

Content

Title :	Regulations for Establishment, Transfer, or Withdraw Branch Units by Insurance Enterprises <b>Ch</b>
Date :	2020.07.15
Legislative :	Amended on July 15, 2020
Content :	<p>Article 2 The term "branch unit" as used in these Regulations includes the following: 1. Domestic branch units: Including branch offices (or branch cooperatives), service centers and correspondence offices. 2. Foreign branch units: Including subsidiaries, branch offices, and representative offices. When an insurance enterprise must set up an offsite office for work or for non-business operations at a location other than the address indicated on its business license due to insufficient space at where its head office or branch office (branch cooperative) is located, the insurance enterprise shall follow the provisions of these Regulations.</p> <p>Article 6 To relocate or close a branch office (or branch cooperative), an insurance enterprise shall file with the competent authority for approval by submitting the meeting minutes of its board of directors (or board of trustees) or other proof documents together with an explanation of the reasons for relocation or closure and an employee settlement plan. The enterprise shall also apply for reissue or cancellation of any business license held by the branch office (or branch cooperative).</p> <p>Article 7 Where an insurance enterprise must conduct work activities at a location other than the address indicated on its business license due to insufficient space at where its head office or branch office (branch cooperative) is located, the enterprise may establish a domestic offsite office. The offsite office in the preceding paragraph may only be established within the same area in which the address indicated on its business license is located, and only one such office may be established. The term "same area" referred to in the preceding paragraph shall mean the same municipality, same city or same county, except for Taipei City and New Taipei City, Hsinchu County and Hsinchu City, and Chiayi County and Chiayi City which are respectively regarded as the same area.</p> <p>Article 8 Where the business conducted at an offsite office established by an insurance enterprise in accordance with the preceding article involves external business activities, the enterprise shall apply to the competent authority for approval in advance by submitting an application form together with the meeting minutes of its board of directors (or board of trustees). The application form in the preceding paragraph shall contain the following information: 1. Address of the planned location, name and organizational structure of user unit(s), and purpose of use. 2. Reasons for establishment. 3. Other information as required by the competent authority.</p> <p>Article 9 When an insurance enterprise plans to relocate or close the office described in the preceding article, the enterprise shall apply to the</p>

competent authority for approval in advance by submitting an application form together with the meeting minutes of its board of directors (or board of trustees).

The application form in the preceding paragraph shall contain the following information:

1. Date and document number of previous approval by the competent authority for establishment or relocation.
2. The address of the originally approved location, the name and organizational structure of user unit(s) and the purpose of use.
3. The address of planned location for relocation or closure, the name and organizational structure of user unit(s) and the purpose of use.
4. Reasons for relocation or closure.
5. The plan for utilizing or disposing the original location after relocation or closure.
6. An employee settlement plan.
7. Other information as required by the competent authority.

#### Article 10

Unless there are legitimate reasons otherwise approved by the competent authority, an insurance enterprise that has been approved to establish, relocate, or close an office described in Article 8 shall complete the process within six (6) months from the date of approval, and file related information with the competent authority within fifteen (15) days after commencement of use, relocation or closure.

When an insurance enterprise fails to complete the establishment, relocation, or closure, within the time limit prescribed in the preceding paragraph, the original approval shall be voided.

#### Article 11

Where the business conducted at an offsite office newly established, relocated or closed by an insurance enterprise in accordance with Article 7 does not involve external business activities, the enterprise shall file information on the name(s), office address and organizational structure of user unit(s), purpose of use and specific facts and reasons with the competent authority for record within fifteen (15) days after commencement of use, relocation or closure.

#### Article 12

An insurance enterprise may establish a domestic office for non-business operations, including a computer center, employee training center, customer service call center, or warehouse.

Where an insurance enterprise newly establishes, relocates or closes an office described in the preceding paragraph, the enterprise shall file information on the office address, organizational structure, purpose of use and specific facts and reasons with the competent authority for record within fifteen (15) days after commencement of use, relocation or closure.

#### Article 13

An office established by an insurance enterprise in accordance with the preceding two articles may not be used for conducting external business, and may not have the following activities:

1. Handle face-to-face application for insurance services from customers.
2. Provide the service of collecting insurance premiums or delivering the payment of insurance benefits.
3. Conduct telemarketing activities.
4. Not having gate control that gives customers the false impression that the place is a business location.
5. Other activities as prohibited by the competent authority.

#### Article 14

An insurance enterprise may establish a domestic service center for business needs.

An insurance enterprise that newly establishes, relocates or closes a service center shall file information on the office address, organizational structure, scope of business and specific facts and reasons with the competent authority for record within fifteen (15) days after commencement

of use, relocation or closure.

The service center of an insurance enterprise may conduct the following activities:

1. Activities set out in Paragraph 2 of Article 19.
  2. Underwriting work except for policy underwriting sign-off.
  3. Claim adjusting operation except for claim adjustment sign-off.
  4. Accepting the applications of policyholders for conservation or contract change, and forwarding application documents, and payments of loan principal and interest collected to the entity the service center belongs.
  5. Conservation or contract change that does not require the sign-off of an underwriter and does not involve the decision making on approving payments.
- The provisions of Paragraph 2 apply mutatis mutandis to the insurance service counter set up by an insurance enterprise inside a domestic airport terminal.

An insurance enterprise that has an insurance service counter set up inside a domestic airport terminal may conduct activities provided under Subparagraph 1 of Paragraph 3 hereof at the service center.

#### Article 15

The name of the service center of an insurance enterprise shall indicate the insurance enterprise it belongs to and the service center shall post a sign on its door indicating that it is a service center.

An insurance enterprise's service center shall have a manager who meets the requirements prescribed in Article 3 of the Regulations Governing Required Qualifications for Responsible Persons of Insurance Enterprises, and in addition, possess any one of the following qualifications:

1. Has graduated from a domestic or foreign school at the level of junior college or higher or possessing equivalent academic qualifications, has at least four years of work experience in insurance enterprises, and has served for no less than one year in managerial position at insurance enterprises with excellent performance.
2. Has at least five years of work experience in insurance enterprises, and has served for no less than two years in managerial position at insurance enterprises with excellent performance.
3. There is other factual evidence sufficient to show that the person has professional insurance knowledge, or experience in managing an insurance enterprise, and is capable of sound and effective management of insurance business.

#### Article 16

Where the establishment of a domestic branch unit by an insurance enterprise or the activities conducted by the domestic branch unit do not comply with the provisions from Article 7 to the preceding article, the enterprise shall make adjustment within six (6) months after the amendment of these Regulations is implemented.

#### Article 17

An insurance enterprise may establish a domestic correspondence office for business needs.

When an insurance enterprise establishes, relocates or closes a correspondence office or when the name of a correspondence office or the entity to which the office belongs or the office manager undergoes changes, the enterprise shall register the matter with the insurance association to which it belongs.

The insurance association to which the enterprise belongs shall prescribe guidelines for administration of registration matters concerning correspondence offices of insurance enterprises, and file the guidelines with the competent authority for record. In addition, the enterprise shall collect and file information on its registration activities with the competent authority.

#### Article 18

The manager of an insurance enterprise's correspondence office shall possess the qualifications of insurance solicitor, be free of the situations set out in Article 7 of the Regulations Governing the Supervision of Insurance Solicitors and shall also possess one of the

following qualifications:

1. Has graduated from a school at the level of senior high school (or senior vocational high school) or higher, or possesses equivalent academic qualifications, and has worked in the field of insurance for three years or longer.
2. Has graduated from a school at the level of senior high school (or senior vocational high school) or higher, or possesses equivalent academic qualifications, and has worked for three years or longer in insurance administration or regulation.
3. Has worked in the field of insurance for five years or longer.

#### Article 19

The name of an insurance enterprise's correspondence office shall indicate the insurance enterprise to which it belongs.

The correspondence office of an insurance enterprise may conduct the following activities:

1. Accept policy applications from consumers and forward application documents to the entity to which it belongs.
2. Answer questions from consumers about insurance matters.
3. Forward premium payments received to the entity to which it belongs.
4. Receive notices from the entity to which it belongs and forward them to consumers.
5. Accept and forward insurance benefit applications, or deliver the payment of insurance benefits.
6. A branch unit with a qualified and registered solicitor may solicit insurance business. However a branch unit may not write insurance policies or binders.

#### Article 20

When an insurance enterprise establishes a correspondence office without complying with Paragraph 2 of Article 17, the competent authority shall order the insurance enterprise to close the office.

#### Article 21

An insurance enterprise shall obtain approval from the competent authority before establishing a foreign subsidiary, branch office, or representative office.

The term "subsidiary" in the preceding paragraph means a foreign insurance company, at least 50 percent of whose total issued shares or paid-in capital is owned by an insurance enterprise.

An insurance enterprise that establishes a subsidiary, branch office, or representative office in the mainland China area shall do so in accordance with the provisions of the "Regulations Governing Permission of Insurance Business Transactions and Investment Between the Taiwan Area and the Mainland Area," while an insurance enterprise that establishes such an entity in Hong Kong or Macau shall do so in accordance with the provisions of the "Regulations Governing Permission for Establishment of Branch Units and Subsidiaries in Hong Kong and Macau by Taiwan-area Insurance Institutions," and the provisions of these Regulations shall not apply.

#### Article 22

An insurance enterprise may apply with the competent authority to establish a foreign subsidiary or branch office if it meets each of the following conditions:

1. In the past year it has not been subject to major sanction/penalty or cumulative fines of more than NT\$3 million by the competent authority, or if it has, concrete improvement actions have been taken to remedy the violation and recognized by the competent authority.
  2. Its ratio of regulatory capital to risk-based capital for the most recent year is 200 percent or higher.
  3. The total amount it has invested to establish foreign subsidiaries is compliant with the provisions of Article 146-4 of the Insurance Act.
- To apply to establish a foreign representative office, an insurance enterprise must meet the condition set out in subparagraph 1 of the preceding paragraph.

The major sanction/penalty mentioned in Subparagraph 1, Paragraph 1 of this Article refers to those major sanction/penalty listed in Article 2 of

Regulations Governing the Explanation of a Major Sanction Imposed by FSC for Violation of a Financial Law or Regulation.

Article 23

An insurance enterprise that intends to establish a foreign branch unit shall file with the competent authority for permission, submitting the following documents:

1. An application form.
  2. Minutes of shareholders or directors meetings.
  3. Such other documents as may be required by the competent authority.
- Where an insurance enterprise applies to establish a foreign subsidiary or branch office, it shall additionally submit the following documents:

1. Financial reports for the most recent three fiscal years, audited and attested by a certified public accountant.
2. Business plan, specifying the scope of the business to be run, business principles and policies, future development plan, financial forecasts for the coming three years, internal organization and segregation of duties, its subordination to the parent company or head office, and the plan for staffing, recruitment, and training.
3. Statements of foreign subsidiaries or branch offices meeting the competent authority's requirements on control mechanism against money laundering and terrorist financing.
4. Statements of the status of corporate governance practices.
5. A multistage analysis of the possible amount of capital injections or equity contributions over the coming three years.
6. A disclosure of the principal joint venture partners involved in the establishment of any subsidiary.
7. Proof of credentials showing that the intended responsible person meets the requirements of the Regulations Governing Required Qualifications for Responsible Persons of Insurance Enterprises.

The responsible person of foreign branch units means the chairman and general manager appointed by the insurance enterprise of R.O.C. in the foreign subsidiary established by such insurance enterprise, the managers of foreign branch offices or the representative of foreign representative offices.

Article 24

Within three years after it receives approval from the competent authority to establish a foreign branch unit, an insurance enterprise shall obtain an establishment permit from the foreign insurance authority, and within one month after obtaining an establishment permit for the branch unit shall file the following documents with the competent authority for recordation:

1. The letter of approval from the foreign insurance authority; 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 foreign insurance authority has granted prior approval for the enterprise to operate.
3. Date of establishment and full address.
4. The name and contact information of the responsible person.

Article 25

An insurance enterprise that has obtained approval from the competent authority to establish a foreign branch unit shall submit further relevant materials and apply to the competent authority for approval if any one of the following conditions arises before it carries out the establishment:

1. There is to be a change in the branch unit's organizational form or the country of its location.
2. There is a change in the investment or in principal joint venture partners.
3. The percentage of the stake or the dollar amount of the investment is increased.

An insurance enterprise that has obtained approval from the competent authority to establish a foreign branch unit shall file with the competent authority for recordation if any one of the following conditions arises before it carries out the establishment:

1. There is a change in the location of the branch unit.

2. The percentage of the stake or the dollar amount of the investment is decreased.

#### Article 26

An insurance enterprise that has established a foreign branch unit with the approval of the competent authority shall, by a resolution adopted by the Board of Directors, submit relevant materials and apply with the competent authority for approval if any one of the following circumstances applies to the branch unit:

1. There is to be a change in the branch unit's organizational form.
2. A subsidiary or branch office carries out a capital increase, increases operating capital, assumes the whole or part of another entity's business, or switches responsible person.
3. The insurance businesses or funds utilization handled by the branch office in accordance with the local insurance laws and regulations and business customs do not follow the provisions in the insurance laws and regulations of R.O.C..
4. It voluntarily decides to dissolve, suspend business operations, or close down.

If any one of the following circumstances applies to a foreign branch office or subsidiary, an insurance enterprise shall file with the competent authority for recordation, setting forth a statement of the reasons and providing relevant materials:

1. There is a change in business address or the location of the branch unit.
2. There is a change in its lines of business.
3. It reduces operating capital or carries out a capital decrease.
4. There is a material change in its operating policies.
5. A material loss has occurred or is foreseeable.
6. A court or the competent authority in the host country issues an order in accordance with host country law for suspension of business operations, voidance, revocation, or dissolution.
7. Any other material event.

An insurance enterprise shall file with the competent authority for recordation if any one of the following circumstances applies to a foreign representative office:

1. It changes its responsible person or address.
2. A court or the competent authority in the host country orders its closure.

The foreign representative office that has been approved and established prior to the promulgation date of the Regulations, January 9th, 2008, if it has any business activities in foreign countries, shall be conducted pursuant to Paragraph 1, Paragraph 2 and Article 28.

#### Article 27

An insurance enterprise that intends to establish an additional branch unit in a country in which it has already established a foreign branch unit shall do so in accordance with these Regulations.

When a foreign subsidiary of an insurance enterprise makes an equity investment in a subsidiary or establishes a branch office, the insurance enterprise shall file the documents set out in Article 23, paragraph 2, subparagraph 2 with the competent authority for recordation.

#### Article 28

Each year within four months of the day of annual settlement of accounts, an insurance enterprise that has established an overseas subsidiary or branch office shall submit for recordation by the competent authority the following information pertaining to said subsidiary or branch office:

1. A report on its implementation of internal auditing.
2. A financial report, audited and attested by a local certified public accountant.
3. Basic information on its operating status.
4. Other documentation as required by the competent authority.

#### Article 29

An insurance enterprise that establishes a foreign subsidiary or branch

office, shall, in disclosing its overseas investment and various financial and operational information, abide by the "Regulations Governing Preparation of Financial Reports by Insurance Enterprises". In addition, if the aforementioned insurance enterprise is a public company, it shall also abide by the disclosure requirements set forth in the Securities and Exchange Act.

Article 30

These Regulations shall be implemented from the date of issuance.

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Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System