

Regulations Governing Postal Simple Life Insurance Operations

Chapter One General Principles

Article 1

The regulations hereof are being established as mandated by Article 31 of the Simple Life Insurance Act (hereinafter called this Act).

Article 2

Insurance products as mentioned in the regulations hereof refer to products offered by Chunghwa Post Co., Ltd. (hereinafter called Chunghwa Post) as mandated in Article 4 of this Act, including insurance clauses, applications, premiums and related information specified by the Financial Supervisory Commission of the Executive Yuan (FSC).

Article 3

The sale of insurance products by Chunghwa Post, unless otherwise specified by the Insurance Act or unless a product has acquired special approval from the Ministry of Transportation and Communications (MOTC) and FSC, shall comply with the regulations hereof.

Chapter Two Procedure before the sale of an Insurance Product

Article 4

The procedure before an insurance product is put on the market is as follows:

1. Design: the research and development of an insurance product prior to submission for review.
2. Review: the design of the product is submitted to the MOTC for review and, if and when it is approved, passed on to the FSC for review.
3. Preparation for sale: the procedure after the review and before the commencement of the sale of the product.

Article 5

The design procedure for an insurance product shall include the following:

1. Research and development.
2. Formal development: including drafting its clauses and its premium rates prospectus.
3. Preparing the submission for review.

The design procedure as mentioned in the preceding paragraph shall be submitted to the MOTC for approval before being passed on to the FSC for reference; the same shall apply when there is any change.

Article 6

Prior to submitting an insurance product to the MOTC for approval, which will then be passed on to the FSC for review, the product shall be reviewed by an insurance

product review panel. Minutes shall be made of each meeting, and the president of Chunghwa Post shall review the minutes before they are submitted to the MOTC and the FSC for review and approval.

Either Chunghwa Post's vice president or a department head authorized by the vice president shall serve as the chairperson of the review panel as mentioned in the preceding paragraph, and resolutions shall be made by panel members who are relevant signatories or their agents.

Article 7

During the research and development of an insurance product, Chunghwa Post shall pay attention to the following:

1. Evaluate the appropriateness and legality of the product.
2. Evaluate the competitiveness of the rates.
3. Evaluate the feasibility of its system administration.
4. Evaluate its policy goals and establish feasible courses of action. There shall also be concrete ideas detailing professional duty of care, the prudent person rule, target markets, and consumer safeguards with regard to the design of the insurance product.
5. During the design of an insurance product, no false, fraudulent, or exaggerated claims about the performance of the insurance industry may be made, nor any other misleading behavior engaged in.

Article 8

When drafting the insurance clauses during the formal development of an insurance product, Chunghwa Post shall pay attention to the following:

1. That the clauses be drawn up in accordance with the design of the product.
2. That the meaning of the clauses is clear.
3. That the clauses are in compliance with relevant insurance law.
4. That the rights and obligations of the applicants, the insured and the beneficiaries are clearly set forth in accordance with the product characteristics as well as with all past complaints and arbitration and litigation cases involving in.
5. That adjustments are made to ensure legal compliance when introducing an insurance product based on a foreign product.

Article 9

When drafting the actuarial memorandum during an insurance product's formal development stage, Chunghwa Post shall focus on the following:

1. Establishing claim items and gathering information for rate making, as well as confirming that these are related to premium rate making and that the premium rates are adequate, reasonable and fair.
2. Determining age limits, insurance amount limits and types of premium payments.

3. Calculating premiums.
4. Calculating necessary reserves and setting policies for making changes to insurance contracts.
5. Examining the product's pricing and assessing its risks.

While examining the product's pricing and assessing its risks as mentioned in subparagraph 5 of the preceding paragraph, Chunghwa Post shall pay attention to the following:

1. Examining the reasonableness of its assumptions.
2. Examining the various profit indicators (including analysis on product profits, asset share or break-even point).
3. Examining the appropriateness of the risk assessment results (including the examination on all actuarial data and the sensitivity analysis).
4. Examining the consistency of the policy clauses and the actuarial memorandum.

Article 10

Before filing an insurance product for review, the product should be signed off on by Chunghwa Post' president or a department head authorized by the president as well as the required number of additional qualified signatories.

The president shall assume joint liability for the actions of the department head he/she authorizes and be responsible for supervising the signatories.

One person may not serve concurrently as two or more signatories as mentioned in paragraph 1.

Article 11

The qualified signatories as mentioned in paragraph 1 of the preceding article refer to persons with the following qualifications who are designated by Chunghwa Post to signify responsibility by signing and thus facilitate the filing processes of its insurance products:

1. Underwriters who meet the qualifications set forth for underwriters as stated in Article 42, Chapter Five.
2. Claim adjusters who meet the qualifications set forth for claim adjusters as stated in Article 43, Chapter Five.
3. Actuaries who meet the qualifications set forth for actuaries as stated in Article 32, Chapter Four.
4. Legal staff who meet one of the following five sets of qualifications:
 - (1) Attorneys qualified to practice under the Attorney Regulation Act.
 - (2) Those who have a degree from a department of insurance or law at a domestic junior college or higher educational institution and five years experience supervising insurance related legal affairs.
 - (3) Those who have five years experience in charge of legal affairs at an insurance

company.

(4) Those who have eight years experience working in a legal department of an insurance company.

(5) Educators who have taught insurance law in an insurance or law department of a domestic junior college or higher educational institution.

5. Investment personnel: directors of investment-related departments who have three years experience in financial, securities, or other investment fields here or abroad.

6. Insurance conservation personnel: directors in charge of the department handling amendments to insurance contracts or related conservation matters who have three years experience handling amendments to life insurance contracts and other related conservation matters here or abroad.

The department head authorized by the president as stated in paragraph 1 of the preceding article must have experience supervising insurance actuarial work as well as one year experience working in financial, securities, risk management, or other investment-related fields here or abroad.

Article 12

When signing off on an insurance product, the president or the department head authorized by the president as well as the qualified signatories shall inspect carefully the factual accuracy, reasonableness, and legality of those for which they are responsible. They shall at least be responsible for the following items or areas:

1. The president or the department head authorized by the president shall be responsible for:

(1) Description of insurance and declaration.

(2) Declaration to the FSC.

(3) The policy amendment form.

(4) The correctness of the insurance product self-review form.

(5) The application form.

(6) The completeness of all mandatory filing components.

(7) The compliance of the insurance product to applicable regulations.

(8) That consumer safeguards are not negatively impacted.

(9) That the product is in synch with the company's business strategies and does not pose a potential threat to its current or future solvency.

(10) The appropriateness of the product's asset-liability allocation.

2. The underwriters shall be responsible for the following:

(1) The provisions and declarations pertaining to underwriting listed in the declaration to the FSC.

(2) The provisions pertaining to underwriting in the insurance policy comparison

table.

(3) The application form.

(4) The policy amendment form.

3. Claim adjusters shall be responsible for the following:

(1) The provisions and declarations pertaining to claims adjustment listed in the declaration to the FSC.

(2) The provisions pertaining to claims adjustment in the insurance policy comparison table.

(3) The application form.

(4) The policy amendment form.

4. Actuaries shall be responsible for the following:

(1) The provisions and declarations pertaining to actuarial work listed in the declaration to the FSC.

(2) The provisions pertaining to actuarial work in the insurance policy comparison table.

(3) The application form.

(4) The policy amendment form.

(5) The actuarial memorandum and related statements.

(6) The content of the asset-liability allocation plan.

(7) The assessment and declaration of the actuaries.

(8) The Regulations Governing the Financial Aspects of Participating Life Insurance Policies, the Regulations Governing Expense Apportionment and Income Distribution of Participating and Non-Participating Life Insurance Policies, and the Regulations Governing the Distribution of Dividends .

(9) A statement of how the company shall respond in the event that interest rates fail to reach a certain level.

(10) A statement justifying the pricing.

(11) An assessment on the product's operational risks and risk tolerance.

5. Insurance conservation personnel shall be responsible for the following:

(1) The provisions and declarations pertaining to insurance conservation listed in the declaration to the FSC.

(2) The provisions pertaining to insurance conservation in the insurance policy comparison table.

(3) The application form.

(4) The policy amendment form.

6. Legal staff shall be responsible for the following:

(1) The provisions and declarations pertaining to legal affairs listed in the declaration to the FSC.

- (2) The provisions pertaining to legal affairs in the insurance policy comparison table.
- (3) The application form.
- (4) The policy amendment form.

7. Investment personnel:

- (1) The provisions and declarations pertaining to investment listed in the declaration to the FSC.
- (2) The provisions pertaining to investment in the insurance policy comparison table.
- (3) The application form.
- (4) The policy amendment form.
- (5) The content of the asset-liability allocation plan.
- (6) The statement of investment targets.
- (7) A statement of how the company shall respond in the case that interest rates fail to reach a certain level.
- (8) The relationship between the product's asset allocation plan and assumed interest rate.
- (9) An assessment of the product's investment risks and risk tolerance.

Article 13

The insurance product signatories shall attend at least 15 hours of insurance related professional training offered by an institute designated or recognized by the FSC each year.

The insurance product signatories who fail to complete the required hours of professional training as mentioned in the preceding paragraph by the end of the year may not sign off on insurance products for Chunghwa Post during the following year. The institute designated by the FSC as mentioned in the first paragraph shall submit its course content and assessment standards to the FSC for approval and reference each year.

Article 14

All insurance products shall be submitted to the MOTC for approval before being passed on to the FSC for review. Depending upon the specific nature of the product, the process required might be review and approval or submission of paperwork for reference.

For insurance products requiring approval from the FSC, the approval shall be obtained prior to the sale. The FSC shall make a reply within 40 working days starting from the day when the application and all relevant documents are received and make a decision of approval or denial within 90 working days.

Insurance products that only require submission of paperwork for reference may go on sale directly. However, Chunghwa Post must submit information required to the MOTC before passing it on to the FSC or an organization it designates for reference

within 15 working days of the commencement of sales.

Unless otherwise agreed upon by the FSC, all insurance products offered by Chunghwa Post shall have paperwork submitted for review and approval.

Article 15

When filing an insurance product for review, Chunghwa Post shall do so in accordance with the following: applicable acts and regulations; directions for insurance product review as adopted by the FSC; and practice principles, self-regulatory rules or codes of professional conduct adopted by domestic professional societies (associations) or other relevant entities designated or commissioned by the FSC.

When filing an insurance product for review and approval or submitting paperwork for reference in accordance with Article 14, paragraph 1 herein, Chunghwa Post shall submit the required documents in the correct formats, styles, and quantities set forth by the FSC or an organization it designates to the MOTC for approval before those documents are passed on to the FSC or an organization it designates.

The required submission package as mentioned in the preceding paragraph shall be announced by the FSC.

Article 16

The MOTC or the FSC may return Chunghwa Post's insurance product filing without review or order Chunghwa Post to suspend sale under any of the following situations:

1. The contents of the product are not in compliance with the applicable laws and regulations.
2. The product has not been evaluated and signed off on by the president, a department head authorized by the president or the required numbers of qualified signatories.
3. The filing contains a major error or misses an important filing component.
4. The filing contains false information.
5. The president, a department head authorized by the president, or any of the signatories has made a false or wrong statement.
6. Sales have commenced without observing the provisions of Article 14.
7. The company fails to follow correct filing procedures.
8. The company fails to submit all mandatory filing components as set forth in Article 15, paragraph 2, or some of these components are incomplete, and additions or revisions are not made within a prescribed time period.
9. The company fails to observe the provisions of Article 6, Article 19, Article 21, or Article 22.
10. In the event that insurance products are submitted to the MOTC for approval before being passed on to the FSC for review and approval in accordance with Article

14, paragraph 2, and the FSC asks in writing for revisions or additions which are not forthcoming within 75 working days starting from the day that the submission package is received by the FSC.

Where the situation set out in subparagraph 6 of the preceding paragraph applies with respect to an insurance product, the FSC may impose punishments in accordance with Article 37 herein.

Article 17

Chunghwa Post shall submit its insurance product filing to the FSC for approval within the limits that the FSC sets forth.

In the event that a filing as mentioned in the preceding paragraph is still under review by the FSC or the FSC has requested Chunghwa Post to make additions or revisions to a filing, and the total number of such products has exceeded the limit set by the FSC, the filing will be returned without review by the FSC.

Article 18

In the event that an approved insurance product has made changes to its policy clauses, application forms, actuarial memorandums or pricing, the review process of the regulations hereof shall apply.

Article 19

Before an insurance product is put on the market, Chunghwa Post shall call a product management panel meeting to review the following:

1. Disclosure of product information.
2. Verification of actuarial data and putting them on line.
3. Risk management mechanism and arrangement of reinsurance.
4. Setting up and testing of information system.
5. The printing of such documents as policy clauses, application forms, rate charts and brochures.
6. Educational training.
7. Submission of paperwork required to the insurance product database established by the FSC or an institution it commissions.

Minutes of the meetings that include the results of the reviews as mentioned in the preceding paragraph shall be kept for future reference. The president of Chunghwa Post shall review these minutes before they are submitted to the MOTC and the FSC for review and approval.

Chunghwa Post's vice president or a department head authorized by the vice president shall serve as the chairperson of the product management panel as mentioned in the first paragraph.

Chunghwa Post shall, in accordance with the formats, styles and timetables outlined by the FSC or an institution it commissions, submit information about existing and

newly issued insurance products, amendments to existing insurance products, and the removal of insurance products from the market to the insurance product database established by the FSC or an institution it commissions for supervisory purposes or for public reference.

The information submitted as mentioned in the preceding paragraph shall at least include:

1. Insurance product descriptions.
2. Policy clauses.
3. Application forms.
4. Rate charts (explanations of the premiums shall be provided in the absence of rate charts). This does not apply to products that have secured the FSC's approval.
5. A roster that includes the president or a department head authorized by the president as well as the required number of qualified signatories.
6. The violation records of the qualified signatories.
7. Other information prescribed by the FSC.

Article 20

After an insurance product has been put on the market, Chunghwa Post shall convene meetings of its insurance product management panel periodically to review the following and make necessary adjustments:

1. Its compliance with applicable laws and regulations.
2. Its consumer protection measures.
3. Its business strategies regarding the insurance product and the potential impacts of the product on its current or future solvency.
4. The appropriateness of the product's asset-liability allocation.

Article 21

Where it is necessary to make changes to an insurance product in order to comply with the revisions to applicable laws or regulations, Chunghwa Post shall, unless otherwise stipulated by these laws or regulations, make the necessary changes and file a memorandum to the insurance product database established by the FSC or an institution it commissions within 45 working days from the date the revisions to the laws or regulations become effective. Article 18 herein does not apply.

Article 22

When asked to attend (or observe) an insurance product review committee meeting convened by the FSC or a professional institution it commissions, Chunghwa Post shall send at least one executive with a thorough understanding of the product to attend (or observe) the meeting. Before attending the meeting, the company's representatives shall carefully read the meeting materials. After the meeting, these representatives shall submit a written report detailing all the material controversies

and the main conclusions of the meeting to the insurance product review panel as well as a copy to the president for review.

Article 23

In the event Chunghwa Post errs in one of the following ways, the FSC may, depending on the seriousness of the offense, prohibit Chunghwa Post from filing for prior approval or submission of paperwork for reference for an insurance product in accordance with Article 14, paragraph 2 and paragraph 3 herein within one year. This article does not apply to insurance products that are being amended in order to comply with the changes in applicable laws or regulations or when prior approval has been granted by the FSC.

1. Chunghwa Post fails to suspend its sales of an insurance product when it is ordered by the FSC to do so.
2. A signatory continues to sign off for Chunghwa post after being disqualified by the FSC.
3. Over three filings are returned without review by the FSC within the past year.
4. The FSC has ordered Chunghwa Post to suspend its sales of insurance products over three times within the past year.
5. The FSC has disqualified any group of Chunghwa Post's signatories for over two years or disqualified more than two groups of Chunghwa Post's signatories for a total of over two years within the last year.

Article 24

Where any one of the following situations applies with respect to an item for which a signatory bears responsibility as mentioned in Article 12, the FSC or an institution it designates may, depending on the seriousness of the offense, assign one to three violation points:

1. The content does not comply with applicable laws and regulations.
2. There are major discrepancies between the content or format of what was submitted and the filing requirements.
3. The content contains a major error or misses an important filing component.
4. The filing contains false information.
5. The filing contains a false or wrong statement.
6. The content fails to meet the directions for insurance product review adopted by the FSC.
7. The content fails to meet the practice principles and self-regulatory rules or codes of professional conduct adopted by domestic professional societies (associations) or other relevant entities designated or commissioned by the FSC.

The FSC may order Chunghwa Post to disqualify for one year any signatory:

1. Who accumulates over three violation points from the FSC within the past year

2. Who accumulates over five violation points from the FSC within the past two years.
3. Who accumulates over seven violation points from the FSC within the past three years.
4. Whose membership status has been suspended or restricted by a domestic professional society (association) or other relevant entities designated or commissioned by the FSC.

Chapter Three The Qualifications of the Persons Responsible

Article 25

The persons responsible for the simple life insurance operations of Chunghwa Post as mentioned in the regulations hereof include the following:

1. Board members and corporate supervisors of Chunghwa Post.
2. President of Chunghwa Post.
3. The chief auditor, the vice president and directors supervising simple life insurance and its financial matters, or other high-ranking staff with similar responsibilities at Chunghwa Post.
4. Directors of Chunghwa Post's Simple Life Insurance
5. Managers of post office branches of all levels in charge of the simple life insurance business at Chunghwa Post.

Article 26

Anyone who falls in any of the following categories may not serve as a person responsible for Chunghwa Post's simple life insurance business, and anyone who is already in a position responsible for Chunghwa Post's simple life insurance business found to belong to any of the following categories shall be dismissed:

1. Legally incompetent persons or legally quasi-incompetent persons.
2. Persons who have been convicted of breaking the Organized Crime Prevention Act.
3. Persons convicted of counterfeiting currency, counterfeiting valuable securities, embezzlement, fraud or breach of trust and sentenced to imprisonment who are either still in prison or were released from prison, on probation or pardoned within the last 10 years.
4. Persons found guilty of forgery, invasion of privacy, usury, preventing people from collecting debts owed them, or breaking provisions in the Tax Act, Commercial Label Act, Patent Act or other regulations governing industry and commerce and sentenced to imprisonment who are either still in prison or who were released from prison, on probation or pardoned within the last 5 years.
5. Persons convicted of corruption and sentenced to imprisonment who are either still in prison or who were released from prison, on probation or pardoned within the last 5 years.
6. Persons convicted of breaking provisions of this Act, Insurance Act, Banking Act,

Financial Holding Company Act, Trust Enterprise Act, the Act Governing Bills Finance Business, Financial Asset Securitization Act, Real Estate Securitization Act, Securities Transaction Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Foreign Exchange Management Act, Credit Cooperative Act, Money Laundering Control Act, Postal Act or other financial regulations who were sentenced to imprisonment and are either still in prison or were released from prison, on probation or pardoned within the last 5 years.

7. Persons who have declared bankruptcy and have not yet restored the rights they lost.

8. Persons who have served as the person-in-charge of a juridical person (corporation) at the time it declared bankruptcy if the bankruptcy was finalized within the last 5 years or the juridical person did not fulfill the promises made during bankruptcy negotiations.

9. Persons who have been denied services at a bank for bouncing checks or misusing other negotiable instruments, or persons for whom said services were restored but are on record for bouncing checks due to insufficient funds within three years after the restoration of said services.

10. Persons who have suffered or are responsible for a major loss of credit standing, whether resolved or not, within the last 5 years.

11. Persons who have violated provisions of this Act, Insurance Act, Banking Act, Financial Holding Company Act, Trust Enterprise Act, the Act Governing Bills Finance Business, Financial Asset Securitization Act, Real Estate Securitization Act, Securities Transaction Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Foreign Exchange Management Act, Credit Cooperative Act, Postal Remittances and Savings Act or other financial regulations and have been ordered to be replaced or dismissed by the FSC within the last 5 years.

12. Persons who have been sentenced to rehabilitation or forced labor on account of larceny or stolen property who are still serving their sentences or who have been released within the last 5 years.

13. Persons who serve as the person-in-charge of other insurance companies, financial holding companies, banks, trust and investment companies, credit cooperatives, the credit departments of farmers' associations or fishermen's associations, bills finance corporations, brokerages, securities and finance firms, securities investment trust companies, investment consulting companies or futures brokerages. However, if Chunghua Post has an investment stake in these companies, a Chunghua Post chairperson or senior executive may not serve in the same capacity but may, with the approval of the MOTC and the FSC, serve as a board member or corporate supervisor of a bank or the person-in-charge of other institutions.

14. Persons that evidence shows have engaged in or been involved in other dishonest or improper activities and are therefore not fit for these positions in the company.

Article 27

Chunghwa Post's chief auditor, vice president and directors supervising the simple life insurance business and its financial matters, or other high-ranking staff with similar responsibilities, as well as the director of the Life Insurance department and the director of the Capital Deployment department and the managers of the special supervisory post offices, shall meet one of the following two sets of qualifications:

1. A degree from a domestic or overseas junior college or higher-level educational institution, or an equivalency diploma of that level, or a passing mark on the senior-level civil service exam or equivalent exam; 12 years experience working in postal administration with a good job record; completion of coursework in insurance and auditing, with a combined total of at least 40 hours of classroom time, for which certificates from a professional training facility recognized by the MOTC and FSC are obtained.
2. A degree from a domestic or overseas junior college or higher-level educational institution, or an equivalency diploma of that level; 5 years experience working in insurance companies and 3 years experience working at the level of assistant manager or above or a similar position in the headquarters of an insurance company with a good job record.

Article 28

Managers of first-grade and second-grade supervisory regional post offices in charge of simple life insurance business of Chunghwa Post shall meet one of the following two sets of qualifications:

1. A degree from a domestic or overseas junior college or higher-level educational institution, or an equivalency diploma of that level, or a passing mark on the senior-level civil service exam or equivalent exam; 8 years of experience working in postal administration with a good job record; completion of coursework in insurance and auditing, with a combined total of at least 30 hours of classroom time and graduation certificates from a professional training facility recognized by the MOTC and FSC.
2. A degree from a domestic or overseas junior college or higher-level educational institution, or an equivalency diploma of that level; 3 years experience working in insurance companies and 2 years experience working as a junior manager or above or having a similar position in the headquarters of an insurance company with a good job record.

Article 29

Chunghwa Post shall submit a report for reference to the MOTC and FSC of the

persons filling posts as mentioned in the two preceding articles hereof within 10 days of their being filled. If a person filling a post is not qualified as mandated in the regulations hereof, that person shall be dismissed.

Article 30

The board members of Chunghwa Post (including a chairperson) shall have good morals and shall meet one of the following four sets of qualifications:

1. A degree from a domestic or overseas junior college or higher-level educational institution, or an equivalency diploma of that level, or a passing mark on the senior-level civil service exam or equivalent exam; 12 years experience working in postal administration with a good job record; completion of coursework in insurance and auditing, with a combined total of at least 40 hours of classroom time and graduation certificates from a professional training facility recognized by the MOTC and FSC.
2. A degree from a domestic or overseas junior college or higher-level educational institution, or an equivalency diploma of that level; 10 years experience working in insurance companies and 3 years experience working as a manager or above or a similar position in the headquarters of an insurance company with a good job record.
3. A degree from a domestic or overseas junior college or higher level educational institution, or an equivalency diploma at that level; 5 years experience working in postal administration or insurance administration with a good job record; having held an intermediate level position of grade 8 or above, or a position of similar rank with a good job record.
4. Other experiences or facts that sufficiently indicate leadership quality, professional knowledge or operational experiences in the simple life insurance business which indicate that the person is able to run the simple life insurance business of Chunghwa Post efficiently (as approved by the FSC beforehand).

Article 31

If the FSC has doubts about the qualifications of a person-in-charge of the simple life insurance business at Chunghwa Post, the MOF may notify Chunghwa Post to submit necessary documentation or information or to send someone to explain within a certain timeframe.

Chapter Four The Qualifications, Employment and Certification of Actuaries

Article 32

To ensure a sound operation of postal simple life insurance business, Chunghwa Post shall employ actuaries and appoint among them a valuation actuary.

“Actuary” as mentioned in the preceding paragraph refers to a professional working as an insurance actuary who is an associate or fellow of a domestic actuarial institute (society) recognized by the FSC, or who has passed an actuary exam and obtained a

certificate from an insurance academic institute recognized by the FSC, or who has registered with the FSC as an actuary before the enforcement of the regulations hereof.

The valuation actuary as mentioned in paragraph 1 shall have the following qualifications:

1. Being an actuary.
2. Five years experience of actuarial work in the field of insurance.
3. Coursework completed in the professional ethics of a valuation actuary from a training facility designated or recognized by the FSC.

Article 33

Anyone who falls into any of the following categories may not serve as a valuation actuary, and anyone who is already holding such a position found to belong to any of the following categories shall be dismissed:

1. Legally incompetent persons or legally quasi-incompetent persons.
2. Persons who have been convicted of rebellion or treason.
3. Persons convicted of forgery, embezzlement, fraud or breach of trust and sentenced to imprisonment who are either still in prison or were released from prison, on probation or pardoned within the last 10 years.
4. Persons convicted of corruption and sentenced to imprisonment who are either still in prison or who were released from prison, on probation or pardoned within the last 5 years.
5. Persons convicted of breaking provisions of this Act, Insurance Act, Banking Act, Securities Transaction Act, Futures Trading Act or Foreign Exchange Management Act who were sentenced to imprisonment and are either still in prison or were released from prison, on probation or pardoned within the last 5 years.
6. Persons who have suffered or are responsible for a major loss of credit standing, whether resolved or not, within the last 5 years.
7. Persons who have declared bankruptcy and have not yet restored the rights they lost.
8. Persons who have violated the Insurance Act and have once had their qualifications as a valuation actuary revoked.
9. Persons that evidence shows have engaged in or been involved in other dishonest or improper activities and are therefore unfit to serve as a valuation actuary.

The vice president and directors in charge of postal simple life insurance may not serve as a valuation actuary at the same time.

Article 34

When appointing a valuation actuary, Chunghwa Post shall seek "approval for reference" from the MOTC and FSC; the same shall apply when dismissing a valuation

actuary.

Article 35

The valuation actuary shall present an actuarial valuation report to the board of directors every year that covers the following:

1. The pricing of premium: the valuation actuary shall regularly monitor the premiums of the company's simple life insurance products on the market. If any of the premium rates are found to be unfair, unreasonable or inappropriate, the valuation actuary shall make suggestions to adjust the premium rates or recommend other feasible measures.
2. Calculation of reserves: the valuation actuary, apart from making sure that the reserves Chunghwa Post sets aside are no less than the minimum legal requirement, shall ensure that the reserves are adequate for future payments for policies in force. If the reserves set aside are found to be inadequate, the valuation actuary shall recommend to Chunghwa Post as to how to make amends.
3. The distribution of policy dividends: before the annual distribution of policy dividends, the valuation actuary of Chunghwa Post shall recommend appropriate dividend distribution methods.
4. Evaluation of investment decisions: with regard to the coordination of postal simple life insurance investments and the impact they have on its assets and liabilities, the evaluation actuary shall provide his/her professional analysis and opinion for the reference of those making future investment decisions.
5. The assessment of the company's solvency: the valuation actuary shall use various hypothetical models for varying economic conditions and environments to evaluate the financial solvency of postal simple life insurance every year.
6. Other matters mandated by the FSC.

At the completion of the valuation report as mentioned in the preceding paragraph, the valuation actuary shall submit a copy of the report along with related suggestions to the president of Chunghwa Post.

The implementation dates of the matters mentioned in the first paragraph hereof shall be determined by the MOTC and FSC depending on industry developments and monitoring needs.

Article 36

While on duty, should the valuation actuary find that the operation of the postal simple life insurance business is likely to cause or has already had a big negative impact on the company's financial situation, the valuation actuary shall report to the president in writing immediately and make recommendations on measures to improve the situation within a certain time. If the situation is not improved within certain time, the valuation actuary shall report to the board of directors in writing. If

the situation is serious, the valuation actuary shall report to the MOTC and FSC immediately.

Article 37

The board of directors of Chunghwa Post should authorize the valuation actuary to be allowed to make the following demands in the performance of his/her duties:

1. The valuation actuary may demand the persons responsible for or the employees of the postal simple life insurance business to provide accurate information or documents as well as to answer questions relating to his/her valuation works.
2. In regard to related questions about the solvency of the postal simple life insurance business, the valuation actuary may attend meetings at Chunghwa Post in which important decisions are made and express his/her opinions.

Article 38

The valuation actuary shall observe the professional ethics set out by the actuarial institute (society) he/she belongs to and shall not be remiss in any of the following:

1. Making explanations on matters that need to be explained on the evaluation report.
2. Making disclosures or corrections when there are concealments, false statement or mistakes in the valuation report.
3. Disclosing his/her method when it is not consistent with related regulations and generally accepted actuarial principles.

Article 39

In the case of any of the following, the valuation actuary shall refuse to certify company documents:

1. When Chunghwa Post attempts to make him/her make misrepresentations or inappropriate valuations.
2. When Chunghwa Post intentionally refuses to provide necessary information.
3. When employees or officers of Chunghwa Post engage in other behavior that makes a fair and detailed valuation impossible.

Article 40

The valuation actuary shall attend educational training courses that are designated or recognized by the FSC on a regular basis and obtain certificates proving that he/she has passed. The valuation actuary may not execute valuation works without such certificates.

Article 41

In the case that the valuation actuary has violated this Act or the regulations hereof, the FSC may give him/her warning or revoke his/her qualifications depending on the seriousness of the offense and notify the MOTC and the actuarial institute (society) he/she belongs to.

Chapter Five The Qualification of Underwriters and Claims adjusters

Article 42

Underwriters of postal simple life insurance shall meet one of the following five sets of qualifications:

1. A degree from a domestic or overseas junior college or higher-level educational institution, or an equivalency diploma of that level, or a passing mark on the senior-level civil service exam or equivalent exam; completion of coursework in insurance-related subjects, with a total of at least 120 hours of classroom time; four years work experience in assisting underwriters.
2. A degree from a domestic or overseas junior college or higher-level educational institution, or an equivalency diploma at that level; five years work experience assisting underwriters.
3. Work experience as a postal life insurance claims adjuster including at least one year of experience assisting underwriters.
4. A qualification that is the equivalent of an insurance underwriter qualification from a domestic or overseas insurance association, insurance research institute or a government registered insurance professional institute and have one year of experience assisting underwriters.
5. A qualification certificate for an insurance underwriter acquired before the implementation of the regulations hereof.

Article 43

Claims adjusters of postal simple life insurance shall meet one of the following five sets of qualifications:

1. A degree from a domestic or overseas junior college or higher-level educational institution, or an equivalency diploma of that level, or a passing mark on the senior-level civil service exam or equivalent exam; completion of coursework in insurance-related subjects, with a total of at least 120 hours of classroom time; four years work experience in assisting claims adjusters.
2. A degree from a domestic or overseas junior college or higher-level educational institution, or an equivalency diploma in that level; five years work experience assisting claims adjusters.
3. Work experience as a postal life insurance underwriter including at least one year of experience assisting claims adjusters.
4. A qualification that is the equivalent of insurance claims adjuster qualifications from a domestic or overseas insurance association, insurance research institute or a government-registered insurance professional institute and at least one year of experience assisting claims adjusters.
5. A qualification certificate for an insurance claims adjuster acquired before the

implementation of the regulations hereof.

Article 44

Persons who have committed crimes internationally and were sentenced to imprisonment within the last 5 years may not serve as an underwriter or claims adjuster of postal simple life insurance; persons who have committed crimes internationally and were sentenced to imprisonment within the last 5 years and who are already an underwriter or claims adjuster of postal simple life insurance shall be dismissed.

Article 45

Persons who have qualifications to be both an underwriter and claims adjuster may serve as only one of the two for postal simple life insurance.

Any claims adjuster of postal simple life insurance may not handle the process of signing any claim adjustments that he/she underwrote within the last three years.

Any underwriter or claims adjuster of postal simple life insurance may not sign any underwritings or claim adjustments that he/she previously solicited.

Chapter Six Insurance Agents Management

Article 46

“Insurance agents” as mentioned in the regulations hereof refer to persons who engage in soliciting postal simple life insurance business. “Insurance agents management” as mentioned in the regulations hereof refers to the management of these insurance agents as they solicit insurance contracts.

Insurance agents of Chunghwa Post may not solicit postal simple life insurance business without obtaining an agent registration certificate from Chunghwa Post first.

Article 47

Those who are over 20 years of age and hold a degree from a junior high school or higher-level educational institution, or an equivalency diploma of that level may apply, subject to Chunghwa Post’s approval, to be a Chunghwa Post insurance agent if they fall into any of the following qualifying categories:

1. Those who have received educational training on simple life insurance and passed an insurance agent qualification test.
2. Those who have passed the life insurance agent qualification test held by the Life Insurance Association of the ROC may directly register after receiving educational training on simple life insurance.
3. Any insurance agent who has passed the postal simple life insurance agent qualification test before the enforcement of the regulations hereof.

The required qualifications as mentioned in the preceding paragraph shall be set forth in the regulations governing the insurance agents.

Chunghwa Post shall draw up the guidelines for the insurance agent qualification tests as mentioned in subparagraph 1 of paragraph 1 and submit them to the MOTC and FSC for reference.

Article 48

Chunghwa Post shall not approve an insurance agent registration application from anyone who falls into any of the following categories (and registration shall be revoked for anyone who already possesses a registration found to belong to any of the following categories):

1. Legally incompetent persons or legally quasi-incompetent persons.
2. Persons whose applications are found to contain false statements.
3. Persons who have violated provisions of the Organized Crime Prevention Act and who were sentenced to imprisonment and are either still in prison or were released from prison, on probation or pardoned within the last 5 years.
4. Persons convicted of forgery, embezzlement, fraud or breach of trust and sentenced to imprisonment who are either still in prison or were released from prison, on probation or pardoned within the last 3 years.
5. Persons who have violated provisions of this Act, Insurance Act, Banking Act, Financial Holding Company Act, Trust Enterprise Act, the Act Governing Bills Finance Business, Financial Asset Securitization Act, Real Estate Securitization Act, Securities Transaction Act, Futures Trading Act, Securities Investment Trust and Consulting Act, Foreign Exchange Management Act, Credit Cooperative Act, Money Laundering Control Act, or other financial regulations who were sentenced to prison terms and are either still in prison or were released from prison, on probation or pardoned within the last 3 years.
6. Persons who have declared bankruptcy and have not yet restored the rights they lost.
7. Persons who have suffered or are responsible for a major loss of credit standing, whether resolved or not, within the last 3 years.
8. Persons whose registration is currently suspended or was revoked hereof within the last 2 years as mandated in Article 55.
9. Persons who are registered with other insurance carriers, insurance agencies or insurance brokerages who offer the same kinds of insurance and have not cancelled their registration.
10. Persons who already possess licenses of insurance agents or insurance brokers.
11. Persons that evidence shows have engaged in or been involved in other dishonest or improper activities and are therefore not fit for the positions.

The "same kinds of insurance" as mentioned in subparagraph 9 of the preceding paragraph means life insurance or simple life insurance.

Article 49

Should there be any change of status for an insurance agent, Chunghwa Post shall take the following actions towards the agent's registration within 5 days:

1. Add an entry of changes should there be any changes on the items registered.
2. Add an entry of suspension if the agent is ordered to stop soliciting as punishment.
3. Add an entry of annulment should the agent die, lose legal capacity, terminate his/her contract with Chunghwa Post or for other reasons stop soliciting for Chunghwa Post.
4. Add an entry of revocation should the agent's registration revoked in accordance with Articles 48, 50 or 55 hereof.

In the case of subparagraph 2 of the preceding paragraph, the agent shall return his/her registration certificate to Chunghwa Post.

In the case of subparagraphs 3 and 4 of the first paragraph, the agent or his/her heir shall hand in the registration certificate for cancellation.

The change of status of an agent as mentioned in subparagraph 3 of the first paragraph shall become effective the day the agent's registration is cancelled.

Article 50

After registering with Chunghwa Post, insurance agents shall attend training held by Chunghwa Post regularly.

Chunghwa Post shall revoke the registration of any insurance agent failing to attend an training course. The same shall apply to any agent who fails the training course twice in a row.

Article 51

Agents registered with Chunghwa Post shall solicit simple life insurance business for Chunghwa Post only.

Article 52

Any agent who solicits postal simple life insurance business with Chunghwa Post's authorization shall be deemed as engaging in behavior authorized by Chunghwa Post; Chunghwa Post shall also be held liable for any damage caused by the agent's soliciting.

The authorization as mentioned in the preceding paragraph shall be in a written form and entered on the agent's registration certificate.

The soliciting of postal simple life insurance business as mentioned in the first paragraph hereof refers to the following:

1. Explaining the contents and policy clauses of insurance products.
2. Explaining how to fill out application forms.
3. Conveying application documents and policies.
4. Other behavior authorized by Chunghwa Post to solicit insurance business.

Before any change in an agent's registration is completed, the agent's actions soliciting insurance will still be deemed as acts of the company.

Article 53

Chunghwa Post shall establish a separate set of guidelines to govern the solicitation of business of the insurance agents.

Article 54

In the case that an insurance agent has violated the Simple Life Insurance Act, or the FSC or MOTC has made enquiries about the soliciting of insurance of an insurance agent, Chunghwa Post shall make an explanation within certain timeframe set by the FSC or MOTC.

Article 55

Should an agent violate the regulations hereof or be at fault in any of the following ways, apart from when an agent suspected of breaking the law is under the custody of police or law officials, Chunghwa Post shall punish him/her with a suspension (between 3 months to a year) or revoke the agent's registration, depending on the seriousness of the offense:

1. In regard to matters affecting the rights and interests of the applicant or the insured, the agent has either given an explanation that is a misrepresentation or has failed to give any explanation at all.
2. The agent instigates the applicant or the insured to conceal facts or make false statements; or the agent knows that the applicant or the insured has concealed facts or made false statements and has intentionally kept it from the company.
3. The agent hinders the applicant or the insured from providing relevant information.
4. In order to obtain business, the agent gives the applicant or the insured incorrect quotes, sharing parts of the commission or employing some other inappropriate method to provide a discount on the premium.
5. The agent has made exaggerated promotional statements or advertisements or used other inappropriate methods to solicit business.
6. The agent has hired people to work for him or her without the permission of Chunghwa Post.
7. The agent has filled out or signed any related document for an insurance contract without the agreement or the authorization of the party concerned.
8. The agent has inappropriately instigated the applicant to terminate an insurance contract in order to buy another policy and thereby has hurt the interests of the applicant.
9. The agent has received premiums without Chunghwa Post's authorization, or the agent has received premiums with Chunghwa Post's authorization but instead of turning in the money has embezzled it or failed to give a formal receipt in accordance

to regulations.

10. The agent has lent his/her registration certificate to others.

11. The agent has solicited or recommended insurance products not approved by the FSC; or has solicited insurance business or similar business on behalf of any corporate person or individual who does not have the permission of the FSC to operate an insurance business.

12. The agent has made unfair or incomplete comparisons between different insurance contracts and described or disseminated the above-mentioned comparisons to a degree that is enough to damage another company's operations or reputation.

13. The agent has spread false statements or propaganda and consequently disturbed the financial order.

14. The agent has taken any other actions that have damaged the image of insurance.

For any agent whose registration has been suspended for a total of two years while the agent's registration is still valid, the agent's registration shall be revoked.

Any agent whose registration is suspended or revoked may apply for re-evaluation within 2 months starting from the day after the agent receives notification.

Chapter Seven Supplementary Provisions

Article 56

The regulations herein shall become effective on the date of its promulgation unless otherwise specified.