

Content

Title :	Regulations Governing Insurance Agents <b>Ch</b>
Date :	2019.11.18
Legislative :	Amendment to Article 34,35,49 and addition of Articles 33-1 and 34-1 promulgated per Financial Supervisory Commission Order No. Jin-Guan-Bao-Zong-Zi- 10804956691 dated November 18, 2019.
Content :	<p>Article 33-1</p> <p>A bank shall establish a mechanism to check the source of funds for premiums paid by a customer, whether it is a loan from the bank, a time deposit at the bank that is canceled early without penalty or a policy loan obtained through the bank that took place within three months prior to the purchase of insurance, and to check whether there is consistency between the customer and the financial information the customer provides for dealings and transactions with the bank.</p> <p>For customers whose source of funds for premiums paid is a bank loan, a time deposit canceled early without penalty or a policy loan, a bank shall, before referring such cases to the insurer to complete the underwriting process, assign a staff not from the sales department to conduct phone interview of customers of all such application cases, explicitly informing the customers of associated risks and maximum possible loss, except for customers who are purchasing an insurance product that does not require policy value reserve or a mortgage life insurance product that does not pay survival benefit.</p> <p>When a bank discovers in the phone interview mentioned in the preceding paragraph that there are situations not complying with the rules or countering the intent of the customer, it should, before the insurer completes the underwriting process, notify the insurer and the customer to rectify the situation or take actions in the interest of the customer.</p> <p>A bank should tape record the entire phone interview mentioned in Paragraph 2 hereof with the consent of the interviewee and save the record for future audits. The tape record shall be retained for a period of not less than five (5) years after the insurance contract has expired.</p> <p>The provisions of the preceding four paragraphs apply mutatis mutandis to insurance agent companies invested and established by a financial holding company or a bank.</p> <p>Article 34</p> <p>Independent agents and agents employed by an agent company or a bank shall understand the needs of the proposer and product or service suitability, and sign on relevant documents, unless otherwise prescribed by the competent authority.</p> <p>The “relevant documents” under the preceding paragraph and paragraph 1 of article 33 hereof include, for non-life insurance agents:</p> <ol style="list-style-type: none"><li>1. Insurance application form.</li><li>2. Application for endorsement.</li><li>3. Due diligence report on the needs of the insurance proposer and the insured, and product suitability analysis.</li><li>4. Application for termination of contract.</li><li>5. Other documents designated by the competent authority.</li></ol> <p>The “relevant documents” under the first paragraph and paragraph 1 of article 33 hereof include, for personal insurance agents:</p> <ol style="list-style-type: none"><li>1. Insurance application form.</li><li>2. Application for endorsement.</li><li>3. Due diligence report on the needs of the insurance proposer and the insured, and product suitability analysis.</li><li>4. Application for termination of contract.</li><li>5. Other documents designated by the competent authority.</li></ol>

If an agent is authorized to collect insurance premiums or to handle underwriting, claim settlement, or other insurance business, the agent shall sign the various documents relating to business practice.

#### Article 34-1

When an agent employed by an agent company or a bank signs on relevant documents according to Paragraph 1 of the preceding article, the signing operation shall be conducted in a manner where the agent has confirmed prior to the insurer agrees to underwrite a policy that relevant documents have been completely checked according to internal rules with relevant tracks and supporting documents saved.

For agents who perform signing in accordance with the preceding paragraph, their employing agent company or bank shall establish internal check rules and confirmation procedures for relevant documents.

The agents association should draw up self-regulatory rules for the operation mentioned in Paragraph 1 hereof and submit the rules to the competent authority for recordation.

#### Article 35

Banks that operate concurrently insurance agent business shall comply with the following provisions:

1. Have a sign conspicuously placed at its business place indicating that it engages in insurance agent business;
2. Make clear and enable consumers to understand the distinction between insurance agent business and banking business;
3. Set up or designate a relevant department to handle dispute cases arising out of the insurance agent business;
4. Clearly disclose to customers the nature and risks of insurance products; and
5. Other matters of compliance as required by the competent authority.

Banks shall not commit any of the acts described in the subparagraphs below:

1. Banks shall not use customer deposit information to induce purchase of insurance or recommend insurance products that do not match the customer's risk profile by misleading customer or using improper sales techniques.
2. Banks try to sell insurance products to customers by comparing only the difference in rate of return on time deposit and the insurance product while ignoring the risk characteristics and nature of the product or not disclosing information such as return/risk tradeoff.
3. Authorize bank employees who handle loans and credit or deposits and remittance business to sell investment-linked insurance products or insurance products with surrender value (excluding personal injury insurance and mortgage life insurance with an insurance period of less than 3 years) and receive commissions therefrom; the preceding provision does not apply when the proposer or the insured is the spouse or a direct blood relative of such employee.

#### Article 49

Independent agents, agent companies, banks and agents employed by agent companies or banks shall not commit any of the following acts:

1. Make a false representation when applying for a practice license.
2. Operate or practice business operations on behalf of an insurance enterprise that has not been approved and registered.
3. Act on behalf of an insurance enterprise in operating or practicing insurance business operations that have not been approved by the competent authority.
4. Deliberately conceal material matters concerning an insurance contract.
5. 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 an proposer, insured, or insurer, or to collect extra compensation or other benefit from them.
6. Make exaggerated, false, or misleading claims or advertisements or use other improper methods when operating or practicing business or recruiting personnel.
7. Use improper means to incite an insurance customer to take an action such as to surrender insurance, switch insurance policies, or take a loan.

8. Misappropriate or embezzle insurance premiums or policy proceeds.
9. Not practice oneself, but instead provide the practice license for use by another person.
10. Be sentenced to punishment for embezzlement, fraud, breach of trust, or forgery.
11. Operate or practice insurance business outside the scope specified on his or her practice license.
12. Collect, in addition to commissions and expenses set out in the contract, 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.
13. By unlawful means, cause an insurer to make an improper insurance claim payment.
14. Disseminate untrue statements or promotional materials, thus disturbing the financial order.
15. Authorize a third party to operating or practicing business on his/her/its behalf, or operating or practicing business in other' s name.
16. In the case of an agent company, refer an application case solicited by an agent 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 insurance broker or agent, unless it is a case from an independent agent who has obtained the written consent of the proposer to the effect in advance.
17. Employ people who do not possess the qualifications of insurance solicitor to solicit insurance business.
18. Fail to surrender or cancel practice license within the time period set out in paragraph 1 of Article 15, Article 26, paragraph 5 of Article 27, or paragraph 3 of Article 28.
19. Suspend, suspend its insurance agent business in part or in whole temporarily, resume, dissolve business or terminate its insurance broker business in part or in whole at own discretion.
20. In the case of an agent company or a bank, fail to employ another agent to serve as a signatory in accordance with Article 7, paragraph 2 when an employed agent leaves work.
21. Fail to report matters prescribed by the competent authority to the agents association for recordation.
22. The content of advertising related to insurance products and publicity used in insurance solicitation is not provided or consented by the insurer.
23. 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.
24. Fail to confirm the suitability of an insurance product for a specific consumer.
25. Sell foreign viatical settlement products that have not been approved by the competent authority.
26. Submit business information and financial statement are untrue or incomplete.
27. Is currently serving as an employee of an insurance enterprise or related industry association, or having been registered as an insurance solicitor.
28. Urge or induce customers to pay for insurance premiums by taking out a bank loan, canceling a time deposit or taking out a policy loan.
29. Otherwise violate these Regulations or related acts or regulations.
30. Any other act injurious to the image of insurance business.

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