


Content

Title :	Mandatory and Prohibitory Provisions of Standard Form Contract for Personal Automobile Insurance 
Date :	2011.06.22
Legislative :	1. Announced by the Financial Supervisory Commission per Letter No.: Jin-Guan-Bao-Ping-Zi-10002525611 dated June 22, 2011 and implemented on September 1, 2011
Content :	<p>I. Mandatory Provisions</p> <p>1. Parties to the contract</p> <p>The contract should state the name, business place, and telephone number of the insurer, and the basic personal information of the applicant and the insured, including name, gender, telephone number and address.</p> <p>2. Name of insurance product.</p> <p>3. Type of insurance purchased, insurance period, insured amount, premium and date of contract.</p> <p>4. Basic data of subject matter insured</p> <p>Written questions inquired on the type, model, purpose of use, license plate number, engine number or vehicle identification number of the insured vehicle, premiums and risks covered.</p> <p>5. Causes for invalidation of the insurance contract.</p> <p>6. Constitution of the insurance contract</p> <p>Clauses of insurance contract, riders, endorsements, the application and other agreements shall constitute a part of the insurance contract.</p> <p>7. Interpretations of the insurance contract</p> <p>The interpretation of the insurance contract shall seek the true intention of the party concerned and may not be adhered rigidly to the language used; where there are doubtful points, interpretations that favor the insured shall prevail.</p> <p>8. Deductible</p> <p>If the insurance policy has deductible, state the calculation or amount of deductible.</p> <p>9. The obligation to make truthful representation and rescission of contract</p> <p>When entering an insurance contract, the applicant or the insured must answer truthfully questions asked in the application form or the written inquiry of the insurer. If there is any willful concealment, or negligent omission or misrepresentation that is sufficient to alter or diminish the insurer's estimation of the risk to be undertaken, the insurer may rescind the contract; the same shall apply after the risk has occurred, unless the applicant proves that the occurrence of the risk was not based on any fact that he/she did or did not represent.</p> <p>The right to rescind as stated in the preceding paragraph shall be extinguished if not exercised within one month from the time the insurer knows of the cause for rescission. Once two years have elapsed after the contract is entered into, the contract may not be rescinded even if cause</p>

for rescission exists

When an insurer rescinds an insurance contract in accordance with Paragraph 1 hereof, the insurer may retain the premium already collected and ask the insured to return any indemnity payment received.

10. Validity of premium payment and non-payment

The applicant should pay premium to the insurer at the time of signing the insurance contract or during the agreed period. When collecting the premium payment, the insurer shall issue a receipt to the applicant. The insurance contract never takes effect when premium is not paid as agreed.

11. Conditions and means for termination of contract, and calculation of premium refund after contract termination, and validity of contract termination

The applicant may terminate the contract at any time; the insurer can only terminate the contract when the insured is found to have fraudulent behavior in making claims or the applicant pays premium in the form of other than cash and such payment cannot be cashed.

When the applicant terminates the contract, the contract loses its validity starting from the next day following the delivery of the written notice of termination. The earned premium shall be calculated based on the short-term premium rate schedule. Where the insurer notifies the applicant of the termination of contract according to the preceding paragraph, the unearned premium shall be refunded on a daily pro-rata basis.

The calculation based on the short-term premium rate schedule referred to in the preceding paragraph shall be stipulated in the contract.

12. Conditions and process for making total loss claim and handling of unearned premium on other types of insurance under the same insurance contract

Total loss claim means when a covered damage to the insured vehicle is beyond repair or the cost of repair is _____ more than the insured amount less depreciation, the amount the insurer pays the insured by multiplying the insured amount by an agreed indemnification rate.

When other types of insurance are included under the same insurance contract and a total loss claim is made on the insured vehicle, how will the unearned premiums on the other types of insurance be handled after the insurer has paid the total loss indemnity.

13. Exclusions and additional coverage

Matters that the insurer is not liable for and/or matters additionally covered with additional premium as agreed by the insurer.

14. Subrogation

If an insured has a right to claim indemnification from a third party due to occurrence of loss for which the insurer bears insurance liability, the insurer may, after paying indemnity, be subrogated to the insured's right of claim against the third party. However, the amount of the subrogated claim may not exceed the amount of the indemnity. The insured may not at his/her own discretion forfeit his/her right of claim against any third party or act in any manner that is adverse to the exercise of the right of subrogation by the insurer. Otherwise, the insurer is entitled to requesting the return of the indemnity already paid to the insured up to the extent of amount the insurer was not able to claim due to the act of the insured.

If the third party referred to in the preceding paragraph is a family member or employee of the insured, the insurer has no right of claim by subrogation. However, this rule is not applicable when the loss has resulted from the willful misconduct of such third party.

The insurer agrees to reimburse all necessary expenses incurred by the applicant or the insured to secure the right of claim of the insurer and treat it as an insured loss.

15. Other insurance

When the insured vehicle incurs liability or damage and loss covered under the contract, the insurer shall be liable for indemnification according to the following rules when the same vehicle has other insurance:

(1) When the other insurance is a liability insurance, for property damage, the insurer shall pay a share of the indemnity proportional to the ratio of insured amount under the contract to the combined insured amount; for bodily injury, the insurer shall pay a share of the indemnity exceeding the insured amount stipulated in the Compulsory Automobile Liability Insurance Act proportional to the insured amount under the contract as calculated below:

a. Property damage liability:

$$(\text{Actual indemnity payment}) \times \left[\frac{\text{insured amount under the contract}}{\text{insured amount under the contract} + \text{the insured amounts under other insurance policies}} \right]$$

b. Bodily injury liability:

$$(\text{Actual indemnity payment} - \text{Amount claimable under the Compulsory Automobile Liability Insurance Act}) \times \left[\frac{\text{insured amount under the contract}}{\text{insured amount under the contract} + \text{the insured amounts under other insurance policies}} \right]$$

(2) Where the other insurance is a type of social insurance, the provisions for the portion of loss exceeding the amount covered by the other insurance or not covered by the other insurance.

The term “other insurance” referred to in the preceding paragraph means when the insured vehicle incurs liability or damage and loss covered under the insurance contract, there are other policies covering loss in the same occurrence at the same time.

16. Transfer of subject matter insured and contractual interests

When the vehicle license of the insured vehicle is transferred, the validity of the insurance contract is suspended if no application is made for the transfer of contractual interests within 10 days from the date the transfer of vehicle license takes effect, and the insurer will not be held liable for the occurrence of any insured event during the policy suspension period.

Where the insured has applied to the insurer for transfer of contractual interests but the transfer of vehicle license has not been completed, the insurer shall still be held liable for any insured event occurred. However the indemnity will not be paid until the new vehicle license has been issued.

17. Necessary actions to prevent further loss and reimbursement of expenses

When the insured vehicle incurs liability or damage and loss covered under the insurance contract, the insured shall take necessary actions to prevent further loss or to mitigate loss. Further loss incurred due to failure of

the insured to take the aforementioned necessary actions shall be assumed by the insured himself/herself.

The insurer agrees to reimburse the applicant or the insured reasonable expenses incurred in taking necessary actions to prevent or mitigate loss as referred to in the preceding paragraph, and the insurer's responsibility to reimburse is not relieved when the insured is not at fault in the accident. In such event, the insured is not subject to the agreed deductible and shall still be entitled to claim-free premium discount.

18. Pre-repair inspection

When the insured vehicle incurs damage and loss covered under the insurance contract, the insured may not repair the insured vehicle at his/her own discretion before it is inspected by the insurer, unless the insurer has not taken any action in 24 hours (extended accordingly in case of a holiday) after being notified by the insured.

19. Scope and process of claims and requirement documents when filing a claim

The scope of claims and process of making claims, and documents required when filing a claim.

20. Obligation to give notice of the occurrence of risk

When an insured event occurs, the applicant or the insured is obligated to notify the insurer.

21. Participation in settlement (applicable to third party automobile liability insurance)

The insurer is not bound by any promise, settlement or indemnity payment made by the insured with or to any third party in connection with his/her responsibility in an accident without the insurer's participation, unless the applicant or the insured has notified the insurer to participate in the settlement negotiation but the insurer refused without justified reasons or stalled with excuses.

22. The right to request direct payment (applicable to third party automobile liability insurance)

When an insured event under the third party automobile liability insurance occurs and the insured is found liable according to law, the rightful claimant may, within the extent of insured amount, directly request indemnity from the insurer based on the proportion he/she is entitled to.

24. Time limit for indemnity payment and calculation of delay interest

After the applicant or the insured has submitted the required claim documents, the insurer shall pay indemnity within an agreed time period. If no such time period is agreed on, the insurer shall make payment in 15 days after receiving a notice of claim.

Where the insurer fails to make indemnity payment within the time limit prescribed in the preceding paragraph for reasons attributable to its own fault, the insurer shall pay the insured delay interest at a rate of 1 per cent per annum.

24. Handling of recovered stolen vehicle (applicable to automobile theft insurance)

When the insured vehicle is lost and then recovered after the insurer has paid the indemnity, the insured may claim the recovered vehicle by returning the indemnity received in 7 days after learning its recovery.

If the insured fails to do so, the insurer has the discretion to sell the recovered vehicle, and share the proceeds obtained thereof with the insured based on the percentage of the agreed deductible under the insurance policy.

If the insured receives a notice of his/her stolen vehicle or parts and components of the vehicle being found, the insured shall promptly notify the insurer in writing and has the obligation to assist the insurer in recovering the vehicle.

25. Complaint, mediation and arbitration

Any dispute arising out of the insurance contract between the applicant or the insured and the insurer may be settled by filing a complaint, submitting the dispute to mediation, or to arbitration if so agreed by the parties. The procedure and expenses incurred shall be dealt with in accordance with applicable regulations or the arbitration law.

26. Court of Jurisdiction

In the event of lawsuit arising out of or in connection with the insurance contract, the parties agree that the court of jurisdiction shall be the district court where the domicile of the applicant or the insured is located. In the event the applicant or the insured resides outside the territory of the Republic of China, the district court at where the head office or Taiwan (Taipei) branch office of the insurer is located shall be the court of jurisdiction.

II. Prohibitory Provisions

1. The written inquiry made by the insurer shall not contain questions irrelevant to risk assessment.
2. The insurer may not reach a prior agreement with the applicant on automatic renewal of the contract without notice to the applicant or the insured.
3. The insurance contract may not contain provisions prohibited by law or agreements that are obviously unfair.
4. The insurance contract may not contain a clause providing that the insurer's advertisement does not constitute a part of the insurance contract.
5. The insurance contract may not exclude the jurisdiction of small claim court provided in Article 47 of the Consumer Protection Act and Article 436-9 of the Code of Civil Procedure.
6. The insurance contract may not contain a clause allowing the period of indemnity payment to surpass 15 days from the date the applicant or the insured has submitted all required documents.