

Content

Title : Regulations Governing Pre-sale Procedures for Insurance Products **Ch**

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An insurance enterprise complying with certain conditions may apply to the competent authority prior to the end of June or the end of December each year for recognition of such compliance and thereafter switch to the use-and-file procedure for launching the insurance products listed in Article 16, paragraph 1, subparagraph 2 or Article 17, paragraph 1, subparagraphs 2 and 3 herein.

The "certain conditions" in the preceding paragraph that apply to insurance products listed in Article 16, paragraph 1, subparagraph 2 or Article 17, paragraph 1, subparagraph 3 are the following:

1. The enterprise's ratio of equity capital to risk-based capital for the past year is at least 250%.

2. The enterprise has not been subject to a major sanction or penalty imposed by the competent authority, or been disciplined by the competent authority for violation of rules for submission of insurance products for review within the past year.

3. The enterprise has not been subject to an administrative fine of more than NT\$1 million was imposed by the competent authority within the past year for violation of the Compulsory Automobile Liability Insurance Act.

4. In the case of a non-life insurer, the enterprise's combined ratio over the past year for retained business, not including compulsory automobile liability insurance, was 90 percent or lower. In the case of a life insurer, the enterprise's 25-month persistency rate for basic insured amounts over the past year was 80 percent or higher.

5. The enterprise was ranked in the top thirty percent in terms of the results of the Treating Customer Fairly Principle evaluation of non-life or life insurance companies in the past year.

6. Professionally licensed signatories employed on a full-time basis accounted for 75 percent or higher of all actual signatories for insurance products submitted for review during the past year.

7. The insurer has launched an insurance product during the past year designed specifically to dovetail with government policy needs, or has taken part in public service work during the past year, and in either case has performed with distinction.

The "certain conditions" in paragraph 1 hereof that apply to insurance products listed in Article 17, paragraph 1, subparagraphs 2 are the following:

1. Certain conditions set out in the preceding paragraph 2 hereof; and

2. The enterprise's chief risk officer and its internal risk model are rated class 1 for the levy rates of Life Insurance Guaranty Fund for the last year.

Major sanctions and penalties referred to in paragraph 2, subparagraph 2 mean major sanctions and penalties specified in Article 2 of the Regulations Governing Public Announcement by the Financial Supervisory Commission of Material Sanctions for Violations of Financial Legislation. The competent authority shall define the meaning of "professionally licensed signatories" as used in subparagraph 6 of paragraph 2.

The recognition referred to in paragraph 1 remains valid for a period of six months. However if an insurance enterprise falls out of compliance with subparagraph 1, 2, or 6 of paragraph 2 during the recognition period, insurance products listed in paragraph 1 herein shall still be subject to review on a prior-approval basis.

For the sale of insurance products listed in paragraph 3 herein that are switched to the use-and-file procedure, an insurance enterprise shall obtain the consent of its board of directors or board of executive directors; for the branch of a foreign insurance enterprise in Taiwan, the sale of such products shall have the consent of its responsible person in Taiwan.