

Content

Title :	Regulations Governing the Preparation of Financial Reports by Insurance Enterprises Ch
Date :	2026.02.05
Legislative :	Article 12, and Form 8-9 of Article 29 amended and issued on February 5, 2026 per Order No. Ref. Jin-Kuan-Bao-Tsai 11504903801 of the Financial Supervisory Commission.
Content :	<p>Article 12</p> <p>An insurance enterprise shall present all items of income and expense recognized in a period in a single statement of comprehensive income displaying components of profit or loss and components of other comprehensive income.</p> <p>An insurance enterprise shall present revenues and expenses recognized through profit or loss under the preceding paragraph using a classification based on their function, and shall also disclose additional information on the nature of these items, including depreciation and amortization expense and employee benefits expense.</p> <p>When items of income or expense are material, an insurance enterprise shall disclose their nature and amount separately in the statement of comprehensive income or in the Notes. Other operating income or cost that accounts for 1% or higher of insurance revenue shall be separately presented in the statement of comprehensive income.</p> <p>The statement of comprehensive income shall include at least the following line items:</p> <p>1. Insurance service result: They refer to income or loss in the current period incurred due to insurance revenue from insurance contracts, insurance service expenses from insurance contracts, and income or expenses from reinsurance contracts held pursuant to insurance contracts governed by IFRS 17.</p> <p>(1) Insurance revenue: The provision of services arising from the group of insurance contracts for direct underwriting business and reinsurance ceded, and shall reflect the consideration to which insurer expects to be entitled in exchange for those services. It includes the following items:</p> <p>A. The amount relating to changes in the liability for remaining coverage such as the insurance service expenses incurred during the period (measured at the amounts expected at the beginning of the period), the change in the risk adjustment for non-financial risk, the amount of the contractual service margin recognized in profit or loss because of the transfer of insurance contract services in the period, insurance revenue recognized under the premium allocation approach, and other amounts.</p> <p>B. The allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flow.</p> <p>(2) Insurance service expenses: The provision of services arising from the group of insurance contracts for direct underwriting business and reinsurance ceded, and shall reflect the insurer's claims and expenses for providing such services. They include the following items:</p> <p>A. The amount related to changes for incurred claims such as incurred claims (excluding investment components), other incurred insurance service expenses, any subsequent changes in fulfillment cash flows reacting to incurred claims and incurred expenses.</p> <p>B. The amount related to changes in the liabilities for remaining coverage such as losses on onerous groups of contracts and reversals of such losses.</p> <p>C. Amortization of insurance acquisition cash flows.</p> <p>D. Impairment loss and reversals of impairment from assets for insurance acquisition cash flows.</p> <p>(3) Income or expenses from reinsurance contracts held: They are derived from the income or expenses on the group of reinsurance contracts held and</p>

include the following items:

A. The amounts recovered from the reinsurer.

B. An allocation of the premiums paid.

C. The effect of the changes in the risk of non-performance by the issuer of reinsurance contracts held.

2. Finance result: They refer to the net investment incomes (losses), insurance finance income or expenses, and finance income or expenses from reinsurance contracts held.

(1) Net investment incomes (losses): These are incomes or losses arising from investing activities, including interest income, gain (loss) on financial assets and liabilities measured at fair value through profit or loss, realized gain (loss) on financial assets measured at fair value through other comprehensive income, gain (loss) from derecognition of financial assets measured at amortized cost, share of profit (loss) of associates and joint ventures accounted for using equity method, foreign exchange gain (loss), net changes in reserve for foreign exchange valuation, gain (loss) on investment property, expected credit impairment loss and reversal gain on investment, other impairment loss and reversal gain on investment, gain (loss) on reclassification of financial assets, net change in financial liabilities measured at amortized cost of investment contracts, and net income (losses) on assets on insurance products in separate accounts; except for interest income, each investment gain (loss) described above shall be reported on a net basis.

A. Interest income: Interest earned from bank deposits, short-term bills, loans, financial assets measured at fair value through other comprehensive income, financial assets measured at amortized cost or other financial assets.

B. Gain (loss) on financial assets and liabilities measured at fair value through profit or loss include:

a. Gain (loss) incurred on trading or lending of financial assets and liabilities measured at fair value through profit or loss and financial assets and liabilities designated as measured at fair value through profit or loss, dividends, interests, and bonus income, and valuation gain (loss) based on fair value at end-of-period.

b. Net changes in financial liabilities measured at fair value through profit and loss of investment contracts: They refer to the net changes in the current period in financial liabilities measured at fair value through profit or loss for investment contracts recognized in accordance with IFRS 9 and set aside in accordance with these Regulations, Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, and related interpretations.

C. Realized gain (loss) on financial assets measured at fair value through other comprehensive income: Gain (loss) on trading or lending of debt instruments classified as financial assets measured at fair value through other comprehensive income or dividend and bonus income generated from equity instruments classified as financial assets at fair value through other comprehensive income.

D. Gain (loss) from derecognition of financial assets measured at amortized cost: Gain (loss) incurred on trading or lending of financial assets measured at amortized cost.

E. Share of profit (loss) of associates and joint ventures accounted for using equity method: The profit or loss of associates and interests in joint ventures that an insurance enterprise recognizes using the equity method according to its share in the associates and the interests in joint ventures.

F. Foreign exchange gain (loss): Gain (loss) incurred in actual exchange, valuation or hedging of foreign-currency investment (principal and interest) and insurance liabilities of foreign currency policies due to exchange rate variation measured in accordance with IAS 21. However when a life insurance enterprise so concludes in accordance with paragraph 19 of IAS 1, starting January 1, 2026, for its directly held financial assets classified as debt instruments measured at amortized cost where the associated foreign currency risk components have not been designated as hedged items, the unrealized exchange differences in each period arising from foreign currency amortized costs calculated based on carrying amount after previous exchange or new acquisition costs shall be amortized per

instrument per transaction foreign exchange gain (loss), on a straight line basis over the expected remaining duration; the unamortized accumulated unrealized net exchange gain or loss shall be recognized as other assets or other liabilities; when a debt instrument is derecognized, any unamortized amount shall be recognized under current foreign exchange gain (loss) in its entirety. The life insurance enterprise that applies the proviso hereof shall disclose information mentioned in paragraph 20 of IAS 1.

G. Net changes in reserve for foreign exchange valuation: Changes occurred during the current period in reserve for foreign exchange valuation set aside and offset by an insurance enterprise in accordance with the Act, Regulations Governing the setting aside of various Reserves by Insurance Enterprises and related interpretations. An insurance enterprise shall disclose respectively in the Notes the amount of reserve for foreign exchange valuation recovered and set aside for the period.

H. Gain (loss) on investment property: Expenses incurred on investment property, gain (loss) from lease or sale of investment property, and gain (loss) from changes in the fair value of investment property measured using the fair value model.

I. Expected credit loss and reversal on investment: Amount of expected credit loss (or reversal) on financial assets for investment recognized in accordance with the Regulations for Handling Assessment of Assets, Non-performing Loans, Non-accrual Receivable on Demand and Bad Debts by Insurance Enterprises or IFRS 9.

J. Other impairment loss and reversal on investment: The calculation and presentation of impairment losses and reversal gain on investment assets (including investment property) where expected credit loss is not recognized in accordance with IFRS 9 as described above shall be made in accordance with generally accepted accounting principles.

K. Gain (loss) on reclassification of financial assets refers to reclassification gain (loss) that meets any of the conditions below in accordance with IFRS 9:

- a. Net gain (loss) on reclassification of financial assets from measured at amortized cost to measured at fair value through profit or loss; or
- b. Cumulative net gain (loss) on reclassification of financial assets from measured at fair value through other comprehensive income to measured at fair value through profit or loss.

L. Net changes in financial liabilities measured at amortized cost of investment contracts: They refer to the net changes in financial liabilities measured at amortized cost other than finance costs and others for investment contracts recognized in accordance with IFRS 9 and set aside in accordance with these Regulations, Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, and related interpretations.

M. Net income or losses on assets on insurance products in separate accounts: They refer to the income and losses, dividends and bonuses, and valuation gains and losses derived from the purchase and sale of investment assets by the insurer in accordance with the investment methods and investment objectives approved or designated by the proposer in the investment insurance contract.

N. Other net investment income (losses): Income (losses) incurred from other investing activities not attributable to any of the items above.

(2) Insurance finance income or expenses: They refer to the effect on a group of insurance contracts as a result of the time value of money, changes in the time value of money, financial risks, and the effect of changes in financial risk, including gains and losses on foreign currency insurance contracts due to changes in foreign exchange rates as measured in accordance with IFRS 17. However, the time value of money and the effect of financial risks of insurance contracts with discretionary participation features included in the calculation of insurance service expenses must be excluded.

(3) Finance income or expenses from reinsurance contracts held: They refer to the effect on the reinsurance contracts held as a result of the time value of money, changes in the time value of money, financial risks, and the effect of changes in financial risk, including gains and losses on reinsurance contracts held in foreign currency due to changes in foreign exchange rates as measured in accordance with IFRS 17.

3. Other operation result: They refer to gains or expenses that are not the derived from the insurance service result and finance result.

(1) Asset management service revenue: They refer to the revenue related to the provision of asset management services in insurance operations, which should be processed in accordance with IFRS 15.

(2) Other operating revenue: Business revenue not attributable to any of the items above, such as interest income and foreign exchange gain generated from non-investing activities.

(3) Finance costs: They include interest on other liabilities, gains or losses from fair value hedging instruments and adjustment to the hedged items, changes in the fair value of cash flow hedging instruments as reclassified from equity to profit or loss, and interest on financial liabilities measured at amortized cost of investment contracts, with the portion eligible for capitalization being deducted.

(4) Other operating costs: Business related expenses and losses not attributable to any of the items above, such as amortization of incremental costs of obtaining a contract, stabilization fund expenses for insurance contracts not governed by IFRS 17, net changes in special reserves, net changes in other reserves, interest paid on borrowing and reinsurance deposits received, and foreign exchange loss arising from non-investing activities.

A. Industry stabilization fund expense is reserve set aside for stabilization fund as required by law.

B. Net changes in special reserve: They refer to net changes in the special reserves set aside in the current period pursuant to these Regulations, Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises, Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises, Compulsory Automobile Liability Insurance Act, and related interpretations.

C. Net changes in other reserves: They refer to the net changes in the provision of prescribed by the competent authority other than the net change in reserve for foreign exchange valuation .

(5) Other Operating expenses: The refer to expenses not directly attributable to fulfilling insurance contracts and include general expenses, administrative expenses, and employee training expenses, and expected credit impairment loss and reversal gain not derived from investments.

A. General expenses: These are expenses indirectly borne during the period in association of with the insurance and investment business (not under operating costs), including personnel, general affairs, depreciation or leasing of business premises, taxes, advertising, entertainment, impairment loss on reinsurance assets and other expenses.

B. Administrative expenses: These are expenses incurred during the period in association with administration, including personnel, general affairs, depreciation or leasing of business premises, taxes, advertising, entertainment and other expenses.

C. Employee training expenses: These are expenses incurred in association with employee training, including personnel, general affairs, depreciation or leasing of business premises and other expenses.

D. Non-investment expected credit loss and reversal: This is the amount of expected credit loss (or reversal) on non-investment financial assets recognized in accordance with the Regulations for Handling Assessment of Assets, Non-performing Loans, Non-accrual Receivable on Demand and Bad Debts by Insurance Enterprises or IFRS 9.

4. Non-operating income and expenses: Income and expenses generated and incurred during the current period not connected with ordinary business activities, including gains or losses on disposal of fixed assets not related to main business items, impairment losses on non-financial assets, reversal of impairment losses on non-financial assets and dividends of preferred shares in the nature of liabilities.

5. Profit (loss) from continuing operations: This is the net of the preceding four subparagraphs.

6. Tax expense (benefit): The aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

7. Net profit (net loss) from continuing operations: This is the net of the

preceding two subparagraphs.

8. Profit (loss) from discontinued operations: The post-tax profit or loss of discontinued operations and the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation. The presentation and disclosure of profit or loss of discontinued operations shall be made in accordance with IFRS 5.

9. Net profit (loss): Profit or loss for the current reporting period.

10. Other comprehensive income: It means each component of other comprehensive income classified by nature, including share of the other comprehensive income of associates and joint ventures accounted for using the equity method.

(1) Items that may be subsequently reclassified into profit or loss:

Include exchange differences resulting from translating the financial statements of a foreign operation, gain (loss) on debt instruments measured at fair value through other comprehensive income, gains and losses on hedging instruments, insurance finance income or expenses, finance income or expenses for reinsurance contracts held, etc.

(2) Items not to be reclassified into profit or loss: Include revaluation surplus, valuation gain (loss) on equity instrument measured at fair value through other comprehensive income, insurance finance income or expenses, gains and losses on hedging instruments and remeasurements of defined benefit plans.

11. Other comprehensive income (net of tax).

12. Total comprehensive income.

13. Allocations of profit or loss during the period attributable to non-controlling interest and owners of the parent.

14. Allocations of total comprehensive income during the period attributable to non-controlling interest and owners of the parent.

15. Earnings per share:

A. Basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity and for profit or loss attributable to the ordinary equity holders of the parent entity.

B. The calculation and presentation of earnings per share shall be made in accordance with IAS 33.

Article 39

These Regulations shall come into force from the date of promulgation, with the exception of Article 2, Article 4, Article 6, Paragraph 1 of Article 7, Articles 8 ~ 11, Item (4)-G of Subparagraph 1, Subparagraphs 10, 13 and 14 of Paragraph 4 of Article 12, Article 13, Article 15, Subparagraph 2, Paragraph 1 of Article 17, Article 19, Article 26, Article 27, Article 30, and Article 34 amended and promulgated on October 21, 2014, which shall come into force from fiscal year 2015 on, articles amended and promulgated on January 24, 2017, which shall come into force from fiscal year 2017 on, articles amended and promulgated on August 23, 2017, which shall come into force from fiscal year 2018 on, subparagraphs 11 and 12 of Paragraph 3, and Paragraph 6 of Article 9, Article 10, Article 15, Article 29, and Form 1 of Article 19 amended and promulgated on July 30, 2018, which shall come into force from fiscal year 2019 on, articles amended and promulgated on March 24 and May 11, 2020, which shall come into force from fiscal year 2020 on, and articles amended and promulgated on November 18, 2021, which shall come into force from fiscal year 2022 on, Article 6 and Article 9, amended and promulgated on December 29, 2022, which shall come into force from fiscal year 2023 on, articles amended and promulgated on November 8, 2023, which shall come into force from fiscal year 2026 on, Subparagraph 9 of Article 20 amended and promulgated on January 23, 2024, which shall come into force from fiscal year 2026 on, Article 9, Article 17, Subparagraph 9 of Article 20, Form 5-3 of Article 19, and Form 16 of Article 22 amended and promulgated on December 26, 2025, which shall come into force from fiscal year 2026, and Subparagraph 5 of Article 17 deleted under the old Act, which shall come into force in fiscal year 2025, Article 12, and Form 8-9 of Article 29 amended and promulgated on February 5, 2026, which shall come into force from fiscal year 2026.

