

PRODUCTS AVAILABLE

1. Fire Insurance

Two types of fire insurance policies, residential fire policy and commercial fire policy, are available to the market.

1.1 Residential

Approved by the Ministry of Finance, a new version of residential fire & earthquake insurance has been brought into the market since April 1, 2002. The policy consists of residential fire insurance and residential earthquake insurance. Residential fire insurance provides coverage for building and personal property against loss or damage caused by fire, explosion, lighting, aircraft impact, vehicle damage, and smoke damage. Moreover, residential fire insurance provides reimbursement of debris removal charges and additional living expense. The amount of debris removal charges can not exceed the sum insured in aggregate. Additional living expenses are limited to NT\$3,000 per day and 60 days per occurrence and not subject to under insurance limitations.

Instead of being an optional extension of fire insurance policy, earthquake insurance has become a part of residential fire insurance since April 1, 2002. This insurance provides coverage for building loss caused by earthquake, fire/explosion caused by earthquake and consequential accidents such as subsidence, slide, breach

and excavation due to earthquake occurrence. The insured value is limited to NT\$1,200,000. The claim is based on a total loss basis (loss exceed 50% of replacement cost). The residential earthquake insurance also provides reimbursement for additional living expenses of up to NT\$180,000. Residential earthquake insurance is co-insured by local insurers and managed by CRC.

The residential fire & earthquake insurance could optionally be extended to cover loss by the perils of typhoon, flood, SRCC, sprinkler leakage, burglary, water damage etc. According to the regulation promulgated by the Ministry of Finance, the insurance period for residential fire & earthquake insurance is one year. The MOF has prohibited sales of long-term residential insurance policy since April 1, 2002. Any existing long-term residential insurance policies will still be valid until the end of the insurance period.

1.2 Commercial

The commercial fire insurance policy provides coverage for building, fitting & fixture, machine, and stock against loss and damage caused by fire and lightning, as well as coverage for other perils including explosion, earthquake, typhoon, burglary, SRCC, malicious damage etc.

The commercial all risks fire insurance

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policy has been available to the market since January 7, 2003.

2. Marine Cargo Insurance

Local marine cargo policies mainly use the Institute Cargo Clauses (ICC) of 1982 to cover transportation risks of cargo.

There are special trade clauses for shipments of coal, oil, frozen food, meat etc.

War and strike risks are always excluded in the basic form coverage, but may be, if desired, expressly included with special clauses at an additional premium.

3. Marine Hull Insurance

3.1 Marine Hull Insurance:

Institute Time Clauses (ITC)-Hulls is the most widely used policy form. It may cover hull, machinery, collision liability, and disbursement as expressly declared.

3.2 Fishing Vessel Insurance:

Fishing vessel is usually insured with the local fishing vessel policy form. The local fishing vessel insurance has been applied the free rate instead of tariff rate effectively from the date of 1st January 2004.

4. Automobile Insurance

Local automobile insurance is subject to a tariff scheme which has been revised several times since it was first introduced in 1968. The existing tariff took effect in July 1996. It consists of the following four major

sections of coverage and various kinds of extended coverage under the automobile insurance tariff.

4.1 The Compulsory Automobile Liability Insurance

The Compulsory Automobile Liability Insurance Law was enacted on December 27, 1996 and implemented on January 1, 1998. From the beginning of 1999, all owners of motorcycles must buy compulsory automobile liability insurance. This new regulation led Taiwan's automobile insurance to a new era. In addition to being run on a no-loss and no-profit basis, the definition of victims in the new system was extended to drivers and passengers of any car involved in an accident. The Motor Vehicle Accident Compensation Fund was also set up in order to provide full protection to victims of accidents caused by a hit-and-run or an uninsured vehicle.

The limits of indemnity under the compulsory automobile liability insurance is 200,000 NT dollars for each bodily injury, 1.4 million NT dollars for each death or serious disability and unlimited for any one accident.

Compulsory automobile liability insurance is very helpful for victims to claim basic indemnity and reduce the number of uninsured cases. The implementation of compulsory liability insurance gives the insurance companies an essential function for serving the public.

4.2 Optional Third Party Liability Coverage

This coverage provides an additional cover for bodily injury or death in excess of compulsory liability coverage and property damage at the insured's option. The limit of this injury/death coverage could be decided by the individual insurance company.

This optional coverage covers the insured's legal liability against the third party in respect to bodily injury/death or property damage arising out of an accident involving the insured's vehicle when it is used by the insured or any permitted driver.

The principal extended coverage of this option are as follows:

1. Third party liability to automobile dealers.
2. Third party liability to automobile manufacturer.
3. Third party liability to garage owner.
4. Third party liability to automobile used for coaching.
5. Motorcyclist's personal accident.
6. Passenger liability.
7. Automobile employer's liability.
8. Truck carrier's liability.

4.3 Physical Damage Coverage

This section is divided into type A, type B, and type C, based on the perils they cover. The perils covered under type A are collision, overturning, fire, lightning, thunder, explosion, falling objects, malicious acts of a third party and any other perils

which are not excluded in the policy.

As for type B, the perils covered under this coverage are collision, overturning, fire, lightning, thunder, explosion and falling objects. In contrast with type A, type B explicitly excludes some situations such as the damage caused by unidentified vehicles or objects, unaccounted-for scratches or damages, and malicious acts of a third party.

As for type C, this coverage covers losses arising from car to car collision only. The owners may choose this coverage to save premium. Under this coverage, the insured can claim car to car collision losses without deductible.

Both type A and B bear a basic deductible of 3,000 NT dollars for the first claim, 5,000 for the second claim and 7,000 for any claim thereafter.

Other extended coverages include:

1. Typhoon, earthquake, tsunami, hail, flood and accumulated rainwater.
2. Strike, riot and civil commotion.
3. Comprehensive physical loss to automobile used for coaching.
4. Comprehensive physical loss to automobile for automobile dealers.

4.4 Theft Loss Coverage

The theft loss insurance covers losses of the insured vehicle due to theft, forceful taking or robbery.

The loss of car accessories or parts can also be covered at the insured's option. Here are some of the options

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1. Theft loss of accessories, spare parts coverage.
2. Theft loss coverage for automobile used for coaching.
3. Theft loss coverage for automobile dealers.
4. Loss of automobiles during transportation.

4.5 Other Optional Coverage

Some coverage is also provided by individual insurance company.

Before selling this type of product, these companies are requested to submit the relative documents to the Insurance Department of the Ministry of Finance to obtain permission for issuing new policies.

The coverages are summarized as follows:

1) Transportation expenses coverage

The transportation expenses coverage could be endorsed to the theft loss coverage. Accordingly, the insurers will pay a fixed amount of daily transportation fee to the insured during the contracted recovery period in case of a theft claim.

2) High deductible coverage

High deductibles-a fixed amount ranging from 30,000 to 100,000 NT dollars to each claim for physical damage coverage-satisfy some car owners who prefer to save premiums by retaining a certain amount of

losses by themselves.

3) Severe damage coverage

The severe damage coverage covers only in cases where the loss amount exceeds the total loss threshold, which is defined as 75% of the insured amount after calculating the contracted depreciation. As a result, the insured can avoid losing his property by paying a relatively low premium.

4) Mechanical breakdown coverage

The mechanical breakdown coverage covers the losses arising from improper design, manufacturing and assembly of a car. The insured can also get a certain amount of transportation expenses reimbursed in case of a mechanical breakdown.

5) Non-deductible for theft loss coverage

Under this option, the insured can avoid paying any deductible for damages resulted from any theft or robbery incident.

6) Non-depreciation for theft loss coverage

Under this option, the insured can avoid paying any depreciation in case of a theft or robbery incident.

7) The consolatory expenses insurance coverage

To settle a claim smoothly, the

consolatory expenses coverage sometimes is very helpful for both the insured and victim. Although the insured may not be liable for the claim, this coverage could provide another alternative to achieve a faster settlement.

5. Aviation Insurance

Aviation insurance covers the owners or operators of aircraft and helicopters. The general coverage for commercial airlines against accidental loss are:

- Aircraft Hull Insurance
- Third Party Liability Insurance
- Passenger Legal Liability Insurance

Due to the unique nature of the aviation insurance, the relevant rating and policy forms are usually decided by International Aviation Underwriters.

6. Engineering Insurance

6.1 Contractors' All Risks (CAR) Insurance

Contractors' All Risks Insurance provides a comprehensive cover for the insured, either a contractor or a principal, against any unforeseen and sudden physical loss of or damage to the contract works insured or any part thereof at any time during the period of insurance at a construction site from any cause, other than those specifically excluded.

CAR insurance provides the following

coverage:

- A. Material Damage
 - B. Third Party Liability
 - C. Liabilities arising from cracking and collapse of third parties' buildings
 - D. Employers' Liability
 - E. Contractors' Plant and Machinery
- Coverage B, C, D and E are optional.

6.2 Erection All Risks (EAR) Insurance

EAR insurance is designed to cover any unforeseen and sudden physical loss or damage that the erection or installation works may suffer from (any cause not specifically excluded in the EAR policy) at the job site during the period of insurance commencing from unloading of the insured items at the site until immediately after taking over or after the first test operation or test loading is completed.

EAR policy covers:

- A. Material Damage
 - B. Third Party Liability
 - C. Employers' Liability
 - D. Contractors' Plant and Machinery
- Coverage B, C and D are optional.

6.3 Contractors' Plant and Machinery (CPM) Insurance

CPM policy is a renewable policy and needs to be renewed annually. CPM insurance covers any unforeseen and sudden physical loss of or damage to the insured plants and machinery, such as excavators, front shovels, bulldozer, loaders, scrapers, graders, tower crane and other lifting

equipment at work or at rest whilst at the location or in the geographical area mentioned in the policy from any cause, other than those specifically excluded.

6.4 Machinery Insurance

Machinery insurance is promoted to protect the insured against any unforeseen and sudden physical loss of or damage to the insured items or any part thereof whilst on the premises mentioned in the policy from the insured perils named, such as defects in casting and material, faulty design, faults at workshop or in erection, bad workmanship, lack of skill, carelessness, shortage of water in boilers, physical explosion, tearing apart on account of centrifugal force, short circuit, or from any other cause not specifically excluded.

6.5 Boiler Insurance

The insurers of boiler insurance will indemnify the insured against damage (other than by fire) to any boiler or pressure vessel under steam or air pressure caused by and solely due to explosion or collapse of any insured boiler or pressure vessel.

Boiler insurance also provides third party liability cover for the insured against liability of the insured at law for damage to property not belonging to the insured as well as insured's liability at law on account of fatal or non-fatal injuries to any persons other than the insured's own employees or workmen or members of the insured's family.

6.6 Electronic Equipment (EEI) Insurance

EEI insurance provides comprehensive coverage for the owners or users of all kinds of electronic equipment and applies whether the insured items are at work or at rest, or being dismantled for the purpose of cleaning, overhauling or being shifted within the premises, or in the course of the aforesaid operations themselves, or during subsequent re-erection, but in any case only after successful commissioning.

EEI policy consists of three sections. They are:

Section 1- Material Damage:

This section covers the insured against any unforeseen and sudden physical loss of or damage to the insured items or any part thereof from any cause other than those specifically excluded.

Section 2 - External Data Media:

Under this section, the insurers will indemnify the insured if the external data media suffer any material damage indemnifiable under Section 1.

Section 3 - Increased Cost of Working:

The insurers will indemnify the insured for any additional expenditure incurred for the use of substitute EDP equipment not covered under the policy up to an amount not exceeding the agreed indemnification per day

and not exceeding in all the sum insured in any one year of insurance if material damage indemnifiable under Section 1 gives rise to a total or partial interruption of operation of the EDP equipment.

7. MISCELLANEOUS CASUALTY INSURANCE

7.1 General Liability Insurance

Public Liability Insurance

Covers the insured's legal liability against third party for accidental bodily injury and/or property damage arising from the insured's operation at the insured's premises.

Employer's Liability Insurance

Covers the insured's legal liability against the insured's employees for accidental bodily injury and/or death in the course of employment.

Products Liability Insurance

Covers the insured's legal liability against third party for accidental bodily injury and/or property damage arising from using the defective products sold or manufactured by the insured.

Elevators / Lifts Liability Insurance

Covers the insured's legal liability against third party for accidental bodily injury and/or property damage

arising from getting on or off the insured's elevators.

Contractor's Liability Insurance

Covers the insured's legal liability against third party for accidental bodily injury and/or property damage resulting from the insured's operations on the insured construction site.

Pollution Liability Insurance

Covers the insured's legal liability against third party for bodily injury and/or property damage resulting from the sudden and accidental pollution caused by the operation, storage or transit of the insured.

Golfer's Liability Insurance

Covers the insured's legal liability against third party for accidental bodily injury and/or property damage resulting from the insured's playing golf. It may be extended to cover hole in one, the insured's golf clubs and the caddies medical payments.

Hotel Comprehensive Liability Insurance

Covers the insured's legal liability against its customers for accidental bodily injury and/or property damage arising from the insured's operation at the insured's premises. It may be extended to cover the following:

- (1) loss or damage for declared valuable property in the care of safety box by the insured's operation

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- (2) food poisoning at the insured's premises
- (3) limousine service from premises to airport, wharf, train station or bus station
- (4) robbery at the insured's premises
- (5) parking lot liability

Security Company's Liability Insurance

Covers the insured's legal liability against third party for accidental bodily injury and/or property damage resulting from operation at customers' site, and also covers the security company's contractual liability.

Kindergarten's Liability Insurance

Covers the insured's legal liability against third party for accidental bodily injury and/or property damage arising from the operation of the insured's business including school bus pick-up and/or food poisoning and/or swimming activity and/or outside school teaching activities.

It may be extended to cover the employer's liability of the insured.

Rapid Transit System Passengers' Liability Insurance

Covers the insured's legal liability against passengers for accidental bodily injury and/or property damage arising from operation at the insured's premises.

Medical Practitioners' Liability Insurance

Covers the practicing physician, surgeon or dentist's legal liability against patient for bodily injury and/or death resulting from the rendering of professional services.

Medical Institution Liability Insurance

Covers the medical institution's legal liability against third party for bodily injury and/or death arising from its operation at the insured's premises or while rendering professional services. It may be extended to cover public liability.

Accountants' Liability Insurance

Covers the accountants' legal liability against third party for loss arising from their professional activities.

Lawyers' Liability Insurance

Covers the attorneys' legal liability against third party for loss arising from their professional activities.

Architects' and Engineers' Liability Insurance

Covers the architects' and engineers' legal liability against third party for loss arising from their professional activities.

Safe-Deposit Box Insurance (Bankers' Legal Liability)

Covers the insured's legal liability for accidental loss or damage to their customers' property bank notes, jewelry, etc. stored in safe-deposit boxes within the vault/strong room of the premises while under their care, control and custody.

Travel Agency's Liability Insurance

Covers the insured's legal liability based on the regulation of developing travel and the rule of managing travel agents against the traveler for accidental bodily injury or death or disablement arising from their professional services, and also covers the reissue cost of lost travel documents and the repatriation cost after a fatal travel accident.

Insurance Adjusters' Professional Liability Insurance

Covers the adjuster's legal liability against third party for loss arising from their professional activities.

Insurance Brokers' and Agents' Professional Liability Insurance

Covers the broker's and agent's legal liability against third party for loss arising from their professional activities.

Re-house Agency's Liability Insurance

Covers the re-house agency's legal

liability against third party for loss arising from their professional activities.

7.2 Miscellaneous Property Insurance

Money Insurance

The money insurance policy provides the following coverage :

- (1) Cash-in-Transit
- (2) Cash-in-Safe
- (3) Cash-on-Counter or Premises

It covers loss or damage caused by burglary/theft, fire, explosion, robbery and traffic accident while in transit.

Commercial Floater Insurance

Covers accidental property loss or damage for floating assets caused by

- (1) fire and fire allied perils at the insured's storage site;
- (2) in transit from one insured's site to another.

Burglary and Theft Insurance

It provides protection against

- (1) burglary, larceny and theft
- (2) robbery
- (3) breaking and entering a dwelling place

Glass Insurance

Covers accidental glass breakage except those caused by fire and fire allied perils.

Nuclear Energy Insurance

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This insurance covers loss arising from a nuclear accident and is provided by the Nuclear Energy Insurance Pool of the R.O.C.

The scope of coverage of nuclear energy insurance policy includes accidental material damage, legal liability, pollution and contamination.

Personal Accident

Covers the Insured's bodily injury due to sudden external accidents, not caused by diseases. Benefits paid for personal accident insurance may include payment for accidental death and medical treatment/hospitalization allowance.

Travel Agent's Performance Bond

Covers the insured's payment of tour fees while travel agent failed to perform their tour services.

Surety Bonds

The surety bond, which are only available to engineering related business in this market, includes Bid Bond, Performance Bond, Advance Payments Bond, Labor and Material Payments Bond, Retention Bond and Maintenance Bond. They provide monetary compensation should there be a failure to fulfill the insured's obligations and so on.

Consumer's Credit Insurance

It provides protection against insured's financial loss caused by failure to collect payment of loan including interest from the insured's customers.

7.3 Bond & credit insurance

Banker's Blanket Bond

It provides coverage to meet the special needs of the bankers. The coverage is set forth in seven insured agreements:

1. Infidelity of employees
2. Property on premises
3. Property in transit
4. Forgery or alteration of cheques
5. Counterfeit currency
6. Damage to offices and contents
7. Securities

Fidelity Bond

It provides protection against financial loss caused by dishonesty or fraud of the insured's employees.