

Content

Title :	Regulations Governing Permission for Establishment of Branch Units and Subsidiaries in Hong Kong and Macau by Taiwan-area Insurance Institutions <b>Ch</b>
Date :	2000.09.28
Legislative :	1. Full 14 articles adopted and issued 10 July 1997 per Order No. (86)-Taiwan-Finance-Insurance-862397134 of the Ministry of Finance 2. Articles 5, 7, and 14 amended and issued 28 September 2000 per Order No. (89)-Taiwan-Finance-Insurance-0890751017 of the Ministry of Finance; for implementation from the date of issuance
Content :	<p>Article 1</p> <p>These Regulations are adopted pursuant to Article 32 of the Act Governing Relations with Hong Kong and Macau ("the Act").</p> <p>Article 2</p> <p>The term "branch unit" as used in these Regulations includes representative offices (or contact offices) and branch offices; the term "subsidiary" as used in these Regulations means a company in which a Taiwan insurance institution, either alone or in combination with other companies, holds at least 50 percent of the company's total issued shares or paid-in capital.</p> <p>Article 3</p> <p>A Taiwan-area insurance institution satisfying each of the following requirements may apply to the Ministry of Finance to establish a branch unit or subsidiary in Hong Kong or Macau:</p> <ol style="list-style-type: none"><li>1. Has had sound operational performance and secure financial capacity for the past three years.</li><li>2. Has personnel with professional expertise and experience in international insurance operations, and good foreign language proficiency.</li></ol> <p>Article 4</p> <p>A Taiwan-area insurance institution intending to establish a branch unit or subsidiary in Hong Kong or Macau shall apply to the Ministry of Finance for permission, submitting the following documents:</p> <ol style="list-style-type: none"><li>1. Application (format as per Attachment).</li><li>2. Minutes from meetings of the board of directors.</li><li>3. A business plan.</li><li>4. The internal control and auditing systems, and the methods of business operation management and performance evaluation.</li><li>5. Financial reports for the most recent three years, audited and attested by a certified public accountant, or comfort letters issued by an auditing authority for the applicant's final accounts for the most recent three years.</li><li>6. Other materials or documents prescribed by the Ministry of Finance.</li></ol> <p>An institution applying under the preceding paragraph to establish a representative office (or contact office) need not submit the documents</p>

listed under subparagraphs 3 to 5 of the preceding paragraph.

#### Article 5

Where facts indicate that an application by a Taiwan-area insurance institution to establish a branch unit or subsidiary in Hong Kong or Macau is likely to hinder sound business operations, or that such application is not in compliance with the requirements of government policy, the Ministry of Finance may deny permission. Where permission has already been granted, the Ministry of Finance may revoke it if necessary.

#### Article 6

A Taiwan-area insurance institution may not establish a branch unit or subsidiary in Hong Kong or Macau without permission from the Ministry of Finance.

#### Article 7

A Taiwan-area insurance institution intending to establish a branch unit or subsidiary in Hong Kong or Macau shall submit an establishment application to the competent authority for insurance in Hong Kong or Macau within six months after the Ministry of Finance grants permission.

Where an institution fails to submit an application to the competent authority for insurance in Hong Kong or Macau within the time period specified in the preceding paragraph, or where the competent authority for insurance in Hong Kong or Macau does not grant approval within six months after the application is submitted, the Ministry of Finance may revoke its permission, provided that where there is a legitimate reason the institution may, prior to the end of the period set forth in the preceding paragraph, apply to the Ministry of Finance for an extension.

#### Article 8

A Taiwan-area insurance institution that receives permission from the competent authority for insurance in Hong Kong or Macau to establish a branch unit or subsidiary shall submit documents relating to the matters listed below to the Ministry of Finance, which must approve its recordation before official establishment may take place:

1. The letter of approval from the competent authority for insurance in Hong Kong or Macau; if a business license has already been issued, a photocopy of the license shall also be submitted.
2. A list of the lines of business for which the competent authority for insurance in Hong Kong or Macau has granted approval for the institution to operate.
3. The intended date of establishment, and the full address.
4. The responsible person's name and documentary proof of his or her educational qualifications and employment history.

#### Article 9

After establishing a branch unit or subsidiary in Hong Kong or Macau, a Taiwan-area insurance institution shall file with the Ministry of Finance for approval if, in order to accommodate local insurance acts and regulations or business practices, it will be engaged in business that does

not comply with the insurance acts and regulations of the Taiwan area.

#### Article 10

After a Taiwan-area insurance institution establishes a branch unit or subsidiary in Hong Kong or Macau, the institution shall file with the Ministry of Finance for recordation if any of the following situations arises:

1. The name, responsible person, business address, or line(s) of business undergoes a change, or the branch unit or subsidiary is closed.
2. The subsidiary transfers its capital contribution.

#### Article 11

A Taiwan-area insurance institution that intends to merge with or acquire an insurance company in Hong Kong or Macau may not do so until it has submitted the documents set forth under Article 4, paragraph 1 to the Ministry of Finance and obtained the Ministry's approval.

#### Article 12

A subsidiary of a Taiwan-area insurance institution that intends to make an equity investment in Hong Kong or Macau in an insurance company shall do so in accordance with the provisions of these Regulations.

#### Article 13

An institution that prior to implementation of these Regulations already received approval from the Ministry of Finance and the competent authority for insurance in Hong Kong or Macau to establish a branch unit or subsidiary in Hong Kong or Macau is still subject to these Regulations, except that it is not required to apply again for establishment permission.

#### Article 14

These Regulations shall be implemented from the date of implementation of the Act, provided that where the situation contemplated in the proviso to Article 62 of the Act arises, these Regulations shall be implemented in whole or in part from the date or dates on which all or part of the Act is implemented, as appropriate.