

Content

Title :	Compulsory Automobile Liability Insurance Act 
Date :	2022.06.15
Legislative :	Articles 38, 49, 50 and 53 amended, and Articles 5-1 and 51-1 added per Presidential Order No. Hua-Zong-I-Jing-11100049751 dated June 15, 2022
Content :	<p>Article 1 This Act is specifically stipulated in order to ensure prompt basic coverage for the injured parties in automobile traffic accidents that result in injury or loss of life and to maintain roadway traffic safety.</p> <p>Article 2 Compulsory automobile liability insurance ("this insurance") shall be subject to the provisions of this Act; the Insurance Act will govern with respect to any matters not addressed for herein.</p> <p>Article 4 In order to investigate claim adjustments, actuarial statistics, and compensation in relation to automobile traffic accidents covered by this insurance, the competent authority may request insurers, the police, traffic supervisory and other agencies or organizations involved with this insurance to provide relevant information.</p> <p>Article 5 In this Act, "automobile" means an automobile as provided in Article 2, subparagraph 10 of the Highway Act, or any other motorized machinery driven on a road. "Motorcycle," as used in Articles 38 and 49, is also an automobile as defined in Article 2, subparagraph 10 of the Highway Act. In addition to the vehicles mentioned in the two preceding paragraphs, the term "automobile" also encompasses specified overland motorized vehicles that do not run on rails and serve a transport function. The range of vehicles included in this category, as well as the automobile categories for which insurance contracts are required, will be prescribed and announced by the competent authority in coordination with the central authority for transportation and communications.</p> <p>Article 5-1 A mini electric two-wheel vehicle, as defined in Article 69, Paragraph 1, Subparagraph 1, Item 3 of the Road Traffic Management and Penalty Act, shall be considered an "automobile" under this Act; the party responsible for insurance must establish a contract for this insurance as required. If a mini electric two-wheel vehicle does not have an insurance contract, the highway supervisory authority will not process applications for registration, replacement, or issuance of a license plate. For mini electric two-wheel vehicles that were inspected, applied for safety type approval, and received a certificate of approval before the implementation of Article 71-1, Paragraph 4 of the Road Traffic Management and Penalty Act, the responsible party shall establish a contract for this insurance within two years of the implementation of the aforementioned provisions. They must then apply for registration and receive a license plate in accordance with the Penalty Act. If the responsible party fails to establish a contract for this insurance as required, any automobile traffic accident caused by the mini electric two-wheel vehicle will not be covered by this insurance.</p> <p>Article 6 Owners of automobiles for which an insurance contract is required must establish such a contract in accordance with this Act. This requirement also applies to military-use automobiles during non-wartime periods. If the owner of an automobile, as described in the preceding paragraph, has not established a contract for this insurance, the registered owner with the highway supervisory authority shall be presumed to be the responsible</p>

party for insurance.

For an automobile described in paragraph 1, the user or manager will be considered the responsible party for insurance if any of the following conditions apply:

1. The license plate has been returned, surrendered for cancellation, or revoked.
2. The owner is unknown.
3. The owner is unable to manage or use the automobile due to reasons attributable to the automobile's user or manager.

With respect to this insurance, the responsible party must maintain the validity of the insurance contract, and prior to the termination of that contract or when an insurer refuses to insure pursuant to the provisions of Article 18, Paragraph 1, the responsible party must enter into a new insurance contract in accordance with the provisions of this Act.

Article 11

In this Act, "claimant" means any of the following persons that may claim insurance benefits from an insurer or compensation from the Compensation Fund:

1. In the case of a person who has suffered injury as the result of an automobile traffic accident, it shall be the injured party himself.
2. In the case of a person who has suffered loss of life as the result of an automobile traffic accident, it shall be the survivors of the injured party, in the following order:
 - (1) parents, children, and spouse;
 - (2) grandparents;
 - (3) grandchildren;
 - (4) siblings.

When there are several persons at the same position in the order, insurance benefits or compensation will be distributed equally among them according to their number.

When, upon the death of an injured party, there are no claimants as provided in paragraph 1, subparagraph 2, persons paying the funeral and interment expenses of the deceased may, within the limit of [actual] funeral and interment expenses, claim benefits from an insurer or compensation from the Compensation Fund. Any sum remaining after deduction of the funeral and interment expenses from the insurance benefits shall belong to the Compensation Fund. When, upon the death of an injured party, there are neither claimants as provided in paragraph 1, subparagraph 2 nor persons paying for the funeral and interment expenses, insurance benefits shall be returned to the ownership of the Compensation Fund.

Items included under funeral and interment expenses under the preceding paragraph, and their amounts, will be prescribed and announced by the competent authority.

Article 12

In this Act, "insured automobile" means an automobile for which the establishment of this insurance contract in accordance with the provisions of this Act is required. After ten days from the insurer's receipt of an insurance proposal, if the insurer has not expressed any intention of either commitment or refusal to provide insurance, the automobile indicated in the proposal shall be deemed an insured automobile.

The automobile recorded on the insurance card for this insurance ("insurance card") shall be presumed to be the insured automobile.

In this Act, "uninsured automobile" means an automobile for which establishment of a contract for this insurance in accordance with the provisions of this Act is required but for which none has been established.

Article 14

A claimant's right to claim insurance benefits from an insurer shall be extinguished if not exercised within two years of the time when he learns of the occurrence of damage and the existence of the insurer, or within ten years of the date of the occurrence of the automobile traffic accident.

When a claimant has claimed against an insurer for insurance benefits prior to the end of the period of prescription referenced in the preceding paragraph, the period from the time the claim becomes effective until the notice of the insurer's decision on insurance benefits is received shall not be counted against the period of prescription.

When there is an interruption in the period of prescription for a

claimant's right to claim insurance benefits from an insurer, or when the period has not ended, or when a given time period is not counted against the period of extinctive prescription as referenced in the preceding paragraph, such event shall, within the limit of the insured amount, have the same effect with regard to the claimant's right to claim damages from the insured. When there is an interruption in the period of prescription for a claimant's right to claim damages from an insured, or when the period has not ended, such event shall have the same effect with regard to the claimant's right to claim insurance benefits from the insurer.

The provisions of the preceding three paragraphs apply mutatis mutandis to all matters relating to the right to claim compensation from the Compensation Fund arising out of this Act, with the exception that the beginning of the period of extinctive prescription for the right of claim is governed by the following provisions:

1. In cases where an accident vehicle cannot be traced, the period is counted from the time it is known that there is damage and it is confirmed that the at-fault automobile cannot be traced.
2. In cases where an accident vehicle is an uninsured automobile, the period is counted from the time it is known that there is damage and it is confirmed that the at-fault automobile is uninsured.
3. In cases where an accident vehicle is an insured automobile that was used or managed without the consent of the insured, the period is counted from the time it is known that damage has occurred and it is confirmed that the insured automobile was used or managed without consent.
4. In cases where an accident vehicle is one for which establishment of a contract for this insurance is not required, the period is counted from the time it is confirmed that damage has occurred and that the injuring automobile is one for which establishment of a contract for this insurance is not required.

Article 15

An insurer shall notify a proposer to renew the insurance 30 days prior to the expiry of the policy period. If an insurer fails to provide such notification and an insured peril occurs within 30 days after the expiry of the original policy period, the insurer shall still be liable for payment of insurance benefits, provided the proposer completes renewal procedures and extends the beginning of the policy period retroactively to the expiry of the original policy period.

Article 16

When applying for issuance of a license plate or a temporary pass, or prior to the expiry of the policy period for this insurance contract, the owner of any automobile for which establishment of this contract is required shall, for each such automobile, apply to an insurer to establish this contract.

A highway supervisory authority cannot issue or reissue a license plate or temporary pass, register changes, or inspect an automobile under the following conditions, except for title transfers of vehicles currently suspended from use:

1. If a required insurance contract has not been established.
2. If this insurance contract became effective less than 30 days ago, although this does not apply to applications for temporary license plates or passes.

Article 17

A proposer shall make truthful representations in regard to the following matters when applying to establish this insurance contract

1. the automobile category;
2. the nature of its use;
3. the automobile license plate number, engine serial number, and vehicle identification number (VIN)
4. the name, sex/gender, date of birth, domicile, and national ID number of the party with the duty to insure. For an automobile owner that is an incorporated or unincorporated body or agency: its name, the government uniform invoice number on the profit-seeking enterprise registration certificate or the uniform invoice number issued by the tax authority, the locations of its places of business or offices, and the name of its representative.

Article 18

An insurer may not refuse to insure, except when a proposer has failed to make premium payments or has violated the duty of truthful representation under the preceding article.

When an insurer intends to refuse coverage as provided in the preceding paragraph it shall make a written expression of intention within 10 days of receiving the insurance proposal; when it has provided no such written expression by the end of that period, it will be deemed to have agreed to extend insurance coverage.

Article 19

Upon the establishment of this insurance contract, the insurer shall issue a document containing the policy provisions and an insurance card to the proposer.

Within four working days after establishing a contract for this insurance, the approved particulars shall be transmitted by the insurer to the agencies (organizations) designated by the competent authority and the central competent authority for transportation and communications, respectively.

When the insured, the policy period, the insured automobile, or the insurance card number listed on the insurance card is changed, the proposer shall notify the insurer to update such information.

Article 21

A proposer may not rescind an insurance contract.

A proposer may not terminate an insurance contract, except under one of the following conditions:

- 1.The license plate of the insured automobile has been surrendered for cancellation, revoked, deregister, or surrendered for suspension of use of vehicle.
- 2.The insured automobile is reported as scrapped.
- 3.Ownership of the insured automobile is transferred and the party with the duty to insure after transferal has already established a contract for this insurance, resulting in duplication of insurance.

After an insurance contract has been terminated as provided in the preceding paragraph, where premiums have already been paid the insurer shall return the unearned premium for the period after termination; where premiums have not been paid the proposer shall pay any due premium prior to termination.

Article 22

When a proposer establishes a duplicate insurance contract, either the proposer or the insurer issuing the later-dated contract may revoke the contract with the later effective date. This provision also applies if an automobile traffic accident occurs.

The right of revocation referenced in the preceding paragraph shall be exercised, at earliest, at the time duplication of insurance occurs, and prior to the expiry of the policy period of the insurance contract with the earlier date of effect.

When an insurance contract is revoked, the insurer shall return the premium to the proposer, minus any expenses incurred to maintain the validity of the insurance.

Article 25

Upon the occurrence of an automobile traffic accident involving an insured automobile, an insurer shall be liable for payment of insurance benefits to claimants as provided herein.

An insurer shall pay insurance benefits within 10 working days from the day after all relevant evidentiary documents have been submitted by the insured or a claimant; the content of those evidentiary documents shall be prescribed and announced by the competent authority in consultation with related agencies or organizations.

If, for reasons attributable to itself, the insurer fails to make payment within the time limit given in the preceding paragraph, it shall pay default interest at the rate of 10 percent per annum from the day after the time limit for payment has ended.

A claimant's right to claim insurance benefits as provided in paragraph 1 and insurance benefits not yet collected by a claimant may not be attached, assigned, or provided as collateral security.

Article 28

An insurer is not liable for payment of insurance benefits when an

automobile traffic accident involving an insured vehicle occurs as a result of either of the following actions by the injured party or other claimant:

- 1.The accident was caused by a deliberate act.
- 2.The accident was caused by a criminal act.

When there are multiple claimants and a deliberate or criminal act, as described in the preceding paragraph, has been committed by one or more of them, the insurer shall deduct the portion payable to those individuals and pay the remaining amount to the other claimants.

Article 29

When an automobile traffic accident involving an insured vehicle occurs as a result of any of the following actions by the insured, the insurer shall remain liable for the payment of insurance benefits as provided herein.

However, the insurer may exercise the right of subrogation to the claimant's right of claim against the insured, up to the amount of benefits paid:

- 1.Driving the automobile after consuming alcohol or similar substances, resulting in a breath or blood alcohol concentration exceeding the standard set by applicable road traffic laws or regulations.
- 2.Driving after using intoxicants, hallucinogens, narcotics, or other controlled substances, as confirmed by a test.
- 3.Causing the accident through a deliberate act.
- 4.Engaging in a criminal act or evading lawful arrest.
- 5.Violating Article 21 or Article 21-1 of the Act Governing Management of Roadway Traffic and Administration of Sanctions.

The insurer's right of subrogation, as described above, shall be extinguished if not exercised within two years from the date the insurer pays the insurance benefits.

Article 30

An insurer shall not be bound by any settlement, waiver of rights, or other agreement between a claimant and an insured that was made without the consent of the insurer and would impede the exercise of insurer's right of subrogation to a claim by the claimant against the insured as referenced in the preceding article.

Article 31

In the event of an automobile traffic accident involving an insured vehicle, where the insured has already made a partial payment for damages, the insurer shall be liable for payment of insurance benefits only for the remaining amount up to the coverage limit specified herein, after deducting the compensation already paid by the insured. However, if the claimant and the insured have agreed that no such deduction is to be made, such agreement shall take precedence.

If the insured makes an advance payment for damages as described above, the insurer shall reimburse the insured for the amount paid, up to the coverage limit specified herein. This provision shall not apply in cases where the agreement specified in proviso of the preceding paragraph dictates otherwise.

Article 33

If an automobile traffic accident is caused by a third party other than the insured, the insurer may, upon payment of insurance benefits, be subrogated to the insured's right to claim against the third party. However, the amount recoverable through such subrogation shall not exceed the total amount of insurance benefits paid.

The insurer shall not have the right of subrogation if the third party mentioned in the preceding paragraph is the insured's or claimant's spouse, head of family, other family member, blood relative within the fourth degree, or relative by marriage within the third degree, unless the accident was caused by the deliberate intent of such third party.

Article 34

When an automobile traffic accident involving an insured automobile occurs, it shall be handled in accordance with the following provisions:

- 1.The insured or the injuring party shall immediately escort the injured party to a local or nearby medical facility for emergency treatment, or shall request another person to do so. This requirement does not apply if it is clearly impossible to provide rescue under the circumstances prevailing at the time of the accident.
- 2.The insured or injuring party shall immediately report the accident to

the local civilian or military police authorities for handling, and shall notify the insurer in writing within five days. A claimant may also give written notification directly to the insurer.

3. The insured, the injuring party, and claimants shall cooperate with the insurer in providing human evidence, physical evidence, and other related information and documentation.

The insurer shall remain liable for the payment of insurance benefits even if the insured, the responsible party, or the claimant fails to fulfill their obligations as specified in the preceding paragraph. However, if any of these parties cause the insurer to incur damages due to deliberate intent or negligence, they shall be held liable for such damages.

Article 40

When an automobile traffic accident occurs and a claimant is unable, for one of the following reasons, to claim insurance benefits from an insurer in accordance with this Act, the claimant may claim for compensation from the Compensation Fund within the limit of the insured amount provided for herein:

1. An accident vehicle cannot be traced;
2. An accident vehicle is an uninsured automobile;
3. An accident vehicle is an insured automobile that was used or managed without the consent of the insured;
4. All or any of the vehicles involved in the accident are not subject to the requirement of having a contract for this insurance,

In cases where there is uncertainty regarding the use or management of the automobile without the insured's consent, as specified in subparagraph 3 of the preceding paragraph, the insurer shall make a provisional payment of insurance proceeds pending the resolution of such doubt.

When each of the accident vehicles is an automobile for which establishment of a contract for this insurance is not required as given in paragraph 1, subparagraph 4, the drivers of such vehicles may not apply to the Compensation Fund for compensation.

When, after payment of compensation by the Compensation Fund as provided in paragraph 1, subparagraph 1, it is found that the accident vehicle is an insured automobile under this insurance, the Compensation Fund may claim against its insurer for return of the compensation.

When an insurer returns compensation to the Compensation Fund in accordance with the preceding paragraph, it will be deemed to have paid insurance benefits to the claimant as provided herein.

When a claimant in respect of an automobile traffic accident applies for compensation from the Compensation Fund as provided in paragraph 1, then the provisions of Article : 25, paragraphs 2 through 4, and Articles 27, 28, 35, and 37 shall apply mutatis mutandis. However, that the payment of compensation for personal injury medical expense benefits through the mutatis mutandis application of Article : 27 shall not include the amount of benefits paid by National Health Insurance.

Article 43

The Compensation Fund shall not be bound by any settlement, waiver of rights, or other agreement between a claimant and a party liable for damages when such agreement was made without the consent of the Compensation Fund and would impede exercise of the Compensation Fund's right of subrogation to a claim by the claimant against the party liable for damages.

When a claimant has received damages from a liable party, the Compensation Fund shall deduct the amount of such damages from its own compensation payment. If the deductible amount is not deducted, the Compensation Fund may seek reimbursement of the compensation paid, up to the amount of the deductible.

Article 44

The premium structure of this insurance shall be based on the following factors:

1. expected losses;
2. the business expenses of the insurer;
3. [contributions to] the Stabilization Fund;
4. contributions to the Compensation Fund;
5. overhead associated with actuarial calculation of rates, research and development, public information services, information transmission, and

other expenses necessary to ensure the soundness of this insurance. The proportions, amounts, and content of the items set forth in the preceding subparagraphs shall be prescribed and announced by the competent authority in conjunction with the central competent authority for transportation and communications.

Article 45

The premium rates of this insurance shall be formulated by the competent authority in coordination with the central authority for transportation and issued upon approval by a rate review committee comprised of impartial representatives of social justice.

The formulation of premium rates under the preceding paragraph may be entrusted to an appropriate professional institution.

In setting insurance premiums, consideration shall in principle be given to both personal and vehicular factors, provided that one or the other may be selected for use in view of actual societal circumstances.

Insurers shall calculate and collect premiums on the basis of the premium rates issued by the competent authority in conjunction with the central competent authority for transportation and communications as provided in paragraph 1.

The competent authority may engage a professional institution to provide public information services on premiums and other relevant matters.

Article 46

An insurer providing this insurance must maintain accurate records of the coverage offered and handle claims adjustments properly. The competent authority shall adopt regulations outlining the required details for insurance coverage, claims adjustment procedures, notification methods under Article 15, and other compliance matters.

Article 51-1

Where a party with the duty to insure fails to establish another contract for this insurance as provided herein within six months after the expiry of the original policy period, the competent authority may forward the case to highway supervisory authority to revoke the vehicle registration of party' s automobile.