

Content

Title :	Required Qualification and Directions for Life Insurance Companies to Engage in Foreign-currency Denominated Non-investment-linked Life Insurance Business Ch
Date :	2020.11.06
Legislative :	Amended on 6 November 2020
Content :	<p>2.A life insurance company applying for engaging in the Business shall meet the following qualification requirements:</p> <p>(1) Not having been subject to major sanction/penalty or cumulative fines of NT\$3 million or more by the competent authority in the past year; the preceding provision does not apply if concrete improvement actions have been taken to remedy the violation and recognized by the competent authority;</p> <p>(2) Foreign investment risk is assessed using value-at-risk (VaR) techniques and the assessment is performed at least once a week;</p> <p>(3) Having a risk management committee set up under the board of directors or an internal risk management department with a chief risk officer or officer in comparable position has been established to assume de facto responsibility for the overall risk management of the company;</p> <p>(4) Ranked in the top eighty percent in the past year in terms of the results of the Treating Customer Fairly Principle evaluation of life insurance companies. The preceding provision does not apply to a life insurance company that could provide reasonable explanation (for not ranking in the top eighty percent) and such explanation is approved by the competent authority.</p> <p>The "value at risk" referred to in Subparagraph 2 of the preceding paragraph means the value at risk for ten trading days calculated with confidence level set at 99% and with data samples which are taken either on a weekly basis for a minimum period of three years or on a daily basis for a minimum period of one year, and back testing is performed every month.</p> <p>10.A life insurance company that engages in the Business shall implement risk management as well as internal control and audit systems, and in addition, obey the following:</p> <p>(1) The company shall include the contents of these Directions into its internal control and internal audit items, and establish operating procedures for Business-related internal control operations in accordance with Article 5 of the Regulations Governing the Implementation of Internal Control and Audit Systems by Insurance Enterprises.</p> <p>(2) Business units of the company handling solicitation, underwriting, claim adjustment, actuarial, preservation, legal and investment businesses for those types of products shall conduct self-inspection on a quarterly basis in accordance with Article 7 and Article 24 of the aforementioned Implementation Regulations.</p> <p>(3) The internal audit unit of the company shall conduct audit on semiannually basis of the solicitation, underwriting, claim adjustment, actuarial, conservation, legal and investment operations of those types of products in accordance with Article 7 and Article 18 of the aforementioned Implementation Regulations. The aforementioned audit report shall have been passed by the company's board of directors in its latest meeting.</p> <p>(4) The internal audit unit shall carry out semiannually audits in accordance with the following principles:</p> <p>A. Audit the compliance with relevant rules and regulations, and self-regulatory rules regarding the development, sale, information disclosure, risk disclosure, use of funds and foreign exchange management of the foreign currency denominated non-investment insurance product by respective business units, and the implementation of operating procedures for selling</p>

those types of products (including qualifications and training of solicitors, and product suitability policy).

B. Auditing of internal control measures shall also include the internal check and cross-check functions of the internal control systems.

C. Evaluate the appropriateness of respective internal control procedures and make suggestions for revision to ensure that the internal control systems are consistently and effectively implemented.

D. Evaluate the performance of respective business units in carrying out quarterly self-inspections.

Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System