

Content

Title : Regulations Governing Offshore Insurance Branches Ch

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Legislative : Amendment to Article 9, 15 promulgated per Financial Supervisory Commission Order No. Jin-Guan-Bao- Shou-Zi-11404540001 and Central Bank Order No. Tai-Yang-Wai-Shi-Yi-Zi-1140015172 dated May 6, 2025.

Content : Article 9

An offshore insurance branch shall comply with the following rules in the sale of insurance products, and in addition, comply with provisions of the Regulations Governing Pre-sale Procedures for Insurance Products on product research and development, formal product development, product sale preparation procedure, and professional training for product signatories as well as provisions of the Regulations Governing Investment of Investment-linked Insurance on the management and safekeeping of separate accounts:

1. An offshore insurance branch shall, in 15 business days after commencing the sale of insurance products, file product related information and documents with the FSC and its designated institution in accordance with the requirements of the FSC and the designated institution, and provide information to the FSC and the designated institution for the establishment of an insurance product database. Where an insurance product does not fall under the purview of the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and relevant regulations, the offshore insurance branch shall, at the time of filing, submit additionally a statement signed by an appointed actuary that the reserve set aside for the product complies with the rules promulgated by the insurance regulatory authority in the USA, Canada, UK, Germany, Switzerland, Australia, Singapore, or another SC-designated country or region and conform to the relevant actuarial standards drawn up by the professional society (association) in that country or region. The offshore insurance branch shall also provide specific comparative descriptions that the reserve calculation method it adopts conforms to the aforementioned rules and standards and provide the manner by which full reserve is set aside.

2. Insurance products sold by an offshore insurance branch may not be denominated in NTD, and the premium rates of those products conform to adequacy, reasonableness, fairness and actuarial principles, while adequately reflect costs and reasonable profits with related risk control measures established.

3. The linked investment objects of an investment-linked insurance and the utilization of its separate account assets shall not be a New Taiwan Dollar exchange rate, a New Taiwan Dollar interest rate index, or a New Taiwan Dollar-denominated products, and the investment portfolio may not involve any product denominated in New Taiwan Dollars unless obtaining the approval of the competent authority.

The contents of information and documents to be filed according to Subparagraph 1 of the preceding paragraph shall be prescribed by the FSC. Subparagraphs 1 and 3 of Paragraph 1 hereof and the preceding paragraph do not apply mutatis mutandis to the following non-life insurance products:

1. Marine insurance, aviation insurance, engineering insurance, nuclear insurance and commercial fire insurance.

2. Foreign coinsurance other than the types of insurance mentioned in the preceding subparagraph participated in not as the lead insurer.

Article 15

The utilization of an offshore insurance branch's fund shall be complied with the Regulations Governing Foreign Investments by Insurance Companies, Regulations Governing Insurance Enterprises Extending Loans to and Engaging in Other Transactions with Same Person, Same Interested Party or Same

Affiliate Enterprise, Regulations for Extending Loans by Insurance Enterprises to Interested Parties, Regulations Governing Insurance Enterprises Engaging in Transactions Other Than Extending Loans with Interested Parties, and relevant rules. However, the utilization of an offshore insurance branch's fund that engages exclusively in reinsurance business shall not be applied to the Regulations Governing Foreign Investments by Insurance Companies.

The branch of an offshore insurance company intending to engage in derivatives transactions to hedge insurance liabilities other than those defined in Item 2, Subparagraph 3, Article 2 of the "Regulations Governing Derivatives Transactions Conducted by Insurance Companies," shall submit the documents specified in Paragraph 1, Article 3 of the same Regulations and a hedging plan to the competent authority for approval. In the event of any amendment to the hedging plan, the aforementioned documents shall also be submitted to the competent authority for its records.

The utilization of an offshore insurance branch's fund mentioned in the first preceding Paragraph may not be a New Taiwan Dollar exchange rate, a New Taiwan Dollar interest rate index, or a New Taiwan Dollar denominated products, and the investment portfolio may not involve any product denominated in New Taiwan Dollars unless obtaining the approval of the competent authority.

The utilization of funds by an offshore insurance branch of a foreign insurance enterprise shall be combined with that of its branches inside the ROC for calculation purpose and shall conform to the provisions in the preceding three paragraphs.

The following may not be included as part of the total foreign investment limit of an insurance enterprise: (various reserves for non-investment-linked life insurance business of the offshore insurance branch plus its net worth) x (1 - the percentage of foreign investment of the insurance enterprise determined by the competent authority pursuant to Paragraph 4, Article 15 of the Regulations Governing Foreign Investments by Insurance Companies.)

The term "same person" as used in Paragraph 1 hereof shall mean the same natural or juristic person; the term "same interested party" shall include the principal, his/her spouse and relatives by blood within the second degree of kinship as well as an enterprise in which the principle or his/her spouse is a responsible person; the scope of "same affiliate enterprise" shall be governed by Articles 369-1 through 369-3, Articles 369-9 and Article 369-11 of the Company Act.

Where an offshore insurance branch provides loans to its responsible persons, employees or major shareholders, or a person having any interested party relationship with its responsible persons or employees in charge of administering the loan according to Paragraph 1 hereof, such loans shall be fully secured and the conditions may not be better than those to other loanees of the same class. A loan that is equal to or more than the amount prescribed by the competent authority pursuant to the Regulations for Extending Loans by Insurance Enterprises to Interested Parties, shall be approved by three-fourths of the directors of the insurance enterprise present at a board of directors meeting attended by at least two-thirds of the directors, except for loans secured by foreign-currency life insurance policy issued by the offshore insurance branch of the insurance enterprise.