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| Title :       | Regulations Governing Online Insurance Business and Online Insurance Services of Insurance Agent Companies and Insurance Broker Companies <b>Ch</b>  |
| Date :        | 2020.10.26   |
| Legislative : | 2.Amended on 26 October 2020 per Order No. Jin-Guan-Bao-Zong-Zi 10904939561 of the Financial Supervisory Commission.   |
| Content :     | <p>Article 2 The terms used in these Regulations are defined as follows:</p> <ol style="list-style-type: none"><li>1. "Insurance agent/broker company" means a company operating insurance agent or broker business in the capacity of a corporate organization or a bank engaging concurrently in insurance agent or broker business with approval from the competent authority.</li><li>2. "Online insurance business" means the business entailing a natural person applicant enters or negotiates an insurance contract with an insurance company via the Internet through an insurance agent/broker company after completing the first-time registration and identity verification process.</li><li>3. "Online insurance services" means insurance services of an insurance company other than purchasing insurance online received by existing customers of an insurance agent/broker company via the Internet through the agent/broker company which is linked up with the system of the insurance company after the customer has completed the registration and identity verification process.</li></ol> <p>Article 3 An insurance agent/broker company that conducts online insurance business and online insurance services shall set up a website section or webpage or build a mobile insurance application (APP) as a service platform, and its solicitors may not set up their own service platform. When an insurance agent/broker company cooperates with a business in a different industry (referred to as "cross-industry partner" hereunder) in the offering of online insurance business and online insurance services in accordance with the Directions for Insurance Agent Companies and Insurance Broker Companies on Cross-Industry Cooperation to Promote Auxiliary Insurance Products, the insurance agent/broker company shall be responsible for managing, maintaining, and disclosing related information on the website section, webpage or mobile insurance application (APP) built by its cross-industry partner.</p> <p>Article 5 An insurance agent/broker company that applies for approval to conduct online insurance business shall meet the following qualification requirements:</p> <ol style="list-style-type: none"><li>1.The company has established and implemented internal control and audit system as well as solicitation system and procedures in accordance with the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies.</li><li>2.The company has not been subject to material sanctions and penalties or cumulative fines of more than NT\$1 million imposed by the competent authority in the most recent year, or if it has, concrete improvement actions have been taken to remedy the violation and recognized by the competent authority.</li><li>3.The company can present its annual financial statements that have been audited and certified by a certified public accountant. The preceding provision does not apply to recently established internet-only banks that are unable to present annual financial statements.</li><li>4.The company is ISO 27001 (information security standards) certified and has established a traffic cleaning mechanism against distributed denial-of-service attack (DDoS).</li></ol> |

“Material sanctions and penalties” mentioned in Subparagraph 2 of the preceding paragraph means any of the actions specified in Subparagraph 1 to Subparagraph 12, Article 2 the Regulations Governing Public Disclosure by the Financial Supervisory Commission of Material Enforcement Actions for Violation of Financial Legislation, or a fine of at least three times the minimum statutory amount set for a single unlawful activity specified in Subparagraph 13, Article 2 of the same regulations.

When an internet-only bank applies for approval to conduct online insurance business, if the time elapsed from the date it starts business to the date of application is shorter than the time period specified in Subparagraph 2 of Paragraph 1 hereof, the duration during which the bank has been in business shall apply.

Article 8 An insurance agent/broker company that conducts online insurance business or online insurance services shall provide one of the means below for customers with legal capacity to carry out registration and identity verification, and may not allow a customer to purchase insurance online or receive online insurance services until the customer has completed the registration and identity verification process:

1. Online:

(1) The legally required information that should be posted on the website section, webpage or mobile insurance app built by an insurance agent/broker company or its cross-industry partner includes but is not limited to declaration of consent to online insurance purchase or online insurance services and disclosure obligation pursuant to the Personal Information Protection Act (referred to as the “Personal Information Act”) for perusal by the customers, and may not proceed with the registration and identity verification until the customer has indicated that he/she has read the disclosure and consented to online insurance purchase or online insurance services.

(2) When a customer undergoes registration and identity verification, the customer should be required to fill out basic information that is sufficient to verify his/her identity and given an account number through the identity verification process. However, with customer consent, an agent/broker company may carry out customer registration and identity verification by one of the means below:

A. Through the online banking account (only if the account is opened by customer at the bank counter in person) or digital deposit account (only if the account is a type 1 account that applies to high-risk electronic transfer of funds and transaction instruction) of the same customer at a banking subsidiary of the same financial holding company that the insurance agent/broker company belongs to.

B. Through the member account of the cross-industry partner.

(3) After a customer has completed the registration and identity verification process, the insurance agent/broker company should send the customer a one-time password (OTP) to the customer’s mobile phone or email address and ask the customer to enter the OTP to complete identity confirmation.

2. In person:

(1) A customer may visit the business place of an insurance agent/broker company or its branches in person to apply for online insurance or service.

(2) The insurance agent/broker company should provide the customer with legally required information in writing or in another verifiable manner, including but not limited to declaration of consent to online insurance purchase or online insurance services and disclosure obligation pursuant to the Personal Information Act for perusal and signing by the customers to complete the registration and identity verification process.

(3) The customer should provide basic personal data that is sufficient to verify his/her identity.

For a customer who has completed the identity verification process under the preceding paragraph and obtained the account password but has not negotiated any insurance contract with or requested insurance service from an insurance company through the insurance agent/broker company in five (5) years after completing the application, the customer may not use the account password to purchase insurance online or request online insurance service until he/she completes the identity verification process under the

preceding paragraph again.

Article 10 An insurance agent/broker company that conducts online insurance business shall comply with the following:

(1)The insurance agent/broker company should provide on its website section, webpage or mobile insurance app or those built by its cross-industry partner a description of all insurance products that may be purchased online and the policy clauses for browsing by consumers at any time.

(2)After a consumer has entered application data and selected the insurance product to be purchased, the insurance agent/broker company should prompt on its website section, webpage or mobile insurance app or those built by its cross-industry partner the full text of insurance policy and important content of the insurance product selected for perusal and agreement by the consumer.

(3)Purchase and identity verification operation: Before the applicant sends the purchase confirmation, the insurance agent/broker company should send an OTP to the applicant's mobile phone or email address and ask the customer to enter the OTP to complete identity confirmation before completing the whole purchase operation.

(4)When an insurance agent/broker company handles the online purchase of a personal insurance product where the applicant and the insured are not the same person and the applicant registers with his/her Citizen Digital Certificate, the insured shall declare his/her intent (consent) using the Citizen Digital Certificate only. The insurance agent/broker company shall also post on its website section, webpage or mobile insurance app or those built by its cross-industry partner in a conspicuous manner a reminder that the relationship between the applicant and the insured must comply with Article 16 of the Insurance Act.

For personal insurance products that are investment-linked annuities, an insurance agent/broker company shall implement the following controls and support operations on its website section, webpage or mobile insurance app:

1.Prompt and inform product features and associated risks; in addition, when a consumer applies to purchase such a product, confirm consumer's understanding of associated risks and consumer's intent to purchase the product.

2.Disclose the entire product content, including but not limited to the following:

(1)Operating process for the use of premiums.

(2)Policy benefits.

(3)Brief introduction of targeted investment.

(4)Policy related expenses.

(5)Underwriting rules (age and premium limits, etc.)

(6)Sales documents (policy clauses and product description) download link.

(7)Investment related risks.

(8)Reminder about the different time points of premium payment and actual investment.

3.Confirm in the application process that the policyholder has fully read important sales documents (e.g. policy clauses and product description) and confirm item-by-item that the policyholder understands the important contents of product and investment risks.

4.Clearly disclose various operating processes. Those operations include but are not limited to the following:

(1)Payment of premiums.

(2)Underwriting.

(3)Phone interview.

(4)Policy issue.

(5)Refund of premiums in case of underwriting denial or contract cancellation.

5.Make sure the applicant has given consent to the manner by which the underwriting insurance company will deliver product description and insurance policy in hardcopy or electronic form to the applicant according to applicant's instruction, and make sure there are no situations of the applicant being enticed into doing something. If it is agreed with the policyholder that the insurance policy will be provided in electronic form, make sure the underwriting insurance company has established an assistance

mechanism that reminds policyholder to read or download and sign for the receipt of policy if the policyholder fails to do so within a certain period of time and a response mechanism, and would save the record of policyholder perusing or downloading and signing for the receipt of policy and relevant trail.

6.Immediately forward any notification information to the underwriting insurance company via linkup.

The disclosure of operating processes mentioned in Subparagraph 4 of the preceding paragraph must be complemented with a timeline that shows the time of each operation. In addition, the difference between the time points of premium payment and actual investment should be clearly revealed to the policyholder.

The response mechanism mentioned in Subparagraph 5 of Paragraph 2 hereof means when a policyholder fails to read or download and sign for the receipt of policy within 30 days after the insurance company has delivered the policy, the insurance company should send a hardcopy of the policy to the policyholder for policyholder to read, review and sign for its receipt. For traditional individual life insurance products, an insurance agent/broker company should provide the consumers with a free look period as agreed in the insurance contract.

Article 13 To confirm the intent of an applicant to purchase insurance online, except for the purchase of compulsory automobile liability insurance, travel insurance and travel inconvenience insurance by an applicant for him/herself, an insurance agent/broker company should perform the following confirmation procedure before the insurance company mails the insurance policy to the applicant:

1.For applicants who negotiate an insurance contract with an insurance company through the insurance agent/broker company the first time but do not apply for account password using the Citizen Online Certificate or in person, the insurance agent/broker company should sample 10% of such applicants for phone interview to confirm their intent to purchase insurance.

2.For online purchase cases not under the preceding subparagraph, the insurance agent/broker company should sample 5% of the applicants for phone interview to confirm their intent to purchase insurance.

3.Phone interview shall be conducted for all online applications to purchase investment-linked annuity insurance so as to ensure that the applicant understands clearly the content and the risks of investment-linked annuity and confirm applicant' s intent to purchase the product. If it is confirmed in the phone interview under Subparagraph 1 and Subparagraph 2 of the preceding paragraph that an applicant does not intend to purchase insurance, the insurance agent/broker company shall immediately inform the insurance company not to underwrite a policy. Where the phone interview under Subparagraph 3 of the preceding paragraph fails to take place, the insurance agent/broker company should notify the insurance company immediately.

For the phone interview under Paragraph 1 hereof, the insurance agent/broker company should, with applicant' s consent, tape record the entire interview process and save a copy of the tape. If the applicant has speech or hearing impairment, the insurance agent/broker company may use text messaging, email or other viable methods to confirm the applicant' s intent to purchase insurance.

Article 17 An insurance agent/broker company that conducts online insurance business and online insurance services should include compliance with these Regulations in its internal business solicitation systems and procedures, and into its internal controls and audit, and perform internal audit and self-inspection. If an insurance agent/broker company violates any provision of these Regulations, the competent authority may, in view of the severity of violation, take appropriate disciplinary actions in accordance with the Insurance Act and other applicable regulations.