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| Title : | Directions for Operation Outsourcing by Insurance Enterprises  |
| Date : | 2024.11.06 |
| Legislative : | Amended on 6 November 2024 per Order No. Jin-Guan-Bao-Shou-Zi- 11304938731 of the Financial Supervisory Commission |
| Content : | <p>1.These Directions are set forth to safeguard the interests of consumers and regulate the outsourcing operations of insurance enterprises (referred to as "outsourcing" hereunder). Insurance enterprises shall include the particulars of these Directions into their internal control procedures drafted pursuant to Article 5, paragraph 1, subparagraph 15 of the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises.</p> <p>3.The outsourcing of business items that an insurance enterprise may engage in pursuant to insurance laws and regulations or operations related to customer information by an insurance enterprise, unless otherwise provided by laws or regulations, shall be limited to the following:</p> <p>(1)Data entry, processing, output and delivery of information system, development, monitoring, control, and maintenance of information system, and logistical support for data processing in connection with the insurance enterprise's business.</p> <p>(2)Conducting checking and investigation relating to insurance contract, consumer opinion survey, and customer follow-up by telephone.</p> <p>(3)Production, delivery, safekeeping and disposal of forms and documents, such as insurance policy, renewal notice, notice of premium payment, notice of suspension in coverage, proof of annual premium payment and other forms and documents relating to the performance of insurance contract and lending operations.</p> <p>(4)Overseas emergency assistance and roadside assistance services in connection with benefits under the insurance contract.</p> <p>(5)Collection of premiums, principal and interest payments on policy loans, other payments related to insurance contracts, or principal and interest payments on other loans.</p> <p>(6)Collection of debts.</p> <p>(7)Electronic customer services, including automated voice systems, phone answering service, answering and processing customer e-mails, and electronic commerce related inquiry service and assistance.</p> <p>(8)Land registration or real estate management services, and disposal of collateral from the assumption of debts.</p> <p>(9)Repossessing and auctioning automobiles with overdue payment on a car loan (excluding the determination of the floor price for such auctions).</p> <p>(10)Valuation, classification, bundling and sale of non-performing loans; provided such outsourcing agreement stipulates that the service providers and their employees involved in the outsourcing agreement shall not engage in any work or provide any consulting or advisory services which give rise to a conflict of interest with the outsourced services during the term of such outsourcing agreements or during a reasonable period of time after termination/expiry thereof.</p> <p>(11)Other operations approved by the competent authority for outsourcing. Except for outsourcing operations stipulated in subparagraph 6 and subparagraph 11 of the preceding paragraph where an insurance enterprise is required to apply to the competent authority for approval pursuant to Point 10 herein, an insurance enterprise shall file its outsourced operations, content and scope in a manner prescribed by the competent authority with the competent authority or an institution designated by the competent authority for other outsourcing operations stipulated in each subparagraph of the preceding paragraph.</p> <p>8.The internal control principles and operating procedures in connection</p> |

with outsourcing operations of an insurance enterprise set out pursuant to Point 4, paragraph 2, subparagraph 6 herein shall contain at least the following:

(1) Drawing up and implementing the operating procedure for supervising and managing the scope of outsourcing.

(2) Incorporating the operating procedure in the preceding subparagraph in the overall internal control and internal audit systems of the insurance enterprise.

(3) The outsourcing of collection of premiums, principal and interest payments on policy loans, and other payments related to insurance contracts pursuant to Point 3, paragraph 1, subparagraph 5 herein shall be carried out according to the following rules:

A. The service provider that collects automobile insurance premiums shall deliver the premium payments collected to the insurer within one month from the date of collection.

B. Insurance brokers and agents shall directly deliver the premium payments collected in accordance with Article 40, paragraph 1 of the Regulations Governing Insurance Brokers and Article 40, paragraph 1 of the Regulations Governing Insurance Agents.

C. The insurance enterprise shall follow the self-regulatory rules drawn up by the insurance association with regard to the scope of payment collection that may be outsourced and the qualifications of the service provider.

(4) Supervising the establishment and implementation of internal control and internal audit system by the service provider.

(5) Other matters as required by the competent authority.

10. When conducting outsourcing operations under Point 3, paragraph 1, subparagraph 6 or other operations approved by the competent authority for outsourcing under Point 3, paragraph 1, subparagraph 11, the insurance enterprise shall apply to the competent authority for approval by submitting the following documents:

(1) The internal control procedures for outsourcing set out in accordance with Point 4, paragraph 2.

(2) Meeting minutes containing resolutions of the board of directors; for branches of foreign insurance enterprises in Taiwan, a letter of consent signed by an personnel authorized by the head office.

(3) The Analysis of necessity and compliance of outsourcing on business operations, evaluation of the risk level, materiality, and the impact on operations and customer for outsourced operations, due diligence of service providers, and outsourcing risk management measures.

(4) Outsourcing process.

(5) Regulatory compliance statement.

(6) Review form concerning the qualifications of the service provider.

(7) Other documents as required by the competent authority.

After an insurance enterprise applies for approval of "other operations approved by the competent authority for outsourcing" as provided in Point 3, paragraph 1, subparagraph 11 and obtains approval by the competent authority that the operations be eligible for outsourcing, other insurance enterprises may conduct such outsourcing operations in accordance with their internal control procedures for outsourcing.

An insurance enterprise that outsources debt collection operations shall draw up conduct practices and collection letters in the outsourced collection process according to the samples prepared by the Non-Life Insurance Association of the Republic of China (referred to as the "Non-Life Insurance Association" hereunder) and Life Insurance Association of the Republic of China (referred to as the "Life Insurance Association" hereunder), and have its legal counsel review the collection letters to make sure they do not violate these Directions or other relevant laws and regulations before submitting the collection letters to the competent authority for recordation.

22. (Repealed)