


Content

Title :	Regulations Governing Management of Insurance Stabilization Funds 
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Legislative :	1. Promulgated by Ministry of Finance (90-tai-tsai-pao No. 0900751425) in total of 17 articles on 2001.12.20 Promulgated by Ministry of Finance (Tai-tsai-pao No. 0910750848) on 2002.7.16; the law comes into force on 2002.7.18.
Content :	<p>Article 1 These Regulations are prescribed in accordance with Paragraph 2 of Article 143-1 of the Insurance Law (the "Law").</p> <p>Article 2 The term "insurance stabilization fund" as used in these Regulations includes the non-life insurance stabilization fund and the life insurance stabilization fund.</p> <p>Article 3 Unless otherwise provided for in the law, the management of the insurance stabilization fund shall conform to these Regulations.</p> <p>Article 4 The insurance stabilization fund shall not handle any business activity other than those set forth in the Law and the articles of endowment of the insurance stabilization fund.</p> <p>Article 5 The insurance stabilization fund shall establish special accounts to receive contributions made by insurance enterprises in accordance with Article 143-2 of the Law. Any insurance enterprise fails to contribute accordingly shall be reported to the competent authority for due action.</p> <p>Article 6 After deducting their respective liabilities from their respective assets, the non-life insurance stabilization fund committee and the life insurance stabilization fund committee shall contribute the balance in full resulting from such deduction to the non-life insurance stabilization fund and the life insurance stabilization fund respectively.</p> <p>Article 7 Apart from financing business operations, the funds of the insurance stabilization fund shall be used solely for the following purposes: 1. Deposit at financial institutions; 2. Purchase of public bonds, treasury bills, financial bonds, negotiable certificate of deposits, bank acceptance, and bank guaranteed commercial paper;</p>

3. Other purposes approved by the competent authority.

#### Article 8

The insurance stabilization fund may consider the accumulated amount and the drawdown of its funds, the development of financial insurance market, and the actual needs of insurance industry, and make proposals, in a timely manner, to the competent authority to adjust the contribution ratios under Article 143-2 of the Law. When its accumulated funds are insufficient to finance the operational needs, the insurance stabilization fund shall prepare a fund raising and repayment plan, and may implement the plan after such plan is submitted to and approved by the competent authority.

#### Article 9

Prior to extending loans or subsidies, or using its funds for other purposes approved by the competent authority, as set forth in Items 1, 2 and 4, Paragraph 1, Article 143-3 of the Law, the insurance stabilization fund shall draw up the utilization plan for the purposes, on a case by case basis, and submit the same to the competent authority for approval in advance.

#### Article 10

The insurance stabilization fund may pay an applicant, an insured or a beneficiary on behalf of an insurance enterprise for the claims to which the applicant, the insured, or the beneficiary is entitled under a valid contract, pursuant to Item 3, Paragraph 1, Article 143-3 of the Law, provided that the various requirements for such payment are satisfied after an examination and investigation, that its Board of Directors adopted a resolution on such payment, and that the payment is made within the scope and the drawdown limit of such a payment as planned by the insurance stabilization funds, and submitted to and approved by the competent authority.

#### Article 11

The insurance stabilization fund shall stipulate the internal handling system and procedures for handling the business activities referred to in the preceding two articles and submit the procedures to the competent authority for recordation.

#### Article 12

When the insurance stabilization fund handles the matters referred to in Paragraph 1, Article 143-3 of the Law, or any claims, settlements, reconciliation, litigation and any other relevant matters, it may depend on its needs, and retain experts having the relevant expertise and experience to provide necessary assistance.

#### Article 13

At the end of each fiscal year, after deducting the appropriation expenditure of the current year from their revenues legally received, the insurance stabilization fund shall place the full amount of the balance

resulting from the deduction for lodgment.

#### Article 14

Prior to preparing an annual budget, the insurance stabilization fund shall draw up the annual management objectives and the annual management plan pursuant to the articles of endowment, and submit the same to the competent authority for approval. The insurance stabilization fund shall submit the budget documents and the business plan for the next fiscal year no later than two (2) months before the beginning of the fiscal year, and the final report and the business report within three (3) months after the end of the fiscal year, to the competent authority for approval and recordation.

The budget documents shall at least include projected balance sheet, projected statement of revenue and expenditure, projected statement of cash flow. The final report shall at least include, the balance sheet, the statement of profit and loss, the cash flow statement, and the inventory of the property.

#### Article 15

The final report of the fiscal year of the insurance stabilization fund shall be audited and certified by a certified public accountant. The report of the audit, together with the final report, shall be submitted to the competent authority for review and approval.

#### Article 16

If the insurance stabilization fund is in any of the following circumstances, the competent authority may notify the fund to rectify, and order the fund to make improvement within a given time limit.

1. Where the insurance stabilization fund fails to operate pursuant to its business plan, or violates the provisions set forth in Article 4 hereof;
2. Where the resolution adopted by the insurance stabilization fund's Board of Directors is unlawful or improper;
3. Where the insurance stabilization fund fails to operate business in accordance with the law or regulations;
4. Where the insurance stabilization fund's revenues and expenditures lack legal evidentiary certificates, or the accounting records thereof are incomplete;
5. Where the insurance stabilization fund's reports on its business operations or financial accounts are false; and
6. Other violations of the provisions set forth in these Regulations, the articles of endowment, or any other laws and regulations.

If the insurance stabilization fund, which is punished pursuant to the preceding provisions, fails to make correction within the given time limit, the competent authority may continue to impose the correction order on it, in addition to other actions taken under Articles 33 and 64 of the Civil Code, or any other applicable laws and regulations.

#### Article 17

The enforcement date of these Regulations shall be decided by the competent authority.

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