

## Content

Title : Directions for Insurance Agents and Insurance Brokers to Engage in Distance Insurance Contracts and Providing Insurance Service Business **Ch**

Date : 2023.07.04

Legislative : Amended on 4 July 2023 per Order No. Jin-Guan-Bao-Zong-Zi 11204922031 of the Financial Supervisory Commission.

Content : 1. These Directions are established as guidance for insurance agents, insurance brokers, and banks that operate insurance agent or insurance broker businesses (hereinafter referred to as insurance agents and brokers) to provide distance insurance contracts and insurance services (hereinafter referred to as the business) for insurance policies for which both the proposer and the insured are natural persons.

2. The business refers to using any of the means below to certify a customer's identity and obtain an expression of intent for completing an insurance application or insurance services under the principles of personal data protection and information security:

(1) For insurance agents and brokers, using the video and audio recording software and methods of insurance companies that have business or distribution partnership with the insurance agent or broker (referred to as "insurance companies" hereunder).

(2) For banks that operate concurrently insurance agent or insurance broker businesses (referred to as "banks" hereunder), using the video and audio recording software and methods developed by themselves.

3. The insurance agents and brokers shall process the business in accordance with the Insurance Act, Fair Trade Act, Consumer Protection Act, Financial Consumer Protection Act, Personal Data Protection Act, Electronic Signatures Act, Money Laundering Control Act, Counter-Terrorism Financing Act, and related regulations.

Insurance agents and brokers must establish and implement the internal control system, audit system, and business 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, and incorporate these Directions into its internal control system to ensure they are effectively implemented.

4. Insurance agents and brokers must meet at least one of the following conditions to process the business:

(1) It applies for a business trial in collaboration with an insurance company in accordance with the Operation Directions Governing Application by Insurance Enterprises for the Approval of Business Trial.

(2) The partner insurance company and the scope of business is officially processed in accordance with Point 4 of the Directions for Insurance Companies to Engage in Concluding Distance Insurance Contracts and Providing Insurance Services.

Banks that use their own developed video and audio recording software and have conducted a trial run of the business successfully with the partner insurance company may conduct the business with other insurance companies using the same mode.

5. To ensure the progression of distance insurance contracts businesses, the insurance solicitors of the insurance agents and brokers (hereinafter referred to as the solicitor) may verify the customer's willingness to purchase insurance and prepare the following documents based on the customer's requirements:

- (1) Insurance application and related insurance application documents.
- (2) Personal data collection and processing consent form (if the video or audio files used for the business are temporarily stored in a storage area of the online video communication service provider used by the insurance company, the proposer must be notified in the consent form).
- (3) Mobile insurance application consent form (except where mobile insurance application is not used).

(4) Distance insurance declaration and consent form.

(5) Fund transfer or credit card authorization form.

After the solicitor establishes a link with the customer through the online video communication software and mobile device through a method under Point 2, the solicitor and the customer must simultaneously appear in the video in the recording process. The solicitor is required to display the registration license and the broker or agent is required to present the business license and service certificate, and explain the service solicited or processed by his/her company or authorized by the insurance agent or broker, and confirm the customer's approval for the distance insurance application.

6. With regard to the customer identity verification principles, the insurance agents and brokers must confirm the identity of the customer to verify that the customer is applying for the insurance. The principles shall include the following items:

(1) The insurance agents and brokers shall confirm the identity of the customer before entering the video through the mobile ID and member account password login with one-time password, Fido (Fast Identity Online), or other means approved by the competent authority. However, if the customer is a minor, the legal representative shall be required confirm his/her identity with one of the aforementioned methods.

(2) The insurance agents and brokers shall ask the customer to present his or her national ID card or residence permit. In addition to verifying that the customer's appearance matches the photo on the identity document, the insurance agents and brokers shall use mechanisms established by the insurance company to detect errors and forgeries in the identity document or check the authenticity of the document with the issuing authority.

Minors without a national ID card shall present a health insurance card or passport with a photo.

(3) The insurance agents and brokers may also adopt biometric identification (e.g., facial biometrics) as an additional identification measure for concluding distance insurance contracts customers to strengthen the identification of the proposer and the insured of the insurance contract. Banks that use their own developed video and audio recording software shall conduct the business in Subparagraph 2 and Subparagraph 3 of the preceding paragraph based on their own established mechanisms or measures.

7. The customer's expression of consent to distance insurance contracts may be expressed in one of the following methods:

(1) The customer shall complete the signature with an electronic signature or electronic certificate on the mobile service platform, website, or electronic file set up or used by the bank or the insurance company, and declare his/her consent.

(2) If the insurance company opts to use the biometrics specified in Subparagraph 3, Paragraph 1 of the preceding Point as an additional identity verification measure, after the customer completes the signature in accordance with the preceding subparagraph, it may, with the confirmation and approval of the customer, use biometrics to confirm the loading of the first signature template in each subsequent signature area for the customer's expression of consent.

The areas in the insurance contract document that require the proposer or insured to personally affix their signatures, including the matters to be communicated to the customer in the insurance application form, must be verified by the customer personally in the insurance application procedure and processed in accordance with the preceding paragraph. It may not be processed in the form of broad consent, and the insurance agents and brokers must retain the video and audio record certifying that the customer has read and agrees to the contents of the insurance policy.

The quality of videos specified in the preceding paragraph must be complete and clear. The resolution must be at least 800 x 600 pixels and the date and time must be recorded. If the insurance agent or broker is unable to record the video of the customer's hand when he/she applies the signature, it is required to record a statement of the customer stating that the customer has personally signed all insurance application documents.

If the insurance agent or broker opts to use the biometrics specified in Subparagraph 3, Paragraph 1 of the preceding Point and Subparagraph 2 of Paragraph 1 hereof as an additional identity verification measure, the insurance agent or broker must meet the error rate standard set by the insurance company. However where a bank's audio and video recording software is used, the error rate must be less than 0.01%.

8. If the proposer and the insured are not the same person, the insurance agent or broker must complete the procedures for identity verification and expression of approval for the proposer and the insured separately in accordance with the requirements in the two points above.

If the proposer or insured is a minor, both the minor and his/her legal representative shall be required to appear in the video. The insurance agent or broker must complete the procedures for identity verification and expression of approval in accordance with the requirements in the two points above. However, if the proposer or insured is less than 7 years old, the legal representative shall be required to provide the expression of approval on his/her behalf.

9. The insurance agent or broker must request its solicitor to confirm the integrity of the data obtained in accordance with the four preceding points. After confirmation, the data shall be reviewed and approved by the insurance underwriting personnel of the insurance company or the designated administration personnel or supervisor of a non-solicitor unit to confirm the true intent of the customer's insurance application. However if a bank's video and audio recording software is used, the data shall be reviewed and approved by the administration personnel or supervisor of a non-solicitor unit designated by the bank.

The review of the videos specified in the preceding paragraph shall at least include the following items:

- (1) Images of the identification information (image of the face on the front and identity certification document).
- (2) Video and audio recording of customer consent.
- (3) Video and audio of each of the customer's signature for approval or consent for the use of biometrics for expressing the customer's intent.

10. Insurance services specified in Point 1 refer to services derived from the signing of the insurance contract by the insurance agent or broker and the customer. They include distance conservation services, distance claim services, distance authorization of payment of insurance premiums, and document transmission services. The operation methods shall be the same as those in the five preceding points. The documents required for insurance services shall be adjusted for each insurance service item.

11. With regard to the information security principles, the insurance agent or broker must set up the necessary security protection mechanisms for video and audio files for processing the service to ensure personal data security for customers. The principles shall include the following items:

- (1) The insurance agent or broker shall at least obtain the ISO 27001 Information Security Management System and Personal Information Management System (PIMS) certification for operating the service. It shall also ensure that the customers' personal data are appropriately stored, meet the stated purposes for the collection, processing, and use of personal data in accordance with the Personal Data Protection Act, and are securely transmitted and adequately stored.
- (2) After completing insurance application, the insurance agent or broker shall immediately upload the video and audio files to the insurance company's or bank's internal server or a storage area of the online video communication service provider used by the insurance company. The files may not be stored on the solicitor's personal device. However, where the upload

cannot be immediately completed due to connection issues, the video and audio files shall be encrypted and stored in the mobile device for up to two hours. They may not be transferred to an external device in any manner. After the time elapses, the files shall be automatically deleted or blocked to ensure information security.

(3)Where a bank' s video and audio recording software is used, the bank shall ensure that the video and audio recordings and the insurance application documents are appropriately and completely stored. The storage period may not be less than five years from the termination or expiry of the insurance contract or five years from the date the decision of non-underwriting is finalized.

12.Before the customer proceeds with the service, the insurance agent or broker must clearly inform the customer of the operating environment of the insurance company, procedures, and potential issues that may occur during the video communication process (e.g., connection interruption) and the adjustment measures to be taken. The insurance agent or broker must also remind the customer to ensure the security of the network environment during the video communication process (e.g., do not use public Wi-Fi or public computers, or purchase insurance policies in a public area). The insurance agent or broker must provide its solicitor with comprehensive training for the business to ensure that they fully understand the operations of the business and the information security risks to pay attention to, and have the ability to help customers operate in a secure environment before they start processing the business.

13.Where a dispute or litigation arises between the proposer or insured and the insurance agent or broker due to the business, the proposer or insured may file a request through the insurance agent or broker to the insurance company to provide a backup copy of the video or audio file. The insurance agent or broker may not refuse. Where a bank' s video and audio recording software is used, the proposer or insured should request a backup copy of the video or audio file from the bank.

14.In the event of a dispute involving insurance agents and brokers and insurance companies arising due to the poor communication in the operating process of the business, poor quality of the recording caused by the video or audio recording equipment, or unstable or interrupted network connection, the dispute shall be interpreted and processed in favor of the proposer or the insured.

15.The insurance agent or broker shall comply with the regulations for the operations of the distance insurance contracts and insurance service business established by the insurance company. The signatory must also sign related documents in accordance with Article 34 of the Regulations Governing Insurance Agents and Article 34 of the Regulations Governing Insurance Brokers.

Where an insurance company' s video and audio recording software is used, the signatory of the insurance agent or broker shall sign the documents online in the system of the insurance company.

Where a bank' s video and audio recording software is used, documents and video and audio data specified in Points 5 ~ 9 should be properly encrypted and transmitted to the insurance company.

The insurance agents and brokers shall ensure that their solicitors and signatories comply with the Directions and bear management responsibilities.