The Updates of TREIF

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Taiwan Residential Earthquake Insurance Fund
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• The increase of TREIP Policy Limit
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With effective from January 1, 2012

- Maximum Policy Sum Insured
  - From NT$1,200,000 (US$40,000)
  - Increased to NT$1,500,000 (US$50,000)

- Contingent Living Expenses
  - From NT$180,000 (US$6,000)
  - Increased to NT$200,000 (US$6,700)

- Annual Flat Premium
  - NT$1,350 (US$45) - remain unchanged

(The above modifications based on the results run by our in-house TREIF-ERA Risk model.)
The Alteration of the Definition of “Earthquake” Peril

◆ Perils Insured
  ◆ Earthquake shock
  ◆ Fire or explosion caused by earthquake
  ◆ Landslide, subsidence, earth movement, rupture caused by earthquake
  ◆ Tsunami, tidal waves or flood caused by earthquake

◆ Definition of “Earthquake” Peril
  ◆ From “for the Earthquake detected and recorded by Central Weather Bureau in Taiwan”
  ◆ Altered to “for the Earthquake detected and recorded by national earthquake-related authorities or Institutions in Taiwan or the other countries”

(The purpose for the alteration is to expand the peril insured of tsunami caused by overseas long-range earthquakes.)
The Modification of TREIP Risk Assuming and Transfer Structure

Maximum
NT$ 70.0bn
(UY2009)

Tier 2
TREIF
(NT$ 67.2bn)

Tier 1
Co-insurance Pool
(NT$ 2.8bn)

Maximum
NT$ 70.0bn
(UY2012)

Tier 2
TREIF
(NT$ 67.0bn)

Tier 1
Co-insurance Pool
(NT$ 3.0bn)

GOVERNMENT
(NT$ 14.0bn)

TREIF
(NT$ 16.0bn)

REINSURANCE
AND/OR CAPITAL
MARKET
(NT$ 20.0bn)

TREIF
(NT$ 17.0bn)

NT$ 70.0bn

NT$ 56.0bn

NT$ 40.0bn

NT$ 20.0bn

NT$ 3.0bn
Amendment of Policy and Regulations

- Amending
  - Policy terms and conditions
  - Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance
    (Based on the above-mentioned alteration of TREIF Scheme.)
- Amending and enhancing
  - Claim Handling Mechanism
Claim Handling Mechanism reviewed and improved

**Application System**
- TELES
- Information System for ‘Total Loss’ of Assessment /Adjustment
- Management System for qualified adjusters Coordination and Mobilization
- GIS Support System (underway)

**Claim Settlement SOP**
- SOP for Coordination and Mobilization of Qualified Adjustors
- SOP for Setting Up Joint Claim Service Centers

**Relevant rules and Regulations**
- Criteria of Total Loss assessment/ adjustment
- Guidelines for underwriting and claim settlements
- Guidelines for management of qualified adjusters

**A three-phase assessment process**
- Assessment by Qualified Adjustors
- Re-adjustment Mechanism (if appealed by the insured)
- Appraisal by the professional technicians or architects (on a case by case basis)
The Update of Key Figures of Business and Finance

Important indexes (2011.09.30)

- Policies in force
  - 2,372,795 policies

- Take-up Rate
  - 29.06% (out of 8,166,245 national households)

- Cumulative liability
  - NT$3,218 billion (US$107.3 billion)

- Accumulated special reserve
  - NT$13.7 billion (US$ 457 million)

- Accumulated Claim payout (from April 1, 2002)
  - Number of Cases: 7
  - Total amount: NT$ 6.22 million (US$ 207,000)
Purpose of developing TREIF-ERA Model

- Enhancing the autonomy and the credibility of the earthquake risk assessment conducted by TREIF
- Facilitating the development of risk spreading mechanism, insured amount, premium rate, claim settlement criteria, and reinsurance placement for the scheme
TREIF-ERA Model

- Compare TREIF-ERA with RMS Model
- The modeling result as of December 31, 2010

### RMS

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<th>Exceedance Probability (%)</th>
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### TREIF-ERA

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TREIP 10th Anniversary

- The activities held by TREIF
  - Commemorative publication / album
    (scheduled in Jan - Mar 2012 )
  - Special public promotion and education activities
    (scheduled in Apr - May 2012 )
  - International conference / seminar
    (scheduled in Sep - Oct 2012 )
Thank you very much for your listening!