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| Title : | Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises  |
| Date : | 2019.04.01 |
| Legislative : | Amended on April 1, 2019 |
| Content : | <p>Article 7</p> <p>The internal underwriting system and procedure of an insurance enterprise shall include and explicitly specify at least the following particulars:</p> <ol style="list-style-type: none">1.The qualifications, job descriptions, on-the-job training and reward/discipline of underwriters.2.Procedure and flow chart covering the process from acceptance of application to agreeing to underwrite a policy, including at least underwriting guidelines, financial underwriting mechanism, survival analysis and physical examination standards, insurance reporting mechanism, hierarchy of authority, and arrangement of reinsurance.3.The policy of understanding and evaluating the needs and suitability of the applicant and the insured:<ol style="list-style-type: none">(1) Make sure the applicant understands fully that the premium he/she has paid is for purchasing an insurance product.(2) Evaluate that the type of insurance, insured amount and premium expense of the applicant are commensurate with his/her actual needs.(3) If the applicant purchases a foreign currency denominated insurance product, applicant's exchange rate risk tolerance has been evaluated.(4) If the applicant wants to purchase an investment- linked insurance product, the applicant's suitability and risk tolerance have been evaluated, and the fact that the applicant understands that he/she is at his/her own risk with regard to the investment gain or loss from the investment-linked product has been evaluated, and applicants may not be offered any product that is beyond his/her financial means or unsuitable for him/her.4.The operating procedure for evaluating whether the insured amount and premium payment are commensurate with the income, financial situations and occupation of the applicant or the insured. But for life insurance, accident insurance and travel insurance over certain insured amount, the operating procedure for verifying whether information or documentation on the income, financial situation and occupation of the applicant or the insured is reasonable and credible, and whether such information is commensurate with the insured amount or premium payment.5.The operating procedure for confirming the identity of the applicant and that he/she has indeed purchased a policy, the identity of the insured and that the insured has given his/her consent to the policy purchased.6.The operating procedure for confirming that the designation or change of beneficiary has been consented by the insured.7.The operating procedure for confirming that the applicant has indeed applied for changing the content of the insurance contract that would affect risk assessment, and the identity and signature of the applicant and the insured.8. The operating procedure for the manner and duration of retaining and disposing the personal data of the applicant, the insured and the beneficiary of applications that were underwritten and not underwritten.9.The following situations are prohibited:<ol style="list-style-type: none">(1) Underwriting work is performed by someone without the qualification of underwriter.(2) Reviewing and underwriting an application without considering the content of the insurance product.(3) Treating a specific applicant or policyholder unfairly or treating an insured unfairly because of his or her disability. The preceding provision |

does not apply to the special treatment of a specific applicant or policyholder or an insured in the signing of an insurance contract where risk assessment is based on actuarial science and statistical data.

(4) Underwriting a policy by validating the policy retroactively; the preceding provision does not apply if it is otherwise provided in accordance with international customary practice, the procurement or service contract executed under the Government Procurement Act, or other laws.

(5) Failing to faithfully review the signatures, endorsement or information affixed/provided by the applicant or the insured and the insurance solicitor or other relevant evidence indicating willingness on the part of the applicant in accordance with relevant laws and regulations. If the business of an insurance agent or broker is solicited by its sales representative, the application is not signed by the sales representative or endorsed by a qualified insurance agent or broker.

(6) Failing to faithfully implement the procedure of reviewing the finance of the applicant or the insured, the insurance reporting mechanism or the suitability policy or failing to retain documentation on the implementation of insurance reporting and inquiry mechanism, and retain the underwriting evaluation documents .

(7) Engaging in other practices that impair the rights and/or interests of the applicant, the insured or the beneficiary.

10. Other matters to be complied with as prescribed by the competent authority.

The provisions on financial underwriting mechanism and survival analysis and physical examination standards mentioned in Subparagraph 2 of the preceding paragraph and the provisions in Subparagraphs 4 ~ 7 of the preceding paragraph do not apply to non-life insurance products, microinsurance products and other specific insurance products.

Insurance enterprises shall submit the financial underwriting mechanism and survival analysis and physical examination standards drafted in accordance with Subparagraph 2, Paragraph 1 hereof, the policy of evaluating the needs and suitability of the applicant and the insured mentioned in Subparagraph 3 of this paragraph and operating procedures mentioned in Subparagraphs 4 ~ 7 of this paragraph to the competent authority for recordation.

The term insurance reporting mechanism referred to in Paragraph 1 connotes reports of specific data of insurance contracts by the insurance enterprise to the insurance business reporting and information system when applications are accepted, agreement to underwrite a policy is indicated, or the insurance contract status has been modified. Relevant data of the applicant and insured stored in the system may be accessed and retrieved as a reference for the underwriting process and underwriting decisions.

The procedure for retaining personal data of applications that were not underwritten under Subparagraph 8 of Paragraph 1 hereof shall comply with the following provisions:

1. The retention period shall not exceed five years from the date the decision of non-underwriting is finalized, unless a longer period is otherwise required by law. When the retention period for the data of a non-underwritten application case expires but the case is involved in a complaint, mediation or litigation proceeding that there is an ongoing need to process and use data of the case, such data may be retained until one year has elapsed since the date the dispute resolution proceeding is concluded.

2. An insurance enterprise shall process and use the personal data of applications that were not underwritten in accordance with the Personal Information Protection Act and delete, and stop to process or use such data after its retention period expires.