

Content

Title :	Regulations Governing Pre-sale Procedures for Insurance Products Ch
Date :	2021.06.04
Legislative :	Amended on June 4, 2021
Content :	<p>Article 6</p> <p>An insurance enterprise shall rigorously execute the following matters when undertaking research and development of insurance products:</p> <ol style="list-style-type: none">1.Assessing the appropriateness and legality of the insurance product.2.Assessing premium levels and market competitiveness.3.Assessing the feasibility of system administration.4.Assessing policy objectives and establishing feasible courses of action. Such assessment shall focus on insurance product design, devoting concrete attention to such matters as due professional care, due care of a good administrator, target market, and safeguarding of consumer interests.5.When designing an insurance product, there may not be any false, fraudulent, or exaggerated claims about the insurance enterprise's performance, or any other act sufficient to mislead other persons.6.Evaluate the effectiveness of the risk management system. <p>Article 8</p> <p>An insurance enterprise shall rigorously execute the following matters when formulating the pricing actuarial memorandum during formal development of non-life insurance products:</p> <ol style="list-style-type: none">1.Determining benefit items and collecting premium rate-making reference information, confirming that these are related to premium rate-making and that premium rates are adequate, reasonable and fair, and reflect costs and reasonable profits, and the enterprise shall not solicit or conduct insurance business by offering unreasonable prices.2.Determining the basis for pricing of the risk.3.Determining the method for calculation of premium rates.4.Evaluating reinsurance arrangements.5.Risk management mechanisms. <p>Premium rate - making mentioned in the preceding paragraph shall be carried out in accordance with the rates checking mechanism approved by the competent authority based on the characteristics of insurance product or the reference rate range set by an institution designated by the competent authority.</p> <p>An insurance enterprise shall formulate a risk management manual in the formal development of non-life insurance products. The manual shall include at least early warning and control mechanisms for evaluating sales limits.</p> <p>Article 9</p> <p>An insurance enterprise shall rigorously execute the following matters when formulating the pricing actuarial memorandum during formal development of life insurance products:</p> <ol style="list-style-type: none">1.Determining benefit items and collecting premium rate-making reference information, confirming that these are related to premium rate-making and that premium rates are adequate, reasonable and fair, and reflect costs and reasonable profits, and the enterprise shall not solicit or conduct insurance business by offering unreasonable prices2.Setting limits on the insuring age and insuring amounts, and determining the method of premium payment.3.Undertaking trial calculation of premiums.4.Calculating reserves and contract amendments.5.Carrying out pricing analysis and risk assessment. <p>A life insurance enterprise shall pay close attention to the following matters when carrying out pricing analysis and risk assessment under</p>

subparagraph 5 of the preceding paragraph:

1. Analyzing the reasonableness of assumptions used.
2. Analyzing various profit benchmarks (including analysis of product profits, plus analysis of either asset share or the break-even point).
3. Reviewing the appropriateness of risk assessment results (including testing of actuarial data and sensitivity analysis).
4. Inspecting the text of policy provisions and the pricing actuarial memorandum for consistency.

An insurance enterprise shall formulate a risk management manual in the formal development of life insurance products. The manual shall include at least early warning and control mechanisms for evaluating sales limits.

Article 24

After sales of an insurance product have commenced, the insurance enterprise shall convene meetings of its insurance product management team at least once every half a year to review the following product-related matters and take responding measures, and shall make any necessary adjustments and amendments:

1. Compliance with applicable acts or regulations.
2. Safeguarding of consumer interests.
3. Business strategy, and any potential threat to current or future solvency.
4. Appropriateness of asset-liability allocation, and the implementation of the asset allocation scheme for life insurance products with insurance period over one year.
5. Analysis of the pricing reasonableness of insurance products, which shall include the adequacy of the expense loading rate. An analysis of the reasonableness of the pricing of the life insurance product must be conducted in accordance with the methodology specified in the Attachment. Where there are actual cases of deterioration that cause inadequate rates, the insurance enterprise shall formulate specific response measures.
6. Analysis of the concentration risk of various types of products and response measures.
7. The deviations as considered by the competent authority to be significant between the actuarial assumption for review (including the lapse rate and the new money rate) and the actual after-sale experience in respect of the major life insurance products.
8. Implementation status of the review and adjustment plans for the automobile insurance (excluding compulsory automobile liability insurance) and fire insurance product rates, and the rate adjustment review period may not exceed five years.
9. Establishment of statistics of non-life insurance products and the review and adjustment of rates.
10. Tracking the sales amount of insurance products; where an early warning or sales limit is reached, the insurance enterprise must propose the evaluation and analysis for whether sales shall be continued.
11. Analysis of the effectiveness of the reinsurance for insurance products; where the effectiveness is not shown after the sales of such products, the insurance enterprise shall formulate specific response measures.
12. Other items as required by the competent authority.

In case of any necessary adjustment or modification to the result of the review said in each subparagraph of the preceding paragraph or the evaluation and analysis of Subparagraph 10 of the preceding paragraph, the content thereof shall be approved by the general manager and submitted to the upcoming meeting of the board of directors.

The insurance enterprise shall submit to the board of directors an overall assessment of the impact of the sale of insurance products on the Company's finance, business, and solvency on a regular basis each year.