

## Content

Title :	Regulations Governing Required Qualifications for Responsible Persons of Insurance Enterprises <b>Ch</b>
Date :	2020.02.20
Legislative :	Amended on 20 February 2020 per Order No. Jin-Guan-Bao-Shou-Zi- 10904903501 of the Financial Supervisory Commission
Content :	<p>Article 1 These Regulations are adopted pursuant to Article 137-1 of the Insurance Act ("the Act").</p> <p>Article 2 These Regulations apply to insurance enterprises and foreign insurance enterprises as defined in Article 6 of the Act.</p> <p>Article 3 The responsible person of an insurance enterprise must have good moral character and must not be in any of the following situations; a responsible person to whom any of the following descriptions applies shall certainly be discharged: 1.Has no legal capacity, has limited legal capacity, or is the subject to the order of commencement of assistance and such order has not been revoked. 2.Has committed a crime under the Organized Crime Prevention Act, and has been found guilty by a final and unappealable judgment. 3.Has previously received a final and unappealable sentence to a punishment of not less than imprisonment for counterfeiting of currency, counterfeiting of securities, embezzlement, fraud, or breach of trust, and execution of the sentence has not started serving or been completed, or ten years have not yet passed since execution of the sentence was completed, probation expired, or pardon was granted, as the case may be. 4.Has previously received a final and unappealable sentence to a punishment of not less than imprisonment for forgery, offense involving secret information, usury, impairment of creditor rights, or a violation of the Tax Collection Act, the Trademark Act, the Copyright Act, the Patent Act, or other acts or regulations governing industry and commerce, and the sentence has not started serving or has not been completed or five years have not yet elapsed since execution of the sentence was completed, probation expired, or pardon was granted, as the case may be. 5.Has received a final and unappealable sentence as punishment for corruption and execution of the sentence has not started serving or has not been completed or five years have not yet passed since execution of the sentence was completed, probation expired, or pardon was granted, as the case may be. 6.Has received a final and unappealable sentence as punishment for a violation of the Act, the Banking Act, the Financial Holding Company Act, the Trust Enterprise Act, the Act Governing Bills Finance Business, the Financial Asset Securitization Act, the Real Estate Securitization Act, the Securities and Exchange Act, the Futures Trading Act, the Securities Investment Trust and Consulting Act, the Act for Regulation of Foreign Exchange, the Credit Cooperative Act, the Agricultural Finance Act, the Farmers Association Act, the Fishermen's Association Act, the Money Laundering Control Act, or any other act governing financial matters, and the sentence has not started serving or has not yet been completed, or five years have not yet passed since execution of the sentence was completed, probation expired, or pardon was granted, as the case may be. 7.Has been declared bankrupt and his or her rights have not yet been reinstated.</p>

8.Served as a responsible person of a juristic person at the time it was declared bankrupt, where five years have not yet passed since the close of bankruptcy, or where reconciliation has not been performed.

9.A financial institution has refused to honor the person's negotiable instruments and has not resumed honoring them, or the person again had a negotiable instrument dishonored for insufficient funds within three years after the financial institution resumed honoring the person's negotiable instruments.

10.Has undergone a material loss of creditworthiness that has yet to be settled or three years have not yet passed since settlement.

11.The competent authority has ordered the person's replacement or discharge due to a violation of the Act, the Banking Act, the Financial Holding Company Act, the Trust Enterprise Act, the Act Governing Bills Finance Business, the Financial Asset Securitization Act, the Real Estate Securitization Act, the Securities and Exchange Act, the Futures Trading Act, the Securities Investment Trust and Consulting Act, the Act for Regulation of Foreign Exchange, the Credit Cooperative Act, the Agricultural Finance Act, the Farmers Association Act, the Fishermen's Association Act, or any other law governing financial matters, and five years have not yet passed since replacement or discharge.

12.Has received a final and unappealable court order to undergo correction and training, or has been ordered to perform forced labor for larceny or the handling of stolen goods, and execution of the punishment has not yet been completed or five years have not yet passed since completion.

13.There is factual proof that the person has engaged in or otherwise been involved with any other dishonest or improper activities, demonstrating unsuitability to serve as a responsible person of an insurance enterprise.

14.Is otherwise restricted by law.

#### Article 4

The chairperson of an insurance enterprise may not serve concurrently as its general manager. The preceding provision does not apply in the following circumstances, subject to the approval of the competent authority:

1.The general manager leaves job or becomes unable to continue the performance of his/her duties due to some material unforeseen event and there is no eligible candidate who meets the qualification requirements set forth in Article 7, paragraph 2 herein to take his or her place.

2.The general manager is discharged from his or her position by order of the competent authority pursuant to Article 149, paragraph 1, subparagraph 4 of the Act for regulatory violation, and there is no eligible candidate who meets the qualification requirements set forth in Article 7, paragraph 2 herein to take his or her place.

3.The general manager is deemed by the competent authority to be in other situations similar to that in the preceding two subparagraphs and there is no eligible candidate who meets the qualification requirements set forth in Article 7, paragraph 2 herein to take his or her place.

When an insurance enterprise applies to the competent authority for its chairperson to serve concurrently as its general manager pursuant to the proviso in the preceding paragraph, the competent authority may grant the holding of concurrent positions for a maximum period of three months. If necessary, the insurance enterprise may apply to the competent authority for one extension one month before the end of the three-month period.

However if its chairperson does not meet the qualifications set forth in Article 7, paragraph 2, the insurance enterprise is not allowed to apply for an extension.

Is serving as a responsible person of another insurance enterprise or a financial holding company, bank, trust company, credit cooperative, the credit department of a farmers' (fishermen's) association, bills finance company, securities company, securities finance company, securities investment trust enterprise, securities investment consulting enterprise, or futures commission merchant. However, this restriction shall not apply under any of the following circumstances:

1.The position arises from an investment relationship between the insurance enterprise and the institution in question, and no one serves as board chairperson or as a manager of both enterprises concurrently, and the

competent authority has granted approval.

2. Where the insurance enterprise is a subsidiary of a financial holding company, its responsible persons may serve concurrently as responsible persons of said financial holding company or of another of its subsidiaries, provided that a person may not serve concurrently as a manager of more than one subsidiary.

3. Where the insurance enterprise is a juristic-person director or a juristic-person supervisor of a financial holding company, its responsible persons may, by virtue of their position as responsible persons of the holding company, serve concurrently as responsible persons of a subsidiary of the holding company, provided that the positions in which such persons may serve for the holding company's subsidiary are limited to director or supervisor.

4. It is necessary for either facilitation of a merger or to deal with a problem insurance enterprise and has been approved by the competent authority.

The chairperson or general manager of an insurance enterprise, or a person holding a comparable position shall not serve as the chairperson or general manager or hold a comparable position at a non-insurance-related business. However, the preceding paragraph does not apply to holding a position at a foundation or a non-profit social organization.

When the person violates the four preceding restrictions, the competent authority shall order the insurance enterprise to make adjustment within a prescribed period of time; the person shall be dismissed when the insurance enterprise fails to adjust within the time period and without justifiable reason.

Where the government or a juristic person is a shareholder, the provisions of the preceding article and the preceding five paragraphs apply *mutatis mutandis* to any authorized representative, or to any natural person appointed to exercise in its behalf the duties of its position, who is to act as a director (or trustee) or supervisor.

#### Article 5

The concurrent holding of positions and the number of concurrently held positions of the responsible person of an insurance enterprise shall be subject to the principle that the responsibilities of the principal position and the concurrent position are both effectively discharged without any conflict of interests or any violation of the respective internal controls of the institutions.

An insurance enterprise shall on a regular basis evaluate the performance of a responsible person holding a concurrent position, and having regards to its investment management needs, risk management policies, and the provisions of the Regulations; the evaluation results shall serve as an important reference to determine whether the concurrently held position(s) will be maintained or reduced in number.

#### Article 6

The director or supervisor, or its related person, of an insurance enterprise who act concurrently as the director or supervisor of other financial institutions as set forth in Paragraph 3 of Article 4 will be deemed to have a conflict of interest unless the insurance enterprise and the financial institutions have the controlling and subordinate relation as defined in the Company Act or such concurrent appointment is allowed under the provisions of these Regulations.

The term "director" or "supervisor" as used in the preceding Paragraph shall have the following meanings:

1. A juristic person or the natural person designated by such juristic person to exercise the duties.

2. A juristic person or the elected natural person who represents such juristic person.

3. An elected natural person who does not represent the government, any juristic person or the representative of a juristic person or the government.

The term "related person of the director or supervisor" as used in the Paragraph shall mean parties related to the same natural person or juristic person, including:

1. Parties related to the same natural person:
  - (1) The spouse and direct relatives of that natural person; or
  - (2) Enterprises in which the natural person and natural persons as referred to in the preceding subparagraph hold more than one third (1/3) of their outstanding voting shares or more than one third of their capital, or enterprises or foundations in which the natural person and natural persons referred to in the preceding subparagraph act as their chairperson, general manager, or directors representing the majority of directors.
2. Parties related to the same juristic person:
  - (1) The chairperson of the juristic person and his spouse and direct relatives;
  - (2) Enterprises in which the juristic person and natural persons as referred to in the preceding subparagraph hold more than one third (1/3) of their outstanding voting shares or more than one third of their capital, or enterprises or foundations in which the juristic person and natural persons referred to in the preceding subparagraph act as their chairperson, general manager or directors representing the majority of directors.
  - (3) The affiliates of the juristic person. The term "affiliate" shall be defined under Articles 369-1 through 369-3, Articles 369-9, and 369-11 of the Company Act.

The preceding three Paragraphs shall not apply to the government and an insurance enterprise that its shareholding is directly or indirectly 100 percent held by the government. However the representative or the natural person act as the director and supervisor of the juristic person designated by the government and the insurance enterprise, shall not serve any concurrent position in other financial institution unless with the approval of the competent authority.

The director or supervisor of an insurance enterprise, or their related person has a conflict of interest set out in Paragraphs 1 or 4, the competent authority shall order the insurance enterprise to make adjustment within a prescribed period of time; the person shall be dismissed when the insurance enterprise fails to adjust within the time period and without justifiable reason.

The regulations in this article shall become effective from March 1, 2020. When the tenure of the directors or supervisors at insurance enterprises has not yet expired on March 1, 2020, the amended articles shall apply as of the expiry date of their tenure expires.

#### Article 7

An insurance enterprise shall have one general manager to oversee the business of the entire company (or cooperative) and shall not have another person in equivalent position.

The general manager of an insurance enterprise must have good moral character, leadership and the ability to effectively manage the insurance enterprise, and possess any 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, has worked for no less than nine years in insurance enterprises, and has served for no less than three years in the position of manager or higher or in an equivalent position at the head office of an insurance enterprise (or cooperative), and has performed with excellence in such position.
2. Has graduated from a domestic or foreign school at the level of junior college or higher or possesses equivalent academic qualifications, has worked for no less than nine years in insurance administration or supervision, and has served for no less than three years in the position of intermediate civil service employee at grade 9 or higher or in an equivalent position, and has performed with excellence in such position.
3. Has worked for no less than five years in insurance enterprises, and has served for no less than three years in the position of vice general manager or higher or in an equivalent position at an insurance enterprise, and has performed with excellence in such position.
4. Has other academic or employment experience sufficient to show that he/she has leadership ability, professional insurance expertise, or experience in managing an insurance business, and is capable of operating an insurance business soundly and efficiently.

A person who is to serve as general manager of an insurance enterprise may

not take up the post until minutes of the relevant board of directors meeting and documents evidencing his/her qualifications have been submitted to the competent authority for review, and an approval is granted thereby.

#### Article 8

The director, supervisor, vice general manager, assistant vice general manager, manager, manager of an insurance enterprise, or those with equivalent duties must have good moral character and the chairperson, at least one third of the directors and one third of the supervisors, vice general manager, assistant vice general manager, or manager must meet 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, has worked for no less than five years in insurance enterprises, and has served for no less than one year in the position of assistant manager or higher or in an equivalent position at the head office of an insurance enterprise (cooperative), and in such position has performed with excellence.
2. Has graduated from a domestic or foreign school at the level of junior college or higher or possesses equivalent academic qualifications, has worked for no less than five years in insurance administration or supervision, and has served for no less than one year in the position of intermediate civil service employee at grade 9 or higher or in an equivalent position, and in such position has performed with excellence.
3. Has worked for no less than five years in insurance enterprises, and has served for no less than three years in the position of assistant manager or higher or in an equivalent position at the head office of an insurance enterprise (or cooperative), and in such position has performed with excellence.
4. There is other factual evidence sufficient to prove that he/she has professional insurance expertise, or experience in managing an insurance enterprise, and is capable of safe, sound, and effective operation of an insurance business.

Where an insurance enterprise has managing directors set up, at least two of the managing directors shall possess one of the qualifications set out in the preceding paragraph.

An insurance enterprise, if the total assets of the previous year as audited by a CPA have exceeded NT\$1 trillion, shall have three of the directors and supervisors that meet one of the qualifications set out in Paragraph 1 when the number of the insurance enterprise's directors and supervisors is less than five persons. If the number of directors and supervisors of an insurance enterprise exceeds five, at least one more of the directors and supervisors for each additional three directors and supervisors shall meet one of the qualifications set out in the Paragraph 1. If an insurance enterprise has managing director(s), at least three of the managing directors shall meet one of the qualifications set out in Paragraph 1.

The number of an insurance enterprise's directors, who are not government agencies, juristic persons or representatives thereof, that meet the qualifications set out in Paragraph 1, shall comply with the preceding three paragraphs. When the total number of director exceeds thirteen, the number of directors that meets one of the qualifications set out in Paragraph 1 could be five.

The preceding paragraph does not apply to an insurance enterprise if its shareholding is directly or indirectly 100 percent held by the government or a single juristic person.

The regulations in the three preceding paragraphs shall become effective from March 1, 2020. When the tenure of the directors or supervisors at insurance enterprises has not yet expired on March 1, 2020, the amended articles shall apply as of the expiry date of their tenure expires.

#### Article 9

A supervisor's spouse, blood relative within the second degree of kinship, or relative by marriage within the first degree of kinship, may not serve as a director or manager at the same insurance enterprise.

The preceding paragraph also applies to the representatives of the government and juristic persons.

#### Article 10

An insurance enterprise's board of directors is held responsible for the appointment of managers and making sure that the appointed managers meet the requirements for moral character, skills, and qualifications. The board of directors is also held responsible for overseeing the maintenance of qualifications by managers and the suitability of managers in their positions.

#### Article 11

An insurance enterprise shall, within 15 days after its chairperson, and managing directors, directors or supervisors that meet the qualification requirements set forth in Article 8, paragraph 1 herein have been elected or appointed, submit relevant qualification documents to the competent authority for approval; where the qualifications of the chairperson, managing directors, directors or supervisors are not approved by the competent authority, the competent authority may order the insurance enterprise to make changes within a prescribed period of time; The same shall apply if factual evidence shows that an individual does not possess the required good moral character or qualifications specified in Article 8, Paragraph 1 after taking office.

Where an insurance enterprise has question over whether its chairperson, managing director, director, or supervisor to be elected or appointed meets the qualification requirements set forth in Article 8, paragraph 1, subparagraph 4 herein, the insurance enterprise may submit the qualification information for approval by the competent authority before the election or appointment.

#### Article 12

In order to determine whether a responsible person of an insurance enterprise possesses the qualifications prescribed in these Regulations, the competent authority may order an insurance enterprise to act within a specified time period to submit necessary documents and information or send a designated person to appear before the competent authority for questioning.

#### Article 13

Where any circumstance that constitutes ipso facto cause for dismissal applies to a responsible person of an insurance enterprise, the responsible person shall promptly notify the insurance enterprise.

An insurance enterprise should take proactive action after learning that its responsible person has a situation that constitutes ipso facto cause for dismissal, file a report with the competent authority, and notify the Ministry of Economic Affairs to revoke or cancel related registration.

#### Article 14

Unless otherwise specified, these Regulations shall become effective on the date of promulgation.