



Economic Profile in 2006

ECONOMIC & FINANCIAL SITUATION

In 2006, although the international oil price is rising wildly, interest rates of most nationals are continuously increasing and the Middle East situation is tense, nevertheless, the momentum of global economy is still strong and its overall growth rate reaches 3.9%; the USA economy remains active, the economy of European dollar zone is quickly recovered, the Japan domestic market is steadily booming, the Asia area market excluding Japan is maintaining its dynamic growing drives. The Global Insight Inc. report suggested that due to the global economy is sustaining at a high grow rate for the past three years but results from the increasing oil price and the tight monetary policy have some impact, the forecasted 2007 global economy shows a moderate growth with slow cycles of decline and the estimated economic growing rate is reduced to 3.3%.

In 2006, Taiwan total economy kept a steady growth pace with 4.39% annual growth rate. According to economic indices, our exporting was strong, the total annual import and export values reached the historical high points, the investment and consumption from the private sector were relatively weak, the amount of industrial production increased slightly, the unemployment rate declined continuously; the capital in the financial market was abounding, the stock market was hot, the currency exchange rate for the new Taiwan dollar against the US dollar showed a pattern of depreciation more than appreciation, prices of merchandises were inflated mildly; about the side of domestic business trend, it maintained a steady growth in the first half year, the business indicator and signal turned weaker after the middle of year which was affected by the weaker domestic market, the December business indicating signal even turned to the blue light which means business trend in recession and the momentum of business expansion is weak.

Looking into 2007, the global economy will grow mildly that will benefit our expansion plan for export and our exporting business is expected to continuously grow steadily; about the domestic market, recent double cards effect slowly clams down, the Rebar impact also clams down, the price and quantity of stock rise significantly since January, the real estate market is active, employment condition is improved that reflects the consumption in private sector is expecting to gradually warm up, the private investment has its momentum from continuous capacity expansion and technology improvement by those high technology companies, the JP Morgan also found that Taiwan investor confidence index is clearly higher that indicates private investment will continuously expand.

STRONG EXPORTING, RECORD HIGH OF EXPORTING VALUE

The 2006 exporting business is strong, the import and export values exceeded US\$ 200 billion for the first time, the lump sum of exporting clearly increased; in 2007, the growth will be maintained modestly. The 2006 export and import values are US\$ 224 and US\$ 202.71 billions respectively that made the highest record for past years, and grew 12.9% and 11.0%, respectively; the excess of export is over US\$ 21.29 billion that is the third highest since 1991. Envisioning 2007, although the growing momentum of global economy mildly decreases but the demand for electronic products is expected to maintaining active, our exporting business will grow modestly.

In 2006, our trading with major countries or areas performed growing trend as last year, the magnitude of growth of exporting to Korea, China and Hong Kong, ASEAN-6 was higher than the grand total growth; in addition, the growth rates of exporting to Africa (shared 0.9% of exported value) and middle south America (shared 2.1% of exported value), increased over 25% and 15%, respectively. In the same period, our imports from major countries or areas all had positive growths except from Europe, imports from the Middle East area increased 30%, imports from China and Hong Kong increased 20%, imports from Africa (shared 2.7% of imported value) grew over 50%.

MILD INFLATION OF CONSUMER PRICE

The domestic consumer price inflation is small and steady, however, the real interest rate is still low, in order to promote capital with reasonable allocation and finance with long term stability, the Central Bank announced 0.125% interest rate increment four times respectively on 3/30, 6/29, 9/28 and 12/28 2006, this leads to increment on the rediscount rate, the rate on accommodations with collateral and the rate of short term loan from 2.25%, 2.625% and 4.5% annually to 2.75%, 3.125% and 5.0% respectively.

The 2006 consumer price index rose 0.60%, the magnitude of inflation is mild but the wholesale price index rose 5.64% that reflects increasing production cost for producers, the effect of 2006 wholesale price inflation will gradually show on the 2007 CPI.



THE EMPLOYED POPULATION IS INCREASING; THE UNEMPLOYMENT RATE REDUCES TO 3.91% THAT IS THE LOWEST FOR THE PAST 6 YEARS.

The situation of employment market in 2006 were active on both sides of labor supply and demand, the employed population is increasing and the unemployment problem declines due to the domestic and foreign businesses are steadily growing, government executed several programs, such as "Development Guidelines and Action Plans for the Service Industry", "Plan for the Development of the Care-Services welfare and Industry", "Project for the Upgrading of Job Skills-the 2nd phase", "Plan for promoting hiring aborigines", "Plan for developing multi-employment" and 2006 short term promoting employment policy. Looking into the future, the global economy will still steadily grow, our domestic economic is expected also to steadily grow, plus under the government effort of continuously boosting every financial, economic and employment policies, the unemployment rate will continue to drop.

ABOUNDING CAPITAL IN THE FINANCIAL MARKET, RISING BOTH VALUE AND QUANTITY OF STOCK MARKET

The 2006 Money Aggregates grows mildly, the annual increasing rate of the daily average M2 was 6.2%, which maintained the same as last year, the annual increasing rate of the daily average M1B was 5.3%, which was 1.8% less than the last year.

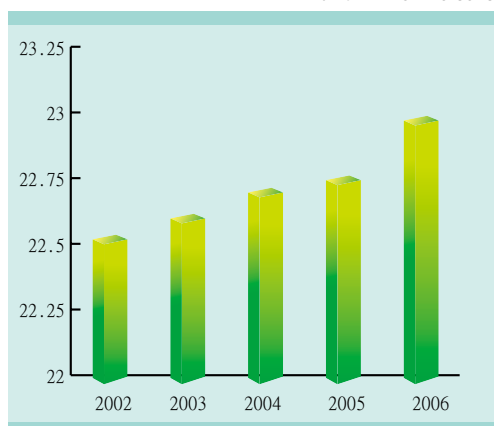
The 2006 interest rates of the interbank money market and the commercial paper, which were affected by the Central Bank's interest rate adjustment, mildly increased, both increased to 1.66% in December, the annual average rates were 1.55% and 1.54% respectively, which increased 0.24% and 0.27% from last year.

The 2006 domestic stock exchange market was hot, stock prices were fluctuated severely in the first 3 quarters and they were up all the way in the last quarter. The average weighted stock index in 2006 was 6,842 points, increased 750 from last year; The total trading value in this year was 23trillion 900.4 billion dollars, increased 27.0% from last year.

Population Composition

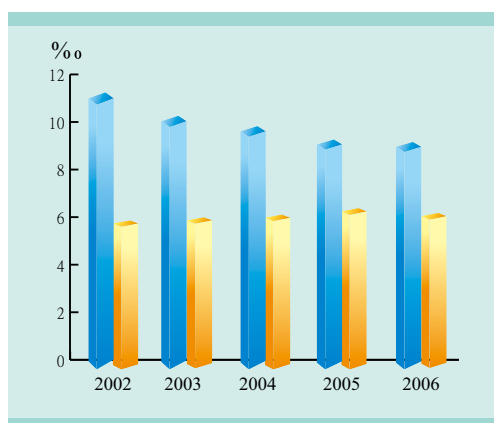
POPULATION GROWTH

unit : Million Persons

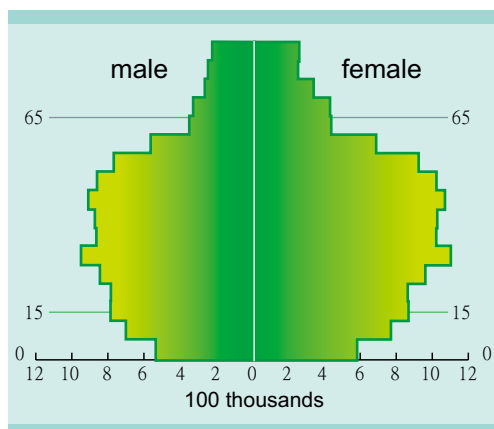


RATES OF BIRTH AND DEATH

■ Crude Birth Rate ■ Crude Death Rate



2006 POPULATION PYRAMID



POPULATION GROWTH

According to the household registration data, the total population of Taiwan at the end of 2006 amounted to 22.88 million with a density of 632 persons per square kilometer, making Taiwan one of the most densely populated areas of the world.

Owing to the political and economic development, the improvement of people's livelihood and sanitation, effective control over the infectious diseases and educational popularity, the death rate has greatly decreased since World War II. But the annual population increase rate was higher than 3% before 1965, due to high birth rate.

The family planning programs have been advocated by the government since 1968. Now the programs have contributed its results and the natural increase rate has been lower than 2% since 1972. In 2006 crude death rate and crude birth rate stood at 0.59% and 0.89% respectively.

AGE DISTRIBUTION

The population pyramid at the end of 2006 showed that: Aged population (65 years and over) accounted for 10.00%, childhood population (under 15 years) 18.12% and the productive age (15-64 years) 71.88%. The dependency ratio was 39.7. According to the household registration data and midyear population in 2006 was 22,870 thousand persons. Of which 11,562 thousand persons were male and 11,208 thousand persons were female with a sex ratio 103.



National Income and Per Capita Income

NATIONAL INCOME

Along with the progress of gross national product the national income also increased. In 2006 the national income amounted to US\$317.69 billion in market prices or US \$307,738 billion in real terms.

The figure compared with US\$308.54 billion in market prices and US\$302.41 billion in real terms of the previous year, it showed an increase of 3.89% and 2.84%, respectively.

PER CAPITA INCOME

Over the years, per capita income has risen with national income, growing 6.5% in the 1960s, 7.7% the following decade, and 11.3% in the 1980s. In 2006, it reached NT\$454,581 or US\$13,970 in market prices. The figures were up by 3.52% from the preceding year.

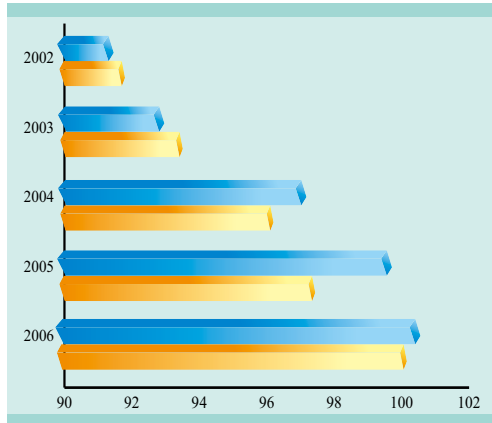
PERSONAL INCOME DISTRIBUTION

According to the report on the survey of personal income distribution, the average size per household in 2005 was 3.42 persons, among which 2.57 persons were adults and 0.85 persons were minors. Average available income per household reached NT\$895 thousand or US\$27,499 and average savings per household was NT\$193 thousand. The average propensity to saving was 21.63%.

NATIONAL INCOME

NT\$100 billion

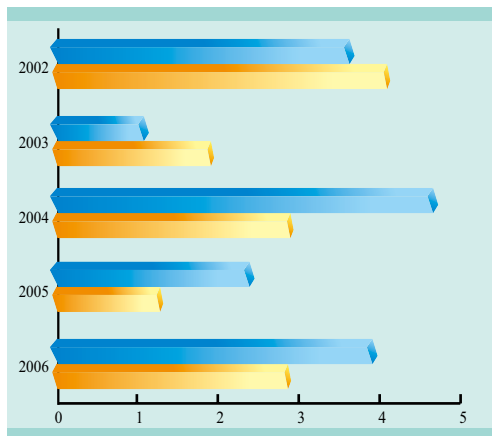
■ National Income (at market prices)
■ National Income (at 2001 prices)



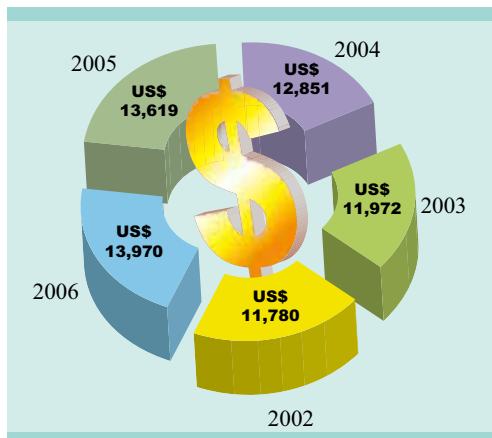
NATION INCOME

Increase Rate of National Income: %

■ Increase Rate
■ Real Growth Rate

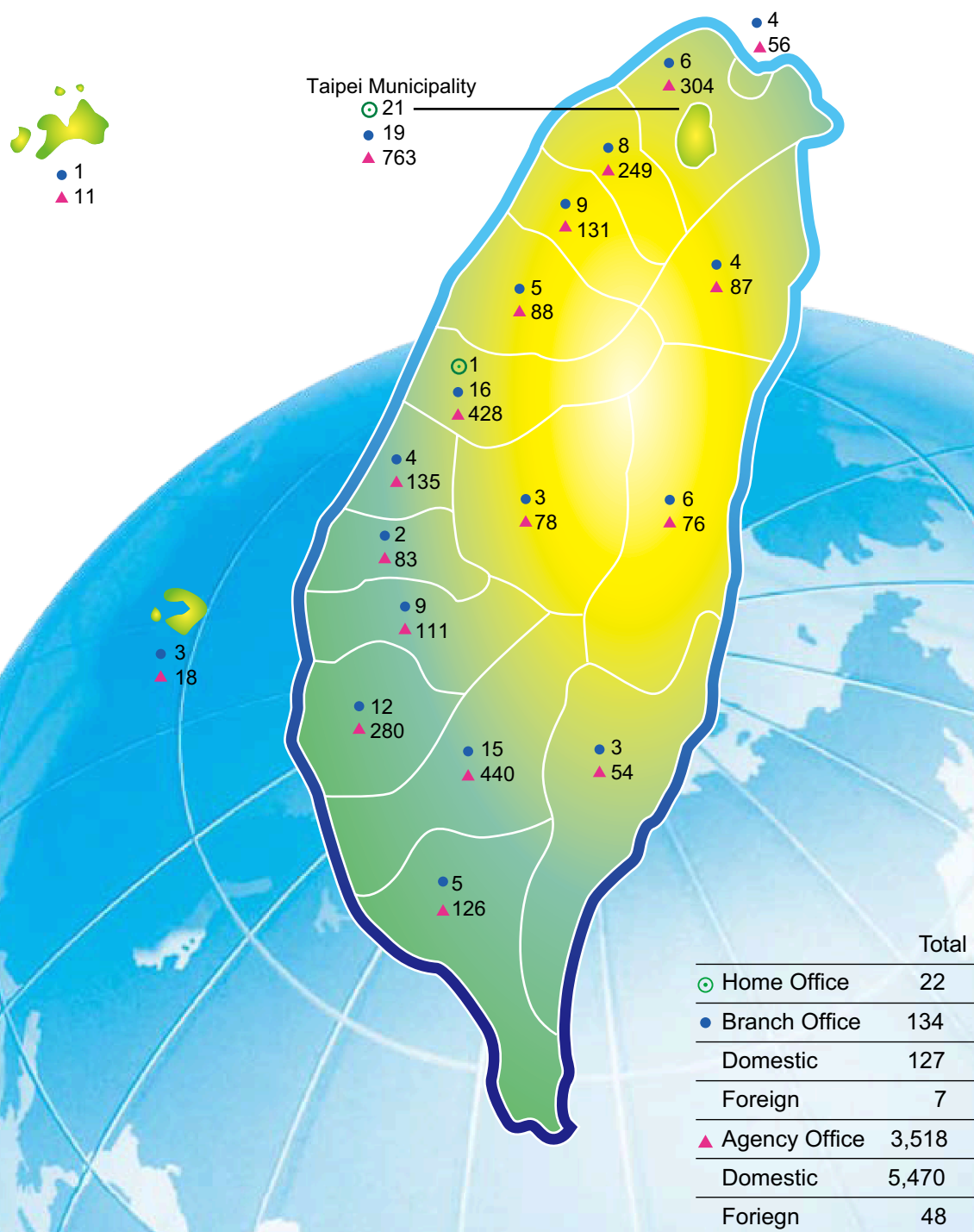


PER CAPITA INCOME



LIFE INSURANCE IN TAIWAN

Distribution of Branch Offices





Life Insurance Companies

In accordance with the article 13 of Insurance Laws, commercial insurance includes property and personal insurance. Personal insurance covers life, accident, health and annuity insurance. The insurance market was opened to U.S. insurance companies to set up branch offices in 1987 and domestic in 1993. In addition, the worldwide insurers were admitted to establish branch offices in 1994. At the end of 2006, There are twenty-two domestic companies and seven foreign companies running business in Taiwan area.

Dept. of Life Insurance Central Trust of China Company
Taiwan Life Insurance Company
PCA Life Assurance Company
Cathay Life Insurance Company
China Life Insurance Company
Nan Shan Life Insurance Company
Kuo Hua Life Insurance Company
Shin Kong Life Insurance Company
Fubon Life Assurance Company
Global Life Insurance Company
MassMutual Mercuries Life Insurance Company
Sinon Life Insurance Company
Singfor Life Insurance Company
Far Glory Life Insurance Company
Hontai Life Insurance Company
Allianz President Life Insurance Company
Taiwan Post Co., Ltd. Life Insurance Dept.
Prudential Life Insurance Co. of Taiwan Inc.
Aegon Life Insurance (Taiwan) Inc.
New York Life Insurance Taiwan Corp.
Metlife Taiwan Insurance Company
ING Life Insurance Company
Connecticut General Life Insurance Co., Taiwan Branch
American Life Insurance Co., Taiwan Branch
ManuLife (International) Limited, Taiwan Branch
Winterthur Life Insurance Co., Taiwan Branch
Cardif Assurance Vie, Taiwan Branch
ACE American Insurance Co., Taiwan Branch
ACE Tempest Life Reinsurance Co., Taiwan Branch



New Business

In 2006, individual life insurance purchases amounted to 3,583,281 policies for a sum insured of NT\$2,879,530 million or US\$88,519 million.

During the year under review, the distribution of individual life insurance showed that: pure endowment accounted for 0.07% or NT\$2,004 million increased by 5.98%, endowment and endowment with term accounted for 14.63% or NT\$421,336 million, decreased by 16.35%, and term and whole life accounted for 85.30% or NT\$2,456,190 million, increased by 23.08%.

The average amount of new business of individual life insurance was NT\$803,601 or US\$24,703 per policy in 2006, up 14.74% from a year ago.

NEW BUSINESS

Amount: NT\$ million

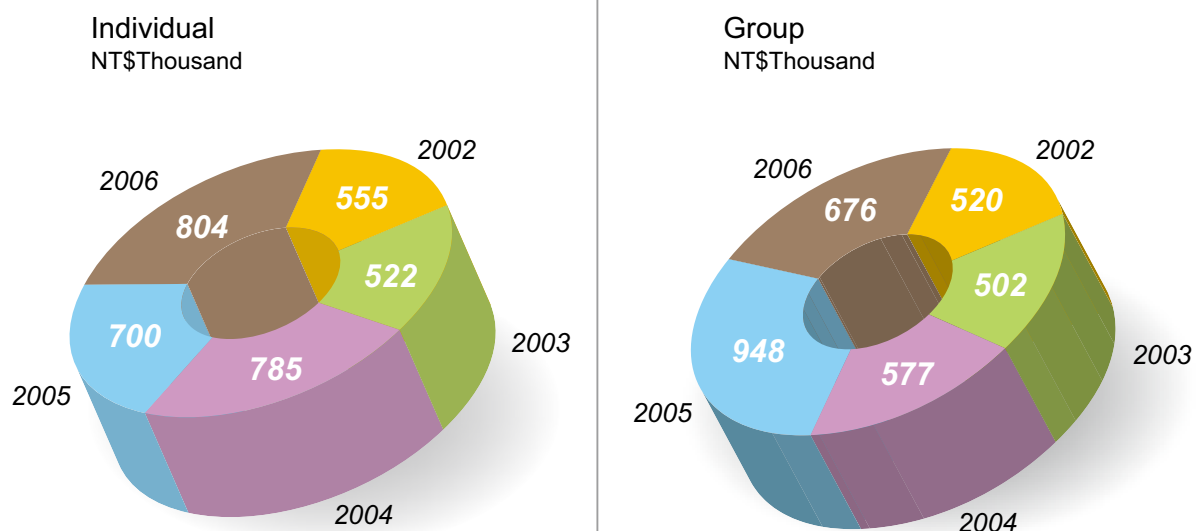
	2006		2005		2004	
	Amount	NO.	Amount	NO.	Amount	NO.
Life	3,905,230	5,101,610	4,024,554	5,177,979	3,362,672	4,706,856
Individual	2,879,530	3,583,281	2,501,124	3,571,244	2,430,330	3,090,827
Group*	1,025,700	1,518,329	1,523,430	1,606,735	933,423	1,616,029
Accident	26,395,762	16,053,628	25,561,095	16,526,320	23,755,099	14,338,301
Individual	20,591,575	10,381,392	18,864,224	10,631,629	18,013,343	8,834,729
Group*	5,804,187	5,672,236	6,696,871	5,894,691	5,741,756	5,503,572
Health	5,744,262	11,265,761	6,548,896	12,372,384	5,258,332	10,611,815
Individual	646,212	3,593,323	573,926	3,406,040	467,226	3,188,577
Group*	5,098,050	7,672,438	5,974,970	8,966,344	4,791,106	7,423,238
Annuity	58,229	114,691	95,077	137,270	116,399	190,144
Individual	58,229	114,691	95,077	137,270	116,399	190,144
Group*	-	-	-	-	-	-

*The number of group life, accident, health and annuity insurance each represents that of the insured.

During the year 2006, 37,779 group life policies were issued, covering 1,518,329 persons with a total of NT\$1,025,700 million. A recent development in the area of group life insurance concerns lump sum of employee's death benefits. One-year term group life policy is the most popular products. In 2006 the average amount per issued was NT\$675,545 or US\$20,767 down by 28.75% or NT\$272,608 from 2005's NT\$948,153.



AVERAGE AMOUNT OF LIFE INSURANCE



In 2006 the purchases of personal accident insurance amounted to 10,381,392 policies with a sum insured of NT\$20,591,575 million or US\$633,003 million which showed a down of 2.35% in number and a up of 9.16% in amount over the previous year.

There were 268,435 groups which purchased group accident insurance, covering 5,672,236 persons with a sum insured of NT\$5,804,187 million or US\$178,426 million.

In 2006, the purchases of individual health insurance up 5.50% in number, the amount was NT\$646,212 million which showed an up of 12.60% from 2005's NT\$573,926 million.

At the same period, group health insurance down 14.43% in number and down 14.68% in amount.

In accordance with the longer life expectancy, the individual annuity insurance has been introduced by the industry on September 1997. The index-linked insurance has been introduced by the industry in June 2005. During the year 2006 under review, the purchases of annuity insurance were 114,691 policies with a sum of NT\$58,229 million.



Business In Force

In 2006, individual life insurance in force attained to 37,314,888 policies for a sum of insured NT\$29,570,356 million or US\$909,018 million.

Compared with 35,609,430 policies in number and NT\$27,811,340 million in amount of the previous year they showed an increase of 1,705,458 policies or 4.79% and NT\$1,759,016 million or 6.32% in amount.

The average size of the individual life insurance policies in force continues to increase. In 1971, it was NT\$57,743 or US\$1,444. By 1981, the amount had increased to NT\$305,702 or US\$8,309. In 1991, it showed NT\$721,167 or US\$26,909, by 2006, it recorded NT\$792,455 or US\$24,361.

BUSINESS IN FORCE

Amount: NT\$ million

	2006		2005		2004	
	Amount	NO.	Amount	NO.	Amount	NO.
Life	32,506,016	41,691,802	30,707,744	39,714,713	28,778,668	37,431,932
Individual	29,570,356	37,314,888	27,811,340	35,609,430	26,118,419	33,614,301
Group*	2,935,660	4,376,914	2,896,404	4,105,283	2,660,249	3,817,631
Accident	35,058,356	44,187,383	35,747,123	43,706,773	35,647,350	41,514,255
Individual	23,126,729	35,341,615	23,032,912	34,388,606	22,730,236	32,892,325
Group*	11,931,627	8,845,768	12,714,211	9,318,167	12,917,114	8,621,930
Health	16,181,179	59,501,994	15,551,642	56,940,517	15,064,095	54,245,995
Individual	10,054,722	46,774,413	9,681,974	44,730,527	9,323,318	42,807,183
Group*	6,126,457	12,727,581	5,869,668	12,209,990	5,740,777	11,438,812
Annuity	253,854	403,592	245,350	389,659	165,576	280,337
Individual	253,854	403,592	245,350	389,659	165,576	280,337
Group*	-	-	-	-	-	-

*The number of group life, accident, health and annuity insurance each represents that of the insureds.

At year-end of 2006, group life insurance provided 82,050 master policies; covering 4,376,914 persons with a total of NT\$2,935,660 million or US\$90,245 million of protection.

Compared with 4,105,283 persons in number and NT\$2,896,404 million in amount of 2005. The figure of this year showed an increase of 271,631 persons or 6.62% and increase of NT\$39,256 million or 1.36% in amount.

The average size per insured was NT\$670,715 or US\$20,618 and decrease of 4.93% against the preceding year.

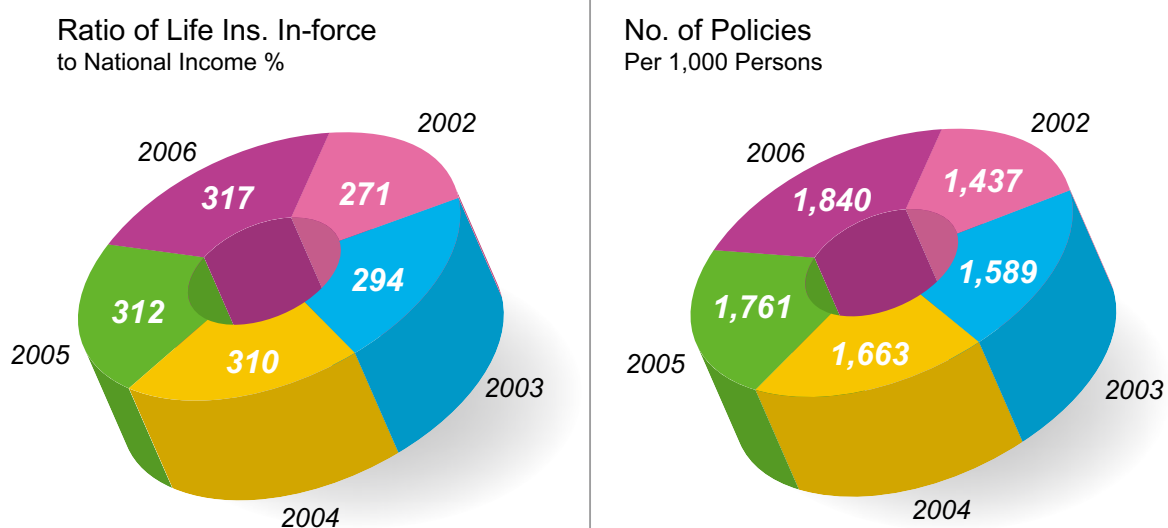
Total life insurance in force provided NT\$32,506,016 million or US\$999,263 million protection at the end of 2006. The ratio of life insurance to national income was 317%. At year-end of 2006, total life insurance in force registered 41,692 thousand policyholders. This figure compared with the total population, there were 1,840 persons having individual life policy or covered by group life insurance per 1,000 persons.

A survey of individual life business in force by sex and age distribution at year-end of 2006, showed that male insured accounted for 50% and female insured was 50%. For male and female insured, large proportion of them was between age 20 to age 50.

Accident insurance in force at the end of 2006 down 1.93%. The number of personal accident insurance in force reached 35,341,615 policies with a sum insured of NT\$23,126,729 million or US\$710,935 million which showed an up of 0.41% in amount. At the same period, the amount of group accident insurance in force decreased by 6.16% to NT\$11,931,627 million or US\$366,788 million.

At the end of 2006, annuity insurance in force recorded 403,592 policies for a sum of insured NT\$253,854 million.

SPREAD OF LIFE INSURANCE





Volume of Premium Income

In 2006, total premium income of life insurance industry reached NT\$1,563,700 million or US\$48,069 million, an increase of NT\$105,948 million or 7.27% over the previous year. People spent about 20.73% of total disposable income in 2005 for personal insurance.

The distribution of total premium income, classified by types of insurance, is shown in the following table. The premium income of individual life insurance accounted for 79.23% or NT\$1,238,954 million (US\$38,086 million) in 2006, up by 10.59% over 2005's NT\$118,649 million. Of this total 31.72% was first year premium income, 68.28% was renewal premium income.

Group life insurance amounted to NT\$6,059 million in 2006, down by 10.94% or NT\$744 million against 2005's NT\$6,803 million.

The growth of personal accident insurance is reflected in its increasing volume of premium. For the whole of 2006, personal accident insurance premium income amounted to NT\$49,537 million or accounted for 3.17% of the total premium income, a rise of 0.97% or NT\$478 million during the year.

In 2006, the premium income of annuity insurance amounted to NT\$174,811 million which is about 6.21% of total premium income of industry.

PREMIUM INCOME

Amount: NT\$ 000 Omitted

	2006	2005	2004	2003	2002
Life	1,245,012,557	1,127,108,222	955,009,632	871,559,462	699,586,389
Individual	1,238,953,747	1,120,305,028	948,113,616	864,721,980	692,725,077
Group	6,058,810	6,803,194	6,896,016	6,837,482	6,861,312
Accident	58,202,932	58,503,588	57,893,578	61,554,251	59,629,417
Individual	49,537,063	49,059,386	48,705,982	52,044,455	51,943,528
Group	8,665,869	9,444,202	9,187,596	9,509,796	7,685,889
Health	163,371,499	151,099,892	140,581,928	125,922,001	113,347,094
Individual	155,593,613	143,869,476	134,240,740	120,321,009	107,705,301
Group	7,777,886	7,230,416	6,341,188	5,600,992	5,641,793
Annuity	97,112,856	121,040,024	155,003,702	73,616,672	16,724,364
Individual	97,112,856	121,040,024	155,003,702	73,616,672	16,724,364
Group	-	-	-	-	-
Total	1,563,699,844	1,457,751,726	1,308,488,840	1,132,652,386	889,287,264



Benefit Payments to Policyholders

Benefit payments to policyholders including maturity, death, medical care, disability and others, for the year totaled NT\$648,304 million or US\$19,929 million. This amount increased by 29.87% or NT\$149,123 million during 2006 and 5 times larger than that in 1996.

Of the 2006 benefit payments to policyholders, individual life insurance accounted for NT\$505,552 million or 77.98%, personal accident insurance accounted for NT\$15,450 million or 2.38% and the others were individual health insurance, group insurance and annuity insurance.

During the year 2006, the total number of death payments was 96,292 cases, accounting for 70.89% of total number of death in Taiwan area, with a sum of NT\$58,183 million. The average amount of death payments to beneficiaries was NT\$604,235 or US\$18,575.

There were 612,735 matured endowment policies for a total payment of NT\$221,066 million in 2006, this accounted for 34.10% of the total payments. During the year under review the benefit payments of medical care were NT\$52,618 million and disability payments were NT\$4,667 million, the figures showed increase of 7.95% and decrease of 4.33% respectively, over a year ago. A total of NT\$209,883 million in cash values was paid to owners of individual life insurance policies surrendered during 2006. The total does not include policy cash values used to purchase reduced paid-up life insurance or to provide coverage for a specific period of time.

BENEFIT PAYMENTS TO POLICYHOLDERS

Amount: NT\$ million

	2006				2005			
	Amount	%	NO.	%	Amount	%	NO.	%
Maturity	221,066	34.10	612,735	5.86	155,749	31.20	452,112	4.95
Death	58,183	8.97	96,292	0.92	53,957	10.81	82,278	0.90
Disability	4,667	0.72	167,660	1.60	4,878	0.98	127,687	1.40
Medical Care	52,618	8.12	5,005,032	47.90	48,742	9.76	4,731,725	51.80
Annuity	1,553	0.24	26,805	0.26	558	0.11	13,679	0.15
Surrender	209,883	32.37	1,365,019	13.06	119,188	23.88	982,029	10.75
Survivor Benefit	90,488	13.96	2,544,308	24.35	106,414	21.32	2,077,971	22.75
Others*	9,846	1.52	631,329	6.04	9,695	1.94	667,002	7.30
Total	648,304	100.00	10,449,180	100.00	499,181	100.00	9,134,483	100.00

*: Others include Maternity, Funeral Allowance etc.

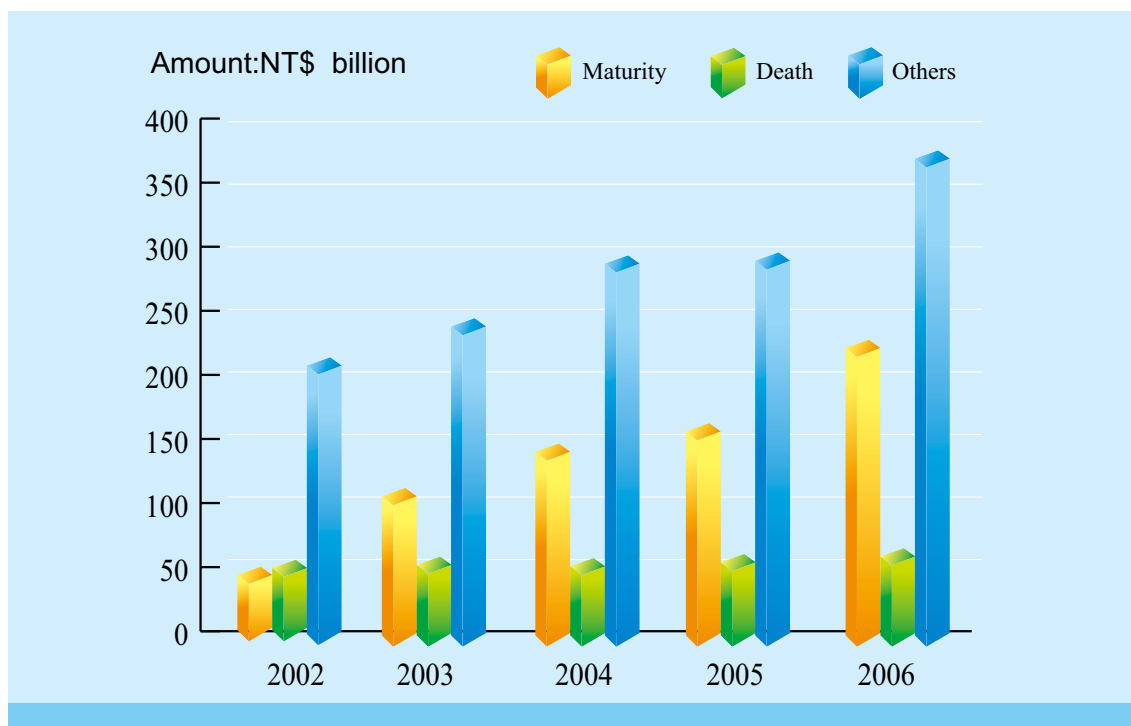


In recent years, the major causes of death of insured persons were accident and cancer. In 2006, the percentage of death due to accident was 27.35% in amount and 23.19% in number; cancer accounted for 30.71% in amount and 33.62% in number. In our country, cancer is the first rank of causes of death and the accident is the fourth.

CAUSES OF DEATH OF LIFE INSURANCE INDUSTRY

Causes of Death	2006	2005	2004	2003	2002
	%	%	%	%	%
Cerebrovascular Disease	4.21	3.48	3.67	3.42	3.53
All Accidents	27.35	29.65	30.95	30.98	34.66
Malignant Neoplasms	30.71	28.78	28.32	27.88	28.86
Heart Disease	7.37	7.23	6.86	6.79	5.47
Pneumonia	1.34	1.08	0.99	1.30	0.68
Tuberculosis(all forms)	0.16	0.28	0.18	0.18	0.20
Bronchitis	0.53	0.59	0.41	0.46	0.35
Cirrhosis of Liver	4.25	3.92	4.33	4.33	4.30
Nephritis and Nephrosis	0.73	0.86	0.69	0.86	0.86
All Other Disease	23.34	24.13	23.60	23.80	21.09
Total	100.00	100.00	100.00	100.00	100.00

BENEFIT PAYMENTS TO POLICYHOLDERS





Assets

Assets of life insurance industry in 2006 amounted to NT\$7,736,156 million or US\$237,816 million, which showed a gain of NT\$1,250,751 million (US\$38,449 million) or 19.29% over the previous year and was 6 times more than the total assets in 1996.

The growth rate of total assets has shown a great expansion in recent years. In 1981, for example the growth rate of total assets was 31.41%, in 1983, it reached the higher 35.96%; in 1996, it was 19.10%. The average increase rate in past ten years was 23.38%.

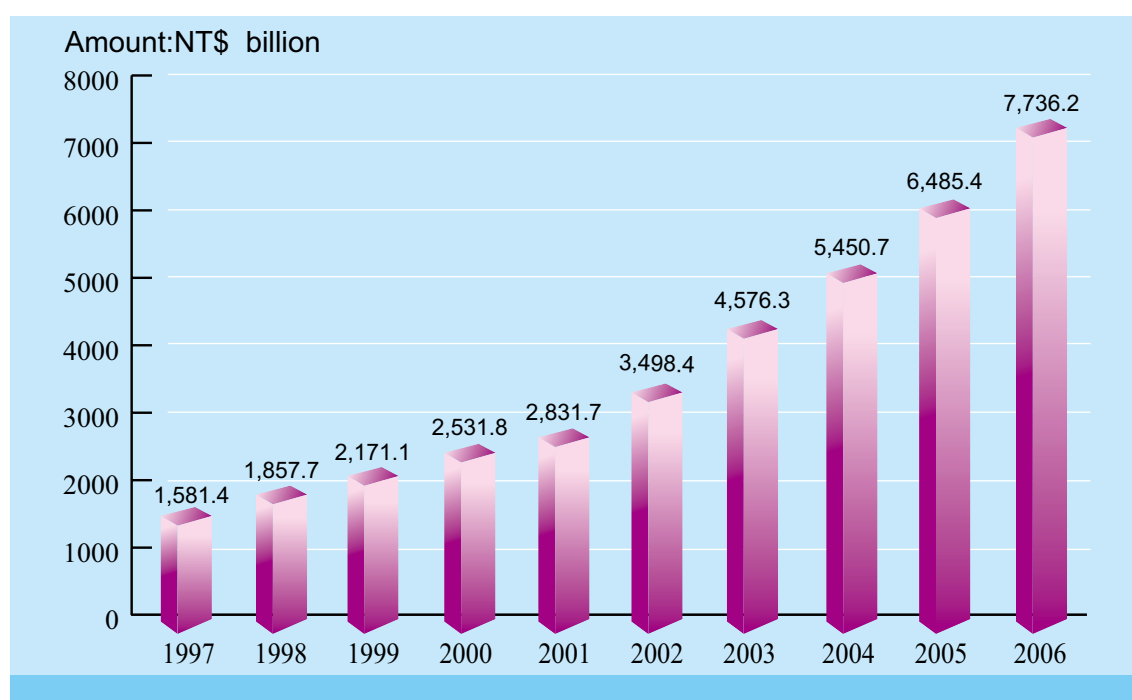
The leading component of life insurance industry assets in 2006 was Securities. Securities increased from NT\$4,375,313 million to NT\$5,129,617 million or US\$157,689 million, 66.31% of total assets by the end of 2006.

Mortgages, the second position in the rank decreased from NT\$508,426 million to NT\$551,705 million or US\$16,960 million during 2006. As a proportion of total assets, these holdings decreased from 7.84% in 2005 to 7.13% in 2006.

At the end of 2006, Cash & Deposits amounted to NT\$394,976 million (US\$12,142 million) or 5.11% of total assets of life insurance industry, and increase of NT\$156,315 million or 65.50% against the previous year.

Note: Data of assets, liabilities and owners' equity, and profit and loss are not included Kuo Hua life Ins. Co. Ltd in 2002.

ASSETS OF LIFE INSURANCE INDUSTRY IN TAIWAN





DISTRIBUTION OF ASSETS OF LIFE INSURANCE INDUSTRY IN TAIWAN

Amount:NT\$ million

Year	Cash & Deposits	Securities	Mortgages	Investment	Policy Loans	Fixed Assets	Others	Total
1996	372,263	305,995	293,979	111,082	137,810	36,358	70,596	1,328,083
1997	361,467	440,025	358,620	121,031	177,568	41,930	80,808	1,581,449
1998	394,274	536,727	432,204	136,311	216,673	44,069	97,425	1,857,683
1999	406,617	699,601	475,443	159,637	266,294	48,235	115,312	2,171,139
2000	358,896	937,547	532,979	185,281	332,212	49,706	135,157	2,531,778
2001	335,652	1,223,996	543,204	177,539	364,889	50,123	136,263	2,831,666
2002	318,330	1,784,467	548,786	218,469	399,028	52,548	176,774	3,498,402
2003	239,440	2,757,859	513,127	221,733	430,131	56,856	357,117	4,576,263
2004	254,394	3,528,598	495,755	230,089	430,021	56,698	455,118	5,450,673
2005	238,661	4,375,313	508,426	239,828	448,210	54,065	620,902	6,485,405
2006	394,976	5,129,617	551,705	261,229	486,471	51,792	860,366	7,736,156
								%
1996	28.03	23.04	22.14	8.36	10.38	2.74	5.32	100.00
1997	22.86	27.82	22.68	7.65	11.23	2.65	5.11	100.00
1998	21.22	28.89	23.27	7.34	11.66	2.37	5.24	100.00
1999	18.73	32.22	21.90	7.35	12.27	2.22	5.31	100.00
2000	14.18	37.03	21.05	7.32	13.12	1.96	5.34	100.00
2001	11.85	43.23	19.18	6.27	12.89	1.77	4.81	100.00
2002	9.1	51.01	15.69	6.24	11.41	1.50	5.05	100.00
2003	5.23	60.26	11.21	4.85	9.40	1.24	7.80	100.00
2004	4.67	64.74	9.10	4.22	7.89	1.04	8.35	100.00
2005	3.68	67.46	7.84	3.7	6.91	0.83	9.57	100.00
2006	5.11	66.31	7.13	3.38	6.29	0.67	11.12	100.00



Liabilities and Owners' Equity

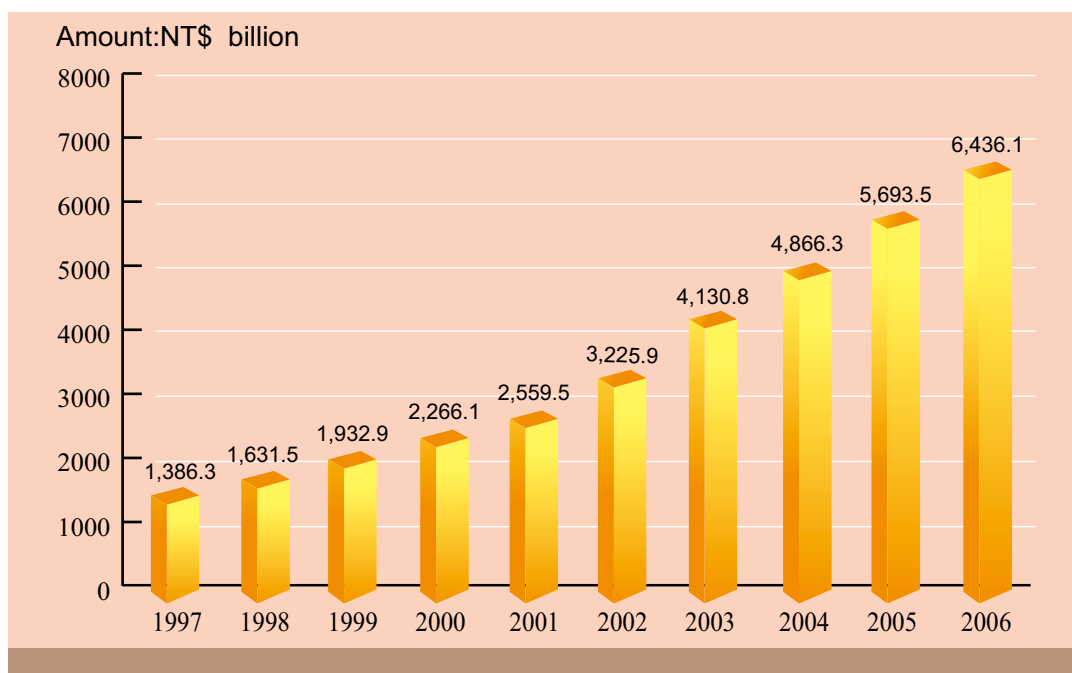
The total liabilities of life insurance industry in 2006 amounted to NT\$7,235,671 million or US\$222,431 million. The figure, compared with NT\$6,216,338 million of last year, showed an increase of 16.40%.

The major increased item of liability was the accumulation of policy reserves. At the end of 2006, policy reserves of life insurance industry reached NT\$6,436,199 million or US\$197,854 million accounted for 83.20% of the total assets or 88.95% of the total liabilities, up by 13.04% or NT\$742,671 million over 2005's NT\$5,693,529 million.

Of the total reserves of life insurance industry in 2006, 83.20% or NT\$6,301,850 million was for life insurance policies, 0.70% or NT\$44,887 million was for unearned premium reserves and NT\$80,736 million was for special reserves. The life insurance policy reserves and unearned premium reserves represent amounts set aside to meet the company future obligations to policyholders and their beneficiaries. The special reserves calculate on a regulated basis to protect catastrophe loss.

At year-end of 2006, the owners' equity (including capital stock, capital surplus and retained earning and equity adjustment) amounted to NT\$500,485 million or US\$15,385 million. Of this total capital stock was NT\$221,184 million or US\$6,799 million, up by NT\$12,748 million or 6.12% from a year ago.

RESERVES OF LIFE INSURANCE INDUSTRY IN TAIWAN



Profit and Loss

In 2006, the total receipts of life insurance industry were NT\$2,535,543 million or US\$77,945 million. It showed a gain of NT\$281,804 million or 12.50% over a year ago. And the total expenditures were NT\$2,495,561 million or US\$76,716 million, up by NT\$268,782 million or 12.07% over the preceding year. The following data showed the profit and loss accounts in recent years.

SUMMARY OF INCOME AND EXPENDITURE

Amount: NT\$ million

	2006	2005	2004	2003	2002
Net Operation Income	-161,616	-139,834	-116,754	-92,717	-55,128
Operating Revenues	2,214,854	1,961,764	1,771,276	1,515,144	1,193,428
Operating Expenses	2,376,470	2,101,598	1,888,030	1,607,861	1,248,556
Net Financial Income	281,434	263,120	223,479	213,948	139,851
Financial Receipts	285,444	270,493	227,355	215,783	145,800
Financial Expenses	4,010	7,373	3,876	1,835	5,949
Net Misc. Income	11,104	-2,080	-4,321	14,756	2,126
Depreciation	7,007	15,004	9,038	6,214	11,374
Administrative Expenses	82,166	78,070	74,697	77,953	70,063
Profit for the Year	39,982	26,960	17,086	47,469	-135

INCOME AND EXPENDITURES OF LIFE INSURANCE INDUSTRY

