

# A Glance To Chinese Taipei Insurance Market

## 2005 Insurance Statistical Index

- **Insurance Density of**  
Life Insurance: US\$ 1,989.9  
Non-life Insurance: US\$ 161.8
- **Insurance Penetration of**  
Life Insurance: 13.09%  
Non-life Insurance: 1.06%
- **Total Premium Income** : US\$50 billion,  
no.4 in Asia, no.13 in the world  
(Source : Sigma-2006/5)



## Insurance Regulation

Insurance Bureau of Financial Supervisory Commission (FSC) is the official organization that regulates the insurance industry in Chinese Taipei. It has been set up since July 2004 in order to integrate the financial supervision, maintain market discipline, and to facilitate the development of the insurance industry.

## Insurance Regulatory Objectives

1. To enhance the insurers' solvency ability
2. To maintain insurance market order
3. To uphold the interests of policyholder
4. To increase the transparency of insurance market
5. To build up a fair and advantageous environment of insurance operation

## Ongoing Regulatory Measures

### • Strengthening Solvency of Insurers

Modified the RBC system  
Reviewing the insurance accounting system  
Enhancing regulations for reserves  
Strengthening the responsibilities of appointed actuaries

### • Reinforcing Legal Compliance and Corporate Governance

Complying with laws and regulations  
Protecting policyholders' rights and interests  
Strengthening the power of board of directors  
Fulfilling the function of supervisors

### • Expanding Scope of Business

Allowing non-life insurers to operate health insurance  
Allowing insurers to launch the management of internal fund  
Approving insurers to engage in the business of loss prevention

Permitting life insurers to operate foreign currency denominated insurance  
Allowing insurance companies to engage in wealth management business  
Raising the ceiling of overseas investment

### • Enhancing Consumer Education and Protection

Promoting consumer education  
Reinforcing information disclosure policy  
Improving the mediation of insurance disputes  
Increasing the mortality protection

### • Promoting Microinsurance Business

Encourage insurers to provide suitable products to lower-income groups  
Enhance insurance awareness of the low-income segment through promotion and education





# Chinese Taipei Insurance Market Overview

At the end of 2005, there are twenty-one domestic companies and eight foreign companies running life business, sixteen domestic companies and nine foreign companies running non-life business in Chinese Taipei area.

## Life Insurance Industry:

In 2005, total premium income of life insurance industry reached US\$ 45.3 billion, an increase of 11.41% over the previous year. People spent about 22.5% of total disposable income in 2005 for life insurance. The market share of investment-linked life product was 16.4% and traditional life insurance was 83.6% in terms of total premium income. The market share by line is shown as figure 1 and by company is shown as figure 2

Figure 1. Life Market Share by Line

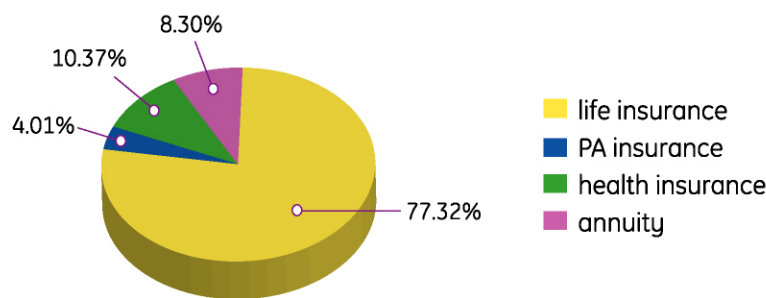
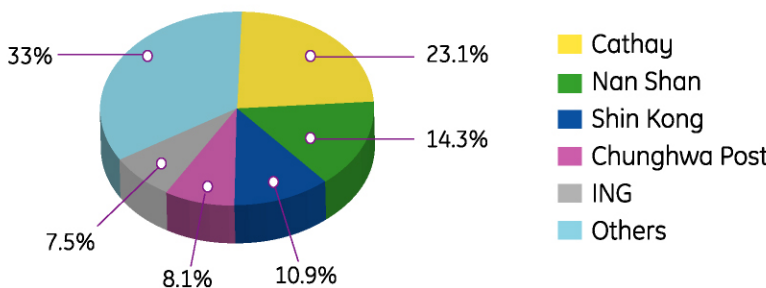
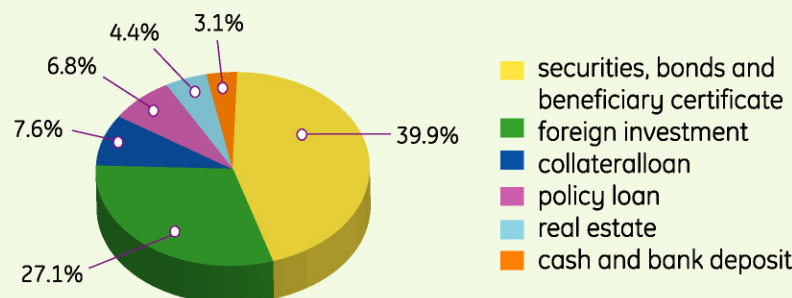


Figure 2. Life Market Share by Company



As at the end of 2005, the total asset of life insurers summed up to US\$ 204.3 bn, increasing US\$ 33.3 bn since the end of 2004 with a growth rate of 19.5%. The structure of asset is shown as figure 3:

Figure 3. Life Asset Allocation



The pre-tax profit of 2005 for the life industry reached US\$ 867 million, an increase of 48 % ( US\$280 million).

## Non-Life Insurance Industry

Total written premium for non-life insurance is US\$3.68 billion in 2005, majorly from motor insurance with a weight of 50%, which is followed by 19% of Fire and 7% of marine insurance, etc. The premium growth rate was 2.63% for 2005. In 2005, the market share by line is shown as figure 4 and by company is shown as figure 5

Figure 4. Non-life Market Share by Line

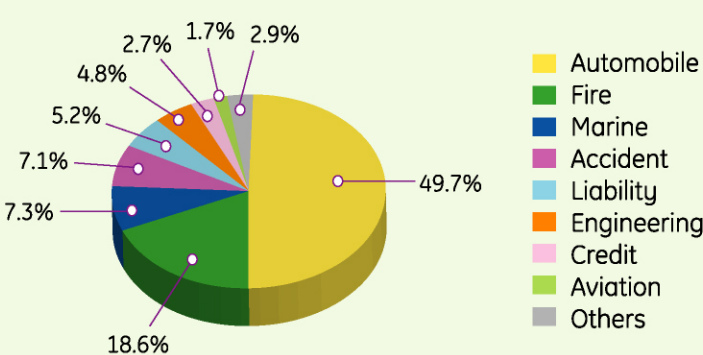
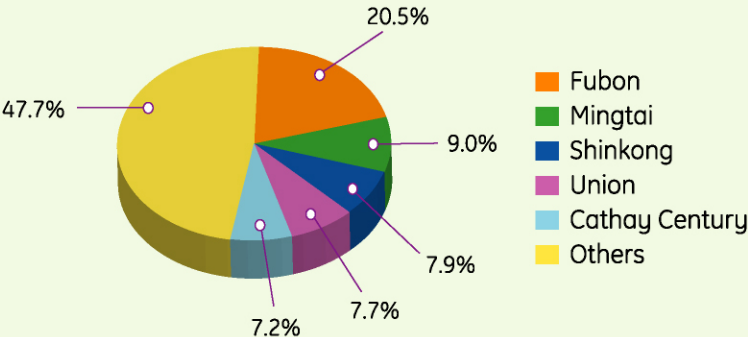


Figure 5. Non-life Market Share by Company



Despite the serious fire and typhoon losses, the underwriting profit of the Chinese Taipei non-life insurance industry still rises to US\$560 million in 2005. The investment yield is 3.5% for fund utilization. The total profit before tax of the industry is US\$208 million in 2005. The profitability of the industry remains satisfactory and has the potential of increase.

