

# The Non-Life Insurance Market in Taiwan

---

Joe Cheng 程耀德  
Jan. 5<sup>th</sup>, 2011

# Contents 2-1

---

- General Information (Taiwan)
- The Principle of Non-life Insurance Contract
- Non-Life Insurance Market Update
- Recent changes of RBC or solvency regulation

# Contents 2-2

---

- Opportunity vs. Threat
- Strategic Actions vs. Soft Market
- Respond to Natural Catastrophic Risks in Taiwan
- Current Challenges

---

# **General Information (Taiwan)**

# General Information (Taiwan) For 2009



- Population (million) : 22.8
- Area (sq. km) : 36,000
- GNP(US\$ billion) : 379.4
- GDP(US\$ billion) : 420.7
- GNP per Capita (US\$) : 16,997
- Economic Growth Rate :  
- 1.87%
- Unemployment Ratio : 5.9%

# General Information (Taiwan)

---



---

# **The Principle of Non-Life Insurance Contract**

- 
- The principle of large number
  - The utmost good faith
  - Insurable Interests
  - The principle of proximate cause

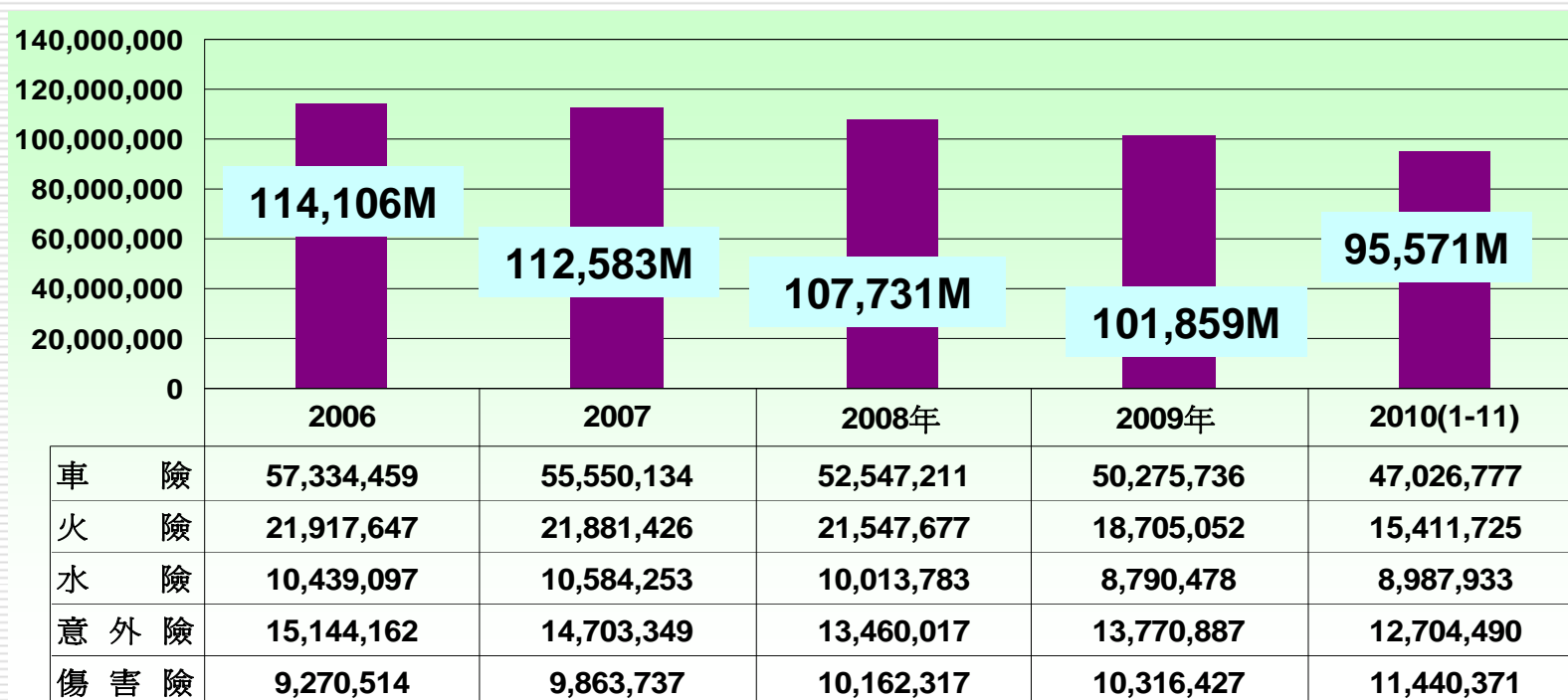


---

# **Non-Life Insurance Market in 2010**

# 2010 Market Premium & Growth

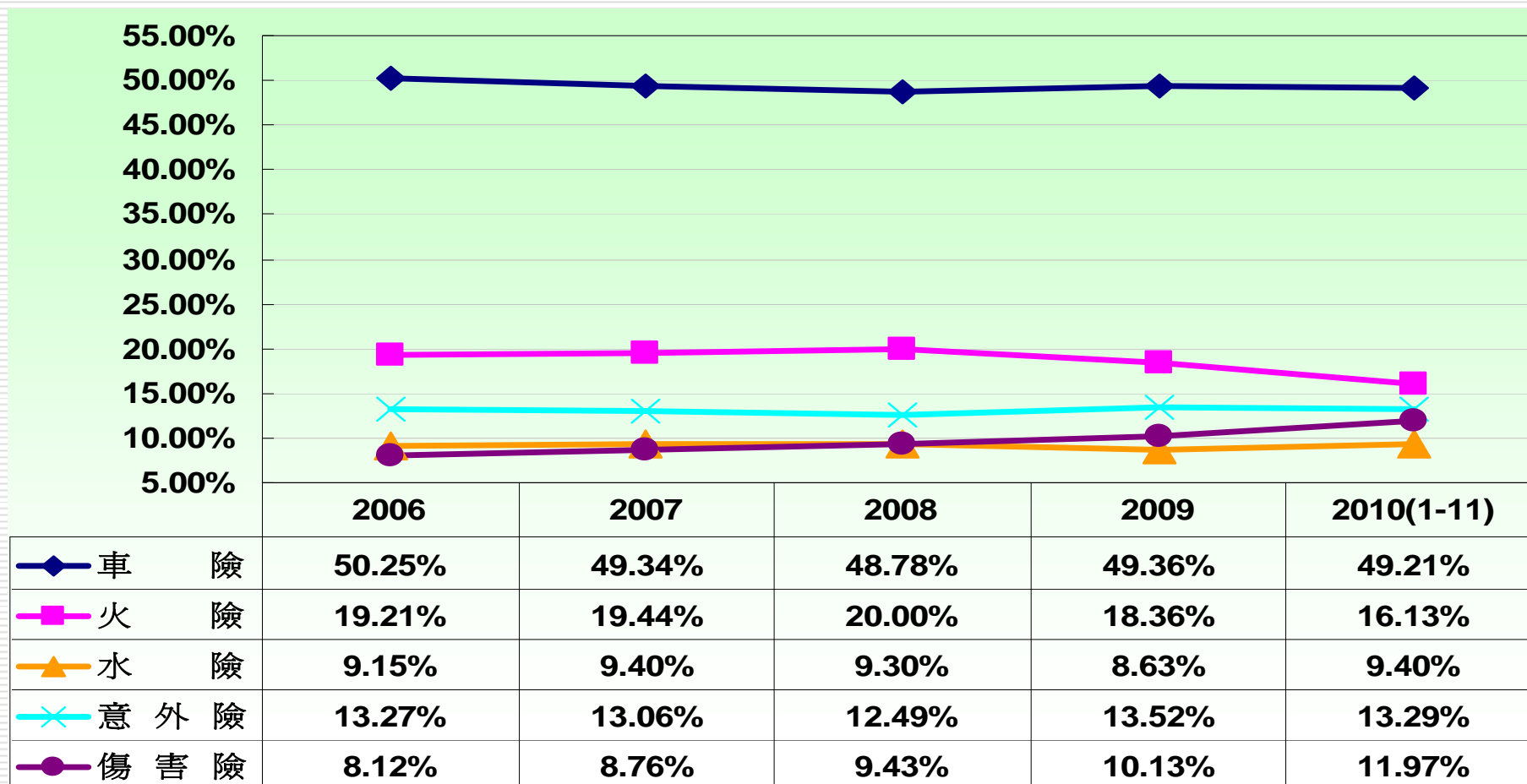
單位：仟元



資料來源：產險公會、保發中心

# 2010 Business Lines Portfolio

單位：百分比



資料來源：財團法人保

險事業發展中心

中華科大 Jan. 5th, 2011

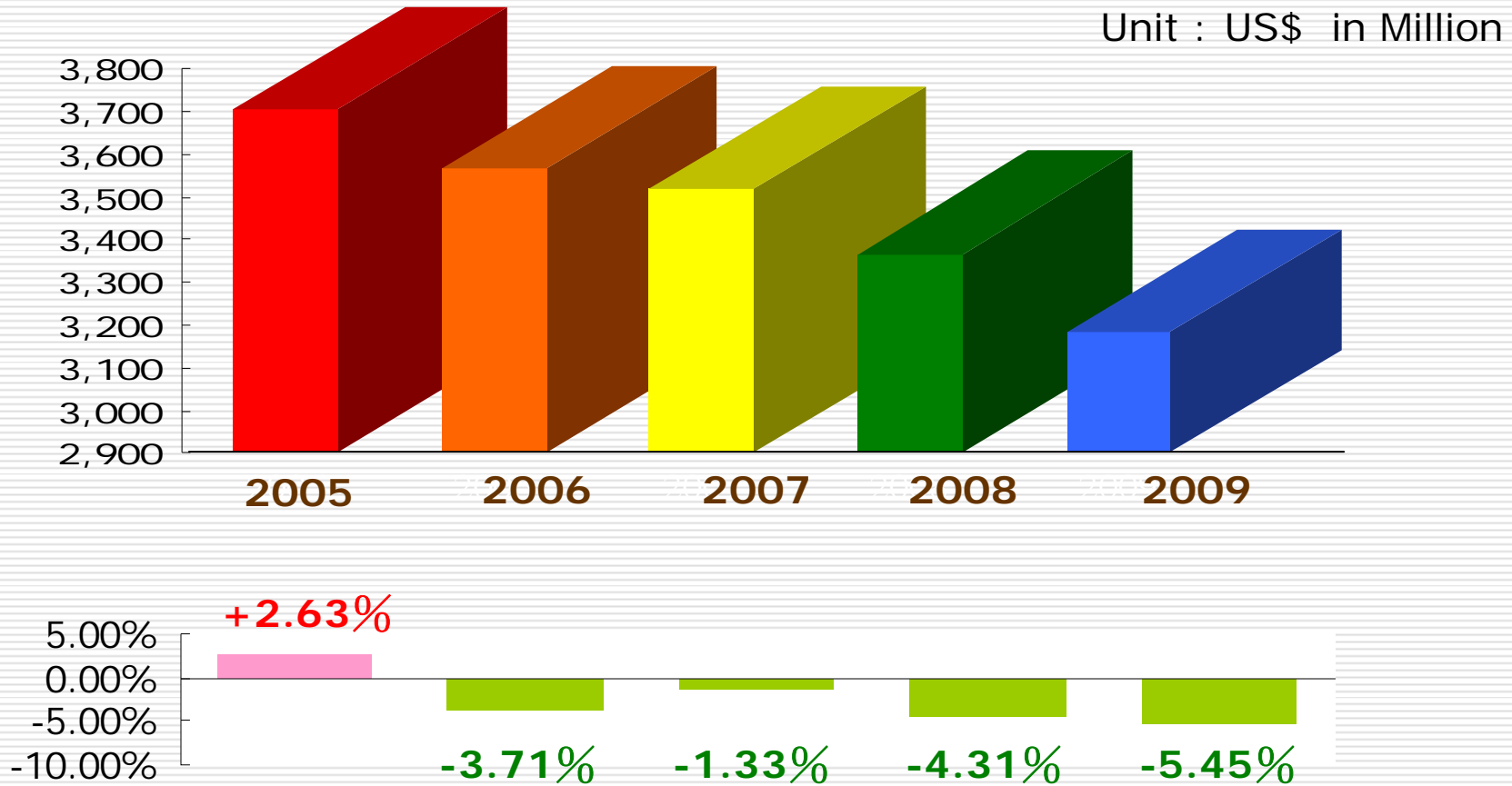
## Performance Status

單位：百萬	2010年1-9月產險同業經營概況							
公司別	華南	台產	兆豐	富邦	第一	旺旺友聯	新光	國泰世紀
簽單保費	4,291	3,363	3,455	16,606	3,754	5,082	7,993	8,798
自留保費	2,631	2,117	2,280	12,550	2,846	3,141	5,832	6,606
自留滿期保費	2,542	2,055	2,335	12,204	2,722	3,214	5,662	6,574
自留損失	1,323	1,075	1,378	6,114	1,681	2,184	3,373	3,929
自留佣金	177	131	261	1,313	357	141	791	94
業管費用	653	569	631	3,185	701	1,047	1,387	2,178
毛利								
自留比率	61.31%	62.94%	65.99%	75.58%	75.81%	61.80%	72.96%	75.09%
自留滿期損失率	52.06%	52.31%	58.99%	50.10%	61.76%	67.98%	59.58%	59.77%
自留費用率	31.57%	33.05%	39.09%	35.84%	37.17%	37.84%	37.34%	34.39%
自留綜合率	83.63%	85.36%	98.08%	85.94%	98.93%	105.81%	96.92%	94.16%
毛利/自留保費								
總費用/簽單保費	19.36%	20.80%	25.80%	27.09%	28.18%	23.38%	27.25%	25.83%

---

# **Non-Life Insurance Market in 2009**

# Direct Premium Incomes & Growth Ratio 2009



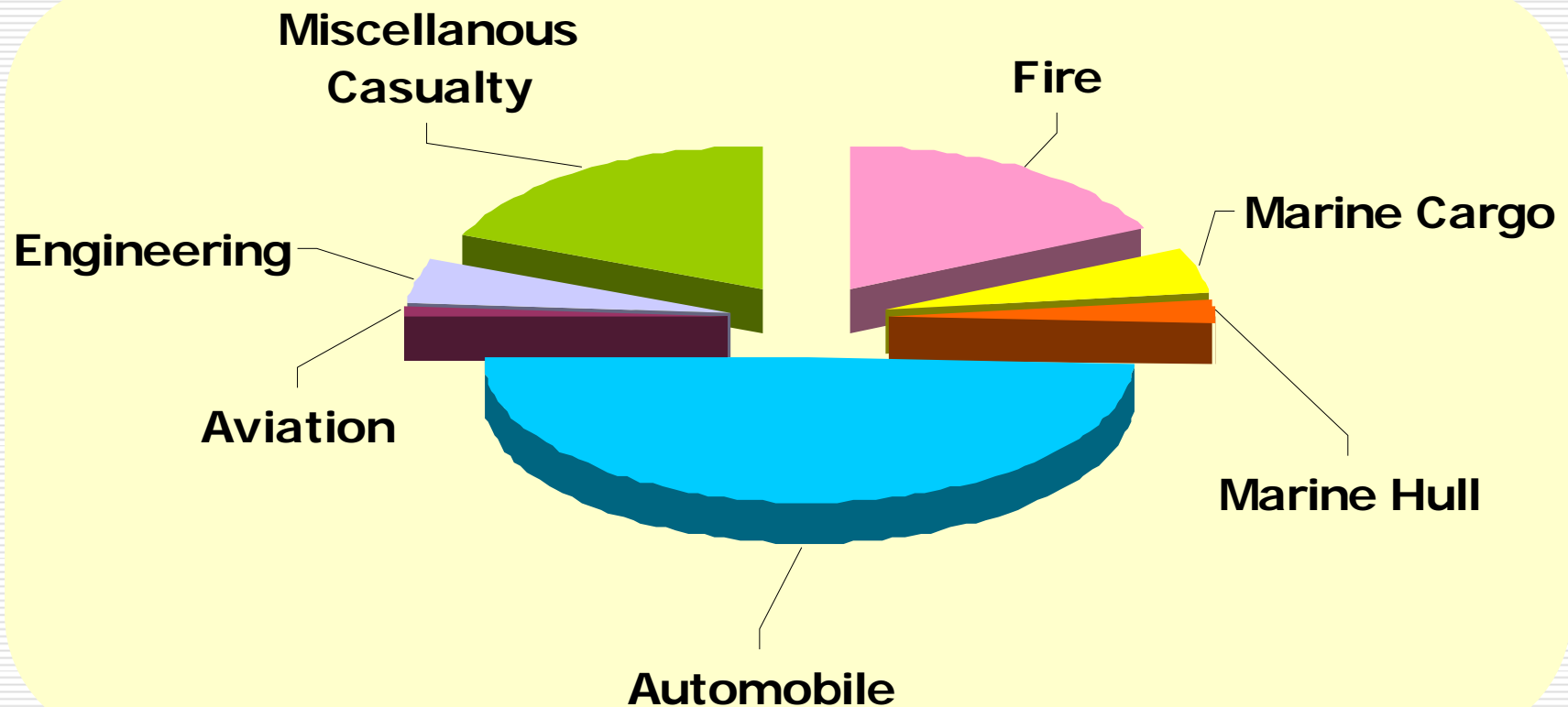
# Direct Premium Incomes 2009

Unit : US\$ in Million

Year		2005	2006	2007	2008	2009
Fire	Premium	689	685	684	673	565
	Growth Ratio	-0.29%	-0.54%	-0.16%	-1.52%	-13.19%
Marine Cargo	Premium	185	191	200	200	159
	Growth Ratio	0.80%	3.43%	5.01%	-0.28%	-20.51%
Marine Hull	Premium	86	88	88	79	80
	Growth Ratio	10.44%	1.54%	0.11%	-9.37%	0.47%
Automobile	Premium	1,839	1,792	1,736	1,642	1,571
	Growth Ratio	6.93%	-2.59%	-3.11%	-5.41%	-4.32
Aviation	Premium	62	48	430	34	36
	Growth Ratio	-38.27%	-22.47%	-10.67%	-21.13%	7.11%
Engineering	Premium	178	166	166	138	150
	Growth Ratio	-19.07%	-6.88%	-0.04%	-16.64%	8.51%
Miscellaneous Casualty	Premium	664	597	602	600	598
	Growth Ratio	7.84%	-10.16%	0.81%	-0.31%	-0.26%
Total	Premium					
	Growth Ratio					

# Market Portfolio by Lines in 2009

Unit : US\$ in Million





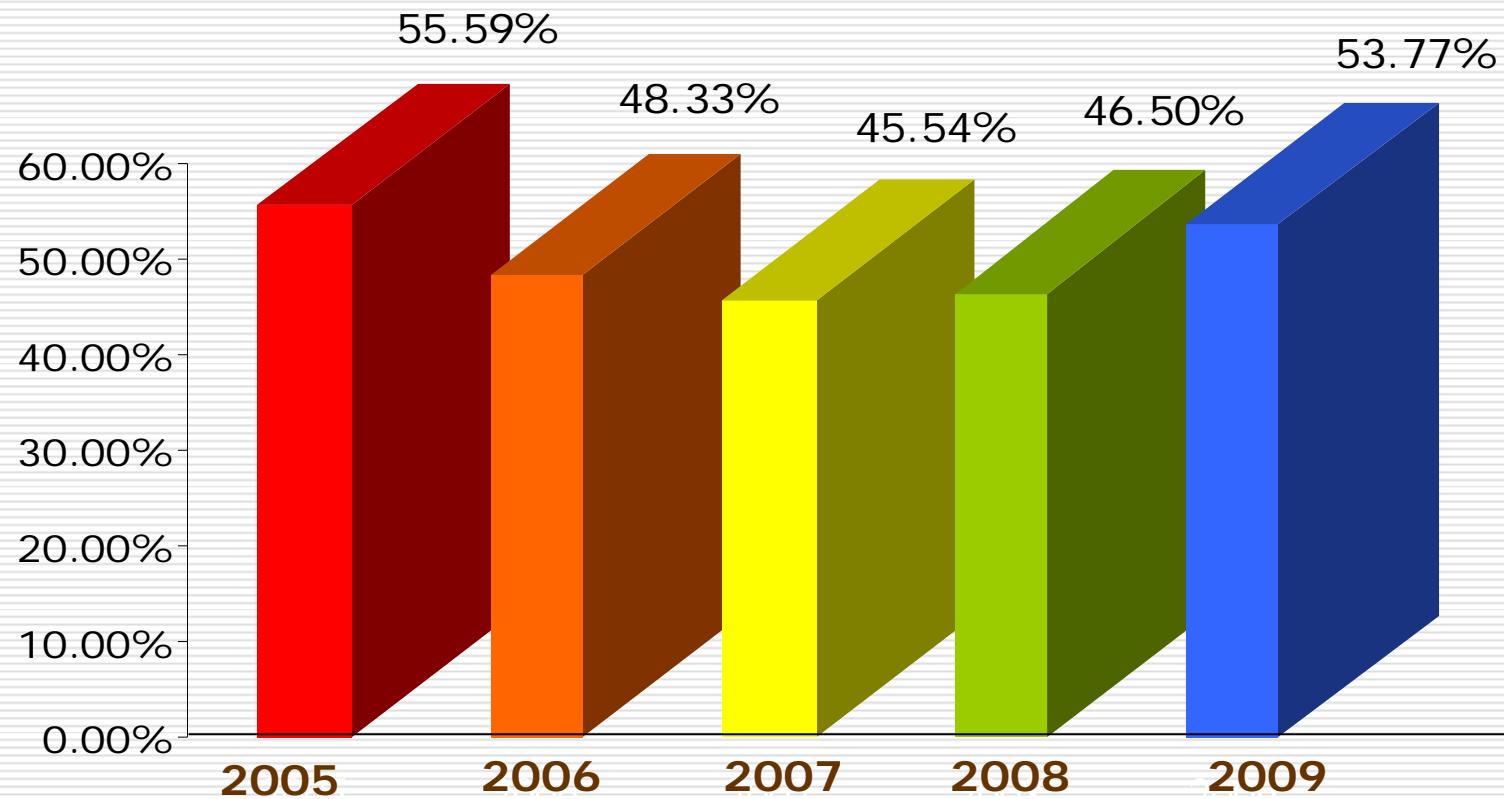
# Reinsurance Premium Ceded Abroad

Unit : US\$ in Million

Assuming Country	2007		2008		2009	
	Ceded Premium	% of Direct Premium	Ceded Premium	% of Direct Premium	Ceded Premium	% of Direct Premium
United Kingdom	50.91	1.45	86.41	2.57	45.78	1.44
France	9.38	0.27	14.16	0.42	10.38	0.32
Germany	120.19	3.42	126.25	3.75	79.16	2.49
Rest of Europe	41.84	1.19	32.72	0.97	32.88	1.03
Japan	72.69	2.07	95.09	2.82	71.09	2.23
South East Asia	220.84	6.27	233.31	6.93	165.41	5.20
U.S.A.	118.09	3.35	109.50	3.25	99.94	3.14
Rest of America	0.50	0.01	3.63	0.11	1.81	0.06
Australia	2.09	0.06	6.09	0.18	5.81	0.18
Other Area	-	-	70.25	2.09	63.38	1.99
<b>Total</b>						

# Annual Loss Ratio

---



# Major Losses in 2009

Unit : US\$ in Million

Item	Date of Losses	Coverage	Subject-matter	Location	Cause of Losses	Estimated Losses (US\$ million)
1	2009.03	Commercial Fire	Textile	Zhongli	Fire	
2	2009.04	Fishing Vessel	Fishing Vessel	-	Fire	
3	2009.04	Marine Cargo	Cargo	Mexico	Fire	
4	2009.05	Commercial Fire	Motor Parts & Components	Tainan	Fire	
5	2009.08	Commercial Fire & Engineering, Marine Cargo	All Industries	Taiwan	Typhoon Morakot	
6	2009.08	Commercial Fire	Petrochemical	Yunlin	Fire	
7	2009.08	Marine Hull	Marine Hull	Strait of Malacca	Collision	
8	2009.10	Commercial Fire	Electronic Plant	Hsinchu	Fire	
9	2009.12	Commercial Fire	Steel Plant	Tainan	Fire	

# Major Losses in 2010

Unit : US\$ in Million

Item	Date of Losses	Coverage	Subject-matter	Location	Cause of Losses	Estimated Losses (US\$ million)
1	2010.03	Commercial Fire	Textile Factory	Tai-Nan	Fire/ EQ?	
2	2010.04	Commercial Fire	Formosa Plastics Factory	Cha-Yi	Fire	
3	2010.07	Commercial Fire	Oil Refinery Factory	Yun-Lin	Fire	
4	2010.09	Commercial Fire & Engineering	All Industries	Taiwan	Typhoon Fanapi	
5	2010.10	Commercial Auto	Bus	Hua-Lien	Typhoon Megi / Rockslides	

# Major Events 2009

---

- On Jan. 17th 2009, Walsun Insurance was revoked from its business operation due to the failure of meeting solvency requirement and the poor financial & business conditions.
  
- Effective from April. 1st 2009, the 3rd phase of premium rate deregulation was implemented.

# Major Events 2009

---

- Swiss Reinsurance Co., has undertaken a global downsizing.
  
- On Oct. 27th 2009, the first Micro-insurance policy was approved by Financial Supervisory Commission.

# Major Events 2009

---

- The FSC amended the “Regulations for the Supervision of Insurance Solicitors” .

## ◆ Key points

- 1.
- 2.
- 3.

---

# **RBC or Solvency Regulation**



# Recent Changes of RBC or Solvency Regulation

---

© Risk-Based Capital System (RBC) was introduced to Taiwan insurance industry since July 1st, 2003 as an important financial regulatory measurement.

Effective from Apr. 24th, 2008, IB revised the capital adequacy management regulation. All the insurers were required to disclose capital adequacy status on their web.

RBC classification:

---

# Opportunity v.s. Threat

# Opportunity v.s. Threat

---

	Innovative Products	Opportunity	Threat
Commercial Line			
Accident & Health			
Motor			

---

# **Strategic Actions v.s. Soft Market**

# Strategic Actions v.s. Soft Market

---

1. Identify Core Business, Market Segmentation, Aim at profit

2. To Enhance the Efficiency on Utilization of Risk Capital

✗ –

✗ –

✗ –

○ –

3. Fully Utilize Group Resources

4. Cooperation Instead of Competition

---

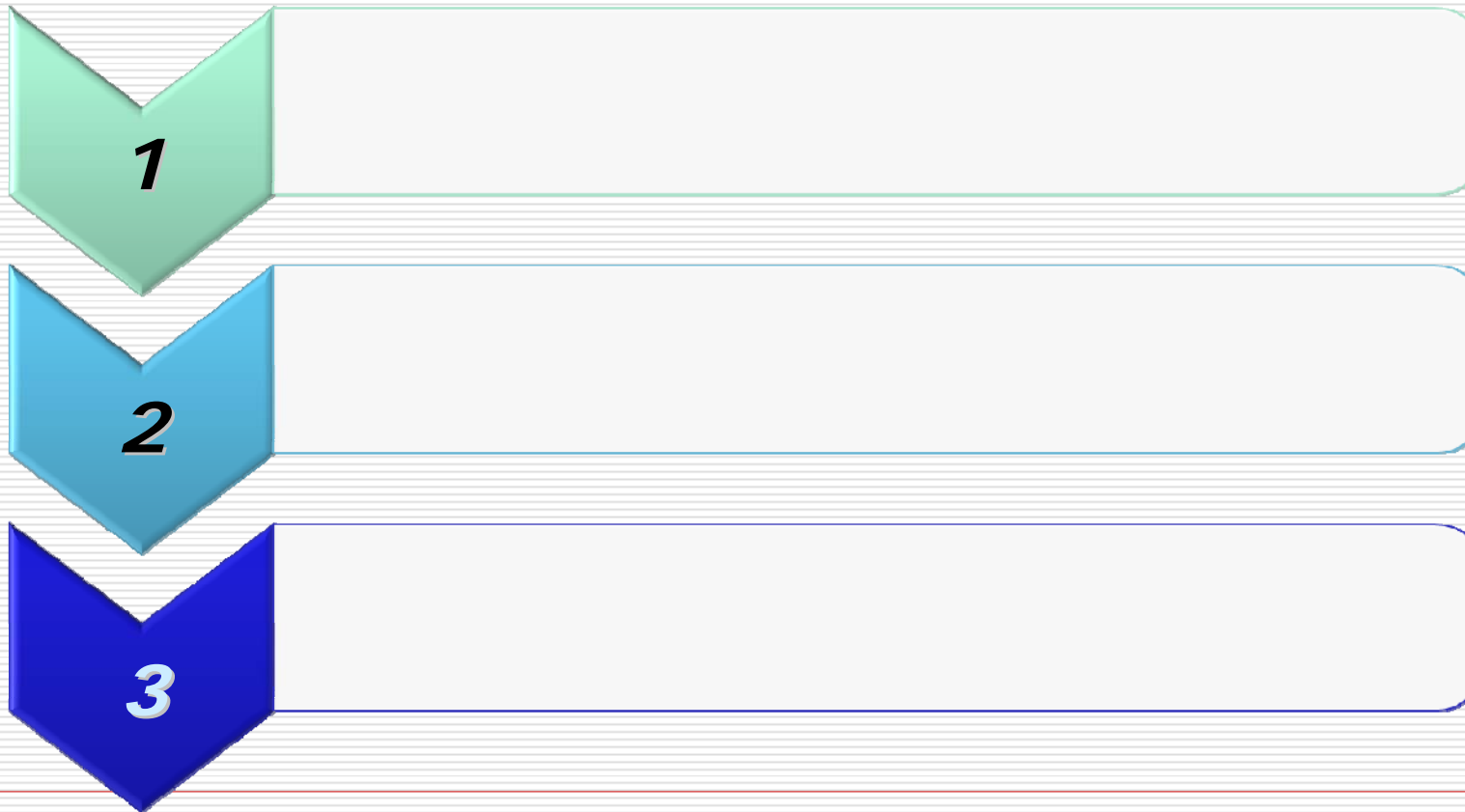
---

# Respond to Natural Catastrophic Risks

# Respond to Natural Catastrophic Risks

---

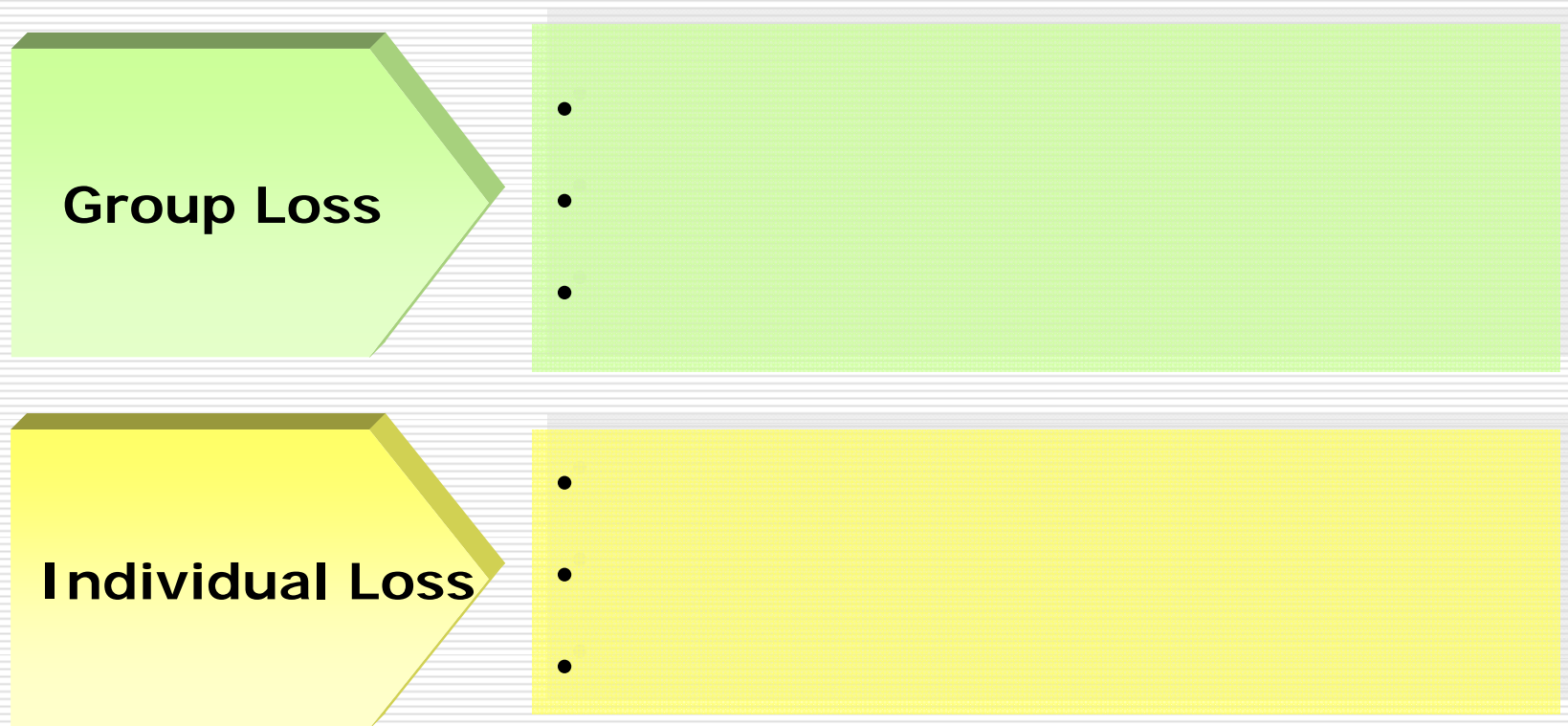
## 1. Tools:



# Respond to Natural Catastrophic Risks

---

## 2. Means:





---

# Current Challenges

# Current Challenges

---

- Price Competition & Over Capacity
  - Strict Legal Compliance to insurers & brokers
  - Catastrophic Risks Management
  - High Standard Request On Performance (lower combined ratio)
  - Capital Gain ( EPS )
-

---

# Q & A