

## CONTENTS

### NON-LIFE INSURANCE BUSINESS IN TAIWAN

<i>General Information</i>	2
<i>Market Conditions</i>	6
<i>Products Available</i>	24
<i>The System For Solicitors</i>	35
<i>Professional Examination For Qualification</i>	36
<i>Introduction To The Non-Life Insurance Association Of The R.O.C.</i>	39
<i>Introduction To The Taiwan Insurance Institute</i>	42
<i>Major Events</i>	43
<i>Publications</i>	44
<i>Major Losses</i>	45
<i>Liaison Offices Of Foreign Non-Life Insurance Companies In The R.O.C.</i>	46
<i>Liaison Offices Of Foreign Reinsurance Companies In The R.O.C.</i>	47
<i>Representative Offices Of International Brokers</i>	48
<i>Other Institutions</i>	49
<i>Non-Life Insurance Companies</i>	51

## GENERAL INFORMATION

	2003	2004	2005
Population(million)	22.6	22.6	22.8
Area (sq. km)	36,000	36,000	36,000
GNP (US\$ billion)	295.6	316.7	354.2
GDP (US\$ billion)	286.2	305.4	345.9
GNP per Capita ( US\$)	13,139	14,032	15,639
Value of Imports (US\$ billion)	127.25	168.75	182.61
Value of Exports (US\$ billion)	144.18	182.37	194.43
Real Economic Growth Rate (%)	3.43	6.07	4.09
Annual Changes in Wholesale Price Index (%)	2.48	7.03	0.61
Annual Changes in Consumer Price Index (%)	-0.3	-1.6	-0.7
Unemployment Ratio (%)	4.9	4.4	4.13
Motor Vehicles (thousand)	6,134	6,389	6,667
Motorcycles (thousand)	12,366	12,793	13,195
Telephone Sets (thousand)	38,450	36,357	35,892
Exchange Rates US\$/NT\$	33.98	31.92	32.85
Annual Interest Rates (Money Market Rate)(%)	1.05	0.99	1.27

Data Source: Publications of the Directorate-General of Budget, Accounting and Statistics, Executive Yuan

### 1. GEOGRAPHY

Taiwan, also known as Formosa, is an island about 160 km off the southeast coast of Mainland China, 360 km from the northern tip of the Philippines, and 1,070 km from the southern tip of Japan. It is separated from Fukien Province on Mainland China by the Taiwan Straits. The island measures 377 km long and 142 km wide at its widest point.



## 2. MAJOR CITIES

City Name	Population	Noted For
Taipei	2.62 million	Political/Economic center. Capital City
Keelung	0.39 million	Northern major port city
Hsinchu	0.39 million	Northern hi-tech industrial park
Taichung	1.03 million	Largest central city with ports some 50 km west of the city
Tainan	0.75 million	Southern city with historic relics
Kaohsiung	1.51 million	Largest industrial city; also noted for its major ports; largest commercial city in the south
Hualien	0.34 million	Major city and port on the east coast

## 3. CLIMATE

Taiwan's climate is subtropical and pleasant. The average temperature is 22 °C in the north and 24.5°C in the south. Summer runs from May to October, and there is a mild winter from December to February. Rainfall is abundant, averaging 2,500 millimeters (100 inches) annually. Local and seasonal variations are numerous. The North is often rainy in the winter, and the South sees heavy rains in the summer. Winter snows occur in the higher mountains.

## 4. PEOPLE

Apart from approximately 439,000 aborigines, the ancestors of Taiwan people originated in mainland China and settled here mainly during the 17th and 18th centuries.

## 5. LANGUAGES

The official language is Mandarin

Chinese. Taiwanese and Hakka are the two most popular dialects. English is the most popular foreign language and is taught from elementary school onwards. Japanese is the second most studied foreign language.

## 6. EDUCATION

A nine-year compulsory education system, from elementary school to junior high school, is available nationwide. The enrollment of eligible students is 99.9%. Most of them continue with senior high school education. After graduation from senior high school, more than 1.2 million students attend 154 universities, colleges and academies in Taiwan each year.

## 7. TRANSPORTATION

### International Airports:

Taoyuan CKS Airport is in the north,

around 40 km southwest of Taipei. Kaohsiung Airport serves the south.

**Domestic Airports:**

Located in Taipei, Kaohsiung, Taichung, Chiayi, Tainan, Hualien, Taitung, Pingtung and main offshore islands.

**North-South Freeways:**

The first Sun Yat-Sen Freeway began in 1978 linking Keelung and Kaohsiung ( a distance of 393 km ). The Second Northern Freeway was completed in 1999, beginning in Keelung and ended near Pingtung, Linpien ( a distance of 430 Km ).

**Railway:**

Taiwan's railway network totals a distance of 2,409.1 km, circling the entire island. Local as well as express trains serve travelers.

**High Speed Rail:**

The high-speed rail (HSR) is being constructed by adopting the Build-Operate-Transfer (BOT). The construction work on the high-speed rail system started on March 27, 2000.

It starts from the Taipei Station and ends at Kaohsiung with a total distance of 345 km. There will be 11 stations built on the line, once completed, The HSR will reduce travel time between northern and southern Taiwan to around 90

minutes.

**Highway Network:**

A total of 20,180 km of roads connect all major cities and small towns islandwide.

**Mass Rapid Transit:**

Taipei's Metropolitan Area MRT System network totals a distance of 69.1 km and the system is comprised of 7 lines, another 69.9km of track are under construction. Kaohsiung's Metropolitan Area MRT system is under construction which are scheduled to start in October 2007. The completed system will comprise 2 lines running 42.7 km.

**Harbors:**

Kaohsiung Harbor is now the world's fifth largest harbor for container cargo. Keelung Harbor is the second largest harbor in Taiwan. Its service has played a vital role in international trade for Taipei and northern Taiwan. Other major harbors are Taichung Harbor (central west coast), Hualien Harbor and Suao Harbor (east coast) .

**International Telecommunications:**

Sophisticated IDD telephone exchange systems are common in Taiwan. Facsimiles and telegrams work 24 hours a day through satellites, submarine cables, and microwave transmitters.

## 8. ECONOMY

Looking back at the global economic environment in 2005, the economic situation in Europe, USA and Japan grew slowly due to the abnormal weather conditions, catastrophes around the world, oil price rising, imbalance in the market, etc. According to IMF estimates, global economic growth rate in 2005 was 4.3%. The growth rate was lower compared to 5.1% in the previous year. However, it still maintained a stable growth situation.

As for the to local economy, the performance results in the first half year was not so good due to a weak export trade growth rate, reduced manufacturer production and investments not growing as expected. In the 4th Quarter, the economic situation was booming and export trade was increasing considerably. This caused a huge increase in the manufacturing industry. According to the estimates from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, economic growth rate was amended to 4.09% from the previous estimates of 3.8%. It reached the secure 4% target as expected.

Taiwan's import/export industry has been strong, growing at a respective rate of 8.21% and 8.81% compared to the previous year. Communications and electronic equipment comprised the majority of exports, while chemical materials held the highest percentage of

imports. Industrial production reached a high in the second quarter, growing 5.24% from the previous year. Taiwan's Central Bank increased interest rates third during the second half, showing a careful and conservative policy to avoid affecting investments and consumer purchases.

Looking forward to the 2006 internal and external economic situation, internationally most of the major economic research institutions estimate a slowing global economy due to the increase in oil prices and slowing growth in global trade & production. Locally, according to the data posted by Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the annual economic growth rate reached the expectation target and the economic growth rate for 2006 will be amended to 4.25% due to good performance results in the 3rd and 4th Quarter. Under the current situation of stable growth of the US economy; Japan's economy being stronger; steady improvement in Europe Union, and China being the largest export market in Taiwan, all of these factors indicate a positive attitude to our continuous export trade expansion.

## MARKET CONDITIONS

### 1. The Market in General

In 2005, the premium incomes of Taiwan's non-life insurance industry achieved NT\$118,501 million, another record high with a growth rate of 2.63% compared to that of NT\$115,467 million in 2004.

Although the rate-cutting competition still existed in Taiwanese non-life insurance market in 2005, the continuous developments of new products such as personal accident insurance market, as well as the high growth of motor insurance business resulted from increasing new motor sales, the domestic non-life insurance industry made it possible to have a growth of premium income each year over the past eight years since 1998. However, after deregulation process since 2002, the market growth had been slowed down year by year.

Out of the total premium incomes of NT\$118,501 million for the overall non-life insurance market in 2005, the premium incomes of fire insurance was NT\$22,035 million, decreased by NT\$65 million with a negative growth rate of 0.29%, compared to NT\$22,100 million in 2004.

The premium incomes from marine insurance, including marine cargo

insurance, marine hull insurance, and fishing vessel insurance, were NT\$8,665 million with a growth of 3.68% in 2005. Due to limited growth of international trade, marine cargo insurance business revealed a minor growth of 0.80% with premium incomes of NT\$5,906 million in 2005, compared to NT\$5,860 in the previous year. On the other hand, impacted by rate reduction resulted from no major claim records, the premium incomes from aviation insurance were NT\$1,971 million, which revealed a significant decrease of 38.27% compared to NT\$3,192 million in the previous year.

The total premium income generated by automobile insurance in 2005 was NT\$58,862 million, up NT\$3,814 million compared to NT\$55,048 million in 2004 with a growth rate of 6.93%, which remained significant growth contributed by the increase of new motor sales. Therefore, the premium weight of automobile insurance was increased from 47.67% in 2004 to 49.67% in 2005.

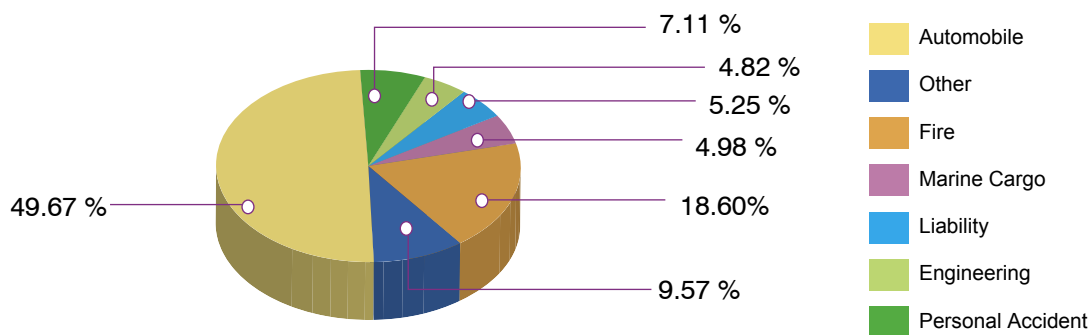
The premium incomes from engineering insurance in 2005 totaled 5,711 million, NT\$1,346 decreased by NT\$7,057 million in 2004 with negative growth of 19.07% due to limited domestic construction.

With regard to miscellaneous casualty insurance, which consists of liability insurance, bond & credit insurance and other property insurance, the total premium income of miscellaneous casualty insurance was NT\$21,257 million in the year 2005, up by a growth rate of 7.84% or an amount of 1,547 million from NT\$19,710 million in 2004. The consecutive significant growths was mainly contributed by the high potential of the personal accident market.

In regard of the market portfolio in 2005 by classes of non-life insurance business, automobile insurance

accounted a major share of 49.67%, and the remaining 50.33% was distributed to fire insurance 18.60%, personal accident insurance 7.11%, liability insurance 5.25%, marine cargo insurance 4.98%, engineering insurance 4.82%, and the other business 9.57%.

The average loss ratio of non-life insurance industry was significantly increased from 45.23% in 2004 to 55.59% in 2005, up 10.35%. The increase of loss ratio was mainly contributed by 2 major commercial fire losses.



The statistics revealed the variation of loss experience of non-life insurance market in 2005. The changes of average loss ratio in respect of various classes of non-life insurance in 2005 are shown hereinafter individually. Fire loss ratio jumped from 21.45% in 2004 to 61.13% in 2005; marine cargo loss ratio remained stable at 38.27%; automobile loss ratio continued its down trend to 60.50% in 2005; aviation loss ratio showed -17.01% due to loss amount adjustment.

Engineering loss ratio remained at 36.10%; casualty loss ratio increased from 39.25% in 2004 to 50.93% in 2005, mainly because of increasing losses in bond & credit insurance. Within casualty business, the loss ratio for personal accident insurance was 44.37% with a slight decrease compared to 45.23% in 2004. However, the loss development trend for personal accident insurance still need to be closely tracked.





**Table 1-1 : Premium Income & Growth Ratio**

(in million NT\$ & %)

Year		2001	2002	2003	2004	2005
Fire	Premium Incomes	19,754	23,627	24,178	22,101	22,035
	Growth Ratio	18.34	19.61	2.33	-8.59	-0.29
Marine Cargo	Premium Incomes	4,298	4,705	5,286	5,860	5,906
	Growth Ratio	-1.73	9.46	12.35	10.87	0.80
Marine Hull	Premium Incomes	2,395	2,664	2,453	2,498	2,758
	Growth Ratio	19.27	11.23	-7.92	1.83	10.44
Automobile	Premium Incomes	47,254	48,659	50,387	55,048	58,862
	Growth Ratio	-6.69	2.97	3.55	9.25	6.93
Aviation	Premium Incomes	2,390	3,908	3,840	3,193	1,971
	Growth Ratio	31.69	63.51	-1.74	-16.85	-38.27
Engineering	Premium Incomes	4,585	6,267	6,865	7,057	5,711
	Growth Ratio	7.48	36.68	9.54	2.80	-19.07
Miscellaneous Casualty	Premium Incomes	10,153	11,603	16,461	19,712	21,257
	Growth Ratio	26.25	14.28	41.87	19.75	7.84
Total	Premium Incomes	90,830	101,434	109,469	115,468	118,501
	Growth Ratio	3.41	11.67	7.92	5.48	2.63

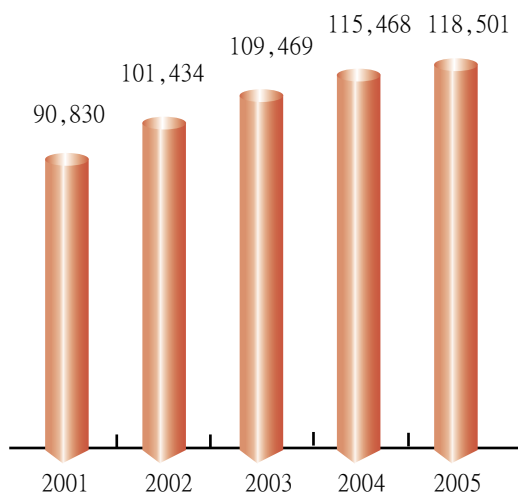
Remarks: 1. Marine hull includes ocean hull and fishing vessel insurance.

2. Miscellaneous casualty includes liability, bonding and miscellaneous property insurance.

Sources: Taiwan Insurance Institute.

The Non-Life Insurance Association of the Republic of China.

**Direct Written Premium**



**Growth Ratio**

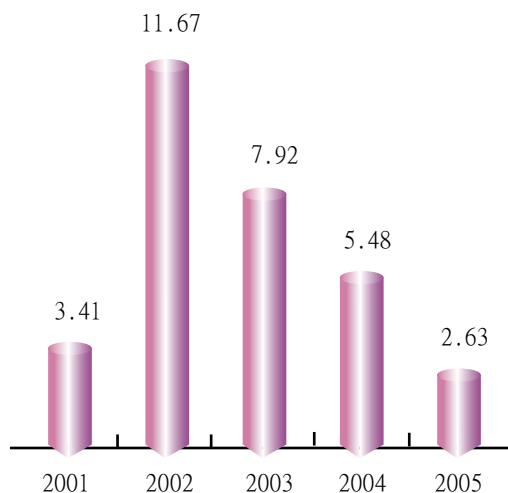


Table 1-2 : Loss Ratio

(in%)

Year	2001	2002	2003	2004	2005
Fire	96.98	12.17	10.77	21.45	61.13
Marine Cargo	60.88	37.34	41.09	38.74	38.27
Marine Hull	71.50	35.20	46.88	110.46	71.86
Automobile(Voluntary)	56.05	53.53	54.41	54.67	54.87
Automobile(Compulsory)	79.78	75.27	79.91	75.16	73.42
Aviation	12.51	107.27	36.75	-49.08	-17.01
Engineering	142.44	-4.78	25.42	36.19	36.10
Miscellaneous Casualty	68.14	69.40	40.38	39.25	50.93
Total	74.44	46.62	45.31	45.23	55.59

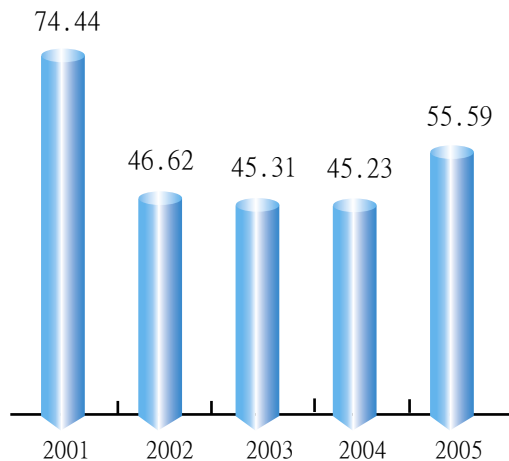
Remarks:1. Marine hull includes ocean hull and fishing vessel insurance.

2. Miscellaneous casualty includes liability, bonding and miscellaneous property insurance.

Sources: Taiwan Insurance Institute.

The Non-Life Insurance Association of the Republic of China.

Loss Ratio



## 2. Fire Insurance

Direct written premium for fire insurance decreased by NT\$65 million, or 0.29%, from NT\$22,101 million in 2004 to NT\$22,035 million in 2005.

The loss ratio for fire insurance increased from 21.45% in 2004 to 61.13% in 2005 with an increase of 39.68%. This was a result of some major commercial fire losses in 2005.

**Table 2 : Fire Insurance**

(in million NT\$ &%)

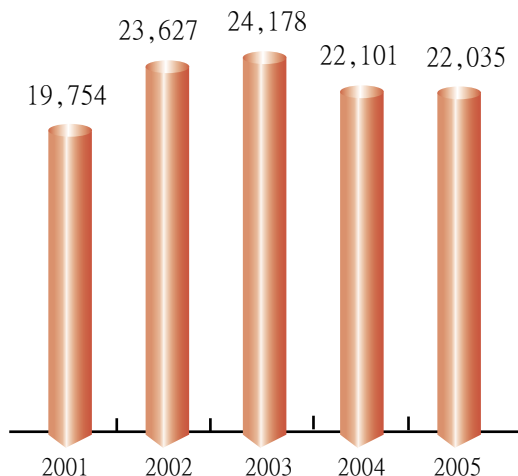
Year	2001	2002	2003	2004	2005
Direct Written Premium	19,754	23,627	24,178	22,101	22,035
Loss Ratio	96.68	12.17	10.77	21.45	61.13

Remarks: Loss Ratio on written to incurred basis.

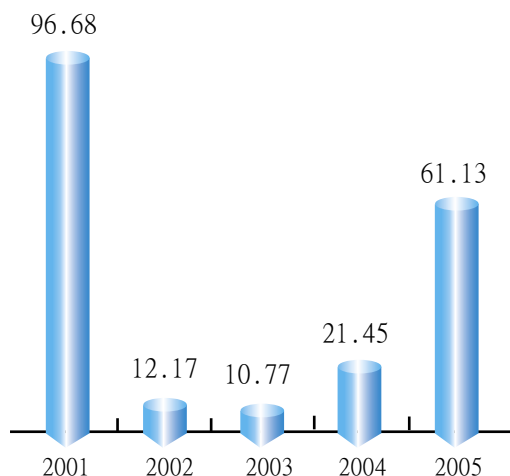
Sources: Taiwan Insurance Institute.

The Non-Life Insurance Association of the Republic of China.

**Direct Written Premium**



**Loss Ratio**



### 3. Marine Cargo Insurance

Direct written premium for marine cargo insurance in 2005 was NT\$5,906 million, which was NT\$46 million slightly higher than the NT\$5,860 million in 2004. The total written premium increased by 0.80%.

The slight increase in the marine cargo written premium was a result of

the continual limited increase in cargo quantities for import and export, and the increase in the price of imported oil products, which resulted in the increase of the insured sum.

As to the loss ratio of marine cargo insurance, it decreased by 0.47% from 38.74% in 2004 to 38.27% in 2005.

**Table 3 : Marine Cargo Insurance**

(in million NT\$ & %)

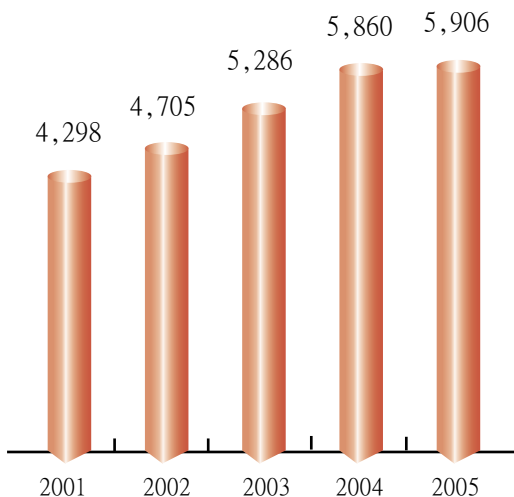
Year	2001	2002	2003	2004	2005
Direct Written Premium	4,298	4,705	5,286	5,860	5,906
Loss Ratio	60.88	37.34	41.09	38.74	38.27

Remarks: Loss Ratio on written to incurred basis.

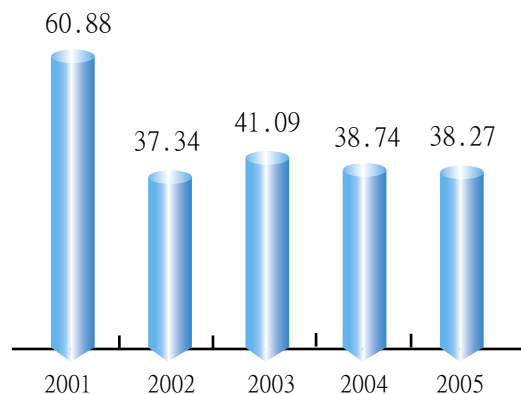
Sources: Taiwan Insurance Institute.

The Non-Life Insurance Association of the Republic of China.

**Direct Written Premium**



**Loss Ratio**



#### 4. Marine Hull Insurance

The total written premium for marine hull insurance increased by NT\$2.60 million from NT\$2,498 million in 2004 to NT\$2,758 million in 2005 due to the increase of new vessel together with their value and sum insured.

The loss ratio for ocean hull decreased to 60.75% in 2005, an decrease of 58.86% in comparison with

119.61% in 2004. Incidentally, the loss ratio for fishing vessels increased by 11.98% from 88.38% in 2004 to 100.36% in 2005.

The average loss ratio for marine hull insurance, including ocean hull and fishing vessels, decreased from 110.46% in 2004 to 71.86% in 2005.

**Table 4 : Marine Hull Insurance**

(in million NT\$ & %)

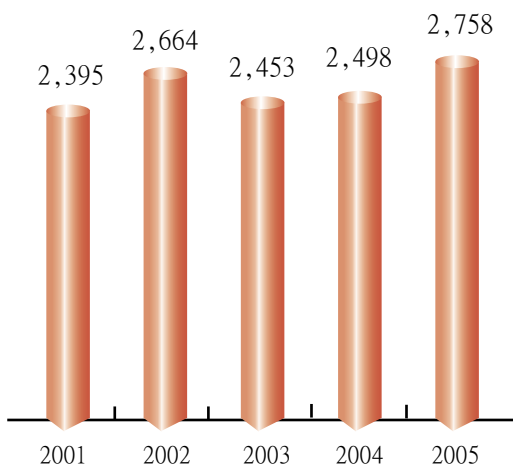
Year	2001	2002	2003	2004	2005
Direct Written Premium	2,395	2,664	2,453	2,498	2,758
Loss Ratio	71.50	35.20	46.88	110.46	71.86

Remarks: Loss Ratio on written to incurred basis.

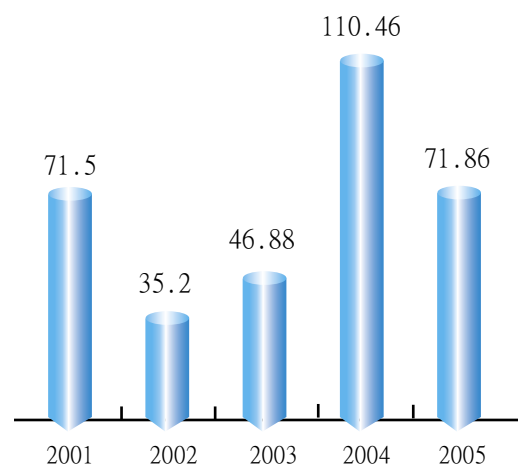
Sources: Taiwan Insurance Institute.

The Non-Life Insurance Association of the Republic of China.

**Direct Written Premium**



**Loss Ratio**



### 5. Automobile Insurance

The total premium written in 2005 was NT\$58,862 million, showing a growth of 6.93% compared to NT\$55,048 million in 2004. The growth of automobile insurance written premium in 2005 was mainly due to a substantial increase of the number of cars sold. The direct written premium from voluntary automobile insurance, i.e. physical damage and optional third party liability was NT\$41,003 million in 2005, which was an increase of 10.01%. The direct written premium of compulsory automobile liability insurance in 2005

was NT\$17,859 million.

The average loss ratio for voluntary automobile insurance increased by 0.2% from 54.67% in 2004 to 54.87% in 2005. The loss ratio for compulsory insurance decreased by 1.74% from 75.16% in 2004 to 73.42% in 2005.

The revised rating system and basic deductibles applied to each and every physical loss prevented the loss ratio of automobile physical damage insurance from rising. We can expect good profitability for automobile physical damage insurance in the coming years.

**Table 5-1 : Voluntary Automobile Insurance**

(in million NT\$ & %)

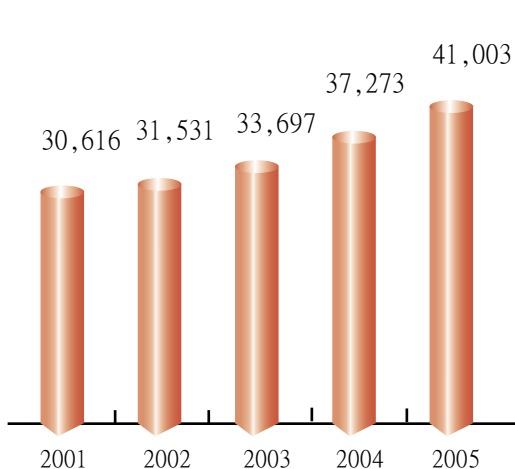
Year	2001	2002	2003	2004	2005
Direct Written Premium	30,616	31,531	33,697	37,273	41,003
Loss Ratio	56.05	53.53	54.41	54.67	54.87

Remarks: Loss Ratio on written to incurred basis.

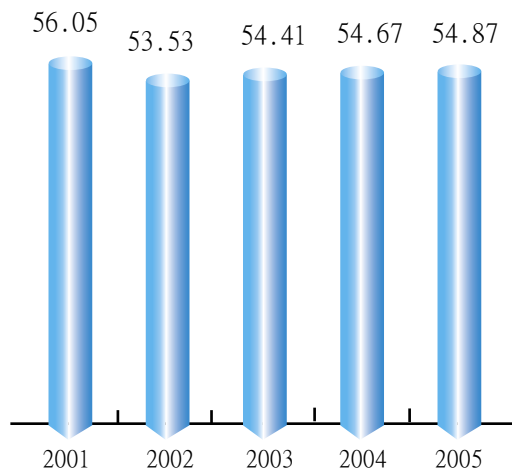
Sources: Taiwan Insurance Institute.

The Non-Life Insurance Association of the Republic of China.

**Direct Written Premium**



**Loss Ratio**



**Table 5-2 : Compulsory Automobile Liability Insurance**

(in million NT\$ & %)

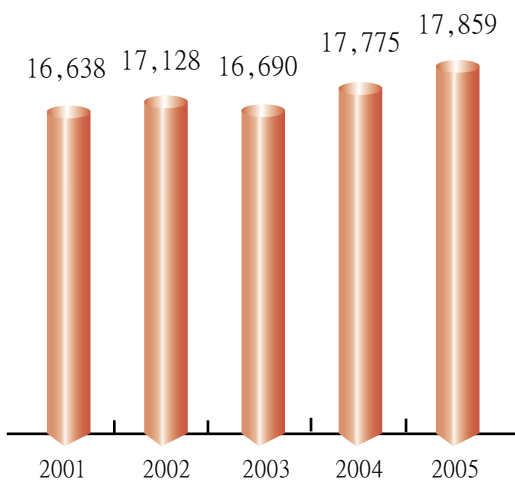
Year	2001	2002	2003	2004	2005
Direct Written Premium	16,638	17,128	16,690	17,775	17,859
Loss Ratio	79.78	75.27	79.91	75.16	73.42

Remarks: Loss Ratio on written to incurred basis.

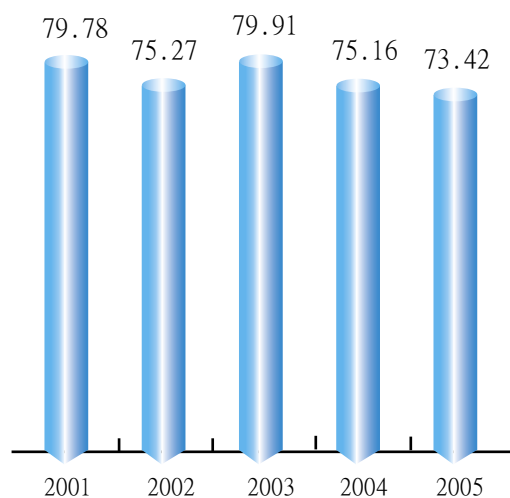
Sources: Taiwan Insurance Institute.

The Non-Life Insurance Association of the Republic of China.

**Direct Written Premium**



**Loss Ratio**



### 6. Aviation Insurance

The direct written premium reached NT\$1,971 million in 2005, which was NT\$1,222 million or 38.27% lower than the direct premium of 3,193 million in 2004. The decrease of direct written premium was mainly attributed to the

decreased premium in the basic cover and additional war risk with no major losses incurred.

As for the loss ratio of the aviation on insurance, it increased by 32.07% from -49.08% in 2004 to -17.01% in 2005.

**Table 6 : Aviation Insurance**

(in million NT\$ & %)

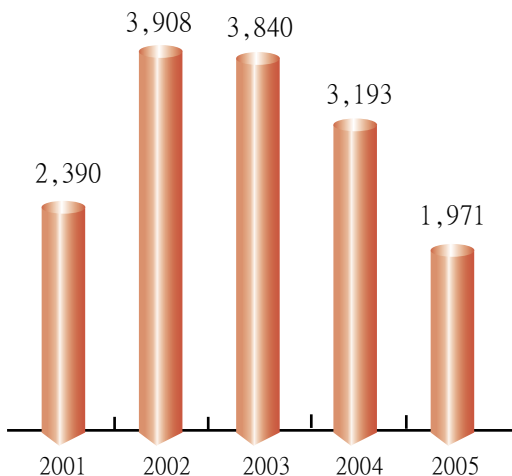
Year	2001	2002	2003	2004	2005
Direct Written Premium	2,390	3,908	3,840	3,193	1,971
Loss Ratio	12.51	107.27	36.75	-49.08	-17.01

Remarks: Loss Ratio on written to incurred basis.

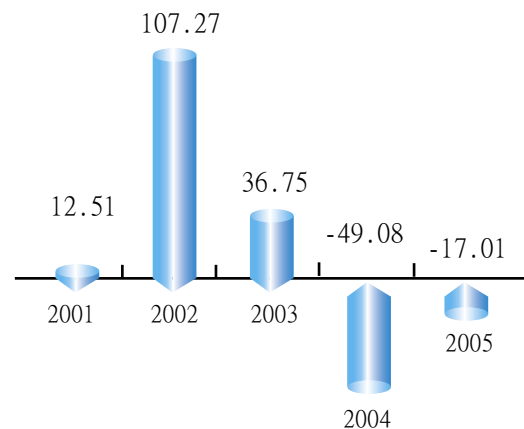
Sources: Taiwan Insurance Institute.

The Non-Life Insurance Association of the Republic of China.

**Direct Written Premium**



**Loss Ratio**





## 7. Engineering Insurance

In 2005, the total premium income of engineering insurance reached NT\$5,711 million, decreased by 1,346 million from last year's premium NT\$7,057 million, down 19.07%. Its market share was 4.82% of the entire non-life insurance premium income of NT\$118,501 million in 2005, down 1.29% compared to the previous year's market share of 6.11%, ceased constant growth during past 5 years.

The substantial decrease of the engineering insurance premium in 2005 was a result of marketing competition and slowing down of the whole investments.

As usual, the majority of the premium income of engineering insurance came from non-renewable business, such as Contractors' All Risks and Erection All Risks insurances. And only 12.3% of its premium income generated from renewable engineering insurance, such as CPM, BPV, MI and EEI.

Compared to the developed countries, Taiwan has much less premium income produced from these renewable engineering businesses. And we expect the whole non-life insurance industry will pay more attention to the promotion of the potential market of renewable engineering businesses in the near future. It could not only help

increase the premium income but also retard price competition in the engineering insurance market.

The loss ratio of engineering insurance decreased slightly from 36.19% in 2004 to 36.09% in 2005, the year 2005 was still a good one for all local engineering insurers to celebrate because there was no major natural catastrophe losses happened in Taiwan.

For a long time, Taiwan is unable to escape from the impact of natural catastrophes; therefore, it is essential for the engineering insurers to work out proper loss prevention and risk management measures to apply to the construction or erection period of the insured projects covered under a CAR or an EAR policy.

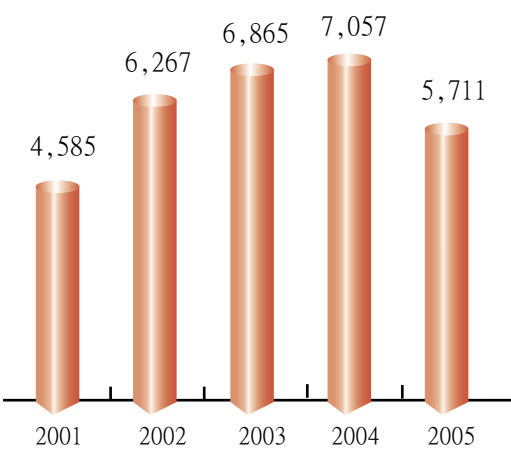
### Table 7 : Engineering Insurance

(in million NT\$ & %)

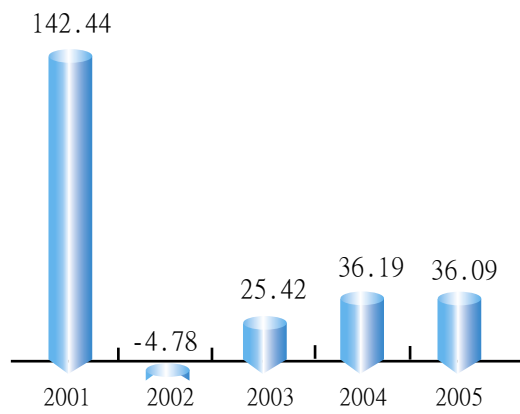
Year	2001	2002	2003	2004	2005
Direct Written Premium	4,585	6,267	6,865	7,057	5,711
Loss Ratio	142.44	-4.78	25.42	36.19	36.09

Remarks: Loss Ratio on written to incurred basis.  
 Sources: Taiwan Insurance Institute.  
 The Non-Life Insurance Association of the Republic of China.

#### Direct Written Premium



#### Loss Ratio



## 8. Miscellaneous Casualty Insurance

Miscellaneous Casualty Insurance consists of three categories: liability insurance, bond & credit insurance, miscellaneous property insurance (including personal accident insurance).

In 2005, a total direct written premium of Miscellaneous Casualty Insurance NT\$21,257 million increased from NT\$19,712 million in year 2004 with a growth ratio 7.84%. The loss ratio

of Miscellaneous Casualty Insurance in 2005 is 50.93% which compared with last year 39.25% increased by 11.68% was mainly due to the higher loss ratio of Bond & Credit Insurance.

The major growth area of Miscellaneous Casualty Insurance is personal accident insurance. Direct written premium of personal accident insurance substantially increased to NT\$8,431 million in 2005 from NT\$7,189 million in 2004.

**Table 8-1 : Miscellaneous Casualty Insurance**

(in million NT\$ & %)

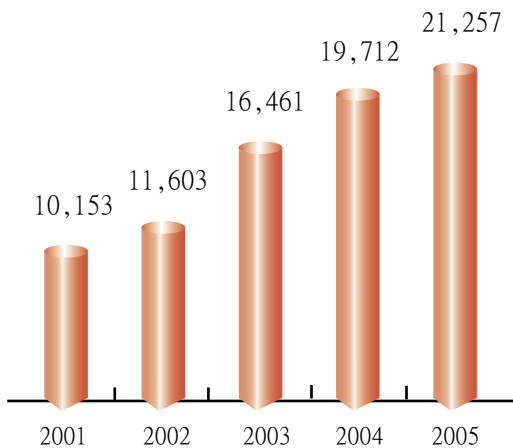
Year	2001	2002	2003	2004	2005
Direct Written Premium	10,153	11,603	16,461	19,712	21,257
Loss Ratio	68.14	69.40	40.38	39.25	50.93

Remarks: Loss Ratio on written to incurred basis.

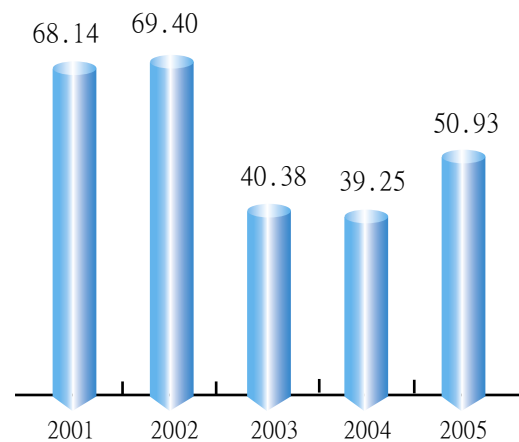
Sources: Taiwan Insurance Institute.

The Non-Life Insurance Association of the Republic of China.

**Direct Written Premium**



**Loss Ratio**



Direct written premium of liability insurance NT\$6,217 million in 2005 increased from NT\$6,158 million in 2004 with a growth ratio 0.94%. The loss ratio

of liability insurance in 2005 is 42.32% which compared with last year 36.47% increased by 5.85%.

### Table 8-2 : Liability Insurance

(in million NT\$ & %)

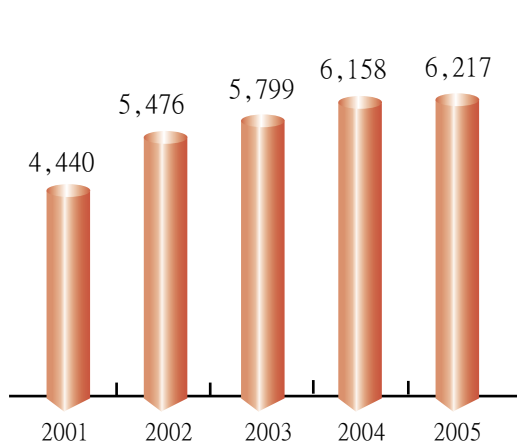
Year	2001	2002	2003	2004	2005
Direct Written Premium	4,440	5,476	5,799	6,158	6,217
Loss Ratio	52.18	47.93	36.72	36.47	42.32

Remarks: Loss Ratio on written to incurred basis.

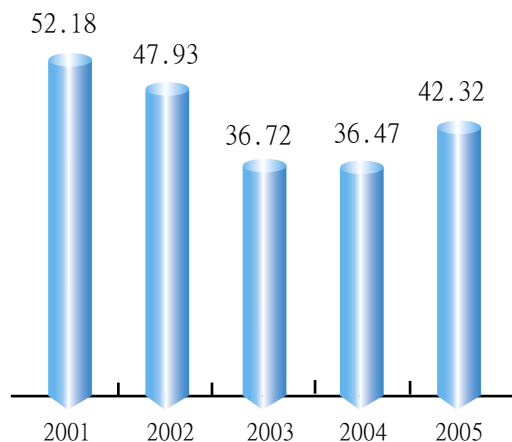
Sources: Taiwan Insurance Institute.

The Non-Life Insurance Association of the Republic of China.

#### Direct Written Premium



#### Loss Ratio



Direct Written Premium of miscellaneous property insurance NT\$11,847 million in 2005 increased from NT\$10,501 million in 2004 with a

growth ratio 12.82%. The loss ratio of Miscellaneous Property Insurance in 2005 is 37.17% which compared with last year 32.10% increased by 5.07%.

**Table 8-3 : Miscellaneous Property Insurance (including Personal Accident Insurance)**

(in million NT\$ & %)

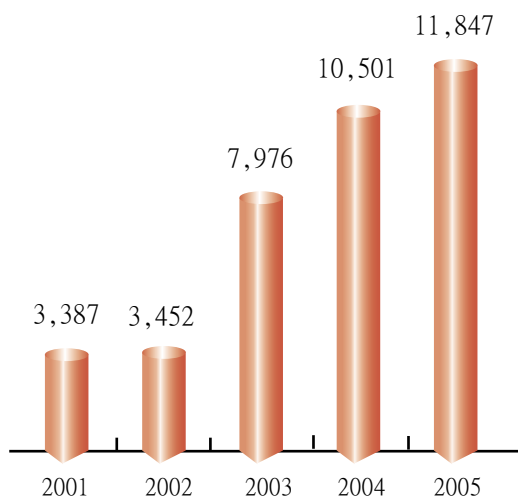
Year	2001	2002	2003	2004	2005
Direct Written Premium	3,387	3,452	7,976	10,501	11,847
Loss Ratio	67.84	57.47	27.82	32.10	37.17

Remarks: Loss Ratio on written to incurred basis.

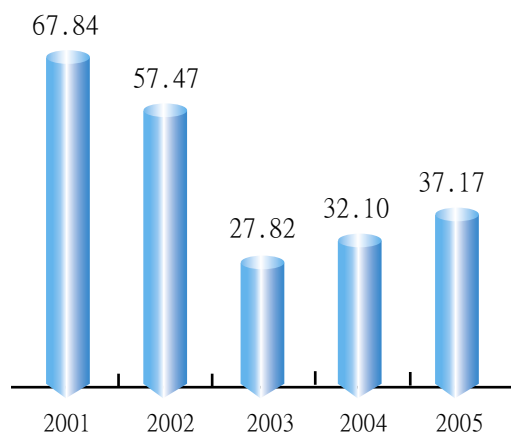
Sources: Taiwan Insurance Institute.

The Non-Life Insurance Association of the Republic of China.

**Direct Written Premium**



**Loss Ratio**



Direct written premium of bond & credit insurance NT\$3,193 million in 2005 increased from NT\$3,053 million in 2004 with a growth ratio 4.61%. The loss

ratio of bond & credit insurance in 2005 is 118.72% which compared with last year 69.45% increased by 49.27%.

**Table 8-4 : Bond & Credit Insurance**

(in million NT\$ & %)

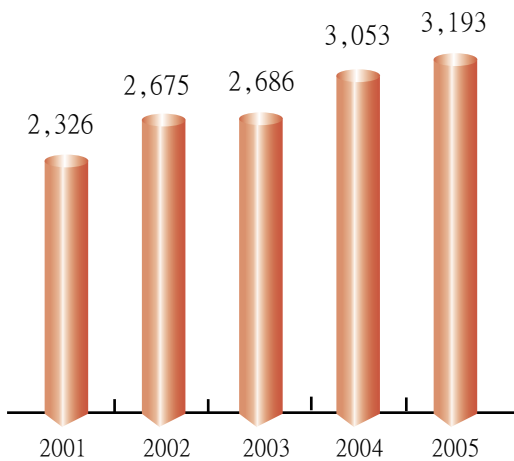
Year	2001	2002	2003	2004	2005
Direct Written Premium	2,326	2,675	2,686	3,053	3,193
Loss Ratio	99.03	128.76	85.58	69.45	118.72

Remarks: Loss Ratio on written to incurred basis.

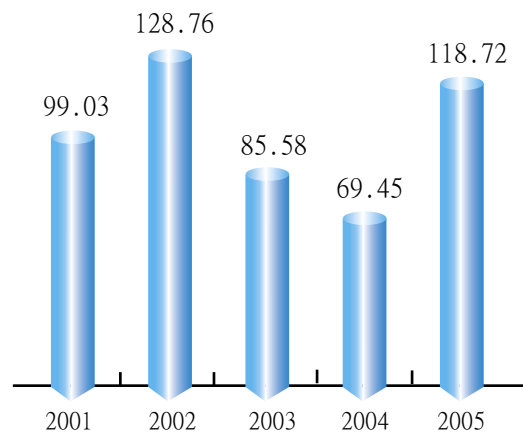
Sources: Taiwan Insurance Institute.

The Non-Life Insurance Association of the Republic of China.

### Direct Written Premium



### Loss Ratio



## 9. Reinsurance Premium Ceded Abroad

Reinsurance premium ceded abroad in 2005 was 39,256 million which was NT\$2,528 million or 6.88% higher than the NT\$36,728 million in 2004.

The ceded premium to South East Asia last year was still greatest one which amounted to NT\$16,398 million and equivalent to 13.84% of the total gross premium in 2005.

**Table 9 : Reinsurance Premium Ceded Abroad**

(in million NT\$ & %)

Assuming Country	2003		2004		2005	
	Ceded Premium	% of Direct Premium	Ceded Premium	% of Direct Premium	Ceded Premium	% of Direct Premium
United Kingdom	5,295	4.84	4,227	3.66	3,504	2.96
France	751	0.68	589	0.51	4,757	4.01
Germany	5,409	4.94	4,392	3.80	4,797	4.05
Rest of Europe	5,477	5.00	4,487	3.89	2,492	2.10
Japan	2,410	2.20	3,692	3.20	3,632	3.06
South East Asia	19,908	18.19	15,430	13.36	16,398	13.84
U.S.A.	5,421	4.95	3,349	2.90	3,608	3.04
Rest of America	941	0.86	508	0.44	60	0.05
Australia	9	0.01	54	0.05	8	0.01
<b>Total</b>	<b>45,621</b>	<b>41.67</b>	<b>36,728</b>	<b>31.81</b>	<b>39,256</b>	<b>33.12</b>

Sources: 14 domestic non-life insurance companies  
6 foreign non-life insurance companies, Taiwan Branch

## 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 01, 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 01, 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 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 coinsured by local insurers and managed by Central Re.

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 Insurance Bureau has prohibited sales of longterm residential insurance policy since April 01, 2002. Any existing long-term residential insurance policies will still be valid until the end of insurance period.

From May 01, 2006, Fire Third Party Liability (TPL) is automatically included into the residential fire policy. The Fire TPL cover will pay those sums that insured becomes legally obligated



to pay as damages because of “bodily injury” or “property damage” arising from fire, lightning, explosion or smoke from accident. The limits of indemnity under the Fire TPL are NT\$ 250,000 for each bodily injury, NT\$ 500,000 for each death and NT\$ 5,000,000 for any one accident. The limit of property damage is NT\$ 500,000. The annual aggregate limit of the Fire TPL coverage is NT\$ 10,000,000.

### 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 policy has been available to the market since January 07, 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.

The limits of indemnity concerning death or disablement has been revised to 1.5 million which took effect since March 1, 2005.

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 coverage 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:

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 the individual insurance company. Before selling this type of product, these companies are requested to submit the relative documents to the Insurance Bureau of the Financial Supervisory Commission to obtain permission for issuing new policies.

The coverage is 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, which are 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 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 coverages:

- 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 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 (MI)**

Machinery insurance is promoted to protect the insured against any unforeseen and sudden physical loss 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 (BPV)**

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 Insurance(EEI)**

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 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
- (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 insured'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.

### **Overseas Study Agency's Liability Insurance**

Covers the insured's legal liability based on the Stand Form Contract for Student Studying Abroad against

the student 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.

## **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**

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 .

**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 insuring clauses:

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.

**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.

**Overseas Study Agency's Performance Bond**

Covers the insured's payment of Study fees while Study Agent failed to perform their study services.

## THE SYSTEM FOR SOLICITORS

The non-life insurance marketing system in Taiwan is divided into the broker system, the agent system and the soliciting system. Of the non-life market, nearly 90% of business is produced by either insurance agents or brokers.

Effective December 31, 1991, all brokers and agents are required to pass a qualifying examination and be registered with the authority of insurance. Only registered brokers and agents are authorized to practice.

Effective November 22, 1993, all solicitors are required to pass a qualifying examination. Unlessheorsheis registered with a principal which may be an insurance company, agent, or broker,

an individual is not allowed to conduct business. A solicitor can only represent one principal company which authorizes him or her to do so in writing. From then on, all acts of the solicitor are deemed to be those of the principal. The types of products which may be marketed by a solicitor is determined by the respective principal. Effective April 28, 1998, a solicitor is allowed to represent one life insurance company and one non-life insurance company. Consequently, the change provides customers with more effective insurance services.

The number of licensed brokers, agents and solicitors for the past three years are reported in the table below.

Class/year	2003	2004	2005
Brokers	139	173	201
Agents	286	316	440
Solicitors	78,389	81,232	96,431

## PROFESSIONAL EXAMINATION FOR QUALIFICATION

### 1. Examination for Underwriters and Claims Adjusters

The examination for this area, which first took place in January, 1983, is now held twice a year. Those who pass the examination get certificates and are recognized throughout the nation as licensed professionals. People with the certificate have better opportunities to obtain higher position in the insurance industry.

Before 1985, all candidates who wished to become underwriters or inhouse claims adjusters in the Republic of China must pass this oral examination, as conducted by the Non-life Underwriters Society (NLUS) of the Republic of China under the authorization of the MOF.

From 1985, the captioned examination consisted of written and oral sections. After 1987, however, only the written examination was conducted to improve local industry standards and professional knowledge.

### 2. Examination for Brokers, Agents, and Adjusters

Candidates who wish to be brokers,

agents, or adjusters in the Republic of China must pass this examination which is conducted by the Examination Yuan under the sponsorship of the Financial Supervisory Commission.

Those who pass the examination get certificate which is recognized as professionals. After finishing training courses provided by the Financial Supervisory Commission, these candidates must be registered and authorized before conducting any business.

### 3. Examination for Solicitors

Candidates who wish to be solicitors in the Republic of China must pass this examination as conducted by the Non-Life Insurance Association of the R.O.C..

All solicitors are required to pass an examination which covers the principles of insurance, insurance laws and all ancillary regulations and the practical aspects of property and casualty insurance.

Those who pass the examination get a certificate which is recognized as professional. Solicitors are not allowed to solicit businesses unless they are registered with an insurance company, insurance broking company or insurance agency company.

#### 4. Examination for CPCU

CPCU(Chartered Property and Casualty Underwriters) examination is designed by the American Institute for Property and Casualty. The tensemester CPCU program focuses on the insurance industry and the way it fits into the business, economic and legal

environment. The purpose of CPCU program is to develop property and liability insurance professionals. In addition to passing the examinations, candidates for CPCU professional

designation must satisfy certain ethical and experience requirements.

Located in Taipei, Taiwan Insurance Institute is one of the overseas locations in which the CPCU examination is given every year.

#### 5. Examination for CII

CII (Chartered Insurance Institute) qualifying examination program is designed by CII in England to meet the educational needs of professionals in the insurance industry.

Those who pass the examination will earn a diploma which is recognized throughout the world as a hallmark of a sound and comprehensive insurance education. The knowledge gained through the study will also enhance

career prospects and obtain greater job opportunities.

Taiwan Insurance Institute is one of the overseas locations in which the CII examination is given annually.

#### 6. Examination for PRM and CRM

PRM (Personal Risk Manager) and CRM (Commercial Risk Manager) examinations are designed by the Risk Management Society of Taiwan. The PRM program focuses on the

principles of risk management, nonlife risk management and life risk management.

The CRM program focuses on the principles of commercial risk management and civil law, industrial safety and health management, financial management and insurance. The purpose of PRM and CRM programs is to develop risk management professionals. The examination is now held twice a year.

#### 7. Examination for CAS

CAS (Casualty Actuarial Society) examination is designed by the Casualty Actuarial Society, U.S.A. The Actuarial Institute of the Republic of China is one of the overseas locations in which the CAS examination is given twice a year.

### 8. Examination for AIRC

AIRC (Actuarial Institute of the Republic of China) examination is designed by the Actuarial Institute of the Republic of China.

Those who pass all 8 examinations with at least one year of working experience in Taiwan insurance industry

will be qualified to apply for FAIRC (Fellow of Actuarial Institute of the Republic of China) from the Actuarial Institute of the Republic of China.

The examination is now held twice a year.



## INTRODUCTION TO THE NON-LIFE INSURANCE ASSOCIATION OF THE R.O.C.

### 1. History

The Non-Life Insurance Association of the R.O.C., formerly the Taipei Non-Life Insurance Association, was established on April 1, 1949. Its members were originally composed of life and nonlife insurance companies in Taiwan. Its objectives were:

- (1) To assist and comply with the government in enforcing all insurance laws;
- (2) To promote development of the insurance industry in Taiwan.
- (3) To protect and ensure the mutual goals and interests of its members;
- (4) To accelerate the growth of the insurance industry and to provide welfare to the general public.

According to the insurance law, it is illegal for an insurer to do both life and non-life insurance business. Therefore, with the approval of the Ministry of Finance in the fall of 1964, the Taipei Insurance Association officially split into The Taipei Non-Life Insurance Association and The Taipei Life Insurance Association.

Among the twenty-two current member companies, 7 of them are foreign insurers. Branches of member

companies are spread throughout island wide. The local companies have a total of 154 branches and 409 liaison offices. Altogether, the member companies

have 13,467 employees. Although the association headquarter is situated in Taipei, it could provide its member companies reach every corner of Taiwan province through their numerous branches and liaison offices. In compliance with the revised Business Organization Act, The Non-life Insurance Association of the R.O.C. was founded on June 7, 1998. In order to avoid overlapping and wasting of resources, the Taipei Insurance Association was merged into the Non-life Insurance Association of the R.O.C. in June 1999.

### 2. Missions

The missions of The Non-Life Insurance Association of the R.O.C. are:

- (1) To assist its members in conducting survey, statistics, research and development programs and activities;
- (2) To coordinate, negotiate and establish insurance business rules, regulations and premium standards;

- (3) To protect and improve the mutual welfare of its member companies;
- (4) To eradicate business misconduct or legal violations by its member companies and to arbitrate dispute resolutions;
- (5) To sponsor technical and business related continuing education programs for insurance professionals;
- (6) To assist in applying, updating, and renewing professional/business licenses and handling related tasks for its members;
- (7) To keep abreast and maintain contact with domestic and international insurance markets;
- (8) To support government administrations on special projects and activities;
- (9) To appeal and make suggestions to government administrations on behalf of its members;
- (10) To administer and fulfill public obligations of the insurance industry;
- (11) To coordinate and conduct public announcement and business promotions for its members; and
- (12) To support the government in participating in public events.

### 3. Functions and Services

The Non-Life Insurance Associations of the R.O.C. offers the following

functions and services,:

- (1) Serves as a bridge among government agencies, insurance companies, consumers and society, and sponsors programs and events which benefit the general public.
- (2) Designs new insurance services and forms to accommodate the ever changing needs of the society and the customers. In addition to the traditional insurance services, the Non-Life Insurance Association of the R.O.C. has designed special policies such as insurance for security companies and banker's legal liability insurance, covering safe-deposit boxes.
- (3) Establishes and updates insurance tariff to stabilize the insurance market and to protect rights and benefits of the consumers.
- (4) Audits the special fire insurance premium to accommodate the unique requirements of special industries and large businesses via the establishment of a Special Premium Review Committee.
- (5) Organizes and administers Fishing Vessel Insurance Pool and Bulk Cargo Insurance Pool



via two especially designated committees.

- (6) Improves the underwriting and claims adjusting procedure to enhance the effectiveness of automobile insurance claims auditing and minimizes insurance costs by researching for more efficient automobile maintenance and repair, and by establishing standard hourly labor rate for automobile mechanics.
- (7) Leads research and development tasks for the insurance industry to keep up with the social changes. As a society advances, its complexity and danger, increases accordingly. Under that environment, insurance becomes the best shield against life and property casualties. Therefore, it is critical to constantly improve the existing service and design new items to meet the insurance needs of the ever changing society.
- (8) Establishes the Consumer Help and Complaint Service Center to support the Financial Supervisory Commission's initiative on "improving automobile insurance service quality" by answering

consumer inquiries and taking care of customer complaints.

- (9) Promotes public recognition of the compulsory automobile insurance practice to ensure public understanding of the necessity and benefits of automobile insurance for the protection of society at large and to make known the direction and strategy of the automobile insurance administration industry.
- (10) Advocates international business affairs to manage reinsurance tasks, explore international insurance market and handle relevant international affairs by establishing an International Affairs Committee.
- (11) Establishes a committee of solicitors under the authority of the Ministry of Finance to conduct qualification test, training, and registration of solicitors.

## INTRODUCTION TO THE TAIWAN INSURANCE INSTITUTE

The Taiwan insurance institute is a non-profit research and educational organization that was founded on July 1, 1985. Its purpose is to promote sound development of insurance industry. The functions consist of insurance research and development, professional training, management information system and actuarial matters. The Institute shall also take part in assisting the formation of insurance policy, risk management and insurance education for the general public, promotion of mutual interest between insurer and the insured as well as the society as a whole so as to enhance the prosperity and stability of the nation. The institute is also the think-tank and bridge between the government and the insurance industry and devoted to directing the insurance industry to become knowledge finance industry, promote global competition and connect with the international.

The institute's main services are as follows:

1. Insurance R & D work
2. Management information system and actuarial matters
3. Insurance professional training,

insurance professional designation examinations

4. Consulting services related to insurance
5. Insurance publications, and insurance training and promotion
6. Matters delegated by insurance supervisory authority
7. Assist supervisory authority in onsite inspection
8. Insurance consumer complaint and mediation, insurance policy review
9. Insurance research of emerging market
10. Matters related to the development of insurance business



## MAJOR EVENTS

1. On Feb. 5, 2005, Compulsory Motor Liability Insurance Law was revised & put into effect. All related guidelines for underwriting and claim payment of the policy were also revised.
2. On Mar. 1, 2005, the premium rate of the compulsory motor liability insurance in Taiwan was adjusted and put into effect.
3. On Nov. 18, 2005, Financial Supervisory Commission announced that the operation of Kuo-Hwa insurance Company was suspended due to the deterioration of financial capability to fulfill claim payment according to the local Insurance Law. Insurance Institute of R.O.C. was then appointed as the deputy entity to settle the unrealized liabilities.
4. On Dec. 30, 2005, the Insurance Law was revised in order to reduce loss frequency or loss severity of the insured. Loss prevention service was recognized as the legal business scope of the non-life insurance business.



## PUBLICATIONS

### 1. Statistics

Title	Publisher
1. Insurance Annual Report of The Republic of China	Insurance Bureau, Financial Supervisory Commissior
2. Insurance Year Book	Taiwan Insurance Institute
3. Insurance Review	Taiwan Insurance Institute
4. Summary of Non-Life Insurance The Republic of China	Taiwan Insurance Institute
5. Non-Life Insurance Review The Republic of China	Taiwan Insurance Institute
6. Annual Statistics for Marine Insurance The Republic of China	Taiwan Insurance Institute
7. Annual Statistics for Fire Insurance The Republic of China	Taiwan Insurance Institute
8. Annual Statistics for Automobile Insurance The Republic of China	Taiwan Insurance Institute
9. Annual Statistics for Other Property and Liability Insurance The Republic of China	Taiwan Insurance Institute
10. Fact Book (Non-Life Insurance Business in Taiwan)	The Non-Life Insurance Association of The Republic of China

### 2. Periodicals

Title	Publisher	Contents	Interval
1. Risk Management and Insurance Magazine	Risk Management and Insurance Magazine, Inc.	Reports and comments on national insurance arket	Monthly
2. Professional Insurance Agent	Professional Insurance Agent Magazine, Inc.	Insurance sales-people's news	Monthly
3. Reinsurance Information	Central Reinsurance Corporation	Information on internationalinsurance	Monthly
4. Insurance Monograph Quarterly	Taiwan Insurance Institute	market Insurance thesis and comments	Half-Yearly
5. Insurance Journal	The Non-Life Insurance Association of The Republic of China	Loss control and loss prevention	Quarterly
6. Journal of Risk Management	The Risk Management Society of Taiwan	Risk management thesis and comments	3 Issues per year
7. Risk Management in Taiwan	The Risk Management Society of Taiwan	Risk management news	Non-periodical
8. Insurance Issues & practices	Taiwan Insurance Institute	Insurance nomal practics	Half-Yearly
9. Financial outlook	Financial Supervisory Commission ,Executive yuan	Policy and law industry updates	Monthly

## MAJOR LOSSES

List	Date of Losses	Coverage	Occupation	Location	Cause of Losses	Estimated Losses (NT\$ million)
1	2005.05.01	Commercial Fire	Testing	Taoyuan	Fire	8,000
2	2005.07.03	Commercial Fire	Chemical	Taichung	Fire	140
3	2005.07.12	Commercial Fire	PCB	Taoyuan	Fire	300
4	2005.07.17	Commercial Fire	Metal	Kaohsiung	Typhoon	200
5	2005.07.17	Commercial Fire	Power	Hwalien	Typhoon	580
6	2005.10.29	Commercial Fire	Manufacturing	Tainan	Fire	120
7	2005.11.23	Commercial Fire	Battery	Tainan	Fire	300
8	2005.11.23	Commercial Fire	Power	Hwalien	Mechanical Failure	1,300
9	2004.12.11	Commercial Fire	Chemical	Taoyuan	Fire	200



## LIAISON OFFICES OF FOREIGN NON-LIFE INSURANCE COMPANIES IN THE R.O.C.

Company	Representative	Address	Tel/Fax
Tokio Marine & Nichido Fire Insurance Co., Ltd., Taipei Liaison Office	Hiroaki Ebihara	12F-1, No.130, Sec. 3. Nanjing E. Rd., Taipei	02-87720029 02-87726331
Nipponkoa Insurance Co., Ltd., Taipei Liaison Office	Baba Takyuki	Rm. 1403, No.205, Sec. 1, Tun Hwa S. Rd., Taipei	02-27766484 02-27725456
Sompo Japan Insurance Co., Ltd., Taipei Liaison Office	Takumi Inoue	Rm. C, 10F, No.146, Sung Chiang Rd., Taipei	02-25612761 02-25622134
Aioi Insurance Co., Ltd., Taipei Liaison Office	Katsuhiro Mori	Rm. 2212, 22F, No. 333, Sec. 1, Keelung Rd., Taipei	02-27576300 02-27576095



## LIAISON OFFICES OF FOREIGN REINSURANCE COMPANIES IN THE R.O.C.

Company	Representative	Address	Tel/Fax
Swiss Re. Taiwan Branch Office	Mark Senkevics	9F-5 & 6, No. 156, Sec. 3, Ming Sheng E. Rd., Taipei	02-27161388 02-27135774
Hannover Ruckversicherung AG, Taipei Representative Office	T. C. Chen	17F-B, No. 167, Tun Hwa N. Rd., Taipei	02-27171999 02-25477067
The Cologne Re. Taipei Liaison Office	Roger Chen	Rm. B1, 20F, No. 216, Sec. 2, Tun Hwa S. Rd., Taipei	02-87331179 02-27330110
Munich Reinsurance Company, Taipei Liaison Office	Ka-Hin Kua	16F, No. 109, Sec. 3, Ming Sheng E. Rd., Taipei	02-27177231 02-27124959
The Toa Reinsurance Co., Ltd. Taipei Representative Office	Hsing-Tan Wang	4F-2, No. 128, Sec. 3, Ming Sheng E. Rd., Taipei	02-27151015 02-27151628



## REPRESENTATIVE OFFICES OF INTERNATIONAL BROKERS

Company	Representative	Address	Tel/Fax
Marsh Ltd., Taiwan Branch	Paul Wilkins	9F, No.367, Fu Hsing N. Rd., Taipei, Taiwan, R.O.C.	02-27168840 02-27168847
Aon Risk Services Taiwan Ltd.	Gerald Lim	Room 902, 9F, No.136, Sec.3, Lotus Building, Jen Ai Rd., Taipei, Taiwan, R.O.C.	02-23252221 02-23252278
Willis Taiwan Ltd.	Roger O.J Wilkinson	2F, No.114, Sec.2, Chung Shan N. Rd., Taipei, Taiwan, R.O.C.	02-25603000 02-25314520
Cosmos Services (Taiwan) Co., Ltd.	Yoshiharu Mori	9F, No.577, Lin Sen N. Rd., Taipei, Taiwan, R.O.C.	02-25966516 02-25967112
Heath Lambert Taiwan Ltd.	Samuel F. Huang	7F-1, No.669, Sec.5, Zhongxiao E. Rd., Taipei, Taiwan, R.O.C.	02-87859563 02-87858697
Worldwide Insurance Services Enterprise Ltd.	C.T. Sha	5F, No. 112, Sec. 1, Hung-Hsiao E. Rd., Taipei, Taiwan, R.O.C.	02-23939788 02-23915955
HSBC Insurance Brokers(TAIWAN)Limited	Martin Spurling	3F,285 Wen Hwa Rd.,Sec 2,Panchiao City,Taipei, Taiwan	02-82517784 02-82517711
Nacora Insurance Brokers Limited	Richard Huang	5F, No.219, Sec. 3, Nanking E.Rd., Taipei, R.O.C.	02-27187118 02-27163938
Yo Pont Insurance Services Co., Ltd.	Theodosia Liu	11F, HNCB Chang-An Building, No. 18, Chang-An Rd., Sec.1, Taipei Taiwan, ROC.	02-25621628 02-25627018



## OTHER INSTITUTIONS

No	Institution	Representative	Address	Tel/Fax
1	Taiwan Insurance Institute	Warren Wu-Jen Tseng	6F, No. 3, Nan Hai Rd., Taipei	02-23972227 02-23517508
2	Motor Vehicle Accident Compensation Fund	Susan S. Chang Been-Hou Kuo	18F, No. 2, lane 150, Shin Yi Rd., Sec. 5, Taipei	02-87898897 02-87896061
3	Taiwan Residential Earthquake Insurance Fund	Ling Kuen-Bao Cheng-Tui Yang	13F, No. 53, Sec. 2, Nan King E. Rd., Taipei	02-25115211 02-25632933
4	The Non-Life Insurance Association of the R.O.C.	Tsan-Ming Shi Martin Sha	13F, No. 125, Sec. 2, Nan King E. Rd., Taipei	02-25071566 02-25074095
5	The Life Insurance Association of the R.O.C.	Wen-In Lin Tsann-Nan Horng	5F, No. 152, Sung Chiang Rd., Taipei	02-25612144 02-25613774
6	The Non-Life Underwriters Society of the R.O.C.	Jack E. S. Tai Yi-Tang Huang	13F, No. 125, Sec. 2, Nan King E. Rd., Taipei	02-25065941 02-25075245
7	The Insurance Anti-fraud Institute of the R.O.C.	Fu Yuan Kao	No.1,Sec.1,Nanchang Rd., Taipei	02-33221488 02-33221487
8	Engineering Insurance Association	Frank Wang Song-Chi Wang	10F, No. 39, Sec. 1, Chung Hsiao W. Rd., Taipei	02-23820051 02-23820047
9	Nuclear Energy Insurance Association Pool of the R.O.C.	Stephen C.P. Ting Joseph J. Chiou	15F, No. 88, Sec. 2, Nan King E. Rd., Taipei	02-25514235 02-25611176
10	Risk Management Society of Taiwan, R.O.C.	Yung-Ming Tsai Antony Yang	10F-6, No. 27, Sec. 2, Fu Hsing S. Rd., Taipei	02-27058393 02-27549459
11	The Actuarial Institute of the R.O.C.	Kenneth Shih Clinton Chang	10F-1, No. 216, Sec. 2, Nanchang Rd., Taipei	02-23649168 02-33652283
12	Life Insurance Management Institute of the R.O.C.	Danny Liu Richard Lee	7F, No. 145, Sec. 2, Chien Kuo N. Rd., Taipei	02-23710852 02-23758879
13	Insurance Society of the R.O.C.	Frank Wang Martin Sha	14F, No. 219, Chung Hsiao E. Rd., Taipei	02-27733595 02-27522658
14	The Non-Life Insurance Stabilization Fund	T.M.Shih Martin Sha	13F, No.125, Sec. 2, Nan king E. Rd., Taipei	02-25071566 02-25178069

No	Institution	Representative	Address	Tel/Fax
15	Insurance Agents Association of the R.O.C.	Wen Tung Hsu Hsueh-Ching Huang	4F, No. 442, Changchun Rd., Taipei	02-87129492 02-87129496
16	Taiwan Insurance Brokers Association	Tsai Ko Hank Yang	4F, No. 45, Sec. 3, Ming Chun E. Rd., Taipei	02-25174939 02-25174857
17	Insurance Brokers Association of the R.O.C.	Shirley Ma Saxon Hung	3F-2, No. 58, Lane 85, Lin Sen N.Rd., Taipei	02-25642809 02-25642814
18	Surveyors Association of Taipei	Michael Chow Wei-Ping Liao	Rm 705, 7F, No. 43, Sec. 1, Chung Chin S. Rd., Taipei	02-23707617 02-23755407
19	Surveyors Association of Kaohsiung	Edward Chen	No. 3, Lane 256, Fusing 3Rd., Cianjhen District, Kaohsiung	07-3347352 07-3347471
20	Chinese Insurance Service Association	Chi-shih cheng Joseph S.Y.Lin	3F, No. 181, Min-chuan E. Rd., Taipei	02-25457044 02-25457048

