


Content

Title :	Implementation Regulations for the Risk Spreading Mechanism of Residential Earthquake Insurance 
Date :	2025.07.02
Legislative :	Amended on July 2, 2025

Content : Article 3

The non-life insurers shall underwrite the residential earthquake risks in which the primary insurance policies shall be totally reinsured by TREIF. Risks assumed by TREIF pursuant to the preceding paragraph shall be spread by means of the following mechanism:

1.First-tier liabilities are limited to NT\$5 billion, and shall be assumed by a residential earthquake insurance pool (hereunder called the Pool).

2.Second-tier liabilities are limited to NT\$115 billion, and shall be assumed and spread by TREIF.

The amount of liabilities assumed in each of the foresaid tiers shall be calculated on the basis of the insurance losses of each earthquake event. The insurance losses refer to the covered loss, contingent living expense and the claim handling expenses.

The operating rules for the reinsurance referred to in paragraph 1 shall be jointly drafted by TREIF in consultation with the Non-life Insurance Association of the Republic of China (hereunder called NLIA) and implemented following the approval of the competent authorities. The same also applies to revision.

Article 6

When total losses payable for a single earthquake event exceed the total risk assumption amounts of all tiers combined, claim payments for covered losses to each insured shall be reduced proportionately.

The TREIF shall periodically review risk assumption limits for each tier of the Insurance in light of the status of underwriting and claim settlements of the residential earthquake insurance, and submit proposals to the competent authorities for timely adjustment.

The term "earthquake event" in paragraph 1 shall be deemed to include any second or further occurrence within 168 hours of the original event during the policy period.

The proportionately reduced claim payments referred to in the first paragraph shall be reported by the TREIF to the competent authority and announced after approval by the competent authority.

Article 7

The insured amount shall be calculated based on the replacement cost of the subject matter insured at the time of applying for the Insurance. If the replacement cost of the subject matter insured exceeds NTD\$1.5 million, the insured amount shall be limited to NT\$1.5 million.

The contingent living expense (hereunder called CLE) will be paid in the event of "total loss" of the insured building, CLE shall be limited to NT\$200,000 per subject matter insured.

When a subject matter insured is damaged in an earthquake but does not sustain total loss, and it undergoes emergency assessment by the municipal or county (city) government in accordance with the Regulations Governing Post-Disaster Emergency Assessment of Hazardous Buildings, and is found hazardous based on the assessment result and tagged a red hazard sign, the non-life insurer shall pay CLE in the amount of NT\$100,000 per subject matter insured.

The CLEs specified in the preceding two paragraphs combined during the policy period shall be limited to NT\$200,000.

The TREIF may from time to time propose to the competent authorities that the insured amount and CLE specified in the preceding four paragraphs be adjusted in light of the status of underwriting and claim settlements of the residential earthquake insurance, and submit proposals to the competent authorities for timely adjustment.

Article 13

The Enforcement Rules shall be enforced from January 1, 2012.

Articles of the Enforcement Rules amended and promulgated on December 28, 2012 shall be implemented from January 1, 2013. Articles amended and promulgated on December 25, 2014 shall be implemented from January 1, 2015.

Articles amended and promulgated on March 12, 2021 shall be implemented from April 1, 2021. Articles amended and promulgated on March 27, 2024 shall be implemented from April 1, 2024. Articles amended and promulgated on June 24, 2024 shall be implemented from January 1, 2026. Articles amended and promulgated on July 2, 2025 shall be implemented from July 15, 2025.

