

Content

Title :	Regulations Governing Qualification Requirement and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Insurance Enterprises <b>Ch</b>
Date :	2023.09.21
Legislative :	Amended on 21 September 2023 per Order No. Jin-Guan-Bao-Shou-Zi-11204931041 of the Financial Supervisory Commission
Content :	<p>Article 1 These Regulations are adopted pursuant to Paragraph 1, Article 137-1 of the Insurance Act ("the Act").</p> <p>Article 3 The responsible person of an insurance enterprise must have good moral character and must not be in any of the following situations; a responsible person to whom any of the following descriptions applies shall certainly be discharged by the Competent Authority:</p> <ol style="list-style-type: none"><li>1.Has no legal capacity, has limited legal capacity, or is the subject to the order of commencement of assistance and such order has not been revoked.</li><li>2.Has committed a crime under the Organized Crime Prevention Act, and has been found guilty by a final and unappealable judgment.</li><li>3.Has previously received a final and unappealable sentence to a punishment of imprisonment for counterfeiting of currency, counterfeiting of securities, embezzlement, fraud, or breach of trust, and execution of the sentence has not started serving or been completed, or ten years have not yet passed since execution of the sentence was completed, probation expired, or pardon was granted, as the case may be.</li><li>4.Has previously received a final and unappealable sentence to a punishment of not less than imprisonment for forgery, offense involving secret information, usury, impairment of creditor rights, or a violation of the Tax Collection Act, the Trademark Act, the Copyright Act, the Patent Act, or other acts or regulations governing industry and commerce, and the sentence has not started serving or has not been completed or five years have not yet elapsed since execution of the sentence was completed, probation expired, or pardon was granted, as the case may be.</li><li>5. Has committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon.</li><li>6.Has received a final and unappealable sentence as punishment for a violation of the Act, the Banking Act, the Financial Holding Company Act, the Trust Enterprise Act, the Act Governing Bills Finance Business, the Financial Asset Securitization Act, the Real Estate Securitization Act, the Securities and Exchange Act, the Futures Trading Act, the Securities Investment Trust and Consulting Act, the Act for Regulation of Foreign Exchange, the Credit Cooperative Act, the Agricultural Finance Act, the Farmers Association Act, the Fishermen's Association Act, the Money Laundering Control Act, the Counter-Terrorism Financing Act ,or any other act governing financial matters, and the sentence has not started serving or has not yet been completed, or five years have not yet passed since execution of the sentence was completed, probation expired, or pardon was granted, as the case may be.</li><li>7.Has been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges.</li><li>8.Served as a responsible person of a juristic person at the time it was</li></ol>

declared bankrupt, where five years have not yet passed since the close of bankruptcy, or where reconciliation has not been performed.

9. Has been denied service by the bills clearing house and the denial status has yet to be removed, or there remains a record of dishonored check(s) due to insufficient funds in three (3) years since the denial status has been removed.

10. Has undergone a material loss of creditworthiness that has yet to be settled or three years have not yet passed since settlement.

11. The competent authority has ordered the person's replacement or discharge due to a violation of the Act, the Banking Act, the Financial Holding Company Act, the Trust Enterprise Act, the Act Governing Bills Finance Business, the Financial Asset Securitization Act, the Real Estate Securitization Act, the Securities and Exchange Act, the Futures Trading Act, the Securities Investment Trust and Consulting Act, the Credit Cooperative Act, the Agricultural Finance Act, the Farmers Association Act, the Fishermen's Association Act, or any other law governing financial matters, and five years have not yet passed since replacement or discharge.

12. There is factual proof that the person has engaged in or otherwise been involved with any other dishonest or improper activities, demonstrating unsuitability to serve as a responsible person of an insurance enterprise.

#### Article 6

The director or supervisor, or its related person, of an insurance enterprise who act concurrently as the director or supervisor of other financial institutions as set forth in Paragraph 3 of Article 4 will be deemed to have a conflict of interest unless the insurance enterprise and the financial institutions have the controlling and subordinate relation as defined in the Company Act or such concurrent appointment is allowed under the provisions of these Regulations.

The general manager of an insurance enterprise or its related person who acts concurrently as the director or supervisor of another insurance enterprise will be deemed to have a conflict of interest unless the insurance enterprise and the other insurance enterprise have the controlling and subordinate relation as defined in the Company Act or such concurrent appointment is allowed under the Act or the Financial Holding Company Act.

The term "director" or "supervisor" as used in Paragraph 1 shall have the following meanings:

1. A juristic person or the natural person designated by such juristic person to exercise the duties.

2. A juristic person or the elected natural person who represents such juristic person.

3. An elected natural person who does not represent the government, any juristic person or the representative of a juristic person or the government.

The term "related person of the director, supervisor, and general manager" as used in the in Paragraph 1 and Paragraph 2 shall mean parties related to the same natural person or juristic person, including:

1. Parties related to the same natural person:

(1) The spouse and direct relatives of that natural person; or

(2) Enterprises in which the natural person and natural persons as referred to in the preceding subparagraph hold more than one third (1/3) of their outstanding voting shares or more than one third of their capital, or enterprises or foundations in which the natural person and natural persons referred to in the preceding subparagraph act as their chairperson, general manager, or directors representing the majority of directors.

2. Parties related to the same juristic person:

(1) The chairperson of the juristic person and his spouse and direct relatives;

(2) Enterprises in which the juristic person and natural persons as referred to in the preceding subparagraph hold more than one third (1/3) of their outstanding voting shares or more than one third of their capital, or enterprises or foundations in which the juristic person and natural persons referred to in the preceding subparagraph act as their chairperson, general manager or directors representing the majority of directors.

(3) The affiliates of the juristic person. The term "affiliate" shall be

defined under Articles 369-1 through 369-3, Articles 369-9, and 369-11 of the Company Act.

Paragraph 1 and the preceding two Paragraphs shall not apply to the government and an insurance enterprise that its shareholding is directly or indirectly 100 percent held by the government. However the representative or the natural person act as the director and supervisor of the juristic person designated by the government and the insurance enterprise, shall not serve any concurrent position in other financial institution unless with the approval of the competent authority.

Paragraph 1, Paragraph 3, Paragraph 4 shall not apply to the director or supervisor of an insurance enterprise is the representative or the natural person act as the director and supervisor of the juristic person designated by government and a bank that its shareholding is directly or indirectly 100 percent held by the government.

The director, supervisor, and general manager of an insurance enterprise, or their related person has a conflict of interest set out in Paragraph 1, Paragraph 2, Paragraph 5, the competent authority shall order the insurance enterprise to make adjustment within a prescribed period of time; the person shall be dismissed when the insurance enterprise fails to adjust within the time period and without justifiable reason.

#### Article 8

The director and supervisor of an insurance enterprise, must have good moral character and the chairperson, at least one third of the directors and one third of the supervisors must meet one of the following qualifications:

1. Has graduated from a domestic or foreign school at the level of junior college or higher or possesses equivalent academic qualifications, has worked for no less than five years in insurance enterprises, and has served for no less than one year in the position of assistant manager or higher or in an equivalent position at the head office of an insurance enterprise (cooperative), and in such position has performed with excellence.
2. Has graduated from a domestic or foreign school at the level of junior college or higher or possesses equivalent academic qualifications, has worked for no less than five years in insurance administration or supervision, and has served for no less than one year in the position of intermediate civil service employee at grade 9 or higher or in an equivalent position, and in such position has performed with excellence.
3. Has worked for no less than five years in insurance enterprises, and has served for no less than three years in the position of assistant manager or higher or in an equivalent position at the head office of an insurance enterprise (or cooperative), and in such position has performed with excellence.
4. There is other factual evidence sufficient to prove that he/she has professional insurance expertise, or experience in managing an insurance enterprise, and is capable of safe, sound, and effective operation of an insurance business.

Where an insurance enterprise has managing directors set up, at least two of the managing directors shall possess one of the qualifications set out in the preceding paragraph.

An insurance enterprise, if the total assets of the previous year as audited by a CPA have exceeded NT\$1 trillion, shall have three of the directors and supervisors that meet one of the qualifications set out in Paragraph 1 when the number of the insurance enterprise's directors and supervisors is less than five persons. If the number of directors and supervisors of an insurance enterprise exceeds five, at least one more of the directors and supervisors for each additional three directors and supervisors shall meet one of the qualifications set out in the Paragraph 1. If an insurance enterprise has managing director(s), at least three of the managing directors shall meet one of the qualifications set out in Paragraph 1.

The number of an insurance enterprise's directors, who are not government agencies, juristic persons or representatives thereof, that meet the qualifications set out in Paragraph 1, shall comply with the preceding three paragraphs. When the total number of director exceeds thirteen, the number of directors that meets one of the qualifications set out in

Paragraph 1 could be five.

The preceding paragraph does not apply to an insurance enterprise if its shareholding is directly or indirectly 100 percent held by the government or a single juristic person.

#### Article 13

If any circumstance in Article 3 or any circumstance that constitutes ipso facto cause for dismissal applies to a responsible person of an insurance enterprise, the responsible person shall promptly notify the insurance enterprise.

An insurance enterprise should take proactive action after learning that its responsible person has a situation specified in Article 3 or a situation that constitutes ipso facto cause for dismissal, file a report with the competent authority, and notify the Ministry of Economic Affairs to revoke or cancel related registration.

#### Article 14

The Regulations herein shall become effective on the date of promulgation.

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Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System