the checking of external appraisal report shall present information on which the checking is based and reasons for the conclusion reached, and shall be signed by the responsible officer. In addition, the checking shall cover at least whether the contents of the appraisal report are complete with respect to the following: basic data on the subject property, appraisal date, transactions of comparable properties located in the area of the subject property, assumptions and limitations of the appraisal, appraisal method and procedures, the pertinence of conclusions reached, and appraisal reporting date, whether there is error in the calculation of appraised value, whether assumptions made in the appraisal or reference data quoted are inappropriate or erroneous, and the reasonableness and veracity of appraisal parameters that have significant influence on the appraisal results. The checking documents shall be retained for at least 5 years for future reference of the competent authority.
K. A CPA shall review the appraisal report issued by a joint appraisers office engaged by an insurance enterprise in accordance with Statement of Auditing Standards No. 20. The review process performed by the CPA shall be double checked item-by-item by the professional evaluation team in the office the CPA works for so as to confirm the reasonableness of the methods and calculations used and made in the appraisal report.
L. The professional evaluation team at the CPA office described above should include a member meeting ROC’s qualification requirements for real estate appraiser. If not, the CPA office may engage the service of an external real estate appraiser that meets the qualification requirements set out in Item (2). H. hereof.
M. Disclosure of investment property that is subsequently measured using the fair value model, in addition to being handled in accordance with IAS 40, shall include the following information in the Notes:
a. Description of the appropriateness and reasonableness of appraisal methods used and important assumptions and parameters used;
b. If the above information differs substantially from that for prior

periods, description of the reason for the difference and the effect on the fair value; and
c. Information on the names of the joint appraisers office and appraiser used, and appraisal date.
(3) If an investment property is pledged as collateral or otherwise subject to any restriction or limitation, the fact shall be noted.
13. Loans: It includes life insurance policy loans, premium loans and secured loans.
(1) Life insurance policy loans: Loans made pursuant to the insurance contract through application by the proposer, with the policy as collateral.
(2) Premium loans: Loans made pursuant to the insurance contract to pay a premium due.
(3) Secured loans:
A. All loans made in accordance with Article 146-3 of the Act or approved by the competent authority on an ad hoc basis. Secured loans include loans guaranteed by banks, loans backed by pledge or collateral of real property, movable property, or securities, and loans and non-accrual receivable approved by the competent authority on an ad hoc basis.
B. Secured loans of significant amount to related parties shall be presented separately from other loans. An insurance enterprise shall assess impairment loss or uncollectible amount of secured loans on the balance sheet date in accordance with the Regualtions for Handling Assessment of Assets, Non-performing Loans, Non-accrual Receivable and Bad Debts by Insurance Enterprises and IFRS 9, with an appropriate amount of loss allowance set aside and non-accrual receivable disclosed in the Notes.
C. Secured loans shall be measured at amortized cost using the effective interest method. However, secured loans may be measured at the original loan amount if the effect of discounting is immaterial.
14. Reinsurance assets: It includes claims and payments recoverable from reinsurers, due from reinsurers and ceding company and reinsurance reserve assets.
(1) Claims and payments recoverable from reinsurers:
A. Include all claims, payments and non-accrual receivables recoverable from the assuming reinsurer on reinsurance business ceded.
B. Claims and payments recoverable from reinsurers of significant amount from related parties shall be presented in the Notes.
C. Impairment loss or uncollectible amount of claims and payments recoverable from insurers shall be assessed at balance sheet date with an appropriate amount of loss allowance set aside and non-accrual receivable disclosed in the Notes.
(2) Due from reinsurers and ceding company:
A. This is the amount arising from transactions between insurance enterprises in association with reinsurance ceded and assumed, including reinsurance receivables and non-accrual receivables estimated in a reasonable and systematic manner at balance sheet date.
B. Due from and due to reinsurers and ceding companies may not be offset against each other, unless the criterion set out in IAS 32 paragraph 42 is met.
C. Due from reinsurers and ceding company of significant amount from related parties shall be presented in the Notes.
D. Impairment loss or uncollectible amount of due from reinsurers and ceding company shall be assessed at balance sheet date with an appropriate amount of loss allowance set aside and receivable on demand disclosed in the Notes.
(3) Reinsurance reserve assets:
A. These assets are unearned premium reserve, loss reserve, policy reserve, premium deficiency reserve and liability adequacy reserve of the ceding company set aside in accordance with the Act, Regulations Governing the setting aside of various Reserves by Insurance Enterprises, Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises and related interpretations and reinsurance contract, which are rights of the ceding company over reinsurers, including ceded unearned premiums reserve, ceded loss reserve, ceded policy reserve, ceded premium deficiency reserve and ceded liability adequacy reserve.
B. Reinsurance reserve assets shall be presented on a net basis with the

loss allowance deducted and the amount of loss allowance shall be disclosed in the Notes.
15. Property and equipment:
(1) “Property and equipment” means tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one fiscal year.
(2) Property and equipment shall be subsequently measured using the cost model and accounted for in accordance with IAS 16.
(3) Each component of property and equipment that is significant shall be depreciated separately. The depreciation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed. If that pattern cannot be determined reliably, the straight-line method shall be used. The depreciable amount should be allocated on a systematic basis over the asset's useful life.
(4) When items of property and equipment have different useful lives, or provide economic benefits in different ways, or are subject to different depreciation methods or depreciation rates, each class of their material components shall be presented in the Notes.
(5) If a property or equipment is provided as a guarantee, pledged or subject to a lien in accordance with Paragraph 3, Article 143 of the Act with approval of the competent authority, the fact shall be noted.
16. Intangible assets:
(1) An intangible asset is an identifiable non-monetary asset without physical substance that meets the definition of identifiability, control by an entity, and existence of future economic benefits.
(2) Intangible assets shall be subsequently measured using the cost model and accounted for in accordance with IAS 38.
(3) The disclosure of intangible assets recognized and measured in accordance with IAS 4 shall be handled in accordance with IAS 38. The recognition, measurement and disclosure of the other intangible assets shall be handled in accordance with IAS 38.
(4) The amortization method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method shall be used. The amortized amount of an intangible asset shall be allocated on a systematic basis over its useful life.
17. Deferred tax assets: It refers to the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses, and the carryforward of unused tax credits.
18. Other assets: It refers to assets not attributable to any of the classes above, including prepayments, deferred acquisition costs, non-operating assets, miscellaneous assets, guarantee deposits paid (including the classes of assets above that are used as deposits), temporary payments and suspense accounts, reinsurance liability reserve contributed, deferred expenses, special-purpose funds and other miscellaneous assets.
(1) Prepayments include prepaid expenses, office supplies and other prepayments.
(2) Deferred acquisition costs (DAC) are incremental sales costs attributed to the provision of investment management services associated with an insurance enterprise’s investment-linked insurance business that is financial products with no discretionary participation features. DAC shall be recognized in accordance with IFRS 15. Considerations for DAC recognition method and the end of reporting period should be consistent with those for deferred fee income.
(3) Reinsurance liability reserve contributed are performance bonds deposited to various ceding company pursuant to reinsurance contracts.
(4) Impairment or unrecoverable amount of guarantee deposits paid and reinsurance liability reserve contributed shall be assessed at balance sheet date with an appropriate amount of loss allowance set aside and non-accrual receivable disclosed in the Notes.
(5) Collaterals and residuals taken over are collaterals or articles originally or additionally provided by borrowers according to law or as agreed to repay the money borrowed. Collateral and residuals taken over shall be stated at the price of possession, and assessed at balance sheet

date based on its carrying value or fair value less cost of sale, whichever is lower.
(6) Special-purpose funds are assets set aside for special purposes. The proposal and measure that the appropriation of funds is based on should be noted. Welfare fund set aside in accordance with the Employee Welfare Fund Act shall be recorded as expense.
19. Assets on insurance products - separate account: This is the sum total of assets on insurance product in separate accounts.
The accounting treatment and recognition and measurement of loss allowance for financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, financial assets measured at amortized cost, financial assets for hedging, other financial assets, loans and receivables, and reinsurance assets described in the preceding paragraph shall be carried out in accordance with IFRS 4, IFRS 9 and IAS 32. However an insurance enterprise may choose to apply the overlay approach when adopting IFRS 4.
The loss allowance mentioned in the preceding paragraph shall be respectively stated as a deduction from financial assets measured at amortized cost and receivables. If those items are further classified, the loss allowance shall be stated accordingly.
An insurance enterprise shall assess at each balance sheet date whether there is any objective evidence of impairment for the items described in Paragraph 3 hereof in relation to investments accounted for using the equity method, property and equipment, right-of-use assets, investment property measured using the cost model, and intangible assets. If any such evidence exists, the insurance enterprise shall recognize the amount of impairment loss in accordance with IAS 36. If the recoverable amount of non-financial assets is determined on the basis of fair value less costs of disposal, disclose additional information on the fair value measurement, including the level of fair value hierarchy, valuation techniques, and key assumptions. If the recoverable amount is determined on the basis of value in use, disclose the discount rate for fair value measurement.
The fair value measurement and disclosure of financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, financial assets measured at amortized cost, financial assets for hedging, notes receivable, other receivables, assets held for sale and investment property mentioned in Paragraph 3 hereof shall be carried out in accordance with IFRS 13.

Article 10
Liabilities shall be properly classified and presented in the order of relative liquidity.
For each liability line item, the total amount expected to be settled within 12 months after the balance sheet date and the total amount expected to be settled more than 12 months after the balance sheet date shall be separately disclosed in the Notes.
Liabilities presented in the balance sheet shall include at least the following line items:
1. Short-term borrowing:
(1) Short-term borrowing includes short-term borrowings from banks, notes and bonds sold under repurchase agreement, and other short-term borrowings.
(2) For short-term borrowing, whether the purpose of borrowing meets the relevant provisions of the Act, the guarantee status and interest rate range shall be noted based on the type of borrowing. If collateral is provided, the name and carrying amount of the collateral and approval number obtained from the FSC when the collateral was provided shall also be noted.
(3) Borrowings from financial institutions, shareholders, employees, related parties, and other individuals or institutions shall be separately noted.
(4) Notes and bonds sold under repurchase agreement are short-term borrowing arising from short-term bills or bonds issued by a financial institution under the mandate of the insurance enterprise for the purpose of fund utilization and with approval of the FSC.
(5) Commercial paper payable and notes and bonds sold under repurchase agreement shall be measured at amortized cost using the effective interest

method. However, short-term commercial paper payable with no stated interest rate may be measured at the original face amount if the effect of discounting is immaterial.
2. Payables: Payables include notes payable, claims payable, reinsurance indemnity payable, commissions payable, due to reinsurers and ceding companies and other payables.
(1) Notes payable:
A. These are all kinds of notes payable. Notes payable shall be measured at amortized cost using the effective interest method. However, short-term notes payable with no stated interest rate may be measured at the original face amount if the effect of discounting is immaterial.
B. Notes payable arising from operating and non-operating activities shall be separately presented.
C. Notes payable of significant amount to banks and related parties shall be separately presented.
D. Notes payable with collateral provided shall have the name and carrying amount of the collateral noted.
E. For notes that are used as security and can be recovered for cancellation at the termination of guarantee responsibility, the nature and amount of the guarantee shall be disclosed in the Notes.
(2) Claims payable: It includes claims in relation to direct insurance underwriting that have been filed but payment has not yet been picked up by the insured.
(3) Reinsurance indemnity payable: It includes claims payable in relation to reinsurance assumed. Reinsurance indemnity payable shall be estimated reasonably and systematically based on reinsurance contracts and the length of the contract period remaining.
(4) Commissions payable: It includes all commissions, agency fees, and service fees in relation to direct underwriting payable on an accrual basis.
(5) Due to reinsurers and ceding companies:
A. This is the amount payable arising from transactions between insurance enterprises in association with reinsurance ceded and assumed, including reinsurance payables estimated in a reasonable and systematic manner at balance sheet date.
B. Due from and due to reinsurers and ceding companies may not be offset against each other, unless the criterion set out in IAS 32 paragraph 42 is met.
(6) Other payables: It includes any other payable not included under notes payable, claims payable, reinsurance indemnity payable, commissions payable, or due to reinsurers and ceding companies, such as taxes payables, interest payable, dividend and bonus payables, etc. For dividends and bonuses payable passed by resolution of the shareholders meeting, the distribution method and scheduled payment date, if determined, shall be disclosed.
3. Current tax liabilities: Unpaid taxes for current and prior periods.
4. Liabilities directly associated with assets held for sale: Any liability included in a disposal group held for sale that is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such disposal groups, and whose sale must be highly probable.
5. Financial liabilities at fair value through profit or loss mean financial liabilities that meet any of the following conditions:
(1) Financial liabilities held for trading:
A. Liabilities that are incurred principally for the purpose of repurchasing them in the near term.
B. Liabilities that, upon initial recognition, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.
C. Liabilities that are derivative financial liabilities, except for financial guarantee contracts or derivative financial liabilities that are designated and effective hedging instruments.
(2) Financial liabilities that are designated as at fair value through profit or loss.
(3) Financial liabilities at fair value through profit or loss shall be measured at fair value. However, with respect to a financial liability

designated as at fair value through profit or loss, if the amount of change in the fair value of the financial liability is attributable to change in the credit risk, it shall be recognized in other comprehensive income, unless for the purpose of avoiding accounting mismatch or in the case of loan commitments and financial guarantee contracts, under which circumstances the amount of changes in fair value shall be recognized in profit or loss.
6. Financial liabilities for hedging: A financial liability that is a designated and effective hedging instrument under hedge accounting requirements.
7. Bonds payable: Corporate bonds already issued by the insurance enterprise. Premiums and discounts on bonds payable are valuation items of bonds payable. They shall be reported as an addition to or deduction from the bonds payable, and shall also be amortized as an adjustment to interest expenses using the effective interest method during the period of bond circulation.
8. Preferred shares liability: It means preference (preferred) shares issued that is a financial liability in nature in accordance with IAS 32.
9. Other financial liabilities: Financial liability not attributable to any of the accounts mentioned in Subparagraphs 5 to the preceding subparagraph hereof.
10. Insurance liabilities: It means reserves that an insurance enterprise is required to set aside according to rules.
(1) Unearned premium reserve: This is the reserve that an insurance enterprise sets aside at balance sheet date in accordance with the Act, Regulations Governing the setting aside of various Reserves by Insurance Enterprises, Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises and related interpretations for unexpired portion of policy premiums.
(2) Loss reserve: This is the reserve set aside by an insurance enterprise at balance sheet date in accordance with the Act, Regulations Governing the setting aside of various Reserves by Insurance Enterprises, Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises and related interpretations for insurance claims. Loss reserve for claims filed but not yet paid and claims not yet filed shall be separately noted.
(3) Policy reserve: This is the reserve set aside by an insurance enterprise at balance sheet date in accordance with the Act, Regulations Governing the setting aside of various Reserves by Insurance Enterprises, Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises and related interpretations for liabilities.
(4) Special reserve: This is the special reserve set aside by an insurance enterprise at balance sheet date in accordance with the Act, Compulsory Automobile Liability Insurance Act, Regulations Governing the setting aside of various Reserves by Insurance Enterprises, Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises and related interpretations.
(5) Premium deficiency reserve: This is the reserve set aside by an insurance enterprise at balance sheet date in accordance with the Act, Regulations Governing the setting aside of various Reserves by Insurance Enterprises, Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises and related interpretations for premium deficiency.
(6) Liability adequacy reserve: This is the additional reserve that needs to be set aside by an insurance enterprise in accordance with the results of liability adequacy test provided in IFRS 4.
(7) Other reserves: It refers to reserves that need to be set aside as required by the competent authority but are not attributable to any of the reserves above or the reserve mentioned under Subparagraph 12 hereof.
11. Reserve for insurance contracts with the nature of financial products: This is the reserve set aside by an insurance enterprise in accordance with the Act, Regulations Governing the setting aside of various Reserves by Insurance Enterprises, Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises and related interpretations for financial products with no discretionary participation features offered by the insurance enterprise.

12. Reserve for foreign exchange valuation: This is the reserve set aside by an insurance enterprise at balance sheet in accordance with the Act, Regulations Governing the setting aside of various Reserves by Insurance Enterprises and related interpretations for changes in foreign currency valuation.
13. Provisions:
(1) It means any liability of uncertain timing or amount.
(2) Provisions shall be accounted for in accordance with IAS 37.
(3) A provision shall be recognized when an insurance enterprise has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
(4) An insurance enterprise shall disaggregate provisions into provisions for employee benefits and other items in the Notes.
14. Lease liabilities:
(1)Means the present value of the lease payments that the lessee has not paid.
(2) Lease liabilities shall be accounted for in accordance with IFRS 16.
15. Deferred tax liabilities: It is the amounts of income taxes payable in future periods in respect of taxable temporary differences.
16. Other liabilities: It refers to liabilities not attributable to any of the classes above, such as advance receipts, deferred fee income, guarantee deposits and margins received, reinsurance liability reserves received, reserve for operation loss, liabilities under trust, agency and guaranty, temporary receipts and suspense accounts, and other miscellaneous liabilities.
(1) Advance receipts are various funds received in advance, including advance premiums or deposits received in advance of services provided. Major categories of advance receipts shall be listed separately, with added notes where any special stipulations are involved.
(2) Deferred fee income is income generated from fees charged for investment management services associated with the sale of investment-linked insurance business that is financial products with no discretionary participation features. Deferred fee income shall be recognized in accordance with IFRS 15. Considerations for deferred fee income recognition method and the end of reporting period should be consistent with those for deferred acquisition cost.
(3) Reinsurance liability reserves received are performance bonds deposited by ceded companies in accordance with the reinsurance contracts signed in association with reinsurance ceded.
(4) Operations loss reserve is the reserve set aside by an insurance enterprise in accordance with applicable regulations for the balance of the amount of business tax reduced less write-off of non-performing loans and the amount of loss allowance set aside.
17. Liabilities on insurance products - separate account: This is the sum total of liabilities on insurance products in separate accounts.
The accounting treatment for financial liabilities at fair value through profit or loss, financial liabilities for hedging, and payables described in the preceding paragraph shall be carried out in accordance with IFRS 4, IFRS 9 and IAS 32.
The measurement and disclosure of financial liabilities at fair value through profit or loss, financial liabilities for hedging, payables, liabilities directly associated with assets held for sale, and bonds payable described in Paragraph 3 hereof shall be carried out in accordance with IFRS 13.

Article 15
To meet the objective of presenting full and complete information about the financial position, financial performance, and cash flows of an insurance enterprise, financial reports shall contain explanatory notes disclosing the following:
1. Company history and scope of business operations.
2. A statement undertaking that the preparation of financial report complies with these Regulations, applicable laws and regulations (the titles of the laws or regulations), as well as IFRS, IAS, IFRIC

Interpretations, and SIC Interpretations.
3. The date on which the financial report was authorized for issue and the process involved in authorizing the financial report for issue.
4. The effect or impact that may arise when it has or has not applied a new or revised IFRS, IAS, IFRIC Interpretation, or SIC Interpretation endorsed by the FSC.
5. A summary of significant accounting policies used that are relevant to an understanding of the financial report, and the measurement basis (or bases) used in preparing the financial report.
6. Significant accounting judgments, estimations, and assumptions, as well as information about the assumptions it makes and other major sources of estimation uncertainty.
7. Objectives, policies and processes for managing capital, and any change in capital structure, including funding, liability, and equity.
8. If for a special reason there is a change in accounting treatment, thus affecting the comparison of financial data between two successive periods, the reason for the change and its effect on the financial report shall be noted.
9. Information on the amount recognized in the financial report and the nature and extent of risks arising from insurance contracts that meet the definition set out in IFRS 4 includes the following:
(1) Accounting policies for insurance contract that require disclosure in accordance with IFRS 4, paragraph 37 (a)
(2) The recog¬nized assets, li¬a¬bil¬i¬ties, equity, income, and expense arising from insurance contracts, and the process of determining as¬sump¬tions that have the material effect on those mea¬sure¬ment, rec¬on¬cil¬i¬a¬tions of changes in insurance li¬a¬bil¬i¬ties and rein¬sur¬ance assets during all compared reporting periods, asset segregation requirements for specific restricted assets, effect of changes in estimates and assumptions, loss recognized based on the result of liability adequacy test, gain and loss for the period recognized due to reinsurance ceded, and if gains and losses on buying reinsurance are deferred and amortized, the amortization for the period and the unamortized amounts at the beginning and at the end of period.
(3) Risk man¬age¬ment ob¬jec¬tives, policies, procedures and methods.
(4) Sensitivity analysis of insurance risk, concentrations of insurance risk, trends of claims, and credit risk, liquidity risk and market risk.
(5) Other information required for disclosure in accordance with IFRS 4.
10. If it is necessary to provide the basis of valuation for any amount, financial instrument, or other items presented in the financial report, that basis of valuation shall be noted.
11. If any item presented in the financial report is subject to any legal, regulatory, contractual, or other restriction, the circumstances and timing of the restriction and other related information shall be noted.
12. Material contingent liabilities and unrecognized contractual commitments.
13. Financial risk management objectives and policies.
14. Borrowing to meet cash flow needs arising from payment of major benefits.
15. The addition, construction, idling or sale of major operating assets and investment assets.
16. Significant transactions with related parties.
17. Losses due to major disasters.
18. Major litigation pending or concluded.
19. The signing, completion, voidance, or lapse of major contracts.
20. Information on financial instruments. The information shall be disclosed in accordance with IFRS 7, including the sig¬nif¬i¬cance of financial in¬stru¬ments for an entity's financial position and per¬for¬mance, qualitative and quantitative information on risk exposure for each type of financial instrument, and if overlay approach is selected, relevant information required of disclosure in accordance with IFRS 4.
21. Relevant information about leases. The information shall be disclosed in accordance with IFRS 16, including disclosure of information that gives a basis for users of the financial statements to assess the effect that the leases have on the financial position, financial performance, and cash flows of the Insurance Enterprise, and relevant qualitative and

quantitative information about its leasing activities.
22. Information about employee benefits. The information shall be disclosed in accordance with IAS 19, and shall include the influence of defined benefit plans on the amount, timing, certainty of future cash flows, actuarial losses arising from changes in demographic assumptions and financial assumptions, and the expected contributions in the next reporting period in the following financial year.
23. An insurance enterprise that offers investment-linked insurance plans shall disclose in the Notes the content and amount of assets, liabilities, income and expense respectively in tabulated format for insurance contracts that meet and do not meet the definition set out in IFRS 4. In addition, sales bonus or allowance obtained from counterparties in connection with the aforementioned business shall also be disclosed.
24. An insurance enterprise that operates non-life insurance shall disclose the amount of respectively the retained gross earned premium from compulsory and non-compulsory insurance and present the calculation process.
25. An insurance enterprise that operates non-life insurance shall disclose the amount of respectively the retained claims for compulsory and non-compulsory insurance and present the calculation process.
26. An insurance enterprise that operates non-life insurances hall disclose the insurance retention limit per risk unit by type of insurance.
27. An insurance enterprise that operates compulsory auto liability insurance shall disclose in the Notes information on its assets, liabilities, income and costs in tabulated format (Forms A ~ B).
28. Investment items and limits under discretionary management of a securities investment trust enterprise or securities investment consulting enterprise.
29. Operating segment information. The information shall be disclosed in accordance with IFRS 8.
30. Information on discontinued operations.
31. Major operations, assets and liabilities assigned to or assumed from other enterprises.
32. When the insurance enterprise is a subsidiary of a financial holding company, manner of revenue, cost, expense and profit (loss) sharing between the insurance enterprise and the financial holding company and other subsidiaries in terms of business or trading activities, joint business promotions, sharing of information, and sharing of facilities or premises.
33. Information on investment in the Mainland Area.
34. In the case of private placement of securities, the type, issue date, and amount shall be disclosed.
35. Information about investments in derivative instruments.
36. When subsidiaries hold shares in the parent, the names of the subsidiaries and the shareholdings, amounts, and reasons shall be separately presented.
37. Major organizational adjustments and significant management reforms.
38. Material effects of changes in government laws and regulations.
39. Description of important accounting policy for foreign exchange valuation reserve mechanism, hedging strategy and risk exposures, he effect on profit (loss), liabilities and equity by not applying this reserve mechanism and calculated earnings per share without applying this reserve mechanism.
40. Fair value information. The information shall be disclosed in accordance with IFRS13, and shall include information on recurring or non-recurring fair value measurement of assets and liabilities, inputs such as fair value valuation technique and parameters or assumptions used in fair value measurement, and Level 3 of fair value hierarchy.
41. Foreign-currency-denominated assets and liabilities that have significant influence, including the amount of risk exposure, currency, and exchange rate for monetary and non-monetary items denominated in foreign currencies.
42. Supporting information for items presented in the balance sheet and in the statements of comprehensive income, of changes in equity and of cash flows, or other necessary descriptions essential for avoiding misunderstanding by users or for the fair presentation of the financial reports.

Article 20
An insurance enterprise shall provide information on its business conditions in accordance with the following provisions:
1. Significant business matters: The insurance enterprise shall provide information on matters arising over the most recent 5 fiscal years that have had a significant impact on its business, including acquisition or merger, demerger, change in management rights (equity) reaching 10% or more, transfer of business, investments in affiliated enterprises, reorganization, acquisition or disposal of major assets, and significant changes in operation method (including sales system) or business activity.
2. Remuneration to directors, supervisors, president (general manager), vice presidents (assistant general managers),and Chairmen of the board and presidents (general managers) rehired as consultants after retiring from the insurance enterprise or its affiliate enterprises and related information:
(1) Remuneration paid to directors, supervisors, president (general manager), vice presidents (assistant general managers),and consultants in the most recent fiscal year: (Form 9, and Form 9-1)
A. An insurance enterprise may opt either to disclose aggregate remuneration information, with the name(s) indicated for each remuneration bracket, or to disclose the name of each individual and the corresponding remuneration amount.
B. An insurance enterprise having any of the following circumstances is required to disclose the remuneration paid to each individual director, supervisor , president (general manager) and consultants:
a. The insurance enterprise's most recent capital adequacy ratio, whether CPA-reviewed or adjusted following FSC examination, is below 200%.
b. The insurance enterprise showed an after-tax deficit in the parent company only or individual financial reports for the most recent two fiscal years. This requirement, however, shall not apply if the parent company only or individual financial report for the most recent fiscal year shows net income after tax and such net income after tax is sufficient to make up the accumulated deficits.
c. The insurance enterprise is required by the FSC to increase capital but fails to complete capital increase according to its proposed capital increase plan.
C. The insurance enterprise, if a public company that has had an insufficient director or supervisor shareholding percentage stipulated in Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies for three (3) consecutive months or longer during the most recent fiscal year, shall disclose the remuneration paid to each of the directors or supervisors.
D. The insurance enterprise that has had an average ratio of share pledging by directors or supervisors in excess of 50% in any three months during the most recent fiscal year, shall disclose the remuneration paid to each of the directors or supervisors having a ratio of pledged shares in excess of 50% for each such month.
E. If the total amount of remuneration received by all of the directors and supervisors in their capacity as directors or supervisors of the companies listed in the financial report exceeds 2% of the net income after tax, and the remuneration received by any individual director or supervisor exceeds NT$15 million, the insurance enterprise shall disclose the remuneration paid to that individual director or supervisor.
(2) Where the insurance enterprise's chairperson, president (general manager), or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its attesting CPA or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held at the accounting firm, shall be disclosed.
(3) The term "affiliated enterprise of the attesting CPA's accounting firm" means one in which the accountant(s) at the accounting firm of the attesting CPA hold more than 50% of the shares, or of which such accountant(s) hold more than half of the directorships, or a company or institution listed as an affiliated enterprise in the external publications or printed materials of the accounting firm of the attesting CPA.

(4)The term "affiliated enterprises" in this Subparagraph refers to those conforming with Article 369-1 of the Company Act.
3. Labor-management relations: (Form 10)
(1) Report major employee benefit policies, professional development, training, or retirement programs and the status of their implementation, as well as agreements between labor and management and policies for safeguarding employees' rights and interests.
(2) Report the loss sustained as a result of labor disputes in the most recent 3 fiscal years, together with the disclosure of an estimate of losses incurred to date or likely to be incurred in the future and the mitigation measures taken or to be taken. If the losses cannot be reasonably estimated, the insurance enterprise shall make a statement to that effect.
(3) Describe any violation of the Labor Standards Act found during the labor inspection; including the disposition date, disposition reference No., provisions of the regulations breached, description of the violation, and the disposition.
4. Changes in president (general manager), chief audit officer and actuaries in the most recent 2 years.
5. Changes in the method for allocation of all kinds of reserves.
6. The insurance enterprise had the situation in the most recent year where its shareholders’ meeting has adopted the resolution to carry out capital increase or decrease or its board of directors (council) has adopted the resolution to issue new shares but the application (or filing) was not approved (or approved for record) by the FSC, or where its application for capital change registration was not approved by the Ministry of Economic Affairs.
7. Cases of claim payment and claim recovery from reinsurer involving amount exceeding NT$20 million in the most recent 3 years and financial impact analysis therefor.
8. Names of reinsurers to whom the reinsurance premium expenses paid in the most recent year account for more than 1% of total premium income and the credit rating of those reinsurers.
9. Where a credit rating agency has been engaged to rate the reinsurer, the name of the credit rating agency, and date and result of rating; if no credit rating agency is engaged, such fact shall be disclosed as well.

Article 26
Interim financial reports shall include interim financial reports for each of the following periods:
1. Balance sheets as of the end of the current interim period, as of the end of the immediately preceding fiscal year, and as of the end of the comparable interim periods of the immediately preceding fiscal year.
2. Statements of comprehensive income for the current interim period, for the current fiscal year to the end of the current interim period, for the comparable interim periods of the immediately preceding fiscal year, and for the immediately preceding fiscal year to the end of the comparable interim periods.
3. Statement of changes in equity for the current fiscal year to date, with a statement of changes in equity for the same period of the immediately preceding fiscal year.
4. Statement of cash flows for the current fiscal year to date, with a statement of cash flows for the same period of the immediately preceding fiscal year.
Interim financial reports shall disclose events or transactions of materiality that have occurred since the date of the end of the reporting period of the immediately preceding fiscal year; the disclosure shall be made in accordance with IAS 34, and shall include the following information:
1. Possible impact that the application of newly issued or revised standards or interpretations will have on the insurance enterprise, as required to be disclosed in accordance with IAS 8.
2. Qualitative and quantitative disclosure of risks arising from financial instruments, including credit risk, liquidity risk, and market risk, and management of such risks.
3. Aged analysis of accounts receivable, and changes in loss allowances.

4. Foreign-currency-denominated assets and liabilities that have significant influence, including the amount of risk exposure, currency, and exchange rate for monetary and non-monetary items.
5. Sensitivity analysis of exchange rate risk for monetary items denominated in foreign currencies.

Article 29
An insurance enterprise preparing parent company only financial reports shall prepare statements of major accounting items.
The titles of the statements of major accounting items and forms therefor are as follows:
1. Statements of assets, liabilities and equity:
(1) Statement of cash and cash equivalents. (Form 6 - 1)
(2) Statement of notes receivable. (Form 6 - 2)
(3) Statement of premiums receivable. (Form 6 - 3)
(4) Statement of other receivables. (Form 6 - 4)
(5) Statement of assets held for sale. (Form 6 - 5)
(6) Statement of financial assets at fair value through profit or loss. (Form 6 - 6)
(7) Statement of financial assets at fair value through other comprehensive income. (Form 6 - 7)
(8) Statement of financial assets for hedging. (Form 6 - 8)
(9) Statement of financial assets measured at amortized cost. (Form 6 - 11)
(10) Statement of changes in investments accounted for using the equity method.(Form 6 - 12)
(11) Statement of changes in accumulated impairment of investments accounted for using the equity method. (Form 6 - 13)
(12) Statement of other financial assets. (Form 6 - 14)
(13) Statement of changes in right-of-use assets (Form 6-14-1).
(14) Statement of changes in accumulated depreciation of right-of-use assets (Form 6-14-2).
(15) Statement of changes in accumulated impairment of right-of-use assets (Form 6-14-3).
(16) Statement of changes in investment property. (Form 6 - 15)
(17) Statement of changes in accumulated depreciation of investment property. (Form 6 - 16)
(18) Statement of changes in accumulated impairment of investment property. (Form 6 - 17)
(19) Statement of loans made to others. (Form 6 - 18)
(20) Statement of claims and payments recoverable from reinsurers. (Form 6 - 19)
(21) Statement of due from and due to reinsurers and ceding companies. (Form 6 - 20)
(22) Statement of change in property and equipment. (Form 6 - 21)
(23) Statement of changes in accumulated depreciation of property and equipment. (Form 6 - 22)
(24) Statement of changes in accumulated impairment of property and equipment. (Form 6 - 23)
(25) Statement of changes in intangible assets. (Form 6 - 24)
(26) Statement of deferred income tax assets. (Form 6 - 25)
(27) Statement of other assets. (Form 6 - 26)
(28) Statement of changes in accumulated impairment of other assets. (Form 6 - 27)
(29) Statement of short-term borrowing. (Form 7 - 1)
(30) Statement of notes payable. (Form 7 - 2)
(31) Statement of insurance and reinsurance indemnity payables. (Form 7 - 3)
(32) Statement of other payables. (Form 7 - 4)
(33) Statement of liabilities directly associated with assets held for sale. (Form 7 - 5)
(34) Statement of financial liabilities at fair value through profit or loss. (Form 7 - 6)
(35) Statement of financial liabilities for hedging. (Form 7 - 7)
(36) Statement of bonds payable. (Form 7 - 9)
(37) Statement of preferred shares liability. (Form 7 - 10)
(38) Statement of other financial liabilities. (Form 7 - 11)

(39) Statement of changes in unearned premium reserve. (Form 7 - 12)
(40) Statement of changes in loss reserve. (Form 7 - 13)
(41) Statement of changes in policy reserve. (Form 7 - 14)
(42) Statement of changes in special reserves. (Form 7 - 15)
(43) Statement of changes in reserve for foreign exchange valuation. (Form 7 - 16)
(44) Statement of changes in special reserves (special reserves for catastrophic event and fluctuation of risk). (Form 7 - 17)
(45) Calculation of special reserves (special reserves for catastrophic event and fluctuation of risk) allocated. (Form 7 - 18)
(46) Calculation of special reserves (special reserves for catastrophic event and fluctuation of risk) recovered. (Form 7 - 19)
(47) Statement of changes in premium deficiency reserve. (Form 7 - 20)
(48) Statement of changes in liability adequacy reserve. (Form 7 - 21)
(49) Statement of changes in other reserves. (Form 7 - 22)
(50) Statement of changes in reserve for insurance contracts with the nature of financial products. (Form 7 - 23)
(51) Statement of provisions. (Form 7 - 24)
(52) Statement of lease liabilities (Form 7-24-1)
(53) Statement of deferred tax liabilities. (Form 7 - 25)
(54) Statement of other liabilities. (Form 7 - 26)
2. Statements of profit or loss items:
(1) Statement of retained earned premium income. (Form 8 - 1)
(2) Statement of interest income. (Form 8 - 2)
(3) Statement of gain (loss) on financial assets and liabilities at fair value through profit or loss. (Form 8 - 3)
(4) Statement of realized gain (loss) on financial assets at fair value through other comprehensive income. (Form 8 - 4)
(5) Statement of gain (loss) from derecognition of financial assets measured at amortized cost. (Form 8 - 7)
(6) Statement of share of profit (loss) of associates and joint ventures accounted for using equity method. (Form 8 - 8)
(7) Statement of foreign exchange gain (loss). (Form 8 - 9)
(8) Statement of gain (loss) on investment property. (Form 8 - 10)
(9) Statement of expected credit loss and reversal on investment. (Form 8 - 10-1)
(10) Statement of other impairment loss and reversal on investment. (Form 8 - 11)
(11) Statement of other net investment gains (losses). (Form 8 - 12)
(12) Statement of other operating income or cost. (Form 8 - 13)
(14) Statement of commission expenses. (Form 8 - 15)
(15) Statement of other income and expense - net. (Form 8 - 16)
(16) Statement of finance costs. (Form 8 - 17)
(17) Statement of general expenses. (Form 8 - 18)
(18) Statement of administrative expenses. (Form 8 - 19)
(19) Summary of employee benefits, depreciation, depletion and amortization expenses by functional account. (Form 8 - 20)
(20) Statement of non-operating income and expenses. (Form 8 - 21)
An insurance enterprise may determine, having regard to the concept of materiality, whether or not to separately present the schedules of assets, liabilities and equity described in Subparagraph 1 of the preceding paragraph.

Chapter VII First-time Adoption (Deleted)

Article 31 (Deleted)

Article 32 (Deleted)

Article 33 (Deleted)

Article 39
These Regulations shall come into force from the date of promulgation, with the exception of Article 2, Article 4, Article 6, Paragraph 1 of Article 7, Articles 8 ~ 11, Item (4)-G of Subparagraph 1, Subparagraphs 10, 13 and 14 of Paragraph 4 of Article 12, Article 13, Article 15, Subparagraph 2,

Paragraph 1 of Article 17, Article 19, Article 26, Article 27, Article 30, and Article 34 amended on October 21, 2014, which shall come into force from fiscal year 2015 on, articles amended on January 24, 2017, which shall come into force from fiscal year 2017 on, articles amended on August 23, 2017, which shall come into force from fiscal year 2018, and subparagraphs 11 and 12 of paragraph 3, and paragraph 6 of Article 9, Article 10, Article 15, Article 29, and Forms 1 of Article 19, which shall come into force from fiscal year 2019.