

Content

Title :	Regulations Governing Pre-sale Procedures for Insurance Products Ch
Date :	2024.06.26
Legislative :	Amended on 26 June 2024 per Order No. Jin-Guan-Bao-Shou-Zi- 11304921141 of the Financial Supervisory Commission
Content :	<p>Article 21</p> <p>An insurance enterprise complying with certain conditions may apply to the competent authority prior to the end of June or the end of December each year for recognition of such compliance and thereafter switch to the use-and-file procedure for launching the insurance products listed in Article 16, paragraph 1, subparagraph 2 or Article 17, paragraph 1, subparagraphs 2 and 3 herein.</p> <p>The "certain conditions" in the preceding paragraph that apply to insurance products listed in Article 16, paragraph 1, subparagraph 2 or Article 17, paragraph 1, subparagraph 3 are the following:</p> <ol style="list-style-type: none">1. The enterprise's ratio of equity capital to risk-based capital for the past year is at least 1.25 times the statutory standard of adequate capital as specified in Subparagraph 1, Paragraph 2, Article 143-4 of the Insurance Act.2. The enterprise has not been subject to a major sanction or penalty imposed by the competent authority, or been disciplined by the competent authority for violation of rules for submission of insurance products for review within the past year.3. The enterprise has not been subject to an administrative fine of more than NT\$1 million was imposed by the competent authority within the past year for violation of the Compulsory Automobile Liability Insurance Act.4. In the case of a non-life insurer, the enterprise's combined ratio over the past year for retained business, not including compulsory automobile liability insurance, was 90 percent or lower. In the case of a life insurer, the enterprise's 25-month persistency rate for basic insured amounts over the past year was 80 percent or higher.5. The enterprise was ranked in the top thirty percent in terms of the results of the Treating Customer Fairly Principle evaluation of non-life or life insurance companies in the past year.6. Professionally licensed signatories employed on a full-time basis accounted for 75 percent or higher of all actual signatories for insurance products submitted for review during the past year.7. The insurer has launched an insurance product during the past year designed specifically to dovetail with government policy needs, or has taken part in public service work during the past year, and in either case has performed with distinction. <p>The "certain conditions" in paragraph 1 hereof that apply to insurance products listed in Article 17, paragraph 1, subparagraphs 2 are the following:</p> <ol style="list-style-type: none">1. Certain conditions set out in the preceding paragraph 2 hereof; and2. The enterprise's chief risk officer and its internal risk model are rated class 1 for the levy rates of Life Insurance Guaranty Fund for the last year. <p>Major sanctions and penalties referred to in paragraph 2, subparagraph 2 mean major sanctions and penalties specified in Article 2 of the Regulations Governing Public Announcement by the Financial Supervisory Commission of Material Sanctions for Violations of Financial Legislation. The competent authority shall define the meaning of "professionally licensed signatories" as used in subparagraph 6 of paragraph 2.</p> <p>The recognition referred to in paragraph 1 remains valid for a period of six months. However if an insurance enterprise falls out of compliance with subparagraph 1, 2, or 6 of paragraph 2 during the recognition period,</p>

insurance products listed in paragraph 1 herein shall still be subject to review on a prior-approval basis.

For the sale of insurance products listed in paragraph 3 herein that are switched to the use-and-file procedure, an insurance enterprise shall obtain the consent of its board of directors or board of executive directors; for the branch of a foreign insurance enterprise in Taiwan, the sale of such products shall have the consent of its responsible person in Taiwan.

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, including re-examining past policyholder dispute cases and evaluating whether an insurance product involved had adverse effect on the rights and interests of customers over 65 years of age, whether the product suitability policy was followed or the fair treatment of customers principle was violated.
- 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 by the competent authority. Where the rate becomes inadequate due to the deterioration of actual incidence rate, or the premium rate tends to be high due to an improvement of the actual incidence rate, 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.

When the sales amount of insurance products reaches the early warning level or sales limit, the insurance enterprise shall promptly convene a meeting of its insurance product management team to discuss response measures to be adopted.

Actions taken in accordance with the meetings of the insurance product management team under the preceding two paragraphs shall be 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.

Article 32

These Regulations shall be implemented from the date of promulgation except that Article 24 amended and promulgated on November 8, 2017 shall be

implemented from 1 January 2018 and Article 17, paragraph 1, subparagraph 4 and Article 21-1, paragraph 2 amended on March 30, 2020 shall be implemented on January 1, 2021, and Article 6, Article 22 and Article 24, paragraph 1, subparagraph 2 amended on March 29, 2022 shall be implemented on October 1, 2022, and Article 4, Article 7, Article 8, Article 9, Article 11, Article 12, Article 13, Article 17, Article 24, and Article 29 amended on December 18, 2023 shall be implemented on July 1, 2024, and Article 24 amended on June 26, 2024 shall be implemented on July 1.

Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System