

## Content

Title :	Regulations Governing the Preparation of Financial Reports by Insurance Enterprises <b>Ch</b>
Date :	2022.02.16
Legislative :	Article 20, Article 24, Form 11 of Article 21 and Form 15 of Article 22 amended and issued on 16 February 2022 per Order No. Ref. Jin-Kuan-Bao-Tsai 11104904971 of the Financial Supervisory Commission
Content :	<p>Article 20</p> <p>An insurance enterprise shall provide information on its business conditions in accordance with the following provisions:</p> <p>1. Significant business matters: The insurance enterprise shall provide information on matters arising over the most recent 5 fiscal years that have had a significant impact on its business, including acquisition or merger, demerger, change in management rights (equity) reaching 10% or more, transfer of business, investments in affiliated enterprises, reorganization, acquisition or disposal of major assets, and significant changes in operation method (including sales system) or business activity.</p> <p>2. Remuneration to directors, supervisors, president (general manager), vice presidents (assistant general managers), and Chairmen of the board and presidents (general managers) rehired as consultants after retiring from the insurance enterprise or its affiliate enterprises and related information:</p> <p>(1) Remuneration paid to directors, supervisors, president (general manager), vice presidents (assistant general managers), and consultants in the most recent fiscal year: (Form 9, and Form 9-1)</p> <p>A. An insurance enterprise may opt either to disclose aggregate remuneration information, with the name(s) indicated for each remuneration bracket, or to disclose the name of each individual and the corresponding remuneration amount.</p> <p>B. An insurance enterprise having any of the following circumstances is required to disclose the remuneration paid to each individual director, supervisor, president (general manager) and consultants:</p> <p>a. The insurance enterprise's most recent capital adequacy ratio, whether CPA-reviewed or adjusted following FSC examination, is below 200%.</p> <p>b. The insurance enterprise showed an after-tax deficit in the parent company only or individual financial reports for the most recent three fiscal years. This requirement, however, shall not apply if the parent company only or individual financial report for the most recent fiscal year shows net income after tax and such net income after tax is sufficient to make up the accumulated deficits.</p> <p>c. The insurance enterprise is required by the FSC to increase capital but fails to complete capital increase according to its proposed capital increase plan.</p> <p>C. The insurance enterprise, if a public company that has had an insufficient director or supervisor shareholding percentage stipulated in Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies for three (3) consecutive months or longer during the most recent fiscal year, shall disclose the remuneration paid to each of the directors or supervisors.</p> <p>D. The insurance enterprise that has had an average ratio of share pledging by directors or supervisors in excess of 50% in any three months during the most recent fiscal year, shall disclose the remuneration paid to each of the directors or supervisors having a ratio of pledged shares in excess of 50% for each such month.</p> <p>E. If the total amount of remuneration received by all of the directors and supervisors in their capacity as directors or supervisors of the companies listed in the financial report exceeds 2% of the net income after tax, and</p>

the remuneration received by any individual director or supervisor exceeds NT\$15 million, the insurance enterprise shall disclose the remuneration paid to that individual director or supervisor.

F.If an insurance enterprise listed on the TWSE or the TPEX is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the financial report for that year, the insurance enterprise's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEX, or the Corporate Governance Evaluation Committee has resolved that the insurance enterprise shall be excluded from evaluation, the insurance enterprise shall disclose the remuneration paid to each individual director and supervisor.

G.If the average annual salary of the full-time non-supervisory employees in a TWSE or TPEX listed insurance enterprise is less than NT\$500,000 in the most recent fiscal year, the insurance enterprise shall disclose the remuneration paid to each individual director and supervisor.

H.If the circumstance in item B.b or item F applies to an insurance enterprise listed on the TWSE or the TPEX, it shall disclose the individual remuneration paid to each of its top five management personnel.

(2) Where the insurance enterprise' s chairperson, president (general manager), or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its attesting CPA or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held at the accounting firm, shall be disclosed.

(3) The term "affiliated enterprise of the attesting CPA' s accounting firm" means one in which the accountant(s) at the accounting firm of the attesting CPA hold more than 50% of the shares, or of which such accountant(s) hold more than half of the directorships, or a company or institution listed as an affiliated enterprise in the external publications or printed materials of the accounting firm of the attesting CPA.

(4)The term "affiliated enterprises" in this Subparagraph refers to those conforming with Article 369-1 of the Company Act.

3. Labor-management relations: (Form 10)

(1) Report major employee benefit policies, professional development, training, or retirement programs and the status of their implementation, as well as agreements between labor and management and policies for safeguarding employees' rights and interests.

(2) Report the loss sustained as a result of labor disputes in the most recent 3 fiscal years, together with the disclosure of an estimate of losses incurred to date or likely to be incurred in the future and the mitigation measures taken or to be taken. If the losses cannot be reasonably estimated, the insurance enterprise shall make a statement to that effect.

(3) Describe any violation of the Labor Standards Act found during the labor inspection; including the disposition date, disposition reference No., provisions of the regulations breached, description of the violation, and the disposition.

4. Cyber security management:

(1) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

(2) List the losses suffered in the most recent fiscal year due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

(3) Impact of cyber security risks on the Company' s finance and operations, and measures taken in response.

5. Changes in president (general manager), chief audit officer and actuaries in the most recent 2 years.

6. Changes in the method for allocation of all kinds of reserves.

7. The insurance enterprise had the situation in the most recent year where its shareholders' meeting has adopted the resolution to carry out capital increase or decrease or its board of directors (council) has adopted the

resolution to issue new shares but the application (or filing) was not approved (or approved for record) by the FSC, or where its application for capital change registration was not approved by the Ministry of Economic Affairs.

8. Cases of claim payment and claim recovery from reinsurer involving amount exceeding NT\$20 million in the most recent 3 years and financial impact analysis therefor.

9. Names of reinsurers to whom the reinsurance premium expenses paid in the most recent year account for more than 1% of total premium income and the credit rating of those reinsurers.

10. Where a credit rating agency has been engaged to rate the reinsurer, the name of the credit rating agency, and date and result of rating; if no credit rating agency is engaged, such fact shall be disclosed as well.

#### Article 24

An insurance enterprise shall disclose the amounts of the audit fees and non-audit fees paid to the CPA, and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of the non-audit services (Form 19), and disclose the following information regarding its CPA:

1. An insurance enterprise with any of the following conditions shall disclose the following information:

(1) When the insurance enterprise changes its accounting firm and the audit fees paid for the fiscal year in which the change took place are lower than those paid for the fiscal year immediately preceding the change, disclose the amount of the audit fees before and after the change and the reason for the change.

(2) When the audit fees paid for the current fiscal year are lower than those paid for the immediately preceding fiscal year by 10% or more, disclose the amount and percentage of and reason for the reduction in audit fees.

(3) The term "audit fees" referred to in Item (1) hereof means professional fees paid by the insurance enterprise to its CPA for audits, reviews, and secondary reviews of financial reports, reviews of financial forecasts, and tax certification.

2. If an insurance enterprise changed its CPA during the most recent 2 years or any subsequent interim period, it shall disclose the following information: (Form 20)

(1) Regarding the former CPA:

A. Date of and reason for the change in CPA, together with a description of whether the CPA or the insurance enterprise terminated or discontinued the engagement.

B. If the former CPA issued an audit report during the most recent 2 years containing an opinion other than an unqualified opinion, state the opinion and reason.

C. Whether there were any disagreements between the insurance enterprise and the former CPA on:

- a. accounting principles or practices.
- b. financial and business report disclosure.
- c. auditing scope or procedure.

d. If any such disagreements did exist, the insurance enterprise shall describe in detail the nature of each such disagreement, how the insurance enterprise addressed it (including whether the insurance enterprise has authorized the former CPA to respond fully to the inquiries of the successor CPA concerning such above-mentioned disagreements), and the final results.

D. Disclose the following matters, if any:

- a. The former CPA once advised the insurance enterprise that it lacked the sound internal controls necessary to develop reliable financial reports
- b. The former CPA once advised the insurance enterprise that the CPA was unable to rely on the insurance enterprise's written representations, or was unwilling to be associated with the issue of the insurance enterprise's financial report.
- c. The former CPA once advised the insurance enterprise that the scope of the audit must be expanded, or there was information indicating that an expanded audit might impact the reliability of either a previously issued

financial report or the financial report to be issued, but due to the change of the CPA or for any other reason, the former CPA did not expand the scope of the audit.

d. The former CPA once advised the insurance enterprise that information has come to the CPA's attention that might impact the reliability of either a previously issued financial report or the financial report to be issued, but due to the change of the CPA or for any other reason, the former CPA did not address the issue.

(2) Regarding the successor CPA:

A. Names of the successor accounting firm and CPA, and date of engagement.

B. If prior to the formal engagement of the successor CPA, the insurance enterprise consulted the new CPA regarding the accounting treatment of or application of accounting principles to a specific transaction, or the type of audit opinion that might be rendered on the insurance enterprise's financial report, the insurance enterprise shall disclose the matters that were the subjects of those consultations and the consultation results.

C. The insurance enterprise shall consult and obtain written views from the successor CPA regarding the matters on which the insurance enterprise disagreed with the former CPA, and disclose information on these views.

(3) The insurance enterprise shall by letter provide the former CPA with a copy of the disclosures it is making in response to Item (1) and Item (2) C of Subparagraph 2 herein, and advise the CPA of the need to respond by letter within ten (10) days should the CPA disagree on any such matters. The insurance enterprise shall disclose the content of the reply letter from the former CPA.

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Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System