

## Content

Title :	Regulations Governing Pre-sale Procedures for Insurance Products <b>Ch</b>
Date :	2012.06.29
Legislative :	<ol style="list-style-type: none"><li>1. Full text of 17 articles amended and issued on 17 December 2001 for implementation from the date of issuance</li><li>2. Article 9, 11, 15 amended and issued, Article 11-1 issued on 11 June 2003.</li><li>3. Article 9~11-1, 13, 15 amended and issued on 23 December 2004.</li><li>4. Article 11, 12 amended and issued on 11 August 2005.</li><li>5. Full text of 32 articles amended and issued on 30 August 2006 for implementation from the date of issuance, except where the date of implementation is specifically provided otherwise</li><li>6. Article 29, 30, 31 amended and issued on 6 September 2007.</li><li>7. Article 11, 12, 16~18, 22, 29~32 amended; Article 26 deleted on 31 March 2008 for implementation from the date of issuance.</li><li>8. Article 15, 18, 20, 31 amended and issued on 23 July 2008.</li><li>9. Article 16, 20, 27, 28 amended and issued on 30 December 2008.</li><li>10 Article 11, 12, 21, 23, 24, 30 amended and issued on 25 June 2012</li></ol>
Content :	<p>Article 1</p> <p>These Regulations are adopted pursuant to Article 144, paragraph 1 of the Insurance Act.</p> <p>Article 2</p> <p>Before selling any type of insurance product, an insurance enterprise shall comply with all of the procedures set out in these Regulations, except where otherwise provided by applicable acts or where the competent authority has given approval for a product of a special nature.</p> <p>The term "insurance product" in the preceding paragraph means the types of non-life insurance and life insurance specified in Article 13 of the Insurance Act, and its content includes insurance policy provisions, a proposal, premiums, and other related materials as designated by the competent authority.</p> <p>Article 3</p> <p>The "pre-sale procedures for insurance products" in these Regulations include the following three procedures:</p> <ol style="list-style-type: none"><li>1. "Procedures for design of insurance products", which means the procedures involved from the time of research and development until (but not including) submission of the product for review.</li><li>2. "Procedures for review of insurance products", which means the procedures for submission of the product for review by the competent authority following completion of the design procedures.</li><li>3. "Procedures for preparation for sale of insurance products", which means the procedures involved from the time review is completed until (but not including) commencement of product sales.</li></ol> <p>Article 4</p> <p>Procedures for design of insurance products shall include the following steps:</p> <ol style="list-style-type: none"><li>1. Product research and development.</li><li>2. Formal product development: including formulation of policy provisions</li></ol>

and the pricing actuarial memorandum.

3. Preparation for submission for review.

The procedures for design of insurance products under the preceding paragraph, and any amendments thereto, shall be reported to the competent authority for recordation.

Article 5

Before an insurance enterprise submits an insurance product to the competent authority for review, the product shall be evaluated by [the enterprise's] insurance product evaluation team. Minutes of each team meeting shall be maintained on file, submitted to the general manager for review, and kept available for inspection by the competent authority. The vice general manager (or someone of equivalent rank) shall serve as the chairperson of the insurance product evaluation team referred to in the preceding paragraph. Relevant signatories or their deputies shall attend team meetings and participate in the adoption of resolutions.

Article 6

An insurance enterprise shall pay close attention to the following matters when undertaking research and development of insurance products:

1. Assessing the appropriateness and legality of the insurance product.
  2. Assessing premium levels and market competitiveness.
  3. Assessing the feasibility of system administration.
  4. Assessing policy objectives and establishing feasible courses of action.
- Such assessment shall focus on insurance product design, devoting concrete attention to such matters as due professional care, due care of a good administrator, target market, and safeguarding of consumer interests.
5. When designing an insurance product, there may not be any false, fraudulent, or exaggerated claims about the insurance enterprise's performance, or any other act sufficient to mislead other persons.

Article 7

An insurance enterprise shall pay close attention to the following matters when formulating policy provisions during formal insurance products development:

1. Drafting policy provisions on the basis of the content of the product's design.
2. Inspecting the text of policy provisions for clarity and definitiveness of wording and meaning.
3. Ascertaining compliance with insurance-related acts and regulations.
4. Reviewing past experience with complaints, arbitration, and litigation connected with insurance products that are similar in nature, and clearly setting forth the rights and obligations of proposers, insureds, and beneficiaries.
5. Making adjustments to ensure legal compliance when introducing an insurance product based on a foreign product.

Article 8

An insurance enterprise shall pay close attention to the following matters when formulating the pricing actuarial memorandum during formal product development of non-life insurance products:

1. Determining benefit items and collecting premium rate-making reference information, confirming that these are related to premium rate-making, and confirming the adequacy, reasonableness, and fairness of premium rates.

2. Determining the basis for pricing of the risk.
3. Determining the method for calculation of premium rates.
4. Evaluating reinsurance arrangements.
5. Risk management mechanisms.

#### Article 9

An insurance enterprise shall pay close attention to the following matters when formulating the pricing actuarial memorandum during formal product development of life insurance products:

1. Determining benefit items and collecting premium rate-making reference information, confirming that these are related to premium rate-making, and confirming the adequacy, reasonableness, and fairness of premium rates.
2. Setting limits on the insuring age and insuring amounts, and determining the method of premium payment.
3. Undertaking trial calculation of premiums.
4. Calculating reserves and contract amendments.
5. Carrying out pricing analysis and risk assessment.

A life insurance enterprise shall pay close attention to the following matters when carrying out the pricing analysis and risk assessment under subparagraph 5 of the preceding paragraph:

1. Analyzing the reasonableness of assumptions used.
2. Analyzing various profit benchmarks (including analysis of product profits, plus analysis of either asset share or the break-even point).
3. Reviewing the appropriateness of risk assessment results (including testing of actuarial data and sensitivity analysis).
4. Inspecting the text of policy provisions and the pricing actuarial memorandum for consistency.

#### Article 10

Before an insurance enterprise submits an insurance product for review, the general manager (or a department head authorized thereby) and qualified signatories shall sign off on the product.

The general manager shall bear joint liability for the actions of any department head that he/she authorizes, and is also responsible for supervising signatories.

One person may not serve concurrently as two or more of the signatories referred to in paragraph 1.

#### Article 11

When a non-life insurance product is submitted for review, the term "qualified signatories" in paragraph 1 of the preceding article means personnel with the following qualifications who are designated by the insurance enterprise to bear responsibility and sign for the insurance product, unless it is otherwise provided by the competent authority:

1. Underwriters: Those qualified as underwriters under Article 12 of the Regulations Governing Business Solicitation, Policy Underwriting, and Claim Adjusting of Insurance Enterprises, and possessing three years or more of actual experience handling relevant insurance underwriting either at home or abroad.
2. Claims adjusters: Those qualified as claims adjusters under Article 13 of the Regulations Governing Business Solicitation, Policy Underwriting, and Claim Adjusting of Insurance Enterprises, and possessing three years or more of actual experience handling relevant insurance claims adjustment

either at home or abroad.

3. Actuaries: Those qualified as actuaries under Article 2, paragraph 2 of the Regulations Governing Appointed Actuaries of Insurance Enterprises whose qualification as an appointed actuary has not been revoked by the competent authority or whose period of suspension from working as an appointed actuary as imposed by the competent authority has expired, and possessing three years or more of actual experience handling relevant insurance actuarial work either at home or abroad.

4. Legal affairs personnel: Those possessing any one of the following qualifications:

(1) Attorneys qualified to practice under the Attorney Regulation Act.

(2) Graduates of an insurance or law department at a domestic educational institution at the level of junior college or higher who have five or more years of actual work experience supervising insurance-related legal affairs.

(3) Anyone who has been in charge of the legal affairs department at an insurance enterprise and has actually served in that capacity for five years or more.

(4) Anyone who has worked for eight years or more in the legal affairs department of an insurance enterprise.

(5) Educators who have taught insurance law in an insurance or law department of a domestic educational institution at the level of junior college or higher.

Article 12, paragraph 1, subparagraphs 5 and 6, and paragraph 2 herein apply mutatis mutandis to non-life insurance products mentioned in Article 16, paragraph 1, subparagraph 1 submitted by an insurance enterprise for review.

#### Article 12

When a life insurance product is submitted for review, the term "qualified signatories" in Article 10, paragraph 1 means personnel with the following qualifications who are designated by the insurance enterprise to bear responsibility and sign for the insurance product, unless it is otherwise provided by the competent authority:

1. Underwriters: Those qualified as underwriters under Article 12 of the Regulations Governing Business Solicitation, Policy Underwriting, and Claim Adjusting of Insurance Enterprises, and possessing three years or more of actual experience handling relevant insurance underwriting either at home or abroad.

2. Claims adjusters: Those qualified as claims adjusters under Article 13 of the Regulations Governing Business Solicitation, Policy Underwriting, and Claim Adjusting of Insurance Enterprises, and possessing three years or more of actual experience handling relevant insurance claims adjustment either at home or abroad.

3. Actuaries: Those qualified as actuaries under Article 2, paragraph 2 of the Regulations Governing Appointed Actuaries of Insurance Enterprises whose qualification as an appointed actuary has not been revoked by the competent authority or whose period of suspension from working as an appointed actuary as imposed by the competent authority has expired, and possessing three years or more of actual experience handling relevant insurance actuarial work either at home or abroad.

4. Legal affairs personnel: Those possessing any one of the following qualifications:
- (1) Attorneys qualified to practice under the Attorney Regulation Act.
  - (2) Graduates of an insurance or law department at a domestic educational institution at the level of junior college or higher who have five or more years of actual work experience supervising insurance-related legal affairs.
  - (3) Anyone who has been in charge of the legal affairs department at an insurance enterprise and has actually served in that capacity for five years or more.
  - (4) Anyone who has worked for eight years or more in the legal affairs department of an insurance enterprise.
  - (5) Educators who have taught insurance law in an insurance or law department of a domestic educational institution at the level of junior college or higher.
5. Investment personnel: Supervisors of investment-related departments who have three years or more of actual experience at home or abroad handling financial, securities, or other investment affairs.
6. Insurance conservation personnel: Those who have been the supervisor of a department handling amendments to insurance contracts or related conservation matters, and who have three or more years of actual experience handling amendments to insurance contracts and other insurance conservation-related matters at home or abroad.

A department head authorized by the general manager as set out in Article 10, paragraph 1 must have previously been responsible for insurance actuarial work and have one year or more of actual experience at home or abroad handling financial, securities, risk management, or other investment affairs.

#### Article 13

When signing an insurance product, the general manager (or a department head authorized thereby) and qualified signatories shall carefully check the factual accuracy, reasonableness, and legality of those for which they are responsible. They shall be responsible for at least the following:

1. General manager or a department head authorized thereby:
  - (1) The "Description of Insurance Product and Declaration Thereupon".
  - (2) The "Declaration Form for Submission to the Competent Authority of Insurance Product".
  - (3) The "Declaration of Partial Insurance Product Modification".
  - (4) Check the Insurance Product's "Self-Review Form" to see whether the boxes have been correctly checkmarked.
  - (5) The proposal.
  - (6) Completeness of documents submitted for review.
  - (7) Check whether the insurance product violates the relevant acts or regulations.
  - (8) Check whether the insurance product is prejudicial to the safeguarding of consumer interests.
  - (9) Check whether the insurance product violates the insurance enterprise's business strategy, and whether it poses a potential threat to current or future solvency.
  - (10) Check the appropriateness of asset-liability allocation.

2. Underwriters:

(1) Provisions and declarations pertaining to underwriting in the "Declaration Form for Submission to the Competent Authority of Insurance Product".

(2) Provisions pertaining to underwriting in the "Policy Provision Comparison Table".

(3) The proposal.

(4) The "Declaration of Partial Insurance Product Modification".

3. Claims adjusters:

(1) Provisions and declarations pertaining to claims adjustment in the "Declaration Form for Submission to the Competent Authority of Insurance Product".

(2) Provisions pertaining to claims adjustment in the "Policy Provision Comparison Table".

(3) The proposal.

(4) The "Declaration of Partial Insurance Product Modification".

4. Actuaries:

(1) Provisions and declarations pertaining to actuarial work in the "Declaration Form for Submission to the Competent Authority of Insurance Product".

(2) Provisions pertaining to actuarial work in the "Policy Provision Comparison Table".

(3) The proposal.

(4) The "Declaration of Partial Insurance Product Modification".

(5) A pricing actuarial memorandum and other related statements.

(6) The content of the asset-liability allocation plan.

(7) The "Signing Actuary's Assessment Opinion and Declarations Thereupon".

(8) The "Rule Governing Management of the Financial and Operational Aspects of a Participating Life Insurance Policy," "Rule Governing Expense Apportionment and Income Distribution by Participating and Nonparticipating Life Insurance Policies," and "Rule Governing Dividend Participation."

(9) A statement of how the enterprise will respond if interest rates fail to reach a certain level.

(10) A statement explaining the reasonableness of product pricing.

(11) An assessment of operational risks and risk tolerance.

5. Insurance conservation personnel:

(1) Provisions and declarations pertaining to insurance conservation in the "Declaration Form for Submission to the Competent Authority of Insurance Product".

(2) Provisions pertaining to insurance conservation in the "Policy Provision Comparison Table".

(3) The proposal.

(4) The "Declaration of Partial Insurance Product Modification".

6. Legal affairs personnel:

(1) Provisions and declarations pertaining to legal affairs in the "Declaration Form for Submission to the Competent Authority of Insurance Product".

(2) Provisions pertaining to legal affairs in the "Policy Provision Comparison Table".

(3) The proposal.

- (4) The "Declaration of Partial Insurance Product Modification".
7. Investment personnel:
- (1) Provisions and declarations pertaining to investment in the "Declaration Form for Submission to the Competent Authority of Insurance Product".
- (2) Provisions pertaining to investment in the "Policy Provision Comparison Table".
- (3) The proposal.
- (4) The "Declaration of Partial Insurance Product Modification".
- (5) The content of the asset-liability allocation plan.
- (6) Investment instrument prospectus.
- (7) A statement of how the enterprise will respond if interest rates fail to reach a certain level.
- (8) A check of the inter-relatedness of the product's asset allocation plan and the product's assumed interest rate.
- (9) An assessment of investment risks and risk tolerance.

#### Article 14

An insurance product signatory shall attend at least 15 hours per year of insurance-related professional training held by a training institution designated or recognized by the competent authority.

An insurance product signatory who fails to complete the professional training referred to in the preceding paragraph by the end of a given year may not sign off on insurance products for the insurance enterprise during the following year.

A training institution designated by the competent authority, as referred to in paragraph 1, shall report the content of its training as well as its evaluation standards each year to the competent authority under "file and use" rules.

#### Article 15

Any given insurance product shall complete its review procedure in one of the following manners, unless it is otherwise provided by the competent authority:

1. Prior-approval procedures: The insurance enterprise shall submit the insurance product for approval by the competent authority prior to its sale.
2. Use-and-file procedures: The insurance enterprise may sell the insurance product without prior approval by the competent authority, provided that within 15 working days after product sales begin, the enterprise shall submit materials to the competent authority, or to any institution designated thereby, for recordation.

For the insurance products referred to in subparagraph 1 of the preceding paragraph, the competent authority shall review and respond to the applicant within 40 working days from the day on which it receives in full all application documents, and within 90 working days shall decide upon approval or rejection.

#### Article 16

For the following non-life insurance products, an insurance enterprise may commence sale only after applying for and receiving prior approval from the competent authority, unless otherwise provided by the competent authority.

1. An insurance product with a period of insurance or period of insurer

liability in excess of three years.

2. A new type of individual insurance product.

Standards for determining what qualifies as a "new type of insurance product" as referred to in subparagraph 2 of the preceding paragraph shall be drafted by the Non-life Insurance Association of the Republic of China and reported to the competent authority for review.

The term "individual insurance" in paragraph 1, subparagraph 2 means insurance in which the proposer is a natural person.

#### Article 17

For the following life insurance products, an insurance enterprise may commence sale only after applying for and receiving prior approval from the competent authority, unless otherwise provided by the competent authority:

1. An annuity product launched in accordance with the applicable provisions of the Labor Pension Act.

2. An investment-linked insurance product for which it is required to set aside reserves against guaranteed benefits.

3. A new type of insurance product.

Standards for determining what qualifies as a "new type of insurance product" as referred to in subparagraph 3 of the preceding paragraph shall be drafted by the Life Insurance Association of the Republic of China and reported to the competent authority for review.

#### Article 18

When an insurance enterprise submits an insurance product for review, it shall do so in accordance with applicable acts and regulations; directions for insurance product review as adopted by the competent authority; and practice principles and self-regulatory rules or codes of professional conduct adopted by domestic professional societies (associations) designated or authorized by the competent authority, or by other relevant entities.

The insurance enterprise shall submit the necessary documents and electronic file thereof as required by the competent authority or any institution designated thereby to the competent authority or any institution designated thereby and provide such information to the competent authority or any institution designated thereby for the construction of an insurance product database.

The documents and electronic file thereof to be submitted under the preceding paragraph shall be prescribed by the competent authority.

After an insurance product has been approved by the competent authority or reported to the competent authority for recordation, the competent authority may provide related information to the public for inquiry and browsing. The related information shall contain at least the following:

1. The "Description of Insurance Product".

2. Policy provisions.

3. The proposal.

4. Rate table: Where no rate table is available, a description of rates shall be provided, unless it is otherwise provided by the competent authority.

5. A list showing the names of the general manager, (or a department head authorized thereby), and the insurance product signatories.

6. Other information as designated by the competent authority.



#### Article 19

An insurance enterprise reporting an insurance product to the competent authority for prior approval shall do so within the quota for prior approval set by the competent authority.

Where [an insurance enterprise] has submitted insurance products for review on a prior-approval basis, as referred to in the preceding paragraph, but review has not been completed or a supplementation request from the competent authority has not yet been effected, if the combined number of such submissions exceeds the quota set by the competent authority, the competent authority will refuse to review any other new products that [the insurance enterprise] submits for review.

#### Article 20

For an insurance product that has already passed review, if there is subsequently an amendment to its policy provisions, proposal, or pricing actuarial memorandum, or if its premium rates are restructured, such change shall be subject to the use-and-file procedures set out in these Regulations unless the competent authority determines the change is significant, in which case the provisions of Article 15, paragraph 1, subparagraph 1 shall govern. The preceding paragraph does not apply if it is otherwise provided by the competent authority.

The preceding paragraph applies to an insurance product that had already passed review before these Regulations went into effect.

#### Article 21

An insurance enterprise complying with certain conditions may apply to the competent authority each year prior to the end of June for recognition of such compliance and thereafter switch to the use-and-file procedure for launching the insurance products listed in Article 16, paragraph 1, subparagraph 2 or Article 17, paragraph 1, subparagraph 3 herein.

The "certain conditions" in the preceding paragraph are the following:

1. The enterprise's ratio of equity capital to risk-based capital for the past year is at least 250%.
2. The enterprise has not been sanctioned by the competent authority within the past year for violation of the Insurance Act or any rule or regulation issued upon authorization granted under the Insurance Act. However it does not apply to the order of correction or improvement within a specified time period as sanctioned by the competent authority not under the rules and regulations for the review of insurance products.
3. The enterprise has not been subject to an administrative fine of NT\$1 million or greater by the competent authority within the past year for violation of the Compulsory Automobile Liability Insurance Act.
4. In the case of a non-life insurer, the enterprise's combined ratio over the past year for retained business, not including compulsory automobile liability insurance, was 90 percent or lower. In the case of a life insurer, the enterprise's 25-month persistency rate for basic insured amounts over the past year was 80 percent or higher.
5. Based on the number of complaints filed during the past year with the competent authority, or with any institution designated thereby, the enterprise was among the 30 percent of non-life insurers or life insurers having the lowest composite score with respect to complaint rate for non-claim related matters, complaint rate for claims adjusting matters, and

number of processing days.

6. Professionally licensed signatories employed on a full-time basis accounted for 75 percent or higher of all actual signatories for insurance products submitted for review during the past year.

7. The insurer has launched an insurance product during the past year designed specifically to dovetail with government policy needs, or has taken part in public service work during the past year, and in either case has performed with distinction.

The competent authority shall define the meaning of "professionally licensed signatories" as used in subparagraph 6 of the preceding paragraph. The recognition referred to in paragraph 1 remains valid for a period of one year. However if an insurance enterprise falls out of compliance with subparagraph 1, 2, or 6 of paragraph 2 during the recognition period, insurance products listed in paragraph 1 herein shall still be subject to review on a prior-approval basis.

#### Article 22

An insurance enterprise may sell a given insurance product only if, during the preparation period prior to sale of the insurance product, it has convened a meeting of its insurance product management team to check the following matters:

1. Disclosure of product information.
2. Uploading actuarial data to a computer network and verifying its accuracy.
3. Risk management mechanisms and reinsurance arrangements.
4. Set-up and testing of information systems.
5. Printing of policy provisions, proposals, rate tables, and brochures.
6. Training.

#### Article 23

When an insurance enterprise convenes a meeting of the insurance product management team, it shall keep minutes recording its proceedings and conclusions. The minutes shall be submitted to the general manager for review, and kept available for inspection by the competent authority. The vice general manager (or someone of equivalent rank) shall serve as chairperson of the insurance product management team referred to in the preceding paragraph.

#### Article 24

After sales of an insurance product have commenced, the insurance enterprise shall convene meetings of its insurance product management team at least once every half a year to review the following product-related matters, and shall make any necessary adjustments and amendments:

1. Compliance with applicable acts or regulations.
2. Safeguarding of consumer interests.
3. Business strategy, and any potential threat to current or future solvency.
4. Appropriateness of asset-liability allocation.
5. Analysis of the pricing reasonableness of insurance products and response measures.
6. Analysis of the concentration risk of various types of products and response measures.

#### Article 25

Where it is necessary to amend an insurance product in order to coordinate with changes to applicable acts or regulations, within 45 working days from the day on which the amendment to the applicable acts or regulation was issued and took effect an insurance enterprise shall, unless otherwise provided by act or regulation, amend the insurance product and complete transmission thereof to an insurance product database established by the competent authority or by an institution of its designation, without observing provisions regarding the procedures for partial insurance product modification as set out in Article 20.

#### Article 26

(deleted)

#### Article 27

The competent authority may establish different insurance product review committees for different types of insurance products to review the insurance products submitted by insurance enterprises for review, and may as necessary designate [product review] to a specialized institution.

#### Article 28

When an insurance enterprise accepts an invitation to attend (or observe) an insurance product review meeting convened by the competent authority or by a specialized institution authorized thereby, the enterprise shall dispatch at least one person of manager rank or higher with a thorough understanding of the product to attend (or observe) the meeting as the enterprise's representative.

Persons who attend (or observe) a review meeting shall carefully read meeting materials beforehand, and after the review meeting shall submit to the insurance product evaluation team a written report regarding any material controversies and the main conclusions. They shall also submit their reports to the general manager for review.

#### Article 29

Where any one of the following situations applies with respect to an insurance enterprise, the competent authority may, depending on the severity of the circumstances, prohibit the insurance enterprise for a period of one year or less from filing for prior approval or use-and-file launch of an insurance product in accordance with Article 15, paragraph 1 herein and make public announcement of the same, provided, however, that this does not apply where an insurance product has been amended in order to coordinate with changes to applicable acts or regulations, or where the competent authority has granted approval.

1. The enterprise has continued selling an insurance product after being ordered by the competent authority to suspend sales.
2. A signatory has continued to act as signatory after being disqualified by the competent authority.
3. Four times or more within the past year, the competent authority has determined that the circumstances set out in any one of the subparagraphs under paragraph 1 of Article 30 obtain with respect to the enterprise's insurance products, provided, however, that this does not apply to a minor violation of Article 30, paragraph 1, subparagraph 7 if the competent authority has dealt with the matter in accordance with Article 30, paragraph 3.
4. Within the past year, the competent authority has assessed a cumulative

total of 15 or more violation points for insurance products that the insurance enterprise's signatories have signed off on in behalf of that insurance enterprise.

#### Article 30

When any one of the following circumstances applies with respect to an insurance product of an insurance enterprise, the competent authority may reject the product outright without proceeding to a review, or may order the insurance enterprise to suspend sales and make public announcement of the same except for circumstances specified in subparagraphs 8 and 10 hereof:

1. The product is not compliant with applicable legal requirements in a material manner.
2. The product has not been signed by the general manager, a department head authorized thereby, or a qualified signatory.
3. The product contains a material error, or is missing an important provision.
4. Materials submitted for review purposes contain false representations.
5. The general manager, a department head authorized thereby, or a qualified signatory makes a false or materially erroneous statement.
6. The enterprise commences product sales without observing the provisions of Article 15, paragraph 1 or Article 20, paragraph 1.
7. The product was not submitted under the required review process.
8. The enterprise has failed to submit a document as required under Article 18, paragraph 2, or a submitted document is incomplete and the enterprise is ordered to make correction within a prescribed time period but fails to do so.
9. The enterprise fails in a material manner to observe the provisions of Article 5, Article 21 paragraph 4, Article 22, Article 23, Article 25, or Article 28.
10. An enterprise files in accordance with Article 15, paragraph 1, subparagraph 1 with the competent authority for prior approval of an insurance product and the competent authority issues a letter requiring supplementation of the filing documents, but supplementation is not made within 75 working days from the day on which the competent authority received in full all application documents.

Where the situation set out in subparagraph 6 of the preceding paragraph applies with respect to an insurance product, the competent authority may impose sanction in accordance with Article 171 of the Insurance Act.

Where the situation set out in paragraph 1, subparagraph 7 applies with respect to an insurance product and the competent authority has determined that the violation is minor, the competent authority may order the insurance enterprise to submit the product under a different review procedure, and may also order it to suspend sales of the insurance product in question until it has completed procedures for resubmission of the product for review.

#### Article 31

Where any one of the following situations applies with respect to an item for which a signatory bears responsibility pursuant to the provisions of Article 13, the competent authority may, depending on the severity of the circumstances, assess from one to three violation points and disclose same

to insurance enterprises for a period of three years:

1. The content on which the signatory has signed off is not compliant with applicable legal requirements in a material manner.
2. Submitted material, or the format thereof, is materially non-compliant with requirements.
3. The product contains a material error, or is missing an important provision.
4. Materials submitted for review purposes contain false representations.
5. A false or materially erroneous statement is made.
6. The content on which a signatory has signed off is in material violation of directions for insurance product review adopted by the competent authority.
7. The content on which a signatory has signed off is not compliant in a material manner with the best practice principles and self-regulatory rules or codes of professional conduct adopted by domestic professional societies (associations) designated or authorized by the competent authority, or by other relevant entities, to which the signatory belongs.

Where there are a large number of errors or clear defects within a prescribed time period in the matters signed off on by an insurance product signatory, the competent authority may, depending on the severity of the circumstances, assess from one to three violation points and disclose same to insurance enterprises for a period of three years.

If an insurance product signatory has been assessed a cumulative total of three violation points by the competent authority within the past three years, the competent authority may prohibit the signatory from signing off on insurance products for six months and make public announcement of the same.

Where a domestic professional society (association) designated or authorized by the competent authority, or another relevant entity, to which the signatory belongs, has suspended or restricted the signatory's membership status due the situation set out in paragraph 1, subparagraph 7, the competent authority may, depending on the severity of the circumstances, prohibit the signatory for a period of one year or less from signing off on insurance products.

#### Article 32

These Regulations shall be implemented from the date of promulgation.