

UNION INSURANCE CO., LTD.**Financial Statements**

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021**

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The independent auditors' review report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Union Insurance Co., LTD.:

Introduction

We have reviewed the accompanying balance sheets of Union Insurance Co., LTD. as of September 30, 2022 and 2021, and the related statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of Union Insurance Co., LTD. as of September 30, 2022 and 2021, and of its financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



The engagement partners on the reviews resulting in this independent auditors' review report are WU, CHENG YEN and CHUNG, TAN TAN.

KPMG

Taipei, Taiwan (Republic of China)
October 28, 2022

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2022 and 2021

UNION INSURANCE CO., LTD.

Balance Sheets

September 30, 2022, December 31, 2021, and September 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2022		December 31, 2021		September 30, 2021			September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
11000 Cash and cash equivalents (note 6(a))	\$ 3,144,874	17	3,648,227	19	3,118,494	17	21000 Accounts payable (note 6(b) and (e))	\$ 1,177,573	7	1,237,685	7	1,069,888	6
12000 Receivables (note 6(b))	901,956	5	680,984	4	875,677	5	21700 Current tax liabilities	2,187	-	102,936	-	71,817	-
12600 Current tax assets	-	-	-	-	302	-	24000 Insurance liabilities (note 6(n))	11,813,007	64	10,958,474	58	11,248,606	60
14110 Financial assets at fair value through profit or loss (note 6(f))	808,339	4	1,879,359	10	1,868,535	10	27000 Provisions	163,910	1	179,077	1	198,163	2
14190 Financial assets at fair value through other comprehensive income (note 6(f))	2,147,353	11	2,080,399	11	2,151,148	11	23800 Lease liabilities (note 6(j))	15,476	-	18,257	-	19,375	-
14145 Financial assets at amortized cost (note 6(f))	2,533,705	14	1,396,058	7	1,396,139	7	28000 Deferred tax liabilities	63,920	-	63,920	-	63,920	-
14180 Other financial assets, net (note 6(f))	1,894,120	10	2,427,420	13	2,040,920	11	25000 Other liabilities	15,469	-	18,815	-	36,034	-
16700 Right-of-use assets (note 6(i))	15,322	-	18,127	-	19,261	-	Total liabilities	13,251,542	72	12,579,164	66	12,707,803	68
14200 Investment property (note 6(g))	852,899	5	856,508	4	798,585	4	Equity						
15000 Reinsurance assets (note 6(c))	4,071,536	22	3,860,017	20	4,274,962	23	31100 Ordinary share (note 6(p))	2,236,080	12	2,236,080	12	2,236,080	12
16000 Property and equipment (note 6(h))	1,276,930	7	1,262,061	7	1,319,461	7	33100 Legal reserve (note 6(p))	1,004,854	5	854,366	4	854,366	4
17000 Intangible assets	107,562	1	120,574	1	126,048	1	33200 Special reserve (note 6(n) and (p))	2,459,525	13	2,459,890	13	2,235,143	12
18000 Other assets	777,307	4	791,203	4	782,055	4	33300 Unappropriated retained earnings (note 6(p))	(369,136)	(2)	811,953	4	686,643	4
							34210 Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	(50,962)	-	79,484	1	51,552	-
Total assets	\$ 18,531,903	100	19,020,937	100	18,771,587	100	Total equity	5,280,361	28	6,441,773	34	6,063,784	32
							Total liabilities and equity	\$ 18,531,903	100	19,020,937	100	18,771,587	100

(English Translation of Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

UNION INSURANCE CO., LTD.

Statements of Comprehensive Income

For the three months and nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

	For the three months ended September 30				For the nine months ended September 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
41000	Operating revenue:								
41110	Written premium	\$ 2,704,375	120	2,471,875	120	8,375,731	137	8,108,029	125
41120	Reinsurance premium	98,786	4	121,152	6	324,789	5	335,029	5
41100	Premium	2,803,161	124	2,593,027	126	8,700,520	142	8,443,058	130
51100	Less: Reinsurance expense	775,145	34	668,771	32	2,326,939	38	2,403,710	37
51310	Net change in unearned premiums reserve	(48,798)	(2)	(61,043)	(3)	273,130	5	277,561	4
41130	Retained earned premium	2,076,814	92	1,985,299	97	6,100,451	99	5,761,787	89
41300	Reinsurance commission received	110,530	5	102,419	5	337,061	5	352,703	6
41500	Net income (loss) from investments								
41510	Interest income	24,545	1	20,499	1	62,111	1	55,648	1
41521	Gain (losses) on financial assets at fair value through profit or loss	(47,253)	(2)	(136,050)	(7)	(517,310)	(7)	204,679	3
41527	Realized gains (losses) on financial assets at fair value through other comprehensive income	64,256	3	73,433	4	91,618	1	73,433	1
41550	Foreign exchange gains (losses), investments	1,772	-	-	-	1,784	-	(49)	-
41570	Gains (losses) on investment property	7,651	-	4,302	-	22,559	-	15,471	-
41585	Expected credit losses or reversal of expected credit losses of investments (note 6(f))	(187)	-	(3)	-	(383)	-	215	-
41800	Other operating income	15,710	1	2,364	-	33,289	1	8,492	-
	Total operating revenue	2,253,838	100	2,052,263	100	6,131,180	100	6,472,379	100
51000	Operating costs:								
51200	Insurance claim payment	1,900,579	84	1,432,605	70	4,826,794	79	4,567,195	71
41200	Less: Claims recovered from reinsurers	294,886	13	494,872	24	1,088,000	18	1,543,380	24
51260	Retained claim payment	1,605,693	71	937,733	46	3,738,794	61	3,023,815	47
51300	Net change in other insurance liability (note6(n))								
51320	Net change in claim reserve	(296,134)	(13)	132,569	7	553,003	9	185,982	3
51340	Net change in special claim reserve	7,589	-	4,522	-	(246,946)	(4)	7,743	-
51500	Commission expense	433,916	19	410,097	20	1,342,899	22	1,278,165	20
51800	Other operating costs	13,574	1	7,302	-	34,539	1	25,310	-
51700	Finance costs	3,023	-	1,658	-	6,310	-	4,127	-
	Total operating costs	1,767,661	78	1,493,881	73	5,428,599	89	4,525,142	70
58000	Operating expenses:								
58100	General expenses	371,915	17	401,688	20	1,220,013	20	1,222,086	19
58200	Administrative expenses	87,042	4	87,589	4	261,322	4	301,374	5
58300	Staff training expenses	520	-	371	-	1,130	-	1,091	-
58400	Expected credit losses or reversal of expected credit losses of non-investments (note 6(b) and (u))	18,775	1	(35,007)	(2)	24,588	-	(34,297)	(1)
	Total operating expenses	478,252	22	454,641	22	1,507,053	24	1,490,254	23
	Net operating (loss) income	7,925	-	103,741	5	(804,472)	(13)	456,983	7
59000	Non-operating income and expenses								
62000	Net (loss) income before income tax	(191)	-	1,698	-	3,909	-	8,477	-
63000	Less: Income tax (income) expenses (note6(o))	7,734	-	105,439	5	(800,563)	(13)	465,460	7
	Net (Loss) Income	-	-	23,491	1	7,276	-	77,312	1
		7,734	-	81,948	4	(807,839)	(13)	388,148	6
83000	Other comprehensive income:								
83100	Components of other comprehensive income that will not be reclassified to profit or loss								
83190	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(84,208)	(4)	(29,724)	(1)	(129,965)	(2)	7,329	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(84,208)	(4)	(29,724)	(1)	(129,965)	(2)	7,329	-
83000	Other comprehensive income (after tax)	(84,208)	(4)	(29,724)	(1)	(129,965)	(2)	7,329	-
	Total comprehensive income	\$ (76,474)	(4)	52,224	3	(937,804)	(15)	395,477	6
97500	Basic (loss) earnings per share (note 6(q))	\$ 0.03		\$ 0.37		\$ (3.61)		\$ 1.74	
98500	Diluted (loss) earnings per share (note 6(q))	\$ 0.03		\$ 0.37		\$ (3.61)		\$ 1.72	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

UNION INSURANCE CO., LTD.

Statements of Changes in Equity

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings		Other equity		Total equity
	Ordinary shares	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
Balance at January 1, 2021	\$ 2,236,080	718,040	2,235,431	599,184	58,458		5,847,193
Net income	-	-	-	388,148	-		388,148
Other comprehensive income	-	-	-	-	7,329		7,329
Total comprehensive income	-	-	-	388,148	7,329		395,477
Legal reserve appropriated	-	136,326	-	(136,326)	-		-
Cash dividends of ordinary share	-	-	-	(178,886)	-		(178,886)
Special reserve on reversal-employee training and transferring plan	-	-	(288)	288	-		-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	14,235	(14,235)		-
Balance at September 30, 2021	\$ 2,236,080	854,366	2,235,143	686,643	51,552		6,063,784
Balance at January 1, 2022	\$ 2,236,080	854,366	2,459,890	811,953	79,484		6,441,773
Net loss	-	-	-	(807,839)	-		(807,839)
Other comprehensive income	-	-	-	-	(129,965)		(129,965)
Total comprehensive income	-	-	-	(807,839)	(129,965)		(937,804)
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	150,488	-	(150,488)	-		-
Cash dividends of ordinary share	-	-	-	(223,608)	-		(223,608)
Special reserve on reversal-employee training and transferring plan	-	-	(365)	365	-		-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	481	(481)		-
Balance at September 30, 2022	\$ 2,236,080	1,004,854	2,459,525	(369,136)	(50,962)		5,280,361

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
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UNION INSURANCE CO., LTD.

Statements of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2022	2021
Cash flows from (used in) operating activities:		
Net (loss) income before income tax	\$ (800,563)	465,460
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	40,165	37,920
Amortization expense	12,867	13,149
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	528,011	(174,833)
Interest expense	6,310	4,127
Interest income	(62,111)	(55,648)
Dividend income	(102,319)	(103,279)
Net change in insurance liabilities	856,312	925,429
Net change in other provisions	(15,167)	(15,880)
(Reversal of) expected credit loss of investments	383	(215)
(Reversal of) expected credit loss of non-investments	24,588	(34,297)
Impairment loss on non-financial assets	2,100	-
Others	(1)	-
Total adjustments to reconcile profit (loss)	<u>1,291,138</u>	<u>596,473</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes receivable	(57,635)	(15,102)
Increase in premiums receivable	(149,554)	(179,776)
Increase in other receivables	(14,756)	(17,149)
Decrease in financial assets at fair value through profit or loss	543,009	272,841
(Increase) decrease in financial assets at fair value through other comprehensive income	(196,919)	212,665
(Increase) decrease in financial assets at amortized cost	(1,144,501)	40,000
Decrease in other financial assets	533,300	80,717
Increase in reinsurance assets	(211,519)	(316,216)
Decrease (increase) in other assets	1,590	(905)
Total changes in operating assets	<u>(696,985)</u>	<u>77,075</u>
Changes in operating liabilities:		
(Decrease) increase in other payable	(60,112)	(186,862)
(Decrease) increase in other liabilities	(3,346)	7,913
Total changes in operating liabilities	<u>(63,458)</u>	<u>(178,949)</u>
Cash (outflow) inflow generated from (used in) operations	(269,868)	960,059
Interest received	58,405	59,290
Dividends received	102,333	100,390
Interest paid	(6,310)	(4,127)
Income taxes paid	(108,025)	(5,675)
Net Cash flows from (used in) operating activities	<u>(223,465)</u>	<u>1,109,937</u>
Cash flows from (used in) investing activities:		
Increase in prepayments	(2,880)	-
Acquisition of property and equipment	(38,924)	(186,273)
Acquisition of intangible assets	(2,000)	(855)
Acquisition of investment properties	-	(239)
Net cash flows used in investing activities	<u>(43,804)</u>	<u>(187,367)</u>
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(12,476)	(11,732)
Cash dividends paid	(223,608)	(178,886)
Net cash flows used in financing activities	<u>(236,084)</u>	<u>(190,618)</u>
Net (decrease) increase in cash and cash equivalents	<u>(503,353)</u>	<u>731,952</u>
Cash and cash equivalents at beginning of period	<u>3,648,227</u>	<u>2,386,542</u>
Cash and cash equivalents at end of period	<u>\$ 3,144,874</u>	<u>3,118,494</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

UNION INSURANCE CO., LTD. (the “Company”) was founded on February 20, 1963 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is 12th Floor, No. 219, Sec. 4, Zhongxiao E. Road, Taipei, Taiwan, R.O.C. The Company are primarily engaged in underwriting of fire, marine, automobile, engineering, liability and accident insurance, reinsurance, insurance businesses entrusted by other companies, performing a variety of investments and other businesses in accordance with the regulations.

(2) Approval date and procedures of the financial statements:

These financial reports were approved and announced by the Board of Directors on October 28, 2022.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
IFRS 17 “Insurance Contracts”	<p>The new standard of accounting for insurance contracts contain recognition, measurement, presentation and disclosure of insurance contracts issued, and the main amendments are as follows:</p> <ul style="list-style-type: none"> ● Recognition: an entity recognizes a group of insurance contracts that it issues from the earliest of : <ul style="list-style-type: none"> - the beginning of the coverage period of the group of contracts; - the date when the first payment from a policyholder in the group because due; and - for a group of onerous contracts, when the group becomes onerous, if facts and circumstances indicate that there is such a group. ● Measurement: on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. For subsequent measurement, the entity shall estimate the cash flows, discount rates and the adjustment for non-financial risk. ● Presentation and disclosure: the presentation of insurance revenue is based on the provision of service pattern and investment components excluded from insurance revenue. 	January 1, 2023

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 17 “Insurance Contracts”	The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments are designed to: <ul style="list-style-type: none"> ● reduce costs by simplifying some requirements in the Standard; ● make financial performance easier to explain; and ● ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. 	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “	The amendment adds a new transition option to IFRS 17 (the ‘ classification overlay’) to alleviate accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of IFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with IFRS 9 Financial Instruments.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(4) Summary of significant accounting policies:

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Companies and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the financial statements are the same as those in the financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the financial statements for the year ended December 31, 2021.

(b) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and recognized directly in equity or other comprehensive income as tax expense.

(c) Employee benefits

The pension cost in the interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for subsequent significant market fluctuations and for significant workforce reduction, settlements, or other significant one-off events.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports and IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In these financial statements, judgments and key sources of estimation uncertainty used by management in the application of critical accounting policies are expected to be consistent with those of Note 5 of the financial statements for the year ended December 31, 2021.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the financial statements for the current period and the 2021 financial statements. Please refer to Note 6 of the 2021 annual financial statements.

(a) Cash and cash equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand	\$ 500	500	453
Petty cash	13,010	13,050	12,850
Cash in bank	2,799,080	2,857,262	2,253,186
Bonds purchased under resale agreements	<u>332,284</u>	<u>777,415</u>	<u>852,005</u>
Total	<u>\$ 3,144,874</u>	<u>3,648,227</u>	<u>3,118,494</u>

(b) Receivables and Payables

(i) Receivables

<u>Item</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes receivable	\$ 304,421	246,082	251,505
Premiums receivable	440,442	292,770	452,881
Other receivables	<u>157,093</u>	<u>142,132</u>	<u>171,291</u>
Total	<u>\$ 901,956</u>	<u>680,984</u>	<u>875,677</u>

(ii) Payables

<u>Item</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Commission payable	\$ 205,147	178,446	182,646
Due to ceding companies	202,641	96,636	117,159
Reinsurance premium payable	428,312	521,836	415,391
Reinsurance commission payable	645	1,611	889
Insurance claims payable	23,670	2,849	20,184
Other payables	<u>317,158</u>	<u>436,307</u>	<u>333,619</u>
Total	<u>\$ 1,177,573</u>	<u>1,237,685</u>	<u>1,069,888</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(iii) Receivables of insurance contracts

<u>Item</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Notes receivable	\$ 304,671	247,532	253,088
Less : Loss allowance	(250)	(1,450)	(1,583)
Total	<u>\$ 304,421</u>	<u>246,082</u>	<u>251,505</u>

<u>Item</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Premiums receivable			
Fire insurance	\$ 78,019	66,101	82,134
Marine insurance	26,941	39,286	17,738
Hull and fishing vessel insurance	16,559	9,043	19,975
Other accident insurance	190,282	128,088	188,768
Compulsory pure premium	8,366	9,466	8,792
Voluntary automobile insurance	46,759	3,236	45,156
Compulsory automobile liability insurance	3,634	4,551	3,876
Overdue receivables	<u>75,662</u>	<u>36,986</u>	<u>92,164</u>
Subtotal	446,222	296,757	458,603
Less : Loss allowance	(5,780)	(3,987)	(5,722)
Total	<u>\$ 440,442</u>	<u>292,770</u>	<u>452,881</u>

(iv) Other receivables

<u>Item</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Other receivables	\$ 194,884	176,514	203,759
Less : Loss allowance	(37,791)	(34,382)	(32,468)
Total	<u>\$ 157,093</u>	<u>142,132</u>	<u>171,291</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

As of September 30, 2022, December 31 and September 30, 2021, the overdue receivables in notes receivable, premiums receivable and other receivables were \$112,655, \$71,802 and \$124,152, which provisioned the loss allowance \$43,821, \$39,819 and \$39,773, respectively. The movements of the loss allowance for receivables were as follows:

	For the nine months ended September 30,	
	2022	2021
Beginning balance	\$ 39,819	36,157
Loss recognized	4,588	3,616
Amounts write-off	(586)	-
Ending balance	<u>\$ 43,821</u>	<u>39,773</u>

On August 25, 2022, the Company's Board of Directors has passed a resolution to write off \$496 of notes receivable and \$90 of premiums receivable which are uncollectible.

The Company's aging analysis of receivables was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Under 90 days	\$ 896,258	663,368	866,564
91~270 days	16,783	26,887	21,192
More than 271 days	32,736	30,548	27,694

The estimate of expected credit losses of the Company's receivables please refer to Note 6(u).

(v) Payables of insurance contracts

Item	September 30, 2022	December 31, 2021	September 30, 2021
Commission payable	<u>\$ 205,147</u>	<u>178,446</u>	<u>182,646</u>

(c) Reinsurance assets

	September 30, 2022	December 31, 2021	September 30, 2021
Claims recoverable from reinsurers (Note 6(d))	\$ 213,948	249,297	272,964
Due from reinsurers and ceding companies — net (Note 6(e))	214,114	244,371	327,954
Reinsurance reserve assets (Note 6(n))			
Ceded unearned premiums reserve	1,740,754	1,742,957	1,962,112
Ceded claim reserve	1,902,720	1,623,392	1,711,932
Total	<u>\$ 4,071,536</u>	<u>3,860,017</u>	<u>4,274,962</u>

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(d) Claims recoverable from reinsurers

Item	September 30, 2022	December 31, 2021	September 30, 2021
Fire insurance	\$ 3,141	9,633	9,079
Marine insurance	293	1,279	303
Land and air insurance	3	6	146
Liability insurance	57,763	69,309	66,726
Surety insurance	3	(1,701)	51
Other property insurance	87,018	95,164	108,865
Accident insurance	9,282	21,571	38,004
Health insurance	1,835	2,289	1,752
Compulsory automobile liability insurance	54,535	51,658	47,998
Overdue receivables	75	89	40
Less : Loss allowance	-	-	-
Total	\$ 213,948	249,297	272,964

(e) Due from (to) reinsurers and ceding companies

(i) Receivables of insurance contracts

Item	September 30, 2022	December 31, 2021	September 30, 2021
Due from ceding companies	\$ 114,975	151,236	205,792
Reinsurance premium receivable	58,894	78,663	75,365
Reinsurance commission receivable	33,610	8,638	35,520
Overdue receivables	6,635	5,834	11,277
Subtotal	214,114	244,371	327,954
Less : Loss allowance	-	-	-
Total	\$ 214,114	244,371	327,954

The movements of the loss allowance for receivables of insurance contracts were as follows:

	For the nine months ended September 30,	
	2022	2021
Beginning balance	\$ -	37,913
(Reversal of) loss recognized	-	(37,913)
Ending balance	\$ -	-

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(ii) Payables of insurance contracts

<u>Item</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Due to ceding companies	\$ 202,641	96,636	117,159
Reinsurance premium payable	428,312	521,836	415,391
Reinsurance commission payable	645	1,611	889
Total	<u>\$ 631,598</u>	<u>620,083</u>	<u>533,439</u>

(f) Financial assets

(i) Financial assets at fair value through profit or loss

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Beneficiary certificate	\$ 86,827	131,006	92,896
Real estate investment trust beneficiary certificate	340,398	342,856	335,860
Domestic listed stocks and OTC stocks	381,114	1,405,497	1,439,779
Total	<u>\$ 808,339</u>	<u>1,879,359</u>	<u>1,868,535</u>

Sensitivity analysis - the risk of equity price:

If there is an increase in the securities' price of 1% on the reporting date (assume that all other variables remain the same), the impact on comprehensive income for the nine months ended September 30, 2022 and 2021 will increase \$8,083 and \$18,685, respectively. Conversely, if there is a decrease in the securities' price of 1% on the reporting date based on all other variables remain the same, there will be the same amount but opposite direction of influence.

(ii) Financial assets at fair value through other comprehensive income

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Equity investments at fair value through other comprehensive income:			
Domestic listed stocks and OTC stocks	\$ 2,131,869	2,065,027	2,136,000
Domestic unlisted stocks	15,484	15,372	15,148
Total	<u>\$ 2,147,353</u>	<u>2,080,399</u>	<u>2,151,148</u>

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

During the three months and nine months then ended September 30, 2022 and 2021, the dividends of \$64,256, \$73,433, \$91,618 and \$73,433, respectively, related to equity investments at fair value through other comprehensive income held on the periods then ended, were recognized; the dividend of \$3,360, \$5,530, \$3,360 and \$5,530, respectively, related to the investments derecognized during the three months and nine months then ended September 30, 2022 and 2021 were recognized.

The Company disposed shares designated as measured at fair value through other comprehensive income due to assets allocation, managing and rearranging portfolio. The disposed shares, during the three months and nine months ended September 30, 2022 and 2021, were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Fair value	\$ <u>60,331</u>	<u>112,787</u>	<u>60,331</u>	<u>311,345</u>
Cumulative gain on disposal	\$ <u>481</u>	<u>14,394</u>	<u>481</u>	<u>14,235</u>

The cumulative gain on disposal above had been transferred from other equity to retained earning.

Sensitivity analysis-the risk of equity price:

If there is an increase in the securities' price of 1% on the reporting date (assume that all other variables remain the same), the impact on comprehensive income for the nine months ended September 30, 2022 and 2021 will increase \$21,474 and \$21,511, respectively. Conversely, if there is a decrease in the securities' price of 1% on the reporting date based on all other variables remain the same, there will be the same amount but opposite direction of influence.

(iii) Financial assets at amortized cost

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Government bonds	\$ 914,931	570,353	570,408
Financial bonds	1,100,000	300,000	300,000
Corporate bonds	<u>950,000</u>	<u>950,000</u>	<u>950,000</u>
Subtotal	2,964,931	1,820,353	1,820,408
Less: Security deposits	(430,189)	(423,641)	(423,611)
Loss allowance	<u>(1,037)</u>	<u>(654)</u>	<u>(658)</u>
Total	<u>\$ 2,533,705</u>	<u>1,396,058</u>	<u>1,396,139</u>

- 1) The Company assessed financial assets that are held to maturity in order to collect contractual cash flows, which are solely payments of principal and interest on the principal amount outstanding. Therefore, these financial assets were classified as measured at amortized cost.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- 2) Please refer to Note 6(u) for further information of credit risk and the movement in the loss allowance of financial assets measured at amortized cost.
- 3) The Company's financial assets measured at amortized cost had been pledged partially, please refer to Note 8.
- 4) The Company assessed the impairment of financial asset for the nine months ended September 30, 2022 and 2021, the amounts of the expected credit loss recognized (reversal of credit loss) were as follows:

	For the nine months ended September 30,	
	2022	2021
Beginning balance	\$ 654	873
(Reversal of) loss recognized	383	(215)
Ending balance	\$ 1,037	658

- (iv) Other financial assets, net:

	September 30, 2022	December 31, 2021	September 30, 2021
Time deposits – initial maturity date over than three months	\$ 2,061,120	2,594,420	2,207,920
Less: Security deposits	(167,000)	(167,000)	(167,000)
Total	\$ 1,894,120	2,427,420	2,040,920

The Company's time deposits were provided as pledged assets and were reclassified to refundable deposits, please refer to Note 8 for further information.

- (v) Capital outsourcing information

As of September 30, 2022, December 31 and September 30, 2021, the Company had outsourced to Securities Investment Trust to manage investment project and capital amount. Further information were as follows:

Investment Trust Company	Investment	September 30, 2022 Amount	December 31, 2021 Amount	September 30, 2021 Amount
Nomura Asset Management	Domestic listed stocks and OTC stocks, bonds purchased under resale agreements, short term bills, etc.	\$ 500,000	600,000	600,000
Fuh Hwa Securities Investment Trust	"	500,000	600,000	600,000
Capital Investment Trust Corporation	"	500,000	600,000	600,000
		\$ 1,500,000	1,800,000	1,800,000

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

The investment project was mentioned above, and the carrying amount as of September 30, 2022, December 31 and September 30, 2021 were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Cash and cash equivalents	\$ 888,161	682,233	522,100
Financial assets at fair value through profit or loss - stocks	296,714	1,220,996	1,156,149
	<u>\$ 1,184,875</u>	<u>1,903,229</u>	<u>1,678,249</u>

(g) Investment property

The cost, accumulated depreciation, and accumulated impairment loss of the investment property of the Company for the nine months ended September 30, 2022 and 2021, were as follows:

	Land and improvement	Buildings and construction	Total
Cost or deemed cost:			
Balance at September 30, 2022 (Same as January 1, 2022)	<u>\$ 727,887</u>	<u>217,104</u>	<u>944,991</u>
Balance at January 1, 2021	\$ 681,525	187,636	869,161
Additions	-	239	239
Reclassification form property, plant and equipment	3,619	8,483	12,102
Balance at September 30, 2021	<u>\$ 685,144</u>	<u>196,358</u>	<u>881,502</u>
Accumulated depreciation and impairment loss			
Balance at January 1, 2022	\$ 2,359	86,124	88,483
Depreciation	-	3,609	3,609
Balance at September 30, 2022	<u>\$ 2,359</u>	<u>89,733</u>	<u>92,092</u>
Balance at January 1, 2021	\$ 2,359	74,922	77,281
Depreciation	-	3,156	3,156
Reclassification form property, plant and equipment	-	2,480	2,480
Balance at September 30, 2021	<u>\$ 2,359</u>	<u>80,558</u>	<u>82,917</u>
Carrying amount:			
January 1, 2022	<u>\$ 725,528</u>	<u>130,980</u>	<u>856,508</u>
September 30, 2022	<u>\$ 725,528</u>	<u>127,371</u>	<u>852,899</u>
January 1, 2021	<u>\$ 679,166</u>	<u>112,714</u>	<u>791,880</u>
September 30, 2021	<u>\$ 682,785</u>	<u>115,800</u>	<u>798,585</u>

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

	Land and improvement	Buildings and construction	Total
Fair value:			
January 1, 2022			\$ <u>1,770,222</u>
September 30, 2022			\$ <u>1,569,143</u>
January 1, 2021			\$ <u>1,695,676</u>
September 30, 2021			\$ <u>1,686,873</u>

On September 30, 2022, December 31 and September 30, 2021, the assessment of fair value of investment property mainly referred to the market trade.

As of September 30, 2022, December 31 and September 30, 2021, the Company's investment property had not been pledged as collateral.

(h) Property, plant and equipment

The cost, accumulated depreciation, and accumulated impairment loss of the property, plant and equipment of the Company for the nine months ended September 30, 2022 and 2021, were as follows:

	Land	Buildings and construction	Computer equipment	Transportation equipment	Other equipment	Leasehold improvement	Total
Cost:							
Balance at January 1, 2022	\$ 915,591	499,059	190,640	579	54,308	2,004	1,662,181
Additions	16,453	12,314	9,084	-	1,073	-	38,924
Scrap	-	-	(7,028)	-	(1,491)	-	(8,519)
Balance at September 30, 2022	<u>932,044</u>	<u>511,373</u>	<u>192,696</u>	<u>579</u>	<u>53,890</u>	<u>2,004</u>	<u>1,692,586</u>
Balance at January 1, 2021	825,946	480,196	183,601	579	51,799	2,004	1,544,125
Additions	136,007	41,113	7,905	-	1,248	-	186,273
Reclassification to investment property	(3,619)	(8,483)	-	-	-	-	(12,102)
Scrap	-	-	(1,644)	-	(705)	-	(2,349)
Balance at September 30, 2021	<u>958,334</u>	<u>512,826</u>	<u>189,862</u>	<u>579</u>	<u>52,342</u>	<u>2,004</u>	<u>1,715,947</u>
Accumulated depreciation and impairment loss:							
Balance at January 1, 2022	15,196	171,052	166,551	579	45,426	1,316	400,120
Depreciation	-	11,055	9,560	-	3,097	343	24,055
Scrap	-	-	(7,028)	-	(1,491)	-	(8,519)
Balance at September 30, 2022	<u>15,196</u>	<u>182,107</u>	<u>169,083</u>	<u>579</u>	<u>47,032</u>	<u>1,659</u>	<u>415,656</u>
Balance at January 1, 2021	15,196	163,931	155,754	564	42,041	858	378,344
Depreciation	-	10,381	9,136	15	3,095	344	22,971
Reclassification to investment property	-	(2,480)	-	-	-	-	(2,480)
Scrap	-	-	(1,644)	-	(705)	-	(2,349)
Balance at September 30, 2021	<u>15,196</u>	<u>171,832</u>	<u>163,246</u>	<u>579</u>	<u>44,431</u>	<u>1,202</u>	<u>396,486</u>
Carrying amount:							
January 1, 2022	<u>\$ 900,395</u>	<u>328,007</u>	<u>24,089</u>	<u>-</u>	<u>8,882</u>	<u>688</u>	<u>1,262,061</u>
September 30, 2022	<u>\$ 916,848</u>	<u>329,266</u>	<u>23,613</u>	<u>-</u>	<u>6,858</u>	<u>345</u>	<u>1,276,930</u>
January 1, 2021	<u>\$ 810,750</u>	<u>316,265</u>	<u>27,847</u>	<u>15</u>	<u>9,758</u>	<u>1,146</u>	<u>1,165,781</u>
September 30, 2021	<u>\$ 943,138</u>	<u>340,994</u>	<u>26,616</u>	<u>-</u>	<u>7,911</u>	<u>802</u>	<u>1,319,461</u>

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UNION INSURANCE CO., LTD.
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As of September 30, 2022, December 31 and September 30, 2021, the Company's property, plant and equipment had not been pledged as collateral.

(i) Right-of-use assets

The changes in the Company's costs and depreciation of leasing buildings and construction, transportation equipment were as follows:

	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:			
January 1, 2022	\$ 27,381	4,435	31,816
Additions	5,169	4,653	9,822
Derecognition	<u>(5,640)</u>	<u>-</u>	<u>(5,640)</u>
September 30, 2022	<u>\$ 26,910</u>	<u>9,088</u>	<u>35,998</u>
January 1, 2021	\$ 27,162	5,434	32,596
Additions	19,723	3,623	23,346
Derecognition	<u>(19,125)</u>	<u>(1,803)</u>	<u>(20,928)</u>
September 30, 2021	<u>\$ 27,760</u>	<u>7,254</u>	<u>35,014</u>
Depreciation of right-of-use assets:			
January 1, 2022	\$ 12,884	805	13,689
Depreciation	10,516	1,985	12,501
Derecognition	<u>(5,514)</u>	<u>-</u>	<u>(5,514)</u>
September 30, 2022	<u>\$ 17,886</u>	<u>2,790</u>	<u>20,676</u>
January 1, 2021	\$ 20,835	3,951	24,786
Depreciation	9,552	2,241	11,793
Derecognition	<u>(19,023)</u>	<u>(1,803)</u>	<u>(20,826)</u>
September 30, 2021	<u>\$ 11,364</u>	<u>4,389</u>	<u>15,753</u>
Carrying amount:			
January 1, 2022	<u>\$ 14,497</u>	<u>3,630</u>	<u>18,127</u>
September 30, 2022	<u>\$ 9,024</u>	<u>6,298</u>	<u>15,322</u>
January 1, 2021	<u>\$ 6,327</u>	<u>1,483</u>	<u>7,810</u>
September 30, 2021	<u>\$ 16,396</u>	<u>2,865</u>	<u>19,261</u>

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(j) Lease liabilities

The Company's lease liabilities were as follows:

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Less than one year	\$ 10,370	12,760	12,489
Between one and five years	5,106	5,497	6,886
Total	<u>\$ 15,476</u>	<u>18,257</u>	<u>19,375</u>

The maturity analysis please refer to Note 6(u) financial instruments.

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	<u>\$ 87</u>	<u>99</u>	<u>285</u>	<u>259</u>

The amounts recognized in the statement of cash flows were as follows:

	<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	<u>\$ 12,761</u>	<u>11,991</u>

(i) Leases of buildings and construction

The Company leases buildings and construction as offices with usual lease terms of 1 to 3 years.

(ii) Other leases

The Company leases transportation equipment with lease terms of 1 to 3 years.

(k) Operating lease

The Company leases out its investment properties, during the nine months ended September 30, 2022 and 2021, there are no significant new operating lease agreements, please refer to Notes 6(l) of the financial statements for the year ended December 31, 2021 for related information.

(l) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material workforce reduction, reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

The Company's expenses recognized in profit or loss amounted to \$2,034, \$2,073, \$6,103 and \$6,218 for the three months and nine months ended September 30, 2022 and 2021, respectively.

(ii) Defined contribution plan

The pension costs of the Company incurred from the contributions to the Bureau of the Labor Insurance amounted to \$8,452, \$9,020, \$24,916 and \$25,067 for the three months and nine months ended September 30, 2022 and 2021, respectively.

(m) Employee compensation and directors' remuneration

In accordance with the Articles of Incorporation the Company should contribute 1%~5% of the profit as employee compensation, and no more than 5% directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the three months and nine months ended September 30, 2022 and 2021, the Company estimated its employee remuneration and director's remuneration amounting to \$0, \$7,125, \$0, \$21,375 and \$0, \$1,625, \$0, \$4,875, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or expenses for each period. If the actual amounts were subsequently decided after the approval and the issuance date of the financial statements in the following year differ from the estimated amount, the differences are accounted for as changes in accounting estimates and recognized in profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

The amounts of compensation for employees and directors of the Company in 2021 and 2020 were \$28,500 and \$6,500 for both periods respectively. There is no difference in the actual distribution situation. Relevant information can be obtained from the Market Observation Post System.

(n) Insurance liability

	September 30, 2022	December 31, 2021	September 30, 2021
Unearned premium reserve	\$ 6,129,125	5,859,977	6,175,896
Claims reserve	4,763,999	3,931,668	3,911,016
Special reserve	919,883	1,166,829	1,161,694
Total	<u>\$ 11,813,007</u>	<u>10,958,474</u>	<u>11,248,606</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(i) Unearned premium reserve

1) Unearned premium reserve and ceded unearned premium reserves

September 30, 2022					
Item	Unearned premium reserve		Ceded unearned premium reserve		Retained business
	Direct business	Reinsurance ceded in	Reinsurance ceded out		
Fire insurance	\$ 861,776	39,240	479,703		421,313
Marine insurance	53,719	1,716	46,812		8,623
Land and air insurance	62,825	850	53,620		10,055
Liability insurance	1,684,842	81,876	297,418		1,469,300
Surety insurance	9,571	635	5,098		5,108
Other property insurance	2,283,573	28,518	595,137		1,716,954
Accident insurance	455,323	3,847	37,371		421,799
Health insurance	35,100	-	9,220		25,880
Compulsory automobile liability insurance	360,607	165,107	216,375		309,339
Total	\$ 5,807,336	321,789	1,740,754		4,388,371

December 31, 2021					
Item	Unearned premium reserve		Ceded unearned premium reserve		Retained business
	Direct business	Reinsurance ceded in	Reinsurance ceded out		
Fire insurance	\$ 705,612	43,038	372,973		375,677
Marine insurance	83,200	829	73,501		10,528
Land and air insurance	42,275	671	29,124		13,822
Liability insurance	1,598,479	130,219	344,087		1,384,611
Surety insurance	7,451	348	3,976		3,823
Other property insurance	2,245,868	35,246	652,264		1,628,850
Accident insurance	406,884	1,796	40,613		368,067
Health insurance	26,511	-	6,541		19,970
Compulsory automobile liability insurance	366,445	165,105	219,878		311,672
Total	\$ 5,482,725	377,252	1,742,957		4,117,020

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

September 30, 2021				
Item	Unearned premium reserve		Ceded unearned premium reserve	Retained business
	Direct business	Reinsurance ceded in	Reinsurance ceded out	
Fire insurance	\$ 809,076	44,407	421,790	431,693
Marine insurance	50,704	1,108	44,758	7,054
Land and air insurance	59,505	986	43,955	16,536
Liability insurance	1,609,759	152,514	363,348	1,398,925
Surety insurance	9,639	371	4,959	5,051
Other property insurance	2,234,212	35,826	652,825	1,617,213
Accident insurance	592,635	1,863	200,663	393,835
Health insurance	40,736	-	8,932	31,804
Compulsory automobile liability insurance	368,120	164,435	220,882	311,673
Total	\$ 5,774,386	401,510	\$ 1,962,112	4,213,784

2) The Net change in reserve for unearned premiums and reserve for ceded unearned premiums

For the nine months ended September 30, 2022													
Items	Premium revenue	Reinsurance premium	Reinsurance expense	Retained Premium	Direct business Unearned premium reserve		Reinsurance ceded in Unearned premium reserve		Net change in unearned premium reserve	Reinsurance ceded out Unearned premium reserve		Net change in ceded unearned premium reserve	Retained earned premium
					Provision	Recovery	Provision	Recovery		Provision	Recovery		
Compulsory insurance	\$ 709,540	228,048	300,211	637,377	360,607	366,445	165,107	165,105	(5,836)	216,375	219,878	(3,503)	639,710
Non-compulsory insurance	7,666,191	96,741	2,026,728	5,736,204	5,446,729	5,114,501	156,682	212,147	276,763	1,524,379	1,523,079	1,300	5,460,741
Total	\$ 8,375,731	324,789	2,326,939	6,373,581	5,807,336	5,480,946	321,789	377,252	270,927	1,740,754	1,742,957	(2,203)	6,100,451

For the nine months ended September 30, 2021													
Items	Premium revenue	Reinsurance premium	Reinsurance expenses	Retained Premium	Direct business Unearned premium reserve		Reinsurance ceded in Unearned premium reserve		Net change in unearned premium reserve	Reinsurance ceded out Unearned premium reserve		Net change in ceded unearned premium reserve	Retained earned premium
					Provision	Recovery	Provision	Recovery		Provision	Recovery		
Compulsory insurance	\$ 717,410	227,584	304,734	640,260	368,120	372,987	164,435	163,593	(4,025)	220,882	223,802	(2,920)	641,365
Non-compulsory insurance	7,390,619	107,445	2,098,976	5,399,088	5,406,266	5,006,930	237,075	300,696	335,715	1,741,230	1,684,181	57,049	5,120,422
Total	\$ 8,108,029	335,029	2,403,710	6,039,348	5,774,386	5,379,917	401,510	464,289	331,690	1,962,112	1,907,983	54,129	5,761,787

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- 3) The movements in unearned premium reserve and ceded unearned premium reserve were as follows:

Item	For the nine months ended September 30, 2022	
	Unearned premium reserve	Ceded unearned premium reserve
Beginning balance	\$ 5,859,977	1,742,957
Provision	6,129,125	1,740,754
Recovery	(5,859,977)	(1,742,957)
Ending balance	\$ 6,129,125	1,740,754
	For the nine months ended September 30, 2021	
Item	Unearned premium reserve	Ceded unearned premium reserve
Beginning balance	\$ 5,847,692	1,907,983
Provision	6,175,896	1,962,112
Recovery	(5,847,692)	(1,907,983)
Ending balance	\$ 6,175,896	1,962,112

The provision methods of unearned premium reserve are determined by an actuary according to the characteristics of each insurance and are stated in the instruction of insurance commodity calculation and shall not be changed without the approval of the competent authority. The Company has submitted the provision method of unearned premium reserve on Letter (Wang) Zong Jing Suan No. 1112 on October 24, 2011 and had been approved by Financial Supervisory Commission, R.O.C. (Taiwan) Insurance Bureau Jin Guan Bao Cai Zi No. 10002518120.

On October 9, 2014, the Company signed a specific business transferring contract with Asia Insurance Company Ltd. Taiwan Branch and accepted its long term fire insurance contracts on the delivery date, which was December 15, 2014. The Company undertook the amount of \$3,916 unearned premium reserve and charged \$3,648 to Asia Insurance Company Ltd. Taiwan Branch. According to IFRS 4 “Insurance Contract” that paragraph of insurance contracts acquired in business combination or portfolio transfer: the intangible asset recognized was the difference of \$268 from the fair value of the contractual insurance rights acquired and insurance obligations assumed to a liability measured in accordance with the insurer's accounting policies for insurance contracts that it issued. The subsequent measurement of this asset shall be consistent with the measurement of the related insurance liability.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

On December 7, 2012, the Company signed a special business transferring contract with Walsun Insurance Ltd. and accepted its direct business of four types of insurance contracts on January 10, 2013: long term residential fire insurance contracts, employer's accidental liability insurance contracts, contractor's liability insurance contracts, and architect's professional liability insurance contracts. The Company undertook the amount of \$232,939 unearned premium reserve and requested for a grant of \$67,451 from the Insurance and Security Fund of the Corporation. According to IFRS 4 "Insurance Contract" that paragraph of insurance contracts acquired in business combination or portfolio transfer: the intangible asset recognized was the difference of \$165,488 from the fair value of the contractual insurance rights acquired and insurance obligations assumed to a liability measured in accordance with the insurer's accounting policies for insurance contracts that it issued. The subsequent measurement of this asset shall be consistent with the measurement of the related insurance liability.

As of September 30, 2022, December 31 and September 30, 2021, the relevant unearned premium reserve from the business transfer and intangible assets were \$16,450, \$11,549 and \$18,982 and \$13,328, \$20,646 and \$14,488, respectively.

(ii) Special reserve

1) Segmentation of specific assets

The Company is engaged in business of compulsory automobile liability insurance (hereinafter referred to as "this insurance") accounting to this insurance's relevant accounting of Compulsory Automobile Liability Insurance Law.

This insurance of special reserve provision obeys "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance" Article 5 that is to the insurer shall purchase treasury bills or deposit the reserve with a financial institution as a time deposit. Provided that with the approval of the competent authority, the insurer may purchase the following domestic securities:

- a) Government bonds, not including exchangeable government bonds.
- b) Financial bonds, negotiable certificates of deposit, bankers' acceptances, and commercial paper guaranteed by a financial institution, provided that financial bonds shall be limited to ordinary financial bonds only.

The amount of treasury bills purchased or time deposits placed in a financial institution under the preceding paragraph shall not be less than 30 percent of the total amount of the insurer's retained earned pure premiums for this Insurance in the most recent period, as audited or reviewed by a certified public accountant. The competent authority may raise that percentage to a level it deems appropriate based on the insurer's operational status.

If the balance of special reserve is less than 30 percent of the total amount of the retained earned pure premiums for this insurance in the most recent period, as audited or reviewed by a certified public accountant, then the full amount of its special reserve shall be deposited in a financial institution as a time deposit or treasury bills.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

According to Article 6 of "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance", funds (all types of reserves, payables, temporary credits and amounts to be carried forward) held by an insurer for this Insurance shall be deposited in a financial institution in the form of demand deposits and time deposits, provided that with the approval of the competent authority, an insurer may purchase any of the following domestic securities:

- a) Treasury bills.
- b) Negotiable certificates of deposit, bankers' acceptances, and commercial paper guaranteed by a financial institution.
- c) Government bonds in a repo transaction.

The amount of deposits deposited in financial institutions under the first paragraph shall not be less than 45 percent of the balance remaining after subtracting the amount of special reserves from the amount of funds held by the insurer due to the operation of this Insurance, or less than 30 percent of the retained earned pure premium for the most recent period as audited or reviewed by a certified public accountant. The competent authority may raise the percentage of deposits required by the insurer to a level it deems appropriate based on the insurer's operational status.

If the total amount of unearned premium reserve and loss reserve of the insurer with respect to this Insurance is less than 30 percent of the retained earned pure premiums of this Insurance for the most recent period as audited or reviewed by a certified public accountant, the funds held by the insurer through its conduct of this Insurance shall be deposited in full with a financial institution in the form of deposits.

Accounting Article 11 of "Regulations for the Management of the Various Reserves for Compulsory Automobile Liability Insurance", when an insurer suspends business operations or terminates its operation of this Insurance, the various reserves for this Insurance shall be transferred into the various reserves set aside for handling of this Insurance by the other insurer that assumes the business.

When an insurer has been duly ordered to suspend business and undergo rehabilitation, ordered to dissolve, or its permission to operate this Insurance business has been revoked, and no other insurer is to assume this Insurance business, and there is no outstanding liability under this Insurance, and the balance of the special reserve is positive, the assets corresponding to the special reserve shall be transferred to the Motor Vehicle Accident Compensation Fund.

In accordance with the provisions of the Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No. 11004107771 dated February 20, 2021, the insurance company that operates as compulsory automobile liability insurance shall set aside a special reserve from the business expenses received from the operation of such business.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

In accordance with the provisions of the Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No. 10904939031 dated October 29, 2020, in order to improve the financial structure of the insurance enterprises, the insurance enterprises shall, at the end of each business year, set aside 10% of the total premium income based on the amount of insurance and the number of days of insurance, less 20% of the nominal tax rate, in a special reserve account under owners' equity in accordance with the "Standard Rate Schedule for Personal Travel-Insurance Accidental Death and Dismemberment Benefit".

Special reserve – Compulsory Automobile Liability Insurance

<u>Item</u>	<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 17,943	-
Provision	56,842	78,888
Recovery	-	(67,357)
Ending balance	<u>\$ 74,785</u>	<u>11,531</u>

Special reserve – Non-Compulsory Automobile Liability Insurance

<u>Item</u>	<u>For the nine months ended September 30, 2022</u>						
	<u>Liability</u>			<u>Special reserve</u>			
	<u>Catastrophic risk</u>	<u>Contingency risk</u>	<u>Total</u>	<u>Contingency risk</u>	<u>Contingency risk</u>	<u>Travel Insurance</u>	<u>Total</u>
Beginning balance	\$ 106,545	1,038,185	1,144,730	790,535	1,650,413	4,289	2,445,237
Recovery	(3,788)	(300,000)	(303,788)	-	-	-	-
Ending balance	<u>\$ 102,757</u>	<u>738,185</u>	<u>840,942</u>	<u>790,535</u>	<u>1,650,413</u>	<u>4,289</u>	<u>2,445,237</u>

<u>Item</u>	<u>For the nine months ended September 30, 2021</u>						
	<u>Liability</u>			<u>Special reserve</u>			
	<u>Catastrophic risk</u>	<u>Contingency risk</u>	<u>Total</u>	<u>Contingency risk</u>	<u>Contingency risk</u>	<u>Travel Insurance</u>	<u>Total</u>
Beginning balance	\$ 111,610	1,038,185	1,149,795	703,784	1,516,706	-	2,220,490
Recovery	(3,788)	-	(3,788)	-	-	-	-
Ending balance	<u>\$ 107,822</u>	<u>1,038,185</u>	<u>1,146,007</u>	<u>703,784</u>	<u>1,516,706</u>	<u>-</u>	<u>2,220,490</u>

Note: The liability of special reserve mentioned above means non-compulsory automobile liability insurance reserve had been provisioned before January 1, 2011. In addition, Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No.11101405951, which is the base of recovered special reserve for the nine months ended September 30, 2022 and 2021.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

2) Special reserve -Other

In 2013, the determination of cost of real estate and equipment based on the International Financial Reporting Standards No. 1 that approved by the Financial Supervisory Committee, the Company chose the exemption that the revaluation reserve of land and buildings according to the Generally Accepted Accounting Principles of the Republic of China transferred to retained earnings. However, according to the standard of the Preparation of Financial Reports by Insurance Enterprises, the revaluation reserve that estimated by the cash flow discount approach via contractual rent of the investment real estate target as the upper limit adjustment to define the cost and the value added part. Then, to fill the unrecognized pension loss, the unrecognized transition net payment obligation, the increase on defined benefit obligation based on the change of actuarial assumptions, and the employee's paid leave liability, those adjustment increased the special increase of \$4,156.

(iii) Claims reserve

- 1) Liabilities for claims are to be paid, reported but unpaid and incurred but not reported (IBNR).

Item	September 30, 2022			
	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
Fire insurance	\$ 6	1,024,574	81,216	1,105,790
Marine insurance	-	147,407	60,392	207,799
Land and air insurance	-	56,930	16,670	73,600
Liability insurance	2,744	1,035,212	300,405	1,335,617
Surety insurance	1	17,276	5,521	22,797
Other property insurance	8,142	809,190	53,482	862,672
Accident insurance	863	56,107	178,860	234,967
Health insurance	10,699	58,496	142,127	200,623
Compulsory automobile liability insurance	1,215	177,899	542,235	720,134
Total	\$ 23,670	3,383,091	1,380,908	4,763,999

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

December 31, 2021				
Item	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
	Fire insurance	\$ -	600,260	53,835
Marine insurance	-	106,666	57,635	164,301
Land and air insurance	-	77,133	16,604	93,737
Liability insurance	386	971,331	275,476	1,246,807
Surety insurance	1	18,261	5,459	23,720
Other property insurance	1,709	681,395	45,574	726,969
Accident insurance	538	73,239	193,046	266,285
Health insurance	52	110	5,405	5,515
Compulsory automobile liability insurance	163	192,067	558,172	750,239
Total	\$ 2,849	2,720,462	1,211,206	3,931,668

September 30, 2021				
Item	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
	Fire insurance	\$ 66	706,869	52,521
Marine insurance	216	104,223	51,702	155,925
Land and air insurance	-	78,512	8,786	87,298
Liability insurance	2,921	896,805	247,476	1,144,281
Surety insurance	1	20,372	6,062	26,434
Other property insurance	10,758	581,518	40,103	621,621
Accident insurance	2,223	90,041	227,659	317,700
Health insurance	336	137	5,649	5,786
Compulsory automobile liability insurance	3,663	181,354	611,227	792,581
Total	\$ 20,184	2,659,831	1,251,185	3,911,016

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- 2) Reinsurance assets - the insurance ceded business for the policy holders with reported but unpaid or unreported claims

September 30, 2022			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 697,012	25,115	722,127
Marine insurance	114,869	44,051	158,920
Land and air insurance	47,607	11,649	59,256
Liability insurance	163,411	70,579	233,990
Surety insurance	7,852	1,669	9,521
Other property insurance	353,543	9,030	362,573
Accident insurance	9,994	50,387	60,381
Health insurance	80	2,365	2,445
Compulsory automobile liability insurance	63,164	230,343	293,507
Total	\$ 1,457,532	445,188	1,902,720

December 31, 2021			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 481,638	15,857	497,495
Marine insurance	92,935	43,037	135,972
Land and air insurance	67,448	10,863	78,311
Liability insurance	172,197	55,925	228,122
Surety insurance	8,358	1,669	10,027
Other property insurance	282,456	8,354	290,810
Accident insurance	32,119	45,580	77,699
Health insurance	13	1,138	1,151
Compulsory automobile liability insurance	71,404	232,401	303,805
Total	\$ 1,208,568	414,824	1,623,392

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

September 30, 2021			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 570,796	14,102	584,898
Marine insurance	90,263	36,891	127,154
Land and air insurance	67,482	2,723	70,205
Liability insurance	158,555	37,401	195,956
Surety insurance	9,955	1,662	11,617
Other property insurance	247,281	3,797	251,078
Accident insurance	44,725	90,533	135,258
Health insurance	26	1,139	1,165
Compulsory automobile liability insurance	69,760	264,841	334,601
Total	\$ 1,258,843	453,089	1,711,932

3) The net change of claims reserve and ceded claims reserve

For the nine months ended September 30, 2022								
Item	Direct underwrite business		Reinsurance ceded-in		The net change in claims reserve	Reinsurance ceded-out		The net change in ceded claims reserve
	Provision	Recovery	Provision	Recovery		Provision	Recovery	
Fire insurance	\$ 1,086,927	636,718	18,863	17,377	451,695	722,127	497,495	224,632
Marine insurance	204,104	160,068	3,695	4,233	43,498	158,920	135,972	22,948
Land and air insurance	71,408	91,293	2,192	2,444	(20,137)	59,256	78,311	(19,055)
Liability insurance	1,314,014	1,236,198	21,603	10,609	88,810	233,990	228,122	5,868
Surety insurance	21,319	22,318	1,478	1,402	(923)	9,521	10,027	(506)
Other property insurance	857,877	723,902	4,795	3,067	135,703	362,573	290,810	71,763
Accident insurance	226,912	260,828	8,055	5,457	(31,318)	60,381	77,699	(17,318)
Health insurance	197,999	5,515	2,624	-	195,108	2,445	1,151	1,294
Compulsory automobile liability insurance	489,507	506,341	230,627	243,898	(30,105)	293,507	303,805	(10,298)
Total	\$ 4,470,067	3,643,181	293,932	288,487	832,331	1,902,720	1,623,392	279,328

For the nine months ended September 30, 2021								
Item	Direct underwrite business		Reinsurance ceded-in		The net change in claims reserve	Reinsurance ceded-out		The net change in ceded claims reserve
	Provision	Recovery	Provision	Recovery		Provision	Recovery	
Fire insurance	\$ 745,204	351,230	14,186	4,139	404,021	584,898	172,939	411,959
Marine insurance	150,253	132,881	5,672	7,554	15,490	127,154	115,786	11,368
Land and air insurance	81,498	75,598	5,800	1,754	9,946	70,205	64,134	6,071
Liability insurance	1,122,119	951,224	22,162	12,007	181,050	195,956	175,591	20,365
Surety insurance	25,221	23,283	1,213	1,764	1,387	11,617	10,931	686
Other property insurance	619,146	578,527	2,475	3,157	39,937	251,078	258,284	(7,206)
Accident insurance	313,329	316,489	4,371	2,854	(1,643)	135,258	138,324	(3,066)
Health insurance	5,677	7,065	109	258	(1,537)	1,165	965	200
Compulsory automobile liability insurance	559,504	625,275	233,077	229,960	(62,654)	334,601	374,963	(40,362)
Total	\$ 3,621,951	3,061,572	289,065	263,447	585,997	1,711,932	1,311,917	400,015

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

4) The movements in claims reserve and ceded claims reserve

Item	For the nine months ended September 30,			
	2022		2021	
	Claims reserve	Ceded claims reserve	Claims reserve	Ceded claims reserve
Beginning balance	\$ 3,931,668	1,623,392	3,325,019	1,311,917
Provision	4,763,999	1,902,720	3,911,016	1,711,932
Recovery	(3,931,668)	(1,623,392)	(3,325,019)	(1,311,917)
Ending balance	<u>\$ 4,763,999</u>	<u>1,902,720</u>	<u>3,911,016</u>	<u>1,711,932</u>

The methodology for providing claims reserve is decided by actuaries and reported to the Authority. If there is any change, it should adopt the same procedures as fore mentioned. The Company submitted the method of claims reserve provision in the letter of (Wang) Zong Qi Zi No. 1920 on December 23, 2009, which has been approved by Financial Supervisory Commission, R.O.C. (Taiwan) Insurance Bureau Jin Guan Bao Cai Zi No. 09802245610. The relevant provision methods is explained as follows:

- 1) Regarding to the claims reserve for reported but not paid, it should be estimated based on actual situation by each case.
- 2) Regarding to the claims reserve for IBNR, it should be estimated based on the experience of claim loss development of each type insurance by actuary methodology.

(iv) Premium deficiency reserve

The methodology for premium deficiency reserve provision is decided by actuaries and shall report to the Authority, same as afterward change. The Company reported the methodology for premium deficiency reserve provision on February 16, 2012 in the letter of (Wang) Zong Jing Suan No.0005, which has been approved by Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No. No.10102503930.

As of September 30, 2022, December 31 and September 30, 2021, the Company had no provision for premium deficiency reserve recognized.

(o) Income tax

The components of the Company's income tax for the three months and nine months ended September 30, 2022 and 2021 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Current income tax (income) expenses	\$ -	23,491	7,276	77,312

The Company's tax returns for the year through 2020 were assessed by the Taipei National Tax Administration tax authorities.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(p) Capital and other equity

(i) Share capital

As of September 30, 2022, December 31 and September 30, 2021, the number of authorized ordinary shares were both \$6,236,320 with par value of \$10 per share, i.e. 623,632 thousand shares. The issued shares were both 223,608 thousand shares of common stock.

(ii) Retained earnings

1) Legal reserve

According to the Company Act, the Company is able to issue new stock or cash dividend from legal reserve if there is no deficit as long as the legal reserve is over 25% of the paid in capital.

2) Special reserve

Based on Financial Supervisory Commission Jin Guan Bao Cai Zi No.10102508861 on June 5, 2012, when the Company distributes retained surplus that transferred from the special reserve of unrealized revaluation increment \$12,143, it should be accounted a decrease in other equity, with the same amount of the prior years' inappropriate retained earning provision being equal to current year's net income. The amount of decrease in other equity belonged to the prior accumulation, the same amount of special reserve should be not appropriated. However, the Company's has provisioned the special reserve based on former standard, the difference between the provision amount and the decrease in other equity has been provision special reserve. Then, if a reversal of shareholders' equity contra account occurs, the reversed portion of the special reserve could be distributed as dividends.

According to the letter from the Financial Supervisory Commission Jin Guan Bao Cai Zi No. 10502066464 on July 13, 2016. The insurance industry should allocate a special surplus reserve from 0.5% to 1% of the net profit after tax when the 2016-2018 fiscal year surplus is distributed. Moreover, since 2017, the expense of employee transferring training, transferring occupation, and settle down during the development of financial technology should be reversal. As of September 30, 2022, December 31 and September 30, 2021 the special reserve distributed by the Company in accordance with the regulations were \$2,145, \$2,510 and \$2,510, respectively.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

3) Undistributed retained earnings appropriated

Under the Company's Article of Incorporation, the Company's net income after deduction of income tax and losses (if any) and offset the prior years' deficits, should be provisioned 20% of remaining amount as legal reserve, except the legal reserve is equal to the capital. In addition to any remaining profit together with any undistributed retained earnings shall be distributed based on the Company considering the operating need and legal requirement to provision special reserve, the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Board of Directors is authorized to distribute all or parts of the dividends and bonuses in cash to the shareholders by a resolution decided by the Board, with at least two-thirds or a majority of the directors present in the board meeting.

The remuneration of non-executive director in the Company is authorized to the board's meeting to set rational remuneration, and do not attend the earning distribution. The Company belongs to property and casualty insurance, the enterprise development should cooperate with the Government's policy and risk based capital, the ability of underwriting and solvency have to be stronger. The Company's earning distribution policy has to consider the current and future investment environment, capital requirement, market competition situation and budget, etc., with the benefit of shareholders, balancing dividend and long term financial plan, etc. and then the earning distribution that the board's meeting set will provide to the shareholder's meeting. The earning distribution should be in form of cash or stock dividend to distribute, in addition to the amount of cash dividend should not be lower than 10% of stock dividend. However, the amount of par cash dividend is lower than \$0.1, the dividend should use the form of stock dividend to distribute.

The amount of cash dividends on the appropriations of earnings for 2021 had been approved during the board meeting on March 24, 2022, and earnings distribution for 2020 was decided by the resolution adopted, at the general meeting of shareholders held on July 30, 2021. The relevant dividend distributions to shareholders were as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Allotment per share</u>	<u>Total Amount</u>	<u>Allotment per share</u>	<u>Total Amount</u>
Dividends distributed to ordinary shareholders :				
Cash	\$ 1.00	<u>223,608</u>	0.80	<u>178,886</u>

The relevant information about distribution of retained earnings under the consent of the shareholders' meeting, can be obtained on the website of Market Observation Post System.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(q) (Loss) earnings per share

The calculation of basic (loss) earnings per share and diluted (loss) earnings per share were shown as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Basic (loss) earnings per share				
Net (loss) income attributable to ordinary shareholders of the Company	\$ <u>7,734</u>	<u>81,948</u>	<u>(807,839)</u>	<u>388,148</u>
Weighted average number of ordinary shares (thousands shares)	<u>223,608</u>	<u>223,608</u>	<u>223,608</u>	<u>223,608</u>
Basic (loss) earnings per share (in dollars)	\$ <u>0.03</u>	<u>0.37</u>	<u>(3.61)</u>	<u>1.74</u>
Diluted (loss) earnings per share				
Net (loss) income attributable to ordinary shareholders of the Company	\$ <u>7,734</u>	<u>81,948</u>	<u>(807,839)</u>	<u>388,148</u>
Weighted average number of ordinary shares (thousands shares)	223,608	223,608	223,608	223,608
Employee share options	-	364	438	1,504
Weighted average number of ordinary shares (Dilutive potential common shares)(thousands shares)	<u>223,608</u>	<u>223,972</u>	<u>224,046</u>	<u>225,112</u>
Diluted (loss) earnings per share (in dollars)	\$ <u>0.03</u>	<u>0.37</u>	<u>(3.61)</u>	<u>1.72</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(r) Disclosure of acquisition cost of insurance contracts

Acquisition cost of insurance contracts

For the three months ended September 30, 2022						
Item	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 27,603	-	-	83	-	27,686
Marine insurance	6,009	-	-	63	-	6,072
Land and air insurance	7,789	-	-	182	-	7,971
Liability insurance	138,394	-	-	3,593	-	141,987
Surety insurance	667	-	-	-	-	667
Other property insurance	158,902	-	-	(1,550)	-	157,352
Accident insurance	60,912	-	-	(635)	-	60,277
Health insurance	1,227	-	-	-	-	1,227
Compulsory automobile liability insurance	30,677	-	-	-	-	30,677
Total	\$ 432,180	-	-	1,736	-	433,916

For the three months ended September 30, 2021						
Item	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 25,994	-	-	485	-	26,479
Marine insurance	5,683	-	-	81	-	5,764
Land and air insurance	5,934	-	-	213	-	6,147
Liability insurance	131,095	-	-	-	-	131,095
Surety insurance	444	-	-	-	-	444
Other property insurance	150,285	-	-	2,003	-	152,288
Accident insurance	53,216	-	-	-	-	53,216
Health insurance	3,633	-	-	-	-	3,633
Compulsory automobile liability insurance	31,031	-	-	-	-	31,031
Total	\$ 407,315	-	-	2,782	-	410,097

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

For the nine months ended September 30, 2022

<u>Item</u>	<u>Commission expense</u>	<u>Agent fee</u>	<u>Charge</u>	<u>Reinsurance commission expense</u>	<u>Other cost</u>	<u>Total</u>
Fire insurance	\$ 105,417	-	-	740	-	106,157
Marine insurance	20,291	-	-	255	-	20,546
Land and air insurance	9,452	-	-	89	-	9,541
Liability insurance	436,036	-	-	3,721	-	439,757
Surety insurance	1,981	-	-	21	-	2,002
Other property insurance	483,270	-	-	3,415	-	486,685
Accident insurance	174,864	-	-	(524)	-	174,340
Health insurance	11,108	-	-	-	-	11,108
Compulsory automobile liability insurance	92,763	-	-	-	-	92,763
Total	\$ 1,335,182	-	-	7,717	-	1,342,899

For the nine months ended September 30, 2021

<u>Item</u>	<u>Commission expense</u>	<u>Agent fee</u>	<u>Charge</u>	<u>Reinsurance commission expense</u>	<u>Other cost</u>	<u>Total</u>
Fire insurance	\$ 95,271	-	-	1,620	-	96,891
Marine insurance	17,972	-	-	364	-	18,336
Land and air insurance	7,833	-	-	213	-	8,046
Liability insurance	417,644	-	-	145	-	417,789
Surety insurance	1,841	-	-	17	-	1,858
Other property insurance	465,752	-	-	6,370	-	472,122
Accident insurance	156,791	-	-	12	-	156,803
Health insurance	12,295	-	-	-	-	12,295
Compulsory automobile liability insurance	94,025	-	-	-	-	94,025
Total	\$ 1,269,424	-	-	8,741	-	1,278,165

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(s) Disclosure of insurance cost-benefit analysis

(i) Direct written business cost-benefit analysis

For the three months ended September 30, 2022						
Item	Written premium	The net change in unearned premium reserve	Insurance contract acquisition cost	Claims	The net change in claims reverse	Gain (Loss)
Fire insurance	\$ 353,632	(26,564)	27,603	42,338	44,952	265,303
Marine insurance	65,624	9,839	6,009	10,118	36,787	2,871
Land and air insurance	59,463	34,208	7,789	10,124	(8,774)	16,116
Liability insurance	774,996	(26,104)	138,394	393,635	49,036	220,035
Surety insurance	4,586	468	667	2	35	3,414
Other property insurance	956,815	(30,322)	158,902	482,088	18,530	327,617
Accident insurance	246,127	(2,212)	60,912	106,124	10,734	70,569
Health insurance	6,536	(11,433)	1,227	594,659	(359,888)	(218,029)
Compulsory automobile liability insurance	236,596	(1,388)	30,677	168,252	2,640	36,415
Total	\$ <u>2,704,375</u>	<u>(53,508)</u>	<u>432,180</u>	<u>1,807,340</u>	<u>(205,948)</u>	<u>724,311</u>
For the three months ended September 30, 2021						
Item	Written premium	The net change in unearned premium reserve	Insurance contract acquisition cost	Claims	The net change in claims reverse	Gain (Loss)
Fire insurance	\$ 270,317	(70,804)	25,994	203,267	159,088	(47,228)
Marine insurance	66,569	6,803	5,683	11,158	10,751	32,174
Land and air insurance	51,691	33,053	5,934	4,663	(1,283)	9,324
Liability insurance	739,549	(30,654)	131,095	379,098	89,714	170,296
Surety insurance	3,659	(1,540)	444	23	(2,072)	6,804
Other property insurance	865,953	(69,796)	150,285	436,993	33,445	315,026
Accident insurance	217,297	(145,419)	53,216	143,237	3,402	162,861
Health insurance	18,777	(1,298)	3,633	8,670	(663)	8,435
Compulsory automobile liability insurance	238,063	(1,806)	31,031	140,679	(13,196)	81,355
Total	\$ <u>2,471,875</u>	<u>(281,461)</u>	<u>407,315</u>	<u>1,327,788</u>	<u>279,186</u>	<u>739,047</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

For the nine months ended September 30, 2022

Item	Written premium	The net change in unearned premium reserve	Insurance contract acquisition cost	Claims	The net change in claims reverse	Gain (Loss)
Fire insurance	\$ 1,252,983	157,943	105,417	175,798	450,209	363,616
Marine insurance	156,996	(29,481)	20,291	62,467	44,036	59,683
Land and air insurance	90,728	20,550	9,452	34,637	(19,885)	45,974
Liability insurance	2,457,774	86,363	436,036	1,244,918	77,816	612,641
Surety insurance	14,207	2,120	1,981	2,401	(999)	8,704
Other property insurance	2,897,110	37,705	483,270	1,429,754	133,975	812,406
Accident insurance	735,588	48,439	174,864	345,251	(33,916)	200,950
Health insurance	60,805	8,589	11,108	786,469	192,484	(937,845)
Compulsory automobile liability insurance	709,540	(5,838)	92,763	479,293	(16,834)	160,156
Total	\$ 8,375,731	326,390	1,335,182	4,560,988	826,886	1,326,285

For the nine months ended September 30, 2021

Item	Written premium	The net change in unearned premium reserve	Insurance contract acquisition cost	Claims	The net change in claims reverse	Gain (Loss)
Fire insurance	\$ 1,088,295	80,289	95,271	490,115	393,974	28,646
Marine insurance	174,759	(18,805)	17,972	62,167	17,372	96,053
Land and air insurance	80,061	13,283	7,833	9,222	5,900	43,823
Liability insurance	2,368,843	98,845	417,644	1,239,383	170,895	442,076
Surety insurance	13,418	(1,853)	1,841	2,449	1,938	9,043
Other property insurance	2,757,534	(10,268)	465,752	1,500,082	40,619	761,349
Accident insurance	846,719	208,030	156,791	442,776	(3,160)	42,282
Health insurance	60,990	29,815	12,295	17,346	(1,388)	2,922
Compulsory automobile liability insurance	717,410	(4,867)	94,025	498,859	(65,771)	195,164
Total	\$ 8,108,029	394,469	1,269,424	4,262,399	560,379	1,621,358

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(ii) Reinsurance cost-benefit analysis

For the three months ended September 30, 2022						
Item	Reinsurance premium	The net change in unearned premium reserve	Reinsurance commission expense	Reinsurance Claims	The net change in claims reverse	Ceded in Gain (Loss)
Fire insurance	\$ 9,957	(8,497)	83	24	1,618	16,729
Marine insurance	1,797	(120)	63	-	(183)	2,037
Land and air insurance	1,078	799	182	465	(220)	(148)
Liability insurance	12,027	(10,231)	3,593	17,840	3,824	(2,999)
Surety insurance	273	(110)	-	(6)	(45)	434
Other property insurance	(3,747)	(10,160)	(1,550)	1,834	1,685	4,444
Accident insurance	1,622	(224)	(635)	88	(2,030)	4,423
Health insurance	-	-	-	-	1,681	(1,681)
Compulsory automobile liability insurance	75,779	(462)	-	72,994	(179)	3,426
Total	\$ 98,786	(29,005)	1,736	93,239	6,151	26,665
For the three months ended September 30, 2021						
Item	Reinsurance premium	The net change in unearned premium reserve	Reinsurance commission expense	Reinsurance Claims	The net change in claims reverse	Ceded in Gain (Loss)
Fire insurance	\$ 32,655	11,450	485	45	7,425	13,250
Marine insurance	1,610	(365)	81	227	(3,854)	5,521
Land and air insurance	1,250	986	213	358	3,741	(4,048)
Liability insurance	(29)	(23,568)	-	25,308	16,539	(18,308)
Surety insurance	261	(23)	-	7	(138)	415
Other property insurance	7,650	(1,697)	2,003	3,161	(1,069)	5,252
Accident insurance	1,115	(288)	-	6,095	(9,185)	4,493
Health insurance	-	-	-	-	109	(109)
Compulsory automobile liability insurance	76,640	(230)	-	69,616	2,066	5,188
Total	\$ 121,152	(13,735)	2,782	104,817	15,634	11,654

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

For the nine months ended September 30, 2022

Item	Reinsurance premium	The net change in unearned premium reserve	Reinsurance commission expense	Reinsurance Claims	The net change in claims reverse	Ceded in Gain (Loss)
Fire insurance	\$ 52,440	(3,798)	740	709	1,486	53,303
Marine insurance	6,391	887	255	348	(538)	5,439
Land and air insurance	499	179	89	(68)	(252)	551
Liability insurance	14,119	(48,343)	3,721	36,798	10,994	10,949
Surety insurance	1,260	287	21	(279)	76	1,155
Other property insurance	15,914	(6,728)	3,415	7,752	1,728	9,747
Accident insurance	6,118	2,051	(524)	1,829	2,598	164
Health insurance	-	-	-	-	2,624	(2,624)
Compulsory automobile liability insurance	228,048	2	-	218,717	(13,271)	22,600
Total	\$ 324,789	(55,463)	7,717	265,806	5,445	101,284

For the nine months ended September 30, 2021

Item	Reinsurance premium	The net change in unearned premium reserve	Reinsurance commission expense	Reinsurance Claims	The net change in claims reverse	Ceded in Gain (Loss)
Fire insurance	\$ 67,286	9,289	1,620	316	10,047	46,014
Marine insurance	5,756	(14)	364	401	(1,882)	6,887
Land and air insurance	1,250	(40)	213	358	4,046	(3,327)
Liability insurance	1,382	(71,357)	145	82,918	10,155	(20,479)
Surety insurance	895	9	17	763	(551)	657
Other property insurance	26,625	(1,462)	6,370	9,192	(682)	13,207
Accident insurance	4,251	(46)	12	6,964	1,517	(4,196)
Health insurance	-	-	-	-	(149)	149
Compulsory automobile liability insurance	227,584	842	-	203,884	3,117	19,741
Total	\$ 335,029	(62,779)	8,741	304,796	25,618	58,653

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(iii) Gain/Loss on reinsurance contracts

For the three months ended September 30, 2022						
Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (257,715)	(1,086)	25,678	12,048	53,497	(167,578)
Marine insurance	(43,326)	11,023	3,280	2,606	27,573	1,156
Land and air insurance	(55,201)	35,041	9,013	7,095	(6,146)	(10,198)
Liability insurance	(108,060)	(23,332)	27,991	71,724	8,896	(22,781)
Surety insurance	(2,127)	722	156	1	(11)	(1,259)
Other property insurance	(191,869)	(43,241)	39,911	87,498	8,497	(99,204)
Accident insurance	(16,138)	(8,155)	4,501	10,569	1,888	(7,335)
Health insurance	(495)	(3,856)	-	1,816	543	(1,992)
Compulsory automobile liability insurance	(100,214)	(831)	-	101,529	1,600	2,084
Total	\$ (775,145)	(33,715)	110,530	294,886	96,337	(307,107)
For the three months ended September 30, 2021						
Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (171,062)	(45,980)	21,247	158,916	154,229	117,350
Marine insurance	(45,380)	7,115	3,510	7,547	1,357	(25,851)
Land and air insurance	(42,168)	29,513	1,382	2,398	(58)	(8,933)
Liability insurance	(114,672)	(23,752)	31,610	86,267	14,867	(5,680)
Surety insurance	(1,521)	(834)	207	11	(2,086)	(4,223)
Other property insurance	(171,491)	(40,797)	37,363	111,340	4,762	(58,823)
Accident insurance	(23,501)	(155,446)	7,070	42,880	(2,251)	(131,248)
Health insurance	1,981	(2,889)	31	1,747	(144)	726
Compulsory automobile liability insurance	(100,957)	(1,083)	-	83,766	(8,424)	(26,698)
Total	\$ (668,771)	(234,153)	102,420	494,872	162,252	(143,380)

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

For the nine months ended September 30, 2022

Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (860,241)	106,730	92,583	119,634	224,632	(316,662)
Marine insurance	(79,381)	(26,689)	8,281	40,926	22,948	(33,915)
Land and air insurance	(75,743)	24,496	9,574	29,392	(19,055)	(31,336)
Liability insurance	(343,215)	(46,669)	90,289	238,189	5,868	(55,538)
Surety insurance	(5,790)	1,122	824	1,233	(506)	(3,117)
Other property insurance	(585,819)	(57,127)	122,240	301,147	71,763	(147,796)
Accident insurance	(68,956)	(3,242)	13,270	63,786	(17,318)	(12,460)
Health insurance	(7,583)	2,679	-	6,495	1,294	2,885
Compulsory automobile liability insurance	(300,211)	(3,503)	-	287,198	(10,298)	(26,814)
Total	\$ (2,326,939)	(2,203)	337,061	1,088,000	279,328	(624,753)

For the nine months ended September 30, 2021

Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (715,385)	32,886	61,286	340,938	411,959	131,684
Marine insurance	(108,059)	(17,527)	9,184	30,099	11,368	(74,935)
Land and air insurance	(58,546)	11,240	1,825	3,842	6,071	(35,568)
Liability insurance	(361,973)	(52,202)	101,870	285,807	20,365	(6,133)
Surety insurance	(5,331)	(1,372)	892	1,246	686	(3,879)
Other property insurance	(574,833)	(82,051)	124,539	419,783	(7,206)	(119,768)
Accident insurance	(266,909)	159,129	53,111	160,382	(3,066)	102,647
Health insurance	(7,940)	6,946	(4)	3,823	200	3,025
Compulsory automobile liability insurance	(304,734)	(2,920)	-	297,460	(40,362)	(50,556)
Total	\$ (2,403,710)	54,129	352,703	1,543,380	400,015	(53,483)

(t) Disclosure of insurance contract risk

Except for the following disclosure, there were no significant changes in the Company's objectives, policies, procedures and methods used to manage the risk management of insurance contracts and the credit risk, liquidity risk and market risk of insurance contracts for the nine months ended September 30, 2022 and 2021. For the related information, please refer to Note 6(u) of the financial statements for the year ended December 31, 2021.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(i) Insurance risk information

1) Sensitivity analysis of insurance risk

Item	For the nine months ended September 30, 2022				
	Written premium	Expected rate of loss	Effect of profit or loss on 1% movement of expected rate of loss		
			Before reinsurance	After reinsurance	
Fire insurance	\$ 1,305,423	65.57 %	11,531	3,995	
Marine insurance	163,387	63.71 %	1,920	859	
Land and air insurance	91,227	70.19 %	705	192	
Liability insurance	2,471,893	66.04 %	24,339	20,440	
Surety insurance	15,467	72.63 %	131	84	
Other property insurance	2,913,024	64.56 %	28,820	22,391	
Accident insurance	741,706	72.86 %	6,912	6,190	
Health insurance	60,805	65.15 %	522	473	
Compulsory automobile liability insurance	937,588	No applicable	No applicable	No applicable	

Item	For the nine months ended September 30, 2021				
	Written premium	Expected rate of loss	Effect of profit or loss on 1% movement of expected rate of loss		
			Before reinsurance	After reinsurance	
Fire insurance	\$ 1,155,581	66.55 %	10,695	3,870	
Marine insurance	180,515	64.70 %	1,993	737	
Land and air insurance	81,311	69.70 %	681	208	
Liability insurance	2,370,225	65.91 %	23,427	19,286	
Surety insurance	14,313	72.44 %	162	95	
Other property insurance	2,784,159	64.77 %	27,959	21,390	
Accident insurance	850,970	74.40 %	6,430	5,352	
Health insurance	60,990	70.56 %	312	302	
Compulsory automobile liability insurance	944,994	No applicable	No applicable	No applicable	

Note: Due to various insurance contract frameworks are difference, the impact of a one percent change in rate of expected loss is not linear relationship to incomes and losses.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

2) Concentration of insurance risk

The risk of insurance risk concentration is controlled by reinsurance transfer method. For example, the risk caused by natural disasters is based on the RMS and AIR natural disaster model and the selected 250-year regression period is used as the basis for arranging the natural disaster reinsurance contract. Its content is used as a reference for setting key risk indicators for catastrophe.

a) The premium proportion of underwriting and ceded in reinsurance.

The insurance contracts which the Company underwrites are separated in various types of insurances, and not concentrated in any single type of insurance. The top 3 insurances in terms of proportion is voluntary automobile insurance, compulsory automobile liability insurance and accident insurance. The voluntary automobile insurance has the highest proportion accounts for 53.14% and 53.55% for the nine months ended September 30, 2022 and 2021, respectively. Although the proportion is slightly higher than other insurances, the loss experience of voluntary automobile insurance is stable and the risk variation is low. The remaining types of insurance are no risk concentration.

The premium proportion of underwriting insurance and ceded in reinsurance:

Type	For the nine months ended September 30,			
	2022		2021	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 647,514	7.44 %	572,907	6.79 %
Marine cargo insurance	115,546	1.33 %	104,098	1.23 %
Hull, fishing vessel and aviation insurance	136,694	1.57 %	155,192	1.84 %
Voluntary automobile insurance	4,623,771	53.14 %	4,521,347	53.55 %
Compulsory automobile liability insurance	937,588	10.78 %	944,994	11.19 %
Liability insurance	319,120	3.67 %	258,321	3.06 %
Engineering and nuclear insurance	375,574	4.32 %	307,180	3.64 %
Surety and credit insurance	15,467	0.18 %	14,312	0.17 %
Other property insurance	43,815	0.50 %	46,817	0.55 %
Accident insurance	741,707	8.52 %	850,970	10.08 %
Typhoon, flood and earthquake insurance	658,142	7.56 %	579,761	6.87 %
Personal and commercial all-risk insurance	22,596	0.26 %	20,779	0.25 %
Health insurance	60,805	0.70 %	60,990	0.72 %
Overseas ceded-in reinsurance	2,181	0.03 %	5,390	0.06 %
Total	\$ 8,700,520	100.00 %	8,443,058	100.00 %

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

b) Percentage of retained premium

The top 3 insurances with the highest proportion is voluntary automobile insurance, compulsory automobile liability insurance, accident insurance in term of retained business. The voluntary automobile insurance which has the highest proportion accounts for 63.03% and 63.89% for the nine months ended September 30, 2022 and 2021, respectively. The Company assesses the possibility of accumulated loss in order to arrange the contracts of reinsuring to diversify the risk. Therefore, there is no the situation of risk concentration.

In addition, the insurance which is likely to result in significant accumulated loss such as catastrophe insurance (earthquake, typhoon and flood) and the insurances are likely to result in accumulation are property insurance (fire insurance and engineering insurance), marine insurance and accident insurance should avoid the operating risk resulting from the underwriting risk concentration, the Company has bought catastrophe reinsurance contracts in advance for abovementioned insurances to diversify the risk.

The percentage of retained premium was as follows:

Type	For the nine months ended September 30,			
	2022		2021	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 251,422	3.94 %	257,571	4.26 %
Marine cargo insurance	93,769	1.47 %	83,083	1.38 %
Hull, fishing vessel and aviation insurance	5,431	0.09 %	11,542	0.19 %
Voluntary automobile insurance	4,017,499	63.03 %	3,858,245	63.89 %
Compulsory automobile liability insurance	637,377	10.00 %	640,260	10.60 %
Liability insurance	206,306	3.24 %	162,199	2.69 %
Engineering and nuclear insurance	174,817	2.74 %	138,610	2.29 %
Surety and credit insurance	9,677	0.15 %	8,981	0.15 %
Other property insurance	35,708	0.56 %	38,342	0.63 %
Accident insurance	672,750	10.56 %	584,061	9.67 %
Typhoon, flood and earthquake insurance	193,994	3.04 %	179,713	2.98 %
Personal and commercial all-risk insurance	21,512	0.34 %	20,211	0.33 %
Health insurance	53,223	0.84 %	53,050	0.88 %
Overseas ceded-in reinsurance	96	-	3,480	0.06 %
Total	\$ 6,373,581	100.00 %	6,039,348	100.00 %

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

3) Claims trend

For the nine months ended September 30, 2022

Occurrence year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1	38,110,201	2,593,826	3,019,920	3,505,019	4,231,875	3,846,573	4,548,623	4,201,280	4,120,597	4,742,416	4,251,784
2	38,426,550	2,885,933	3,216,949	3,615,016	4,483,260	4,058,010	4,804,267	4,901,074	4,890,228	5,256,790	
3	38,277,122	2,855,978	3,161,079	3,557,644	4,338,968	3,989,815	4,784,261	4,774,671	4,897,211		
4	38,232,192	2,837,248	3,151,586	3,530,087	4,331,187	3,997,617	4,714,228	4,770,323			
5	38,188,054	2,835,816	3,151,839	3,505,206	4,348,353	3,972,187	4,709,524				
6	38,132,348	2,830,761	3,130,980	3,518,795	4,300,980	3,971,375					
7	38,113,784	2,834,001	3,155,004	3,501,489	4,300,716						
8	38,095,426	2,849,616	3,128,978	3,501,513							
9	38,410,214	2,833,969	3,127,919								
10	38,070,353	2,835,095									
11	38,066,733										
Estimates	38,066,733	2,835,095	3,127,919	3,501,513	4,300,716	3,971,375	4,709,524	4,770,323	4,897,211	5,256,790	4,251,784
Actual	38,026,534	2,828,940	3,118,384	3,496,730	4,287,057	3,928,566	4,656,635	4,670,926	4,712,050	4,228,920	2,541,163
Subtotal	40,199	6,155	9,535	4,783	13,659	42,809	52,889	99,397	185,161	1,027,870	1,710,621
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	40,199	6,155	9,535	4,783	13,659	42,809	52,889	99,397	185,161	1,027,870	1,710,621

For the nine months ended September 30, 2021

Occurrence year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
1	35,468,198	2,724,767	2,593,826	3,019,920	3,505,019	4,231,875	3,846,573	4,548,623	4,201,280	4,120,597	3,549,903
2	35,385,434	2,990,271	2,885,933	3,216,949	3,615,016	4,483,260	4,058,010	4,804,267	4,901,074	4,883,452	
3	35,436,279	2,954,427	2,855,978	3,161,079	3,557,644	4,338,968	3,989,815	4,784,261	4,802,609		
4	35,322,695	2,934,992	2,837,248	3,151,586	3,530,087	4,331,187	3,997,617	4,720,646			
5	35,297,200	2,908,274	2,835,816	3,151,839	3,505,206	4,348,353	3,972,903				
6	35,279,780	2,881,191	2,830,761	3,130,980	3,518,795	4,310,959					
7	35,251,157	2,880,642	2,834,001	3,155,004	3,502,187						
8	35,233,142	2,875,661	2,849,616	3,128,996							
9	35,219,765	2,900,934	2,834,051								
10	35,509,280	2,877,043									
11	35,193,353										
Estimates	35,193,353	2,877,043	2,834,051	3,128,996	3,502,187	4,310,959	3,972,903	4,720,646	4,802,609	4,883,452	3,549,903
Actual	35,174,301	2,853,296	2,829,296	3,118,761	3,494,272	4,295,893	3,922,112	4,625,839	4,583,269	4,428,358	1,987,690
Subtotal	19,052	23,747	4,755	10,235	7,915	15,066	50,791	94,807	219,340	455,094	1,562,213
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	19,052	23,747	4,755	10,235	7,915	15,066	50,791	94,807	219,340	455,094	1,562,213

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(ii) Credit risk of insurance contracts

1) Credit risk

- a) Compliance with the “Regulations Governing the Provision of Unauthorized Reinsurance Reserves for Insurance Company” No.5, the transaction with unauthorized reinsurers shall be represented in the notes of financial statements and the content shall include:
- i) The summary of unauthorized reinsurance contracts and types of reinsurance.
 - ii) The reinsurance premium expense of unauthorized reinsurance contracts.
 - iii) General description of the amount of unauthorized reserve and its components.
- b) The abstract and related insurance of unauthorized reinsurance contracts in the Company were as follows:

As of September 30, 2022

Company	Annotation
Asia Capital Reinsurance Group Pte Ltd.	Facultative reinsurance of each kind of insurance
Asia Capital Reinsurance Group Pte Ltd. (Hong Kong Branch)	Treaty and Facultative reinsurance of each kind of insurance
Trust International Insurance and Reinsurance CO.B.S.C (C) Trust Re	Treaty and Facultative reinsurance of each kind of insurance
S-Squared Insurance Company, Inc.	Facultative reinsurance of fire insurance

As of December 31, 2021

Company	Annotation
Asia Capital Reinsurance Group Pte Ltd.	Facultative reinsurance of each kind of insurance
Asia Capital Reinsurance Group Pte Ltd. (Hong Kong Branch)	Treaty and Facultative reinsurance of each kind of insurance
Trust International Insurance and Reinsurance CO. B.S.C. (C) Trust Re	Treaty and Facultative reinsurance of each kind of insurance
Mugatlal Bhagwandas Boda & Company	Treaty reinsurance of engineering insurance

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

As of September 30, 2021

<u>Company</u>	<u>Annotation</u>
Asia Capital Reinsurance Group Pte Ltd.	Facultative reinsurance of each kind of insurance
Asia Capital Reinsurance Group Pte Ltd. (Hong Kong Branch)	Treaty and Facultative reinsurance of each kind of insurance
Trust International Insurance and Reinsurance CO. B.S.C. (C) Trust Re	Treaty and Facultative reinsurance of each kind of insurance
Mugatlal Bhagwandas Boda & Company	Treaty reinsurance of engineering insurance

- c) For the nine months ended September 30, 2022 and 2021, the reinsurance premium expenses (reversal) for unauthorized reinsurance in the Company amounted to \$4,854 and \$(95), respectively.
- d) The principal summary of amounts and component items of unauthorized reinsurance reserve in the Company were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Unearned premium reserve	\$ 3,431	-	-
Claims recoverable from reinsurers reported but unpaid	2,272	4,465	4,598
The unauthorized reinsurance reserves- Total	<u>\$ 5,703</u>	<u>4,465</u>	<u>4,598</u>

2) Liquidity risk

The Company's liquidity risk includes capital liquidity risk and market liquidity risk of insurance contracts, via monitoring and managing the liquidity risk of risk management to maintain the sufficient liquidity when the occasion events and raise the balance of assets income investment.

To ensure the operating stability, the Company needs the sufficient liquidity assets that can immediately into cash in case the needs of premium deficiency or unexpected claim duty increase sharply.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

3) Market risk

The market risk of insurance contracts in the Company includes interest rate risk, foreign currency risk and price risk. The monitoring market risk includes the overall and individual transaction processes of each trading unit and each financial product, such as change in positions, change in profit and loss, trading patterns and trading targets, etc., which should be carried out within the scope of the Company including quota, stop loss and over limit treatment. The competent authority shall conduct risk reporting according to its responsibilities and the risk management department shall regularly report the market risk monitoring table to the operating management and report to the risk management committee and the Board of Directors regularly.

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

Maximum credit risk exposure was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Cash and cash equivalents	\$ 3,144,874	3,648,227	3,118,494
Receivables	901,956	680,984	875,677
Financial assets at fair value through profit or loss	808,339	1,879,359	1,868,535
Financial assets at fair value through other comprehensive income	2,147,353	2,080,399	2,151,148
Financial assets at amortized cost	2,533,705	1,396,058	1,396,139
Other financial assets	1,894,120	2,427,420	2,040,920
Reinsurance contract assets	428,062	493,668	600,918
Other assets	690,965	702,841	697,797
Total	\$ 12,549,374	13,308,956	12,749,628

The Company does not involve into lending business. The financial assets are mainly receivables, reinsurance contract assets and investment projects in the open market. The credit risk is controlled by the limit method and the risk status of the counterparty is assessed regularly.

As of September 30, 2022, December 31 and September 30, 2021, the overdue refundable deposits accounted for under other assets were \$20,000, \$0 and \$0, which provisioned the loss allowance \$20,000, \$0 and \$0, respectively.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

2) Impairment loss of receivables

The expected credit losses of receivables were as follows:

	September 30, 2022				Total
	Not overdue	Overdue under 90 days	Overdue for 91- 270 days	Overdue 271 over days	
Notes receivable:					
Expected credit loss rate	0.08%	100%	100%	100%	
Carrying amount	\$ 304,665	6	-	-	304,671
Expected credit loss amount	244	6	-	-	250
Premiums receivable:					
Expected credit loss rate	0.45%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 370,560	61,219	13,321	1,122	446,222
Expected credit loss amount	1,672	2,316	670	1,122	5,780
Other receivables:					
Carrying amount	\$ 157,897	1,911	3,462	31,614	194,884
Expected credit loss amount	1,501	1,307	3,369	31,614	37,791
	December 31, 2021				
	Not overdue	Overdue under 90 days	Overdue for 91- 270 days	Overdue 271 over days	Total
Notes receivable:					
Expected credit loss rate	0.12%	100%	100%	100%	
Carrying amount	\$ 246,374	21	-	1,137	247,532
Expected credit loss amount	292	21	-	1,137	1,450
Premiums receivable:					
Expected credit loss rate	0.53%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 259,771	11,741	24,031	1,214	296,757
Expected credit loss amount	1,379	380	1,014	1,214	3,987
Other receivables:					
Carrying amount	\$ 142,856	2,605	2,856	28,197	176,514
Expected credit loss amount	2,275	1,559	2,351	28,197	34,382

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

	September 30, 2021				
	Not overdue	Overdue under 90 days	Overdue for 91- 270 days	Overdue 271 over days	Total
Notes receivable:					
Expected credit loss rate	0.12%	100%	100%	100%	
Carrying amount	\$ 251,805	145	-	1,138	253,088
Expected credit loss amount	300	145	-	1,138	1,583
Premiums receivable:					
Expected credit loss rate	0.39%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 366,439	72,660	18,263	1,241	458,603
Expected credit loss amount	1,440	2,283	758	1,241	5,722
Other receivables:					
Carrying amount	\$ 173,054	2,461	2,929	25,315	203,759
Expected credit loss amount	3,428	1,432	2,293	25,315	32,468

3) The movement in loss allowance and information of credit quality of financial assets at amortized cost

a) The movement in loss allowance

	For the nine months ended September 30, 2022					The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	Total
	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)	-		
Beginning balance	\$ 654	-	-	654	-	654	
Changes	383	-	-	383	-	383	
Ending balance	<u>\$ 1,037</u>	<u>-</u>	<u>-</u>	<u>1,037</u>	<u>-</u>	<u>1,037</u>	

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

For the nine months ended September 30, 2021						
	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)	The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	Total
Beginning balance	\$ 873	-	-	873	-	873
Changes	(215)	-	-	(215)	-	(215)
Ending balance	\$ 658	-	-	658	-	658

b) The information of credit quality

September 30, 2022											
stage1				stage2							
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total	stage3	Allowance impairment loss	Total
Financial assets at amortized cost (including statutory deposit)	\$ 2,964,931	-	-	2,964,931	-	-	-	-	-	1,037	2,963,894
December 31, 2021											
stage1				stage2							
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total	stage3	Allowance impairment loss	Total
Financial assets at amortized cost (including statutory deposit)	\$ 1,820,353	-	-	1,820,353	-	-	-	-	-	654	1,819,699
September 30, 2021											
stage1				stage2							
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total	stage3	Allowance impairment loss	Total
Financial assets at amortized cost (including statutory deposit)	\$ 1,820,408	-	-	1,820,408	-	-	-	-	-	658	1,819,750

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(ii) Liquidity risk

The following table shows the maturity date of financial liabilities. The Company does not anticipate that the cash flow of the maturity analysis will occur significantly earlier, or the actual amount will be significantly different.

		September 30, 2022					
		Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Non-derivative financial liabilities							
Payables							
Claims payable	\$	23,670	23,670	21,016	23	21	2,610
Commissions payable		205,147	205,147	205,147	-	-	-
Due to ceding companies		631,598	631,598	619,966	5,785	285	5,562
Other payables		317,158	317,158	196,421	120,159	81	497
Lease liabilities		15,476	15,738	4,256	5,082	1,229	5,171
Other liabilities							
Guarantee deposits received		6,882	6,882	225	407	15	6,235
Total	\$	<u>1,199,931</u>	<u>1,200,193</u>	<u>1,047,031</u>	<u>131,456</u>	<u>1,631</u>	<u>20,075</u>
		December 31, 2021					
		Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Non-derivative financial liabilities							
Payables							
Claims payable	\$	2,849	2,849	182	135	53	2,479
Commissions payable		178,446	178,446	178,446	-	-	-
Due to ceding companies		620,083	620,083	577,166	40,301	-	2,616
Other payables		436,307	436,307	400,982	35,000	10	315
Lease liabilities		18,257	18,545	3,662	6,596	2,728	5,559
Other liabilities							
Guarantee deposits received		6,730	6,730	1,161	1,382	149	4,038
Reinsurance liability reserve deposits		3,754	3,754	3,754	-	-	-
Total	\$	<u>1,266,426</u>	<u>1,266,714</u>	<u>1,165,353</u>	<u>83,414</u>	<u>2,940</u>	<u>15,007</u>

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

	September 30, 2021					
	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Non-derivative financial liabilities						
Payables						
Claims payable	\$ 20,184	20,184	17,515	105	1,465	1,099
Commissions payable	182,646	182,646	182,646	-	-	-
Due to ceding companies	533,439	533,439	520,926	7,242	-	5,271
Other payables	333,619	333,619	184,292	149,012	-	315
Lease liabilities	19,375	19,689	3,726	6,502	2,506	6,955
Other liabilities						
Guarantee deposits received	6,509	6,509	96	2,454	88	3,871
Reinsurance liability reserve deposits	21,345	21,345	21,345	-	-	-
Total	\$ 1,117,117	1,117,431	930,546	165,315	4,059	17,511

(iii) Foreign currency risk

1) Exposure about foreign currency risk

The amounts of the original currency (in thousands) exposed to the significant foreign currency exchange rate risk were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Financial assets			
Monetary items			
USD	\$ 7,270	6,777	4,723
EUR	178	63	60
JPY	121	120	185
HKD	50	50	64
KRW	23	153	46
CNY	-	40	-
GBP	29	25	38
THB	62	1,322	1,322
Financial liability			
Monetary items			
USD	4,196	4,040	3,393
KRW	500	365	313

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

Important rate:

	Rates		
	September 30, 2022	December 31, 2021	September 30, 2021
USD	\$ 31.75	27.68	27.85
EUR	31.26	31.32	32.32
JPY	0.2201	0.2405	0.2490
HKD	4.04	3.55	3.58
KRW	0.0224	0.0235	0.0237
CNY	4.47	4.34	4.31
GBP	35.53	37.30	37.46
THB	0.8452	0.8347	0.8284

2) Sensitivity analysis

As of June 30, 2022 and 2021, with all other variable factors that remain constant, when NTD increases 1% compared to other currency, the amount of the Company's comprehensive income will increase as follows:

	September 30, 2022	September 30, 2021
USD(increases 1%)	\$ 781	296
EUR(increases 1%)	45	16
HKD(increases 1%)	2	2
GBP(increases 1%)	8	11
THB(increases 1%)	-	9

Conversely, if there is a decrease of 1% compared to other currency based on all other variables remain the same, there will be the same amount but opposite direction of influence as of September 30, 2022 and 2021.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(iv) Interest rate risk

1) Summary

The amounts of interest bearing financial instruments related to interest rate risk on the reporting date were as follows:

	Carring Amount		
	September 30, 2022	December 31, 2021	September 30, 2021
Variable interest rate instrument:			
Term deposit	\$ <u>925,220</u>	<u>457,000</u>	<u>649,220</u>

2) Sensitivity Analysis of variable interest rate financial instruments

Based on the carrying amount of those financial instruments on the reporting date, assuming they are held for one year, and all other variable factors remaining constant, when interest rate change 10 basis points, the Company's net income will increase or decrease as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Increase 10 basis points	\$ 925	457	649
Decrease 10 basis points	(925)	(457)	(649)

(v) Fair value and hierarchy information

1) Fair value information

a) General description

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction among market participants at the measurement date.

b) Definition of fair value hierarchy

i) Level 1

The input of Level 1 is the public quote of the same financial instrument in an active market. An active market is a market that meets all the conditions listed below: Products traded in the market is of homogeneity; it is able to reach buyer and seller anytime in the market and the price information can be accessed by the public. Listed stock, OTC stock, beneficiary certificates, as well as equity and derivative instruments with public quote in an active market possessed by the Company belong to Level 1.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

ii) Level 2

The input of Level 2 refers to observable price except public quote in an active market, including direct observable input parameters (such as price) or indirect observable input parameters (derivation from price).

iii) Level 3

The input of level 3 is the parameters of measuring fair value, which is from neither on direct market data nor from the counter party.

2) Based on fair value measurement

a) Hierarchy information of fair value

The Company's financial instruments measured at fair value are evaluated on a recurring basis. The financial assets and liabilities measured at fair value were as follows:

<u>Assets and liabilities</u>		<u>September 30, 2022</u>			
		<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
<u>Repeatable fair value measurement</u>					
<u>Non-derivative financial assets</u>					
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 86,827	86,827	-	-	
Real estate investment trust beneficiary certificates	340,398	340,398	-	-	
Stocks	381,114	381,114	-	-	
Financial assets at fair value through other comprehensive income					
Stocks	2,147,353	2,131,869	-	15,484	
		<u>December 31, 2021</u>			
<u>Assets and liabilities</u>		<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
<u>Repeatable fair value measurement</u>					
<u>Non-derivative financial assets</u>					
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 131,006	131,006	-	-	-
Real estate investment trust beneficiary certificates	342,856	342,856	-	-	-
Stocks	1,405,497	1,405,497	-	-	-
Financial assets at fair value through other comprehensive income					
Stocks	2,080,399	2,065,027	-	-	15,372

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

Assets and liabilities	September 30, 2021			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Repeatable fair value measurement				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 92,896	92,896	-	-
Real estate investment trust beneficiary certificates	335,860	335,860	-	-
Stocks	1,439,779	1,439,779	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,151,148	2,136,000	-	15,148

b) Valuation techniques of fair value measurement

The valuation of non-derivative financial instruments are based on transparent offer price as fair value if there is existence of active market. The basic of fair value is the market price announced by stock exchange, OTC, etc., the listed stocks and OTC stocks as equity instruments, and debt instruments in active market.

If obtaining frequently and timely transparent offers from stock exchange, brokers, securities underwriter, industrial union and set price service organization or supervisor organization that means the price is actual and frequent fair market deal that is the transparent offer price as fair value in the active market. If the conditions above mentioned are fail, the market is considered as non active market. Generally, the difference between bid ask is big and significant or with the volume of deal is few would be indicated that non active market. The equity of non transparent offer price shall be evaluated by valuation techniques by using the Market approach public company comparable with the discount of lack equity liquidity.

c) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the nine months ended September 30, 2022 and 2021.

d) Movements of financial assets at fair value classified into Level 3

Name	For the nine months ended September 30, 2022							
	Balance at the beginning of the year	Gains and losses on valuation		Increase		Decrease		Balance at the end of the year
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transferred from Level 3	Sale, disposal or settlement	Transferred out Level 3	
Financial assets at fair value through other comprehensive income	\$ 15,372	-	112	-	-	-	-	15,484

Name	For the nine months ended September 30, 2021							
	Balance at the beginning of the year	Gains and losses on valuation		Increase		Decrease		Balance at the end of the year
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transferred from Level 3	Sale, disposal or settlement	Transferred out Level 3	
Financial assets at fair value through other comprehensive income	\$ 13,944	-	1,204	-	-	-	-	15,148

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- e) Quantified information of fair value measurement for significant unobservable inputs (Level 3)

The Company's Level 3 fair value measurements are financial assets at fair value through other comprehensive income – equity instruments investment.

The Company's equity instruments investment without active market include multiple significant unobservable inputs. Those unobservable inputs of equity instrument without active market are independent from each other, thus, they are not correlative. Since the correlation between significant unobservable inputs and fair value cannot be fully measured in practical, the quantified information is not disclosed.

<u>Items</u>	<u>Evaluation</u>	<u>significant unobservable inputs</u>	<u>relationship between significant unobservable inputs and the fair value</u>
Financial assets at fair value through other comprehensive income - equity instruments without an active market	Market method	<ul style="list-style-type: none"> · Price to Book Ratio · Discount for lack of marketability 	<ul style="list-style-type: none"> · The higher price to book ratio is, the higher fair value is. · The higher discount for lack of marketability is, the lower the fair value is.

- f) Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value

The fair value measurement that the Company made for the financial instruments is deemed reasonable; however, different valuation models or inputs could result in different valuation results. Specifically, if the valuation input of financial instruments classified in the Level 3 changes by 1%, the effects on other comprehensive income are as follows:

	<u>Change in fair value recognized in other comprehensive income</u>	
	<u>Favorable</u>	<u>Unfavorable</u>
September 30, 2022		
Financial assets fair value through other comprehensive income	\$ <u>155</u>	<u>(155)</u>
December 31, 2021		
Financial assets fair value through other comprehensive income	\$ <u>154</u>	<u>(154)</u>
September 30, 2021		
Financial assets fair value through other comprehensive income	\$ <u>151</u>	<u>(151)</u>

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

Favorable and unfavorable movements of the Company refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the unobservable inputs to different extent. If the fair value of a financial instrument is affected by more than one input, the above table only illustrates the effect as a result of one single input, and the correlation and variance among multiple inputs are not listed here.

(vi) Financial instruments not measured at fair value

1) Fair value information

The carrying amount of financial instruments not measured at fair value, such as cash and cash equivalents, receivables, reinsurance assets, other financial assets, account payables and other financial liabilities that are approximate to the fair value in the Company does not disclose the fair value, except for below items:

<u>Item</u>	<u>Carrying amount</u>	<u>Fair value</u>
September 30, 2022		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	\$ 2,963,894	2,926,656
Investment Property	852,899	1,569,143
December 31, 2021		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	1,819,699	1,831,958
Investment Property	856,508	1,770,222
September 30, 2021		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	1,819,750	1,840,147
Investment Property	798,585	1,686,873

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

2) Fair value information

		<u>September 30, 2022</u>		
<u>Item</u>	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Financial assets at amortized cost \$ (included statutory deposits)	2,926,656	-	2,926,656	-
Investment property	1,569,143	-	-	1,569,143
		<u>December 31, 2021</u>		
<u>Item</u>	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Financial assets at amortized cost \$ (included statutory deposits)	1,831,958	-	1,831,958	-
Investment property	1,770,222	-	-	1,770,222
		<u>September 30, 2021</u>		
<u>Item</u>	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Financial assets at amortized cost \$ (included statutory deposits)	1,840,147	-	1,840,147	-
Investment property	1,686,873	-	-	1,686,873

3) Valuation techniques

The valuation assumption and methods of financial instruments not measured at fair value is used by the Company were as follows:

- a) The fair value of short-term financial commodity is estimated by the carrying amount of balance sheet. The carrying amount is the reasonable basis to estimate the fair value, because the maturity date of the commodity is near. The method applied on cash and equivalent cash, accounts receivables and accounts payables.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- b) Financial assets at amortized cost (bond investments without active market)

If investments assets measured at amortized cost have transaction price or quotes of the market makers, use the recent transaction price and quotes as the basis of estimating fair value. If without market value, discounted cash flow method or the quotes of the counterparties are used to calculate fair value or the quoted prices of the counter party.

- c) The refundable deposits and guarantee deposits have no specific maturity date, as a result, using the carrying amount on the balance sheet as the fair value.
- d) The fair value of investment property is assessed by the market practices.

- 4) Transfer between Level 1 and Level 2

There were no transfer for the nine months ended September 30, 2022 and 2021.

- (v) Financial risk management

There were no significant changes in the Company's financial risk management objectives and policies as disclosed in Note 6(w) of the financial statements for the year ended December 31, 2021.

- (w) Capital Management

Management believes that the objectives, policies and processes of capital management of the Company has been applied consistently with those described in the financial statements for the year ended December 31, 2021. For the related information, please refer to Note 6(x) of the financial statements for the year ended December 31, 2021.

- (x) Structured entities not included in the financial statements

- (i) The Company possesses the equities of the following structured entities which are not included in the financial statements. The fund is from the Company and an outside third party:

<u>Types of structured entity</u>	<u>Characteristic and purpose</u>	<u>Equity owned by the Company</u>
Assets securitization products-REITS	Invests in assets securitization products of commercial real estate.	Asset backed securities issued by the entity

- (ii) The carrying amount of the assets related to the structured entities recognized by the Company but not yet included in the financial statements on September 30, 2022, December 31 and September 30, 2021, were as follows:

<u>September 30, 2022</u>	<u>Asset securitization products-REITS</u>
Assets possessed by the Company	
– Financial assets at fair value through profit or loss	\$ 340,398
Total assets possessed by the company	\$ 340,398

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

December 31, 2021	Asset securitization products-REITS
Assets possessed by the Company	
– Financial assets at fair value through profit or loss	\$ 342,856
Total assets possessed by the company	<u>\$ 342,856</u>
September 30, 2021	Asset securitization products-REITS
Assets possessed by the Company	
– Financial assets at fair value through profit or loss	\$ 335,860
Total assets possessed by the company	<u>\$ 335,860</u>

The maximum exposure of the possible loss from the entity is the carrying amount of the assets possessed.

- (iii) The Company did not provide any financial support for the asset securitization products not included in the financial statements for the nine months ended September 30, 2022 and 2021.

(7) Related-party transactions:

- (a) Final controller

Mr. Tsai Yan Ming is the Company final controller.

- (b) Names and relationship of related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

Name of Related Party	Relationship with the Company
Want Want Co., Ltd.	Material related party
Want Chia Enterprises Co.,Ltd.	Material related party
H.Y. Tsai Co., Ltd.	Material related party
Tsai Ho Want Enterprises Co., Ltd.	Material related party
Want Want Constructions Co., Ltd.	Material related party
Digital Commercial Times Inc.	Material related party
CTI Television Incorporation Co., Ltd.	Material related party
China Times Culture Co., Ltd.	Material related party
Times Travel Service Co., Ltd. (Previous Company Name : China Times Travel Service Co., Ltd.)	Material related party
China Television Company Co., Ltd.	Material related party
Touche Innovative Media Co., Ltd.	Material related party
Media Sphere Communications Ltd.	Material related party
K Venture Co., Ltd.	Material related party

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
TY Star Network Technology Co., Ltd.	Material related party
Want Tai Media Co., Ltd.	Material related party
I Lan Foods Ind. Co., Ltd.	Material related party
First Family Enterprise Co., Ltd.	Material related party
Want Pu Trading Limited, Taiwan Branch (B.V.I)	Material related party
Newwing Limited, Taiwan Branch (B.V.I)	Material related party
Twitcher Taiwan Limited, Taiwan Branch (B.V.I)	Material related party
San Want Hotel Co., Ltd.	Material related party
Shao Yuan Co., Ltd.	Material related party
Jia Peng Development Co., Ltd.	Material related party
Ho Yuan Want Co., Ltd.	Material related party
Taiwan Marketing Logistics Co., Ltd.	Material related party
Hao Want Co., Ltd.	Material related party
Wulai Tourism Co., Ltd.	Material related party
Ren Want Co., Ltd.	Material related party
Earth Want Co., Ltd.	Material related party
IBF Securities Co., Ltd.	Material related party
International Bills Finance Corp.	Material related party
Nuowant Biomedical Technology Co., Ltd.	Material related party
Daywant Biomedicl Co., Ltd.	Material related party
Commercial Culture Co., Ltd.	Material related party
Hongkong Hai Tian Aquaculture Holdings Limited, Taiwan Branch (Previous Company Name : HongKong Da Want Aquaculture Holdings Limited, Taiwan Branch)	Material related party

All directors, supervisors, managers, chairman of the board, general managers are the Company's related parties.

(c) Compensation of key management personnel

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 12,280	10,357	29,371	31,193
Short-term employee benefits-paid leave	652	49	1,272	568
Post-employment benefits	235	122	480	423
Total	<u>\$ 13,167</u>	<u>10,528</u>	<u>31,123</u>	<u>32,184</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(d) Significant transactions with related parties were as follows:

(i) The details of written premium, account receivables, and prepaid expenses were as follows:

1) Written premium

	For the three months ended September 30,	
	2022	2021
	Amount	Amount
Written premium		
Other related parties	\$ 3,441	3,810
Key management personnel	<u>190</u>	<u>220</u>
Total	<u>\$ 3,631</u>	<u>4,030</u>

	For the nine months ended September 30,	
	2022	2021
	Amount	Amount
Written premium		
Other related parties	\$ 15,620	15,453
Key management personnel	<u>562</u>	<u>687</u>
Total	<u>\$ 16,182</u>	<u>16,140</u>

2) Account receivables

	September 30, 2022	December 31, 2021	September 30, 2021
Premiums receivable:			
Other related parties	\$ 387	214	6,220
Key management personnel	<u>45</u>	<u>6</u>	<u>7</u>
Total	<u>\$ 432</u>	<u>220</u>	<u>6,227</u>

The terms of transactions were similar to those of non related parties.

3) Prepaid expenses

Related parties	September 30, 2022	December 31, 2021	September 30, 2021
Prepaid expenses:			
Other related parties	<u>\$ -</u>	<u>-</u>	<u>1</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(ii) The details of general expense were as follows:

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Other related parties	\$ <u>477</u>	<u>3,120</u>	<u>1,783</u>	<u>6,867</u>

(iii) The details of rental revenue and guarantee deposits received were as follows:

1) Rental revenue

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Key Management personnel	\$ <u>-</u>	<u>15</u>	<u>30</u>	<u>45</u>

2) Guarantee deposits received

Related parties	September 30, 2022	December 31, 2021	September 30, 2021
Key Management personnel	\$ <u>-</u>	<u>5</u>	<u>5</u>

The above-mentioned leases were operating leases and the terms transactions were similar to those with non-related parties.

(8) Pledged assets:

As of September 30, 2022, December 31 and September 30, 2021, the assets pledged or guaranteed were as follows:

Pledged Assets	September 30, 2022	December 31, 2021	September 30, 2021	Purpose of pledge
Other financial assets - Time deposit	\$ 167,000	167,000	167,000	Guarantee for the insurance business
Financial assets at amortized cost	430,189	423,641	423,611	Guarantee for operating business, suit, and contract performance
Total	<u>\$ 597,189</u>	<u>590,641</u>	<u>590,611</u>	

(9) Commitments and contingencies:

- (a) The Company had several significant insurance lawsuits and was required to pay indemnities of \$126,482, of which approximately \$92,433 were reinsured. The remain had been accrued. These cases have not been resolved with District Court of Appeal as of September 30, 2022.
- (b) In order to improve computer equipment and IT systems, the Company is in contract with several IT companies. As of September 30, 2022, there is \$76,138 unpaid.

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(10) Losses Due to Major Disasters:None.

(11) Subsequent Events:None.

(12) Other:

(a) A summary of employee benefits, depreciation and amortization:

Function Nature	For the three months ended September 30,					
	2022			2021		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits:						
Salaries	90,336	182,912	273,248	81,869	190,857	272,726
Labor and health insurance	-	20,347	20,347	-	20,591	20,591
Pension	-	10,486	10,486	-	11,093	11,093
Remuneration of directors	-	4,354	4,354	-	5,817	5,817
Others	-	11,187	11,187	-	11,011	11,011
Depreciation	1,203	12,327	13,530	1,068	11,950	13,018
Amortization	-	4,242	4,242	-	4,328	4,328

Function Nature	For the nine months ended September 30,					
	2022			2021		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits:						
Salaries	287,078	551,254	838,332	263,656	574,749	838,405
Labor and health insurance	-	63,364	63,364	-	63,850	63,850
Pension	-	31,019	31,019	-	31,285	31,285
Remuneration of directors	-	12,825	12,825	-	17,563	17,563
Others	-	33,353	33,353	-	34,342	34,342
Depreciation	3,609	36,556	40,165	3,156	34,764	37,920
Amortization	-	12,867	12,867	-	13,149	13,149

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(b) Disclosure of earned retention premium by compulsory and non-compulsory insurance

For the three months ended September 30, 2022						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 236,596	75,779	100,214	212,161	(1,019)	213,180
Non-compulsory insurance	2,467,779	23,007	674,931	1,815,855	(47,779)	1,863,634
Total	<u>\$ 2,704,375</u>	<u>98,786</u>	<u>775,145</u>	<u>2,028,016</u>	<u>(48,798)</u>	<u>2,076,814</u>
For the three months ended September 30, 2021						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 238,063	76,640	100,957	213,746	(953)	214,699
Non-compulsory insurance	2,233,812	44,512	567,814	1,710,510	(60,090)	1,770,600
Total	<u>\$ 2,471,875</u>	<u>121,152</u>	<u>668,771</u>	<u>1,924,256</u>	<u>(61,043)</u>	<u>1,985,299</u>
For the nine months ended September 30, 2022						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 709,540	228,048	300,211	637,377	(2,333)	639,710
Non-compulsory insurance	7,666,191	96,741	2,026,728	5,736,204	275,463	5,460,741
Total	<u>\$ 8,375,731</u>	<u>324,789</u>	<u>2,326,939</u>	<u>6,373,581</u>	<u>273,130</u>	<u>6,100,451</u>
For the nine months ended September 30, 2021						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 717,410	227,584	304,734	640,260	(1,105)	641,365
Non-compulsory insurance	7,390,619	107,445	2,098,976	5,399,088	278,666	5,120,422
Total	<u>\$ 8,108,029</u>	<u>335,029</u>	<u>2,403,710</u>	<u>6,039,348</u>	<u>277,561</u>	<u>5,761,787</u>

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(c) Disclosure of self-claim by compulsory and non-compulsory insurance

For the three months ended September 30, 2022				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 168,252	72,994	101,529	139,717
Non-compulsory insurance	1,639,088	20,245	193,357	1,465,976
Total	\$ 1,807,340	93,239	294,886	1,605,693
For the three months ended September 30, 2021				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 140,679	69,616	83,766	126,529
Non-compulsory insurance	1,187,109	35,201	411,106	811,204
Total	\$ 1,327,788	104,817	494,872	937,733
For the nine months ended September 30, 2022				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 479,293	218,717	287,198	410,812
Non-compulsory insurance	4,081,695	47,089	800,802	3,327,982
Total	\$ 4,560,988	265,806	1,088,000	3,738,794
For the nine months ended September 30, 2021				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 498,859	203,884	297,460	405,283
Non-compulsory insurance	3,763,540	100,912	1,245,920	2,618,532
Total	\$ 4,262,399	304,796	1,543,380	3,023,815

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(d) Reserves accrued and recovered for compulsory automobile and motorcycle insurance:

For the nine months ended September 30, 2022

Type	Beginning	Provision	Recovery	Ending	Note
Unearned premium reserve					
Compulsory automobile liability insurance	\$ 399,078	395,569	399,078	395,569	
Compulsory motorcycle liability insurance	132,472	130,145	132,472	130,145	
Special reserve					
Compulsory automobile liability insurance	(276,929)	51,138	-	(225,791)	
Compulsory motorcycle liability insurance	294,872	5,704	-	300,576	
Claim reserve					
Compulsory automobile liability insurance	569,388	548,656	569,388	548,656	
Compulsory motorcycle liability insurance	180,851	171,478	180,851	171,478	
Total	\$ 1,299,732	1,302,690	1,281,789	1,320,633	

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

For the nine months ended September 30, 2021

Type	Beginning	Provision	Recovery	Ending	Note
Unearned premium reserve					
Compulsory automobile liability insurance	\$ 394,655	398,902	394,655	398,902	
Compulsory motorcycle liability insurance	141,925	133,653	141,925	133,653	
Special reserve					
Compulsory automobile liability insurance	(300,611)	75,830	48,481	(273,262)	
Compulsory motorcycle liability insurance	300,611	3,058	18,876	284,793	
Claim reserve					
Compulsory automobile liability insurance	667,234	618,638	667,234	618,638	
Compulsory motorcycle liability insurance	188,001	173,943	188,001	173,943	
Total	\$ 1,391,815	1,404,024	1,459,172	1,336,667	

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UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(e) Balance sheet and operating revenue and cost of compulsory automobile liability insurance:

(i) Balance sheet of compulsory automobile liability insurance:

Items	Amount		Items	Amount	
	September 30, 2022	September 30, 2021		September 30, 2022	September 30, 2021
<u>Asset</u>			<u>Liabilities</u>		
Cash and cash in bank	\$ 753,823	733,772	Claims payable	\$ 1,215	3,663
Notes receivable	8,012	8,047	Due to reinsurers and ceding companies	64,743	63,590
Premiums receivable	8,366	8,792	Unearned premium reserve	525,714	532,555
Claim recoverable from reinsures	54,535	47,998	Claims reserve	720,134	792,581
Due from reinsurers and ceding companies	49,964	49,511	Special reserve	74,785	11,531
Ceded unearned premium reserve	216,375	220,882			
Ceded claims reserve	293,507	334,601			
Temporary payments	2,009	317			
Total assets	\$ 1,386,591	1,403,920	Total liabilities	\$ 1,386,591	1,403,920

(ii) Operating revenue and cost of compulsory automobile liability insurance:

Item	For the nine months ended September 30,	
	2022	2021
Operating revenue	430,637	431,472
Pure premium	500,332	507,871
Reinsurance premium	228,048	227,584
Premium	728,380	735,455
Less: Reinsurance expense	(300,211)	(304,734)
Net change in unearned premium reserve	2,333	1,105
Retained earned premium	430,502	431,826
Interest income	135	(354)
Operating costs	447,847	443,003
Insurance claim payment	479,293	498,859
Reinsurance claim payment	218,717	203,884
Less: Claim recovered from reinsurers	(287,198)	(297,460)
Retained claim payment	410,812	405,283
Net change in claim reserve	(19,807)	(22,292)
Net change in special reserve	56,842	60,012

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- (f) The amounts of total assets and liabilities which will be recovered or paid within or over 12 months of the balance sheet date are as follows:

<u>Assets</u>	September 30, 2022		<u>Total</u>
	<u>Within 12 months</u>	<u>Over 12 months</u>	
Cash and cash equivalents	\$ 3,144,874	-	3,144,874
Receivables	901,956	-	901,956
Financial assets at fair value through profit or loss	808,339	-	808,339
Financial assets at fair value through other comprehensive income	-	2,147,353	2,147,353
Financial assets at amortized cost	267,684	2,266,021	2,533,705
Other financial assets	1,766,120	128,000	1,894,120
Right-of-use assets	-	15,322	15,322
Investment property	-	852,899	852,899
Reinsurance assets	3,311,556	759,980	4,071,536
Property and equipment	-	1,276,930	1,276,930
Intangible assets	-	107,562	107,562
Other assets	<u>31,962</u>	<u>745,345</u>	<u>777,307</u>
Total assets	<u>\$ 10,232,491</u>	<u>8,299,412</u>	<u>18,531,903</u>

<u>Liabilities</u>	September 30, 2022		<u>Total</u>
	<u>Within 12 months</u>	<u>Over 12 months</u>	
Accounts payable	\$ 1,168,904	8,669	1,177,573
Current tax liabilities	2,187	-	2,187
Insurance liabilities	10,619,620	1,193,387	11,813,007
Provisions	-	163,910	163,910
Lease liabilities	10,370	5,106	15,476
Deferred tax liabilities	-	63,920	63,920
Other liabilities	<u>9,234</u>	<u>6,235</u>	<u>15,469</u>
Total liabilities	<u>\$ 11,810,315</u>	<u>1,441,227</u>	<u>13,251,542</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

<u>Assets</u>	December 31, 2021		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,648,227	-	3,648,227
Receivables	680,984	-	680,984
Financial assets at fair value through profit or loss	1,879,359	-	1,879,359
Financial assets at fair value through other comprehensive income	-	2,080,399	2,080,399
Financial assets at amortized cost	-	1,396,058	1,396,058
Other financial assets	2,300,920	126,500	2,427,420
Right-of-use assets	-	18,127	18,127
Investment property	-	856,508	856,508
Reinsurance assets	3,466,616	393,401	3,860,017
Property and equipment	-	1,262,061	1,262,061
Intangible assets	-	120,574	120,574
Other assets	50,112	741,091	791,203
Total assets	\$ 12,026,218	6,994,719	19,020,937

<u>Liabilities</u>	December 31, 2021		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Accounts payable	\$ 1,232,275	5,410	1,237,685
Current tax liabilities	102,936	-	102,936
Insurance liabilities	10,202,544	755,930	10,958,474
Provisions	-	179,077	179,077
Lease liabilities	12,760	5,497	18,257
Deferred tax liabilities	-	63,920	63,920
Other liabilities	14,777	4,038	18,815
Total liabilities	\$ 11,565,292	1,013,872	12,579,164

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

<u>Assets</u>	September 30, 2021		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,118,494	-	3,118,494
Receivables	875,677	-	875,677
Current tax assets	302	-	302
Financial assets at fair value through profit or loss	1,868,535	-	1,868,535
Financial assets at fair value through other comprehensive income	-	2,151,148	2,151,148
Financial assets at amortized cost	-	1,396,139	1,396,139
Other financial assets	2,040,920	-	2,040,920
Right-of-use assets	-	19,261	19,261
Investment property	-	798,585	798,585
Reinsurance assets	3,897,015	377,947	4,274,962
Property and equipment	-	1,319,461	1,319,461
Intangible assets	-	126,048	126,048
Other assets	<u>50,157</u>	<u>731,898</u>	<u>782,055</u>
Total assets	<u>\$ 11,851,100</u>	<u>6,920,487</u>	<u>18,771,587</u>

<u>Liabilities</u>	September 30, 2021		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Accounts payable	\$ 1,063,203	6,685	1,069,888
Current tax liabilities	71,817	-	71,817
Insurance liabilities	10,585,932	662,674	11,248,606
Provisions	-	198,163	198,163
Lease liabilities	12,489	6,886	19,375
Deferred tax liabilities	-	63,920	63,920
Other liabilities	<u>32,163</u>	<u>3,871</u>	<u>36,034</u>
Total liabilities	<u>\$ 11,765,604</u>	<u>942,199</u>	<u>12,707,803</u>

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

- (g) Other disclosures in accordance with regulations governing the preparation of financial reports by insurance enterprises:
- (i) The details of the market values of investments which were held for investment purpose by the discretionary investment trust fund : Refer to Note 6(f).
 - (ii) Information regarding to discontinued operations: None.
 - (iii) Material revolutions of adjustments of organization and management policy: None.
 - (iv) Material influence because of the regulations changed: None.
 - (v) The Loan because of paying large amount of claims: None.
- (h) Disclosure in accordance to "catastrophe special reserve and equalization special reserve", "the special reserve for resident earthquake insurance" and "the special reserve for nuclear insurance":

For the nine months ended September 30, 2022 and 2021, the influence for not applying the notification on net income, liabilities, and equity of the Company resulted in a decrease of \$234,225, an increase of \$95,098, an increase of \$234,225, a decrease of \$95,098, a decrease of \$234,225, an increase of \$95,098, respectively. The influence on the Company for not applying the notification resulted in the EPS by a decrease of \$1.05 and an increase of \$0.43, respectively.

(Continued)

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises” for the Company:

- (i) Acquisition of individual real estate with amount exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (ii) Disposal of individual real estate with amount exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (iii) Related-party transactions for purchases and sales with amount exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (iv) Receivables from related parties with amount exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (v) Trading in derivative instruments: None.

(b) Information on investees: None.

(c) Information on investment in mainland China: None.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Tsai Ho Want Enterprises Co., Ltd.		49,961,671	22.34 %
Want Chia Enterprises Co., Ltd.		48,480,873	21.68 %
Want Want Co., Ltd.		46,689,943	20.88 %

Notes: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks be different from the capital stocks disclosed in the financial statement due to different calculation basis.

UNION INSURANCE CO., LTD.
Notes to the Financial Statements

(14) Segment information:

(a) General information

The Company primarily conducts its business in property insurance, which is the single mostly significant business unit for the Company, furthermore major decisions are based on the business activity's company-wide report to determine performance evaluation and the allocation of information, therefore it is not necessary to individually disclose operational information of reportable segments.

(b) Region information

The Company's business is primarily located in Taiwan.

(c) Important client information

The Company does not receive premium revenue from any single customer which exceeds 10% of the direct written premiums received and there is no need to disclose major customer information.