Content

Title：	Regulations Governing Capital Adequacy of Insurance Companies Ch
Date：	2019.12.04
Legislative：	Amendment to Article 5, 6, 9 and 10 promulgated per Order No. Jin-Guan-Bao-Cai-Zi 10804960001 dated Dec 4, 2019; Enforce from April 1, 2020.
Content：	Article 5 The capital adequacy ratio of insurance companies are divided as follows: 1. Adequate capital: the capital adequacy ratio of an insurance company equals or exceeds 200% of the stipulations provided in Paragraph 1, Article 143-4 of the Act. 2. Inadequate capital refers to any of the following circumstances: (1) The capital adequacy ratio of an insurance company is more than 150% but less than 200%. (2) The net worth ratio of an insurance company is less than 3% in both of the most recent two periods and more than 2% in at least one period. 3. Significantly inadequate capital refers to any of the following circumstances: (1) The capital adequacy ratio of an insurance company is more than 50% but less than 150%. (2) The net worth ratio for both the most recent two periods of an insurance company is less than 2% and more than zero. 4. Seriously inadequate capital: the capital adequacy ratio of an insurance company is less than 50% or the net worth of the insurance company is less than zero, as provided in Paragraph 3, Article 143-4 of the Act. The term “the net worth ratio” as used in the preceding Subparagraph 2 and Subparagraph 3 means that the owner's equity divided by total assets excluding separate accounts for investment-linked insurance specified in the financial report audited by a certified public accountant, except as otherwise provided by the competent authority. Where an insurance company meets the requirements of two categories at the same time, the lower grade will be regarded as its capital adequacy ratio grade according to the classification standards specified in Paragraph 1. Article 6 Insurance companies must report their capital adequacy ratio to the competent authorities as follows: 1. Within three months after the end of each fiscal year, the capital adequacy ratio and the net worth ratio audited by a certified public accountant along with computation sheets and relevant information shall be filed. 2. Within two months after the end of each half of each fiscal year, the capital adequacy ratio reviewed by a certified public accountant and the net worth ratio audited by a certified public accountant along with computation sheets and relevant information shall be filed. If necessary, the competent authority may require an insurance company to report its capital adequacy ratio with the relevant information submitted for reference. The provisions of Paragraph 1 are not applicable to such insurance company as has been taken over by the competent authority pursuant to laws. Article 9 Insurance companies must disclose their capital adequacy ratio and net worth ratio each half of each fiscal year and each fiscal year in accordance with the stipulations of Article 6 of Regulations Governing Public Disclosure of Information by Life Insurance Enterprises or Non-life Insurance Enterprises. The first disclosed net worth ratio shall be the figure in the first half of 2019. An insurance company shall not use the information about its capital adequacy for improper comparison, propaganda or competition in its business

operations, nor shall it have its insurance agents engaging in unfair business competition.
The self-discipline codes regarding "improper comparison, propaganda or competition" and "insurance agents engaging in unfair business competition" shall be formulated by the Insurance Associations.

Article 10 These Regulations come into force on January 1, 2016.
The articles amended on December 4, 2019 shall come into force on April 1, 2020.

Data Source：Financial Supervisory Commission Laws and Regulations Retrieving System