

Content

Title :	Regulations Governing Insurance Brokers Ch
Date :	2024.07.22
Legislative :	Amendment to Article 2、6、7、12、13、15、21、27、31、32、34、34-1、43、47、49、50、52、61 and addition of Articles 2-1、60-1 promulgated per Financial Supervisory Commission Order No. Jin-Guan-Bao-Zong-Zi-11304922171 dated July 22, 2024.
Content :	<p>Article 2</p> <p>The term "independent broker" as used in these Regulations means a person who practices insurance broker business in his or her own name.</p> <p>The term "broker company" as used in these Regulations means a company operating insurance broker business in the capacity of a corporate organization.</p> <p>The term "bank" as used in these Regulations means a bank operating concurrently insurance broker business with approval of the competent authority.</p> <p>Article 2-1</p> <p>Companies or banks that operate insurance broker business shall employ a broker and may assign the broker to perform insurance broker business, check, compliance, audit or other relevant operations.</p> <p>Article 6</p> <p>A person having any of the following situations may not act as a responsible person of a broker company:</p> <ol style="list-style-type: none">1. Having no legal capacity or limited legal capacity or subject to the court order of commencement of assistance and such order has not been revoked.2. Having committed a crime under the Organized Crime Prevention Act, and has been found guilty by a final and unappealable judgment.3. Having been sentenced to imprisonment for counterfeiting currency or valuable securities, embezzlement, fraud or breach of trust, and the sentence has not started serving or been completed, or ten years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.4. Having received a final and unappealable sentence for violating Insurance Act, Banking Act, Financial Holding Company Act, Trust Enterprise Act, Act Governing Bills Finance Business, Financial Asset Securitization Act, Clauses of the Real Estate Securitization Act, Securities and Exchange Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Foreign Exchange Regulation Act, Credit Cooperative Act, Agricultural Finance Act, Farmers Association Act, Fishermen Association Act, Money Laundering Control Act, Counter-Terrorism Financing Act, Act Governing Issuance of Electronic Stored Value Cards prior to its abolishment, Act Governing Electronic Payment Institutions or any other laws regulating financial activity, and the serving of sentence has not started or been completed, or five years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.5. Having been declared bankrupt, or adjudicated of commencement of liquidation process by a court, and rights and privileges have not been reinstated.6. Being the responsible person of a legal entity at the time such legal entity was adjudicated bankrupt and five years have not elapsed since the closure of the bankruptcy or the terms of bankruptcy settlement have not yet been fulfilled.7. Having an ongoing event that seriously damages his or her creditworthiness or five years have not elapsed since the closure of such an event.

8. Five years have not elapsed since being replaced or discharged from duties by order of the competent authority due to a violation the Insurance Act, Banking Act, Financial Holding Company Act, Trust Enterprise Act, Act Governing Bills Finance Business, Financial Assets Securitization Act, Clauses of the Real Estate Securitization Act, Securities and Exchange Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Credit Cooperatives Act, Agricultural Finance Act, Farmers Association Act, Fishermen Association Act, Fair Trade Act, Act Governing Issuance of Electronic Stored Value Cards prior to its abolishment, Act Governing Electronic Payment Institutions, or other laws regulating financial activity.

9. Factual proof shows that the person has engaged in or otherwise been involved in any other dishonest or improper activities, demonstrating unsuitability for the work in question.

10. Is currently serving as an employee of an insurance enterprise or related industry association. Notwithstanding the foregoing, if the insurance enterprise has an investment relationship with the broker company and their chairman, director externally representing the broker company organized as a limited company and general manager have not taken concurrent positions in each other, the employee of the insurance enterprise may act as a responsible person of the broker company, subject to the approval of the competent authority.

11. Is already registered as an insurance solicitor in any other insurance company, insurance agent company, broker company or bank.

12. Practice license has been revoked to Article 167-1 or 167-2 of the Insurance Act by the competent authority and five years have not elapsed.

13. Having been involved in serious cheating in a special or junior examination for professional or technical personnel of insurance enterprises, and has been sentenced to imprisonment for a definite period by a final and unappealable judgment.

14. Having been sentenced to imprisonment for forging instruments or seals, offence against privacy, usury, impairing the rights of creditors or violating Tax Collection Act, Trademark Act, Copyright Act or other acts or regulations governing industrial or commercial activity and the sentence has not started serving or been completed or five years have not elapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.

15. Having been committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and the sentence has not started serving or been completed or five years have not lapsed since the date of sentence completion, the expiration of probation period, or the pardon of such punishment.

16. Having 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 years since the denial status has been removed

17. Being a director, supervisor or general manager of an insurance agent company, an insurance broker company or an insurance surveyor company at the time such company was subject to disciplinary action provided in subparagraph 1, paragraph 1, Article 164-1 of the Insurance Act or had its permit revoked and practice license cancelled pursuant to Article 167-2 of the Insurance Act, and three years have not elapsed.

The term "responsible person" mentioned in the preceding paragraph shall mean a director, supervisor, general manager, or sales-related assistant general managers of a broker company, managers in charge of reinsurance broker business, managers of branch office or a person in comparable position.

A person having any situation provided in subparagraphs 1 through 9 and subparagraphs 12 through 17 of paragraph 1 hereof may not serve as an independent broker or a broker employed by a broker company or a bank.

Article 7

A person possessing a broker qualification as set out in these Regulations and free of the situations provided in any subparagraph of paragraph 3 of the preceding article and subparagraph 26 of Article 49, after obtaining a practice license, practice business independently or as an employee of a corporate a broker company organization or a bank.

A broker company or a bank shall employ at least one broker, and carry out registration of permission with the competent authority. The broker company or the bank shall make appropriate adjustment to the number of such persons according to the scale of its business and the number of its registered insurance solicitor. Where necessary, the competent authority may also require the broker company or the bank to employ additional brokers. After completing the registration of permission set out in the preceding paragraph, it shall duly carry out registration of incorporation with the appropriate competent authority in charge of company registration. An independent broker or a broker employed by a broker company or a bank shall not be concurrently employed by other broker companies, insurance agent companies, insurance surveyor companies or banks.

Article 12

A broker company shall have one general manager in charge of managing the overall operations of the company and shall not have other officers in comparable position.

The general manager referred to in the preceding paragraph shall not act concurrently as the chairman or general manager of other broker companies or insurance agent companies as well as director externally representing other broker companies or insurance agent companies organized as limited companies.

The general manager of a broker company shall possess one of the following qualifications:

1. Has graduated from a domestic or foreign school at the level of junior college or higher or possessing equivalent academic qualifications, and having no less than five years of experience working for an insurance company, insurance cooperative, broker companies, insurance agent companies, or insurance surveyor companies and having the qualification of solicitor, agent or broker for same type of insurance business;
2. Has performed the work of insurance broker or agent for at least five years.
3. Has the qualification of solicitor, agent or broker for same type of insurance business and there is other factual evidence sufficient to show professional insurance expertise or insurance work experience that enables him or her to operate an insurance broker business soundly and effectively.

The appointment or dismissal of the general manager mentioned in the preceding paragraph shall be duly registered with the competent authority in charge of company registration.

The managerial officer of a broker company in charge of its reinsurance broker business shall have graduated from a domestic or foreign school at the level of junior college or higher or possess equivalent academic qualifications, and have not less than three years of work experience in reinsurance business.

Article 13

The chairman of a broker company, director externally representing a broker company organized as a limited company, at least one third of its directors and supervisors, sales-related vice general manager, managers of branch offices or officers in comparable positions shall possess 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, and has served for no less than three years of experience in the position of assistant manager or higher or in an equivalent position on an insurance company, insurance cooperative, broker company, insurance agent company, insurance surveyor company, or in the position of deputy head of a bank's separate department operating insurance broker or agent business and has performed with excellence in such position.
2. Has performed the work of insurance broker or agent for at least two years.
3. Has other academic or employment experience sufficient to show that he/she has professional insurance expertise, or experience in managing an insurance business, and is capable of operating an insurance broker business soundly and efficiently.

Article 15

When a broker employed by a broker company or a bank leaves work, the broker company or the bank shall, within fifteen (15) days after the broker

departs, report to the competent authority and surrender the practice license of the departed broker, and report same to the insurance brokerage association for recordation.

When a broker company and a bank employs an additional broker or changes a broker, and such new broker already has a practice license, the broker company and bank shall report to the brokerage association for recordation within seven days after employing the additional broker or changing the broker.

The brokerage association shall prescribe directions for the reporting operation under the two preceding paragraphs.

Article 21

A Bank that applies to the competent authority for registration to operate insurance broker business shall establish a separate department for such operations with independent operations and accounting.

Paragraphs 1 of Article 6, paragraphs 1 to 3 of Article 12, paragraph 1 and 2 of Article 14 and Article 60 herein shall apply mutatis mutandis to the head of department described in the preceding paragraph; and paragraphs 1 of Article 6, Article 13 and Article 60 herein shall apply mutatis mutandis to the deputy head of department.

Article 27

A broker company having any of the following situations shall submit an application together with its board of directors' or shareholders' meeting minutes to the competent authority for approval and register with competent authority in charge of company registration to law:

1. Suspending.
2. Resuming business.
3. Dissolved.

A broker company may suspend its business up to one year, and where there is legitimate reason, may apply for an extension of business suspension period once. The application for extension shall be made fifteen days before the allowed suspension period expires.

Where a broker company fails to apply for business resumption and employ a broker in accordance with Article 7 before the allowed suspension period expires, the competent authority will revoke its permission and cancel its practice license.

Where a broker company applies for business suspension, it shall surrender the practice licenses of brokers employed by the company. Where a broker company applies for dissolution, it shall surrender the practice licenses of brokers employed by the company as well as the company's practice license.

Where a broker company has a situation set out in subparagraph 1 or 3 of paragraph 1 hereof or cancel its practice license by the competent authority but fails to surrender the practice licenses of brokers employed by the company, the employed brokers shall, within thirty days from business suspension or dissolution of the broker company or cancel its practice license by the competent authority, submit relevant documents to competent authority for cancellation of registration through the brokerage association.

A broker company operating simultaneously insurance broker business and reinsurance broker business that ceases the operation of its insurance broker business or reinsurance broker business shall submit the minutes of its board of directors or shareholders meeting to the competent authority for recordation within one month.

Article 31

Independent brokers or brokers employed by a broker company or a bank to perform insurance broker business, check or other relevant businesses shall have attended at least 32 hours of pre-job training and passed tests within the past one year before submission of the application.

Compliance personnel must attend at least 30 hours of pre-job training. Pre-job training mentioned in the preceding two paragraphs may be conducted by the Taiwan Insurance Institute or a university or college extension education institution. The guidelines and content for such training shall be submitted to the competent authority for approval.

Article 32

Independent brokers or brokers employed by a broker company or a bank to perform insurance broker business, check or other relevant businesses shall

attend at least on average 16 hours of on-the-job training every year during the valid period of their practice license, including at least 8 hours of courses on laws in the latest 2 years before renewing a practice license.

Compliance personnel must attend at least 15 hours of on-the-job training every year.

On-the-job training mentioned in the preceding two paragraphs may be conducted by the Taiwan Insurance Institute, the insurance brokerage association or brokers association, the insurance agency association, a university or college extension education institution, or other institutions approved by the competent authority. The guidelines and content for such training shall be submitted to the competent authority for approval.

Independent brokers or brokers employed by a broker company or a bank shall additionally attend and pass no less than 2 hours of annual courses on fair treatment of customers aged 65 and above. Independent brokers or brokers employed by a broker company or a bank, not attending and passing the foregoing courses, are not allowed to solicit insurance product to customers aged 65 and above next year, and their employing broker company or bank shall cancel their next year qualifications to solicit insurance product to customers aged 65 and above.

Article 34

Independent brokers, broker companies and banks shall understand the needs of the proposer and product or service suitability, and sign on relevant documents by seal or other electronic means, unless otherwise prescribed by the competent authority.

The "relevant documents" under the preceding paragraph, Paragraph 2 of Article 33 and Paragraph 2 of the preceding article hereof include, for non-life insurance:

1. Insurance application form.
2. Application for endorsement.
3. Proof of premium payment by the applicant.
4. An Analysis report on the needs of the proposer and the insured, suitability analysis, and negotiation and conclusion of insurance contract.
5. Application for termination of contract.
6. Other documents designated by the competent authority.

The "relevant documents" under Paragraph 1, Paragraph 2 of Article 33 and Paragraph 2 of the preceding article include, for personal insurance:

1. Insurance application form.
2. Application for endorsement.
3. Proof of premium payment by the applicant.
4. An Analysis report on the needs of the proposer and the insured, suitability analysis, and negotiation and conclusion of insurance contract.
5. Application for termination of contract.
6. Other documents designated by the competent authority.

Article 34-1

Broker companies and banks shall establish check and management procedures for relevant documents under the preceding article.

The insurance brokerage association shall draw up self-regulatory rules for the check and management procedures mentioned in the preceding paragraph and submit the rules to the competent authority for reference.

Article 43

Independent brokers, broker companies and banks shall set up a special ledger to record operating revenues and expenditures and shall compile the various business and financial statements and other items prescribed by the competent authority, and submit them to the competent authority or an institution designated thereby between April 1 and May 31 every year; the formats of the statements and other items shall be separately prescribed by the competent authority. However if the fiscal year of the broker, broker company or bank differs from a calendar year, the reporting time limit will be separately set by the competent authority.

The competent authority may from time to time send personnel to inspect the operations and assets and liabilities of independent brokers, broker companies and banks or order them to report the status of their operations within a time limit.

With respect to the inspection opinions of the competent authority or

deficiencies identified by the competent authority in an inspection, independent brokers, broker companies and banks shall take specific improvement actions and continue to follow up on the actions taken, and report the implementation of improvement actions to the competent authority within the time period prescribed by the competent authority. The broker company and bank shall submit a written report on the follow-up of improvement actions taken to its board of directors and supervisors or audit committee for review.

Article 47

A broker company that has not been sanctioned by the competent authority within the last one year for violating an act or regulation may apply to the competent authority for approval to establish a branch office.

A broker company that applies for the establishment of a branch office shall employ a broker and submit the following documents to the competent authority for registration of permission:

1. An application form clearly stating the name and location of the branch office.
2. The minutes of the board of directors meeting resolving to establish the branch office.
3. Proof of identity for the designated managers of branch offices and proof of their compliance with the qualification requirements set out in Article 13 herein.
4. A photocopy of the valid practice license of brokers employed or certification showing that brokers employed meet the qualification requirements set out in these Regulations and any of the following certifications:
 - (1) Certification of pre-job training, obtained within the past 1 year before submission of the application and recognized by the competent authority;
 - (2) For a broker whose certification of pre-job training was obtained one year or earlier, the already obtained certification of pre-job training and the certification of at least 18 hours of on-the-job training within the past 1 year before submission of the application. For brokers who submit certification of at least 18 hours of on-the-job training within the past 1 year, the courses on laws and regulations taken shall not be less than 8 hours and the courses on fair treatment of customers aged 65 and above shall not be less than 2 hours.
 - (3) For a broker whose registration of permission is based on the qualifications set out in subparagraph 3, paragraph 1 of Article 5 herein, the certification of at least 18 hours of on-the-job training within the past 1 year, including no less than 8 hours of the courses on laws and no less than 2 hours of the courses on fair treatment of customers aged 65 and above.
5. Proof of identity for brokers employed.
6. A written statement by the designated managers of branch office and brokers employed undertaking that they are free of the situations set out in subparagraphs 1 through 9 and 12 through 17, paragraph 1 of Article 6.
7. A business plan for the branch office.
8. Other documents as required by the competent authority.

A broker company shall, in the six months of the approval of branch office establishment, submit an application form and a written statement by the managers of branch office undertaking that they are free of situations set out in subparagraphs 10 and 11 of paragraph 1, Article 6 herein and employed brokers are free of the situation set out in subparagraph 26, Article 49 herein to the competent authority for issuance of a practice license for the branch office.

Article 49

Independent brokers, broker companies, banks and brokers employed by broker companies or banks shall not commit any of the following acts:

1. Make a false representation when applying for a practice license.
2. Negotiate and conclude an insurance contract for an insurance enterprise that has not been approved and registered.
3. Deliberately conceal material matters concerning an insurance contract.
4. Take advantage of his or her professional or business position or use other improper means, with respect to the establishment of a contract, to coerce, induce, or restrict the freedom of a proposer, insured, or insurer,

- or to collect extra compensation or other benefit from them.
5. Make exaggerated, false, or misleading claims or advertisements or use other improper methods when operating or practicing business or recruiting personnel.
6. Use improper means to incite an insurance customer to take an action such as to surrender insurance, switch insurance policies, or take a loan.
7. Misappropriate or embezzle insurance premiums, reinsurance premiums, policy proceeds or reinsurance payouts.
8. Not practice oneself, but instead provide the practice license for use by another person.
9. Be sentenced to punishment for embezzlement, fraud, breach of trust, or forgery.
10. Operate or practice insurance business outside the scope specified on his or her practice license.
11. Collect, in addition to commissions and expenses set out in the contract or commissions charged according to industry standards, and reasonable compensation for insurance-related services as provided in Article 9 of the Insurance Act, money, articles or other compensations from an insurer in the name of other expense items or of a third party, or engage in uncustomary transactions.
12. By unlawful means, cause an insurer to make an improper insurance claim payment.
13. Disseminate untrue statements or promotional materials, thus disturbing the financial order.
14. Authorize a third party to operate or practice business on his/her/its behalf, or operate or practice business in other's name.
15. In the case of a broker company, refer an application case solicited by a broker not employed by the company or an insurance solicitor not registered under the company to an insurer, or refer an application case solicited by it to an insurer through another broker or insurance agent, unless it is a case from an independent broker who has obtained the written consent of the proposer to the effect in advance.
16. Employ people who do not possess the qualifications of insurance solicitor to solicit insurance business.
17. Fail to surrender or cancel practice license within the time period set out in paragraph 1 of Article 15, Article 26, paragraph 5 of Article 27, or paragraph 3 of Article 28.
18. Suspend, suspend its insurance broker business in part or in whole temporarily, resume, dissolve business or terminate its insurance broker business in part or in whole at own discretion.
19. A broker company or a bank engaging in broker business fails to employ another broker in accordance with Paragraph 2 of Article 7 herein when an employed broker leaves work.
20. Fail to report matters prescribed by the competent authority to the brokerage association or brokers association for recordation.
21. The content of advertising related to insurance products and publicity used in insurance solicitation is not provided or consented by the insurer.
22. Pay commissions to insurance solicitors and their supervisors who did not actually perform the business solicitation; however the preceding provision does not apply to payments of renewal commissions to those who take over policyholder services.
23. Fail to confirm the suitability of an insurance product for a specific consumer, including providing unsuitable insurance products to customers aged 65 and above.
24. Sell foreign vertical settlement products that have not been approved by the competent authority.
25. Submit business information and financial statements are untrue or incomplete.
26. Is currently serving as an employee of an insurance enterprise or related industry association, or having been registered as an insurance solicitor.
27. Urge or induce customers to rescind or terminate contracts or pay for insurance premiums by taking out a bank loan, canceling a time deposit or taking out a policy loan.
28. Fill out a solicitation report dishonestly, including the report lack of the statement whether the customers aged 65 and above and purchasing the

insurance products other than non-life insurance and micro-insurance has the ability to distinguish situations that are disadvantageous to their rights and interests, reasons why the insurance products suitable for the customer, and evaluation record. However the preceding provision does not apply if the characteristics of the insurance product are not found to have potential effects and disadvantages on customers aged 65 and above after the insurance company makes an evaluation in accordance with Subparagraph 7, Article 6 of the Regulations Governing Pre-sale Procedures for Insurance Products.

29. Otherwise violate these Regulations or related acts or regulations.

30. Any other act injurious to the image of insurance business.

Article 50

A broker company and a bank shall produce a compliance manual and appoint a compliance officer to take charge of the planning, management and implementation of its compliance system. The compliance officer shall also report periodically to the board of directors and supervisors or audit committee. In case the broker company is a limited company, the compliance officer shall report periodically to all shareholders.

The compliance manual mentioned in the preceding paragraph shall contain at least the following particulars:

1. Compliance procedures to be adopted by each business.
2. Rules and regulations to be complied with by each business.
3. Procedures for handling violation of rules and regulations.
4. Self-assessment procedure for compliance operation.

The compliance officer may not serve concurrently as an internal auditor.

The appointment, dismissal or transfer of compliance officer shall be reported in a manner designated by the competent authority with confirmation document and record filed and stored.

The planning, management and implementation of compliance system shall include the following:

1. Establish clear and adequate transmission, consultation, coordination, and communication systems with respect to laws and regulations.
2. Ascertain that all operations and management rules are updated in a timely manner in coordination with applicable laws and regulations so that all business activities comply with laws and regulations.
3. Draw up the content of and procedures for compliance-related assessment, conduct self-assessment at least once a year, audit the compliance self-check procedure, and report the audit result to the general manager.
4. Provide employees with adequate and proper training on laws and regulations.

Article 52

The compliance officer of a broker company and a bank shall possess one of the following qualifications:

1. Having the qualification of an insurance agent or broker and having actually performed the work of an insurance agent or broker.
2. Having at least five years of work experience in related business of insurance enterprise, insurance agent companies or broker companies.
3. Having graduated from college with a degree in finance, insurance or related field, or a degree in law and having at least three years of work experience in related business of insurance enterprise, insurance agent companies or broker companies.

A compliance officer referred to in the preceding paragraph shall be free of the situations set out in subparagraphs 1 through 10 and subparagraphs 12 through 17, paragraph 1 of Article 6 herein.

At least one of the compliance officers employed by a bank shall meet the qualification requirements set out in paragraph 1 hereof.

Article 60-1

Broker companies and banks that are not compliant with Articles 2-1, 7, 12, 13, 15, 27, 31, 32, 34, 34-1, 47, 50 and 52 amended and promulgated on July 22, 2024 shall make adjustments to become compliant prior to December 31, 2024.