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| Title : | Insurance Act  |
| Date : | 2018.06.06 |
| Legislative : | Amendment to Article 166、167-1、167-4~168-1、169、169-2、170-1~171-1、172 and 172-2 promulgated per Presidential Order No. Hua-Zong-Yi-Yi-Zi-10700060041 dated June 6, 2018 |
| Content : | <p>Insurance Act</p> <p>Amendment to Article 166、167-1、167-4~168-1、169、169-2、170-1~171-1、172 and 172-2 promulgated per Presidential Order No. Hua-Zong-Yi-Yi-Zi-10700060041 dated June 6, 2018</p> <p>Article 166</p> <p>Enterprises that engage in the business of insurance without obtaining approval from the competent authority in accordance with the provisions of Article 137 of this Act shall be ordered to suspend business, and shall be assessed an administrative fine of not less than New Taiwan Dollars three million but not more than New Taiwan Dollars thirty million.</p> <p>Article 167- 1</p> <p>Any person who provides agent, broker, surveyor services for insurance enterprises or foreign insurance enterprises not approved under the Act shall be subject to a prison term of not more than three (3) years, and in addition thereto, a fine of not less than New Taiwan Dollars three million (NT\$3,000,000) but not more than New Taiwan Dollars twenty million (NT\$20,000,000). For violations deemed severe, the competent authority may order the violating insurance agent, broker, surveyor, or the bank operating the insurance agent or insurance business concurrently to suspend business, in whole or in part, or revoke the offender' s practice license. Where a juristic person' s representative, agent, employee or other staff commits the offense described in the preceding paragraph when practicing business, the offender shall be punished and said fine shall be imposed on the juristic person too.</p> <p>Any person who operates or practices the business of an insurance agent, broker or surveyor without a practice license is subject to a fine of not less than New Taiwan Dollars nine hundred thousand (NT\$900,000) but not more than New Taiwan Dollars nine million (NT\$9,000,000).</p> <p>Article 167- 4</p> <p>When the competent authority dispatches officers to inspect the financial or business conditions of an insurance agent, broker, surveyor, or a bank operating the insurance agent or insurance broker business concurrently, or order an insurance agent, broker , surveyor or a bank operating the insurance agent or insurance broker business concurrently to report the condition of its business within a specified time limit pursuant to Paragraph 5 of Article 163 herein, Paragraph 4 of Article 165 herein to which Article 148 applies mutatis mutandis, a fine of not less than New Taiwan Dollars three hundred thousand (NT\$300,000) but not more than New Taiwan Dollars three million (NT\$3,000,000) will be imposed on the insurance agent, broker, surveyor or bank operating the insurance agent or insurance broker business concurrently if the insurance agent, broker or surveyor himself/herself or an responsible person or employee of the insurance agent, broker or surveyor, or the departmental supervisor, vice supervisor, or employee of the bank operating the insurance agent or insurance broker business concurrently has any of the situations: The person-in-charge may be dismissed under severe circumstances.</p> <ol style="list-style-type: none">1. Refusing to allow inspection or to open the safe or other storage rooms.2. Concealing or destroying account books or documents related to the |

business or financial conditions of the insurance agent, broker or surveyor.

3. Refusing to respond to, or making false representation in response to an inspector's queries without cause.

4. Missing the deadline for submission of financial reports, property list, or other related information and reports, or making false or incomplete representations, or missing the deadline for payment of inspection fees.

Where the competent authority dispatches an officer to conduct inspection of an affiliate of an insurance agent, broker, surveyor or bank operating the insurance agent or insurance broker business concurrently, or any other financial institution related thereto pursuant to Paragraph 5 of Article 163 herein, and Paragraph 4 of Article 165 herein to which Article 148 applies mutatis mutandis, the inspected entity that is remiss in submitting the financial statements, account books, documents, or relevant transaction records shall receive a fine of not less than New Taiwan Dollars three hundred thousand (NT\$300,000) but not more than New Taiwan Dollars three million (TWD3,000,000).

Article 167- 5

An insurance enterprise that has business dealings with an insurance agent, broker or surveyor as described in Paragraph 3 of Article 167-1 herein shall be subject to a fine of New Taiwan Dollars one million five hundred thousand (NT\$1,500,000) but not more than New Taiwan Dollars fifteen million (NT\$15,000,000).

Article 168

If an insurance enterprise violates the provisions of Article 138, paragraph 1, 3, or 5, or the provisions relating to business scope in regulations prescribed by the competent authority pursuant to Article 138, paragraph 2, an administrative fine of not less than New Taiwan Dollars nine hundred thousand but not more than nine million shall be imposed.

If an insurance enterprise violates the provisions of Article 138-2, paragraph 2, 4, 5, or 7, or Article 138-3, paragraph 1 or 2, or the provisions relating to the amount to be provisioned for the compensation reserve fund and the manner of such provisioning as set out in regulations prescribed by the competent authority pursuant to paragraph 2 of that same article, an administrative fine of not less than New Taiwan Dollars nine hundred thousand but not more than nine million shall be imposed; where the circumstances are severe, the enterprise's permit to engage in insurance trust business may also be revoked.

Where an insurance enterprise violates the provisions of Article 143, an administrative fine of not less than New Taiwan Dollars nine hundred thousand but not more than New Taiwan Dollars nine million shall be imposed.

Where an insurance enterprise violates Article 143-5 herein, or the competent authority takes measures in accordance with Article 143-6 herein, an administrative fine of not less than New Taiwan Dollars two million but not more than New Taiwan Dollars twenty million shall be imposed.

Where any one of the following circumstances obtains with respect to the funds allocation of an insurance enterprise, an administrative fine of not less than New Taiwan Dollars ten hundred thousand but not more than New Taiwan Dollars ten million shall be imposed, or the enterprise shall be ordered to dismiss its responsible person; where the circumstances are severe, its business permit may also be revoked:

1.A violation of Article 146, paragraph 1, 3, 5, or 7, or the provisions relating to administration and custody of special ledgers or the allocation of investment assets as set out in regulations prescribed by the competent authority pursuant to paragraph 6 of that same article, or a violation of provisions relating to the terms and conditions of derivatives trading by insurance enterprises, the scope thereof, transaction limits, or internal handling procedures as set out in regulations prescribed by the competent authority pursuant to paragraph 8 of that same article.

2.A violation of Article 146-1, paragraph 1, 2, or 3, or the provisions relating to eligibility conditions, scope and type of investments, and investment rules as set out in regulations prescribed by the competent authority pursuant to paragraph 5 of that same article; or a violation of

Paragraph 3 or 4 of Article 146-5.

3.A violation of the provisions of Article 146-2.

4.A violation of the provisions of Article 146-3, paragraph 1, 2, or 4.

5.A violation of Article 146-4, paragraph 1 or 2, or the provisions relating to investment rules or investment limits as set out in regulations prescribed by the competent authority pursuant to paragraph 3 of that same article.

6.A violation of the forepart of paragraph 1 of Article 146-5, or of the provisions relating to scope of or limits upon investments as set out in regulations prescribed by the competent authority pursuant to the latter part of that same article.

7.A violation of Article 146-6, paragraph 1 or 2, or the provisions relating to the method of reporting investments as set out in regulations prescribed by the competent authority pursuant to paragraph 3 of that same article.

8.A violation of the provisions of Article 146-9, paragraph 1, 2, or 3.

Where a secured loan made by an insurance enterprise under Article 146-3, paragraph 3 or Article 146-8, paragraph 1 is not fully secured or the conditions are better than those extended to other loanees of the same class, the person responsible for the act shall be sentenced to imprisonment for not more than three years or detention, and in addition may be assessed a criminal fine of not more than New Taiwan Dollars twenty million.

Where a secured loan made by an insurance enterprise under Article 146-3, paragraph 3 or Article 146-8, paragraph 1 reaches or exceeds the monetary amount prescribed by the competent authority without approval by three-quarters of the directors present at a board of directors meeting attended by at least two-thirds of the directors, or where an insurance enterprise violates the provisions relating to loan limits and aggregate loan balances as set out in regulations prescribed by the competent authority pursuant to Article 146-3, paragraph 3, the person responsible for the act shall be assessed an administrative fine of not less than New Taiwan Dollars two million but not more than New Taiwan Dollars twenty million.

If an insurance enterprise violates the provisions relating to limits on loans or other transactions as set out in regulations prescribed by the competent authority pursuant to Article 146-7, paragraph 1, or of the provisions relating to procedures for the adoption of resolutions or limits on transaction size as set out in regulations prescribed by the competent authority pursuant to Article 146-7, paragraph 3, an administrative fine of not less than New Taiwan Dollars two million but not more than twenty million shall be imposed.

Article 168- 1

Where the competent authority, pursuant to Article 148, dispatches an officer or commissions an appropriate institution or expert to inspect the business and financial conditions of an insurance enterprise, or orders an insurance enterprise to report the status of its business within a specific time limit, a responsible person or an employee of the insurance enterprise who commits any of the following acts shall be assessed an administrative fine of not less than New Taiwan Dollars one million and eight hundred thousand but not more than New Taiwan Dollars eighteen million: The person-in-charge may be dismissed under severe circumstances.

1. Refusing to allow inspection or to open the safe or other storage areas.

2. Concealing or destroying account books or documents related to the enterprise's business or financial conditions.

3. Refusing to respond to, or making false representation in response to, an investigator's queries without cause.

4. Missing the deadline for submission of financial reports, a list of assets, or other related information and reports, or in submitting such items, making false or incomplete representations, or missing the deadline for payment of inspection fees.

Where the competent authority dispatches an officer to conduct inspection pursuant to Article 148, paragraph 4, an affiliate of the insurance enterprise, or any other financial institution related thereto, that fails to submit the financial statements, account books, documents, or relevant transaction records shall be assessed an administrative fine of not less

than New Taiwan Dollars one million eight hundred thousand but not more than New Taiwan Dollars eighteen million.

Article 169

If an insurance enterprise violates the provisions of Article 72 of this Act by underwriting insurance in excess of the value of the subject matter insured, the portion in violation shall become void, and the offense shall also be punished by an administrative fine of not less than New Taiwan Dollars four hundred fifty thousand but not more than New Taiwan Dollars four million fifty hundred thousand.

Article 169- 2

An insurance enterprise found with one of the following conditions will be reported by the stabilization fund to the competent authority for a fine of NTD 300 thousand to NTD 3 million at maximum. The person-in-charge may be dismissed under severe circumstances.

I. It fails to make contributions to the stabilization fund or refuses to pay for it.

II. It violates the provisions of Article 143-3, Paragraph 5 by failing to create electronic data files or refusing to provide electronic data files as required, or providing electronic data files that are seriously untrue.

III. It circumvents, obstructs with, or refuses inspections performed by the stabilization fund in accordance with the provisions of Article 143-3, Paragraph 6.

Article 170- 1

Where an insurance enterprise violates the provisions relating to the manner in which insurance enterprises cede or assume reinsurance or operate other risk spreading mechanisms, or limits applying thereto, as set out in regulations prescribed by the competent authority pursuant to Article 147, an administrative fine of not less than New Taiwan Dollars nine hundred thousand but not more than nine million shall be imposed.

If a professional reinsurance enterprise violates the provisions relating to business scope or financial management as set out in regulations prescribed by the competent authority pursuant to Article 147-1, paragraph 2, an administrative fine of not less than New Taiwan Dollars nine hundred thousand but not more than nine million shall be imposed.

Article 171

An insurance enterprise that violates the provisions of Paragraphs 1~4 of Article 144 herein, or Article 145 herein shall be assessed an administrative fine of not less than New Taiwan Dollars six hundred thousand but not more than New Taiwan Dollars six million, and in addition thereto may be ordered to remove and replace its underwriters or actuaries. Where the certified actuary or external verification actuary appointed or employed by an insurance enterprise violates Paragraph 5 of Article 144 herein, the competent authority may, according to the severity of the circumstances, issue a warning, suspend the actuary from providing certification or verification services for three years, or order the insurance enterprise to replace the actuary.

Article 171- 1

An insurance enterprise that violates the provisions of Article 148-1, paragraph 1 or 2 shall be assessed an administrative fine of not less than New Taiwan Dollars six hundred thousand but not more than New Taiwan Dollars six million.

An insurance enterprise that violates the provisions of Article 148-2, paragraph 1 by not making explanatory documents publicly available for inspection, or submitting explanatory documents that do not contain required information, or submitting explanatory documents containing misrepresentations, shall be assessed an administrative fine of not less than New Taiwan Dollars six hundred thousand but not more than New Taiwan Dollars six million.

An insurance enterprise that violates the provisions of Article 148-2, paragraph 2 by failing to report to the competent authority or to provide a public explanation within the specified time period, or by making false

representations in its reports to the competent authority or public explanations, shall be assessed an administrative fine of not less than New Taiwan Dollars three hundred thousand but not more than New Taiwan Dollars three million.

An insurance enterprise that violates the provisions of Article 148-3, paragraph 1 by failing to establish or enforce internal control or auditing systems shall be assessed an administrative fine of not less than New Taiwan Dollars six hundred thousand but not more than New Taiwan Dollars twelve million.

An insurance enterprise that violates the provisions of Article 148-3, paragraph 2 by failing to establish or enforce internal handling systems or procedures shall be assessed an administrative fine of not less than New Taiwan Dollars six hundred thousand but not more than New Taiwan Dollars twelve million.

Article 172

If an insurance enterprise that has had its registration voided or business permit revoked delays in carrying out liquidation procedures, each responsible person may be assessed an administrative fine of not less than New Taiwan Dollars six hundred thousand but not more than New Taiwan Dollars six million.

Article 172- 2

If an insurance enterprise or the punished person, after having been punished in accordance with the provisions of this Section, fails to make corrections within the time period provided, the competent authority may mete out penalties each time a violation occurs.

Fine for an act under this Section may be remitted if the act was committed in a trivial circumstance for which it is considered appropriate not to punish.