

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

**With Independent Auditors' Report  
For the Six Months Ended June 30, 2023 and 2022**

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The independent auditors' 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' report and financial statements, the Chinese version shall prevail.

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## Independent Auditors' Report

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

### Opinion

We have audited the financial statements of Union Insurance Co., LTD. (“the Company”), which comprise the balance sheets as of June 30, 2023, December 31 and June 30, 2022, and the statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2023, December 31 and June 30, 2022, and its financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its cash flows for the six months ended June 30, 2023 and 2022 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.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### Assessment of insurance liability

Please refer to Note 4(o) “Insurance liabilities” for the related accounting policy for the years ended December 31, 2022, Note 5(a) for accounting assumptions and estimation uncertainty of insurance liability for the years ended December 31, 2022, and Note 6(n) for details of the assessment of insurance liability.

#### Description of key audit matter:

The Company measures insurance liabilities in accordance with “Regulations Governing the Provision of Various Reserves” and relevant administrative rules, of which the judgment of future uncertainty and related hypothetical parameters include claim development factor and expected claim rate used in estimating the claim reserve, as well as the reserve of unearned premium is based on the calculated factors according to characteristics of each insurance type. Above mentioned assessment is involved the exercise of significant professional judgments. Therefore, the valuation of insurance liabilities has been identified as a key audit matter in our audit.

#### How the matter was addressed in our audit:

Our principal audit procedures included: engaging our internal actuarial specialists to perform relevant audit procedures over insurance liability, inspecting whether the methods and parameters of insurance liabilities are in accordance with insurance related regulations and administrative rules and relevant practical principles set by the Actuarial Institute of the Republic of China; independently establishing models to recalculate the amount of reserves and further comparing the result of recalculation with the one provided by the management; the appropriateness of actuarial assumptions based on internal data or industry experiences with the characteristics of insurance products, performing the changes of insurance liabilities analysis, including understanding of industry and market, and evaluating the rationality of actuarial assumption adopted by the management.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

#### **Auditors’ Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the six months ended June 30, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are WU, CHENG YEN and TSAI, PEI JU.

KPMG

Taipei, Taiwan (Republic of China)  
August 25, 2023

#### **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 audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

## UNION INSURANCE CO., LTD.

## Balance Sheets

June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2023		December 31, 2022		June 30, 2022				June 30, 2023		December 31, 2022		June 30, 2022	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
11000	Cash and cash equivalents (note 6(a))	\$ 3,446,841	17	3,067,290	17	2,940,910	15	21000	Accounts payable (note 6(b) and (c))	\$ 1,325,428	7	1,167,305	7	1,430,946	8
12000	Receivables (note 6(b))	1,082,263	6	615,306	3	1,092,132	6	21700	Current tax liabilities	-	-	-	-	3,467	-
12600	Current tax assets	9,105	-	7,234	-	-	-	24000	Insurance liabilities (note 6(n))	12,648,766	64	12,124,121	66	12,088,321	63
14110	Financial assets at fair value through profit or loss (note 6(f))	1,303,043	7	802,477	4	1,129,869	6	27000	Provisions	109,344	1	110,113	1	163,790	1
14190	Financial assets at fair value through other comprehensive income (note 6(f))	2,256,863	11	2,140,676	12	2,291,892	12	23800	Lease liabilities (note 6(j))	22,690	-	11,931	-	16,568	-
14145	Financial assets at amortized cost (note 6(f))	2,461,481	12	2,733,848	15	2,090,291	11	28000	Deferred tax liabilities	63,920	-	63,920	-	63,920	-
14180	Other financial assets, net (note 6(f))	1,762,800	9	1,622,875	9	2,471,620	13	25000	Other liabilities	20,149	-	19,368	-	15,005	-
16700	Right-of-use assets (note 6(i))	22,537	-	11,796	-	16,411	-		<b>Total liabilities</b>	<u>14,190,297</u>	<u>72</u>	<u>13,496,758</u>	<u>74</u>	<u>13,782,017</u>	<u>72</u>
14200	Investment property (note 6(g))	849,289	4	851,695	5	854,102	4		<b>Equity</b>						
15000	Reinsurance assets (note 6(c))	4,540,377	23	4,252,018	23	4,089,642	21	31100	Ordinary share (note 6(p))	2,236,080	11	2,236,080	12	2,236,080	12
16000	Property and equipment (note 6(h))	1,282,181	7	1,292,268	7	1,259,866	7	33100	Legal reserve (note 6(p))	1,004,854	5	1,004,854	5	1,004,854	5
17000	Intangible assets	152,652	1	113,373	1	112,552	1	33200	Special reserve (note 6(n) and (p))	2,749,564	14	2,750,537	15	2,459,525	13
18000	Other assets	665,573	3	790,755	4	789,565	4	33300	Unappropriated retained earnings (note 6(p))	(354,691)	(2)	(1,120,584)	(6)	(377,351)	(2)
								34210	Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	8,901	-	(66,034)	-	33,727	-
									<b>Total equity</b>	<u>5,644,708</u>	<u>28</u>	<u>4,804,853</u>	<u>26</u>	<u>5,356,835</u>	<u>28</u>
<b>Total assets</b>		<u>\$ 19,835,005</u>	<u>100</u>	<u>18,301,611</u>	<u>100</u>	<u>19,138,852</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 19,835,005</u>	<u>100</u>	<u>18,301,611</u>	<u>100</u>	<u>19,138,852</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

## UNION INSURANCE CO., LTD.

## Statements of Comprehensive Income

For the three months and six months ended June 30, 2023 and 2022

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

	For the three months ended June 30,				For the six months ended June 30,			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
41000	<b>Operating revenue:</b>							
41110	\$ 3,139,175	121	2,849,931	154	6,277,752	126	5,671,356	146
41120	108,080	4	106,774	6	251,057	5	226,003	6
41100	3,247,255	125	2,956,705	160	6,528,809	131	5,897,359	152
51100	982,946	38	850,627	46	1,820,663	37	1,551,794	40
51310	29,166	1	102,001	6	394,050	7	321,928	8
41130	2,235,143	86	2,004,077	108	4,314,096	87	4,023,637	104
41300	122,845	5	111,346	6	282,358	6	226,531	6
41500	Net income (loss) from investments							
41510	33,434	1	20,059	1	62,709	1	37,566	1
41521	169,350	7	(333,962)	(18)	264,439	5	(470,057)	(12)
41527	35,692	1	27,362	2	35,692	1	27,362	1
	income							
41550	1,049	-	6	-	542	-	12	-
41570	7,702	-	7,433	-	15,466	-	14,908	-
41585	(30)	-	(206)	-	(4,484)	-	(196)	-
41800	2,868	-	12,422	1	5,843	-	17,579	-
	<b>2,608,053</b>	<b>100</b>	<b>1,848,537</b>	<b>100</b>	<b>4,976,661</b>	<b>100</b>	<b>3,877,342</b>	<b>100</b>
51000	<b>Operating costs:</b>							
51200	1,575,547	60	1,558,703	84	3,184,216	64	2,926,215	75
41200	334,390	12	401,629	22	723,068	15	793,114	20
51260	1,241,157	48	1,157,074	62	2,461,148	49	2,133,101	55
51300	Net change in other insurance liability (note6(n))							
51320	(105,218)	(4)	767,845	42	35,879	1	849,137	22
51340	22,268	1	(282,306)	(15)	23,612	-	(254,535)	(7)
51350	(168,897)	(6)	-	-	(391,556)	(7)	-	-
51500	487,366	18	448,551	24	983,310	20	908,983	23
51800	7,807	-	11,450	1	14,025	-	20,965	1
51700	1,032	-	1,282	-	2,651	-	3,287	-
	<b>1,485,515</b>	<b>57</b>	<b>2,103,896</b>	<b>114</b>	<b>3,129,069</b>	<b>63</b>	<b>3,660,938</b>	<b>94</b>
58000	<b>Operating expenses:</b>							
58100	441,267	17	424,919	23	868,737	18	848,098	22
58200	95,405	3	88,049	5	192,233	4	174,280	5
58300	346	-	457	-	569	-	610	-
58400	16,059	1	3,586	-	19,197	-	5,813	-
	<b>553,077</b>	<b>21</b>	<b>517,011</b>	<b>28</b>	<b>1,080,736</b>	<b>22</b>	<b>1,028,801</b>	<b>27</b>
	<b>569,461</b>	<b>22</b>	<b>(772,370)</b>	<b>(42)</b>	<b>766,856</b>	<b>15</b>	<b>(812,397)</b>	<b>(21)</b>
59000	1,940	-	1,846	-	3,621	-	4,100	-
62000	571,401	22	(770,524)	(42)	770,477	15	(808,297)	(21)
63000	5,557	-	(16,999)	(1)	5,557	-	7,276	-
	<b>565,844</b>	<b>22</b>	<b>(753,525)</b>	<b>(41)</b>	<b>764,920</b>	<b>15</b>	<b>(815,573)</b>	<b>(21)</b>
83000	<b>Other comprehensive income:</b>							
83100	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>							
83190	(25,127)	(1)	(52,912)	(3)	74,935	2	(45,757)	(1)
	through other comprehensive income							
	<b>(25,127)</b>	<b>(1)</b>	<b>(52,912)</b>	<b>(3)</b>	<b>74,935</b>	<b>2</b>	<b>(45,757)</b>	<b>(1)</b>
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>							
83000	(25,127)	(1)	(52,912)	(3)	74,935	2	(45,757)	(1)
	<b>540,717</b>	<b>21</b>	<b>(806,437)</b>	<b>(44)</b>	<b>839,855</b>	<b>17</b>	<b>(861,330)</b>	<b>(22)</b>
97500	<b>2.53</b>		<b>(3.37)</b>		<b>3.42</b>		<b>(3.65)</b>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**UNION INSURANCE CO., LTD.****Statements of Changes in Equity****For the six months ended June 30, 2023 and 2022****(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	
<b>Balance at January 1, 2022</b>	\$ 2,236,080	854,366	2,459,890	811,953	79,484	6,441,773
Net loss	-	-	-	(815,573)	-	(815,573)
Other comprehensive income	-	-	-	-	(45,757)	(45,757)
Total comprehensive income	-	-	-	(815,573)	(45,757)	(861,330)
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	-	-
<b>Balance at June 30, 2022</b>	<b>\$ 2,236,080</b>	<b>1,004,854</b>	<b>2,459,525</b>	<b>(377,351)</b>	<b>33,727</b>	<b>5,356,835</b>
<b>Balance at January 1, 2023</b>	\$ 2,236,080	1,004,854	2,750,537	(1,120,584)	(66,034)	4,804,853
Net Income	-	-	-	764,920	-	764,920
Other comprehensive income	-	-	-	-	74,935	74,935
Total comprehensive income	-	-	-	764,920	74,935	839,855
Appropriation and distribution of retained earnings:						
Special reserve on reversal-employee training and transferring plan	-	-	(973)	973	-	-
<b>Balance at June 30, 2023</b>	<b>\$ 2,236,080</b>	<b>1,004,854</b>	<b>2,749,564</b>	<b>(354,691)</b>	<b>8,901</b>	<b>5,644,708</b>

See accompanying notes to financial statements.



(English Translation of Financial Statements Originally Issued in Chinese)

## UNION INSURANCE CO., LTD.

## Statements of Cash Flows

For the six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Net income (loss) before income tax	\$ 770,477	(808,297)
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	26,381	26,635
Amortization expense	11,647	8,625
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(257,904)	477,078
Interest expense	2,651	3,287
Interest income	(62,709)	(37,566)
Dividend income	(42,227)	(34,383)
Net change in insurance liabilities	525,598	1,131,033
Net change in other provisions	(769)	(15,287)
Expected credit loss of investments	4,484	196
Expected credit loss of non-investments	19,197	5,813
Others	(4)	-
<b>Total adjustments to reconcile profit (loss)</b>	<b>226,345</b>	<b>1,565,431</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in notes receivable	27,168	(791)
Increase in premiums receivable	(449,791)	(317,016)
Increase in other receivables	(19,822)	(73,153)
(Increase) decrease in financial assets at fair value through profit or loss	(242,662)	272,412
Increase in financial assets at fair value through other comprehensive income	(41,252)	(257,250)
Decrease (increase) in financial assets at amortized cost	300,000	(694,501)
Increase in other financial assets	(139,925)	(44,200)
Increase in reinsurance assets	(302,242)	(229,625)
Decrease in other assets	89,129	2,841
<b>Total changes in operating assets</b>	<b>(779,397)</b>	<b>(1,341,283)</b>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in other payable	158,123	(30,347)
Increase (decrease) in other liabilities	781	(3,810)
<b>Total changes in operating liabilities</b>	<b>158,904</b>	<b>(34,157)</b>
Cash inflow (outflow) generated from (used in) operations	376,329	(618,306)
Interest received	72,605	41,701
Dividends received	2,615	4,262
Interest paid	(2,651)	(3,287)
Income taxes paid	(7,428)	(106,745)
<b>Net Cash flows from (used in) operating activities</b>	<b>441,470</b>	<b>(682,375)</b>
<b>Cash flows from (used in) investing activities:</b>		
Increase in prepayments	(36,053)	(2,880)
Acquisition of property and equipment	(5,609)	(13,788)
Acquisition of intangible assets	(12,000)	(55)
<b>Net cash flows used in investing activities</b>	<b>(53,662)</b>	<b>(16,723)</b>
<b>Cash flows from (used in) financing activities:</b>		
Payment of lease liabilities	(8,257)	(8,219)
<b>Net cash flows used in financing activities</b>	<b>(8,257)</b>	<b>(8,219)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>379,551</b>	<b>(707,317)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,067,290</b>	<b>3,648,227</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 3,446,841</b>	<b>2,940,910</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**UNION INSURANCE CO., LTD.**

**Notes to the Financial Statements**

**For the six months ended June 30, 2023 and 2022**

**(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 August 25, 2023.

**(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, 2023:

- 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”

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (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, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(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:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
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"> <li>● Recognition: an entity recognizes a group of insurance contracts that it issues from the earliest of : <ul style="list-style-type: none"> <li>- the beginning of the coverage period of the group of contracts;</li> <li>- the date when the first payment from a policyholder in the group because due; and</li> <li>- for a group of onerous contracts, when the group becomes onerous, if facts and circumstances indicate that there is such a group.</li> </ul> </li> <li>● 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.</li> <li>● Presentation and disclosure: the presentation of insurance revenue is based on the provision of service pattern and investment components excluded from insurance revenue.</li> </ul>	January 1, 2023

(Continued)

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
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"> <li>● reduce costs by simplifying some requirements in the Standard;</li> <li>● make financial performance easier to explain; and</li> <li>● 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.</li> </ul>	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”

**(4) Summary of material accounting policies:**

The material accounting policies presented in the financial statements are summarized as follows. Unless otherwise indicated, the significant accounting policies have been applied consistently to all periods presented in these financial statements.

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

(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 material accounting policies adopted in the financial statements are the same as those in the financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the financial statements for the year ended December 31, 2022.

(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 measured by multiplying together the pre-tax income for the interim reporting period and the management’s best estimate of effective annual tax rate. 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 and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the 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, 2022.

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.

(Continued)

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

**(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 2022 financial statements. Please refer to Note 6 of the 2022 annual financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand	\$ 500	332	478
Petty cash	13,010	13,010	13,010
Cash in bank	2,608,311	2,353,282	2,486,207
Bonds purchased under resale agreements	825,020	700,666	441,215
Total	<u>\$ 3,446,841</u>	<u>3,067,290</u>	<u>2,940,910</u>

(b) Receivables and Payables

(i) Receivables

<u>Item</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Notes receivable	\$ 253,199	280,811	246,840
Premiums receivable	630,907	185,270	607,753
Other receivables	198,157	149,225	237,539
Total	<u>\$ 1,082,263</u>	<u>615,306</u>	<u>1,092,132</u>

(ii) Payables

<u>Item</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Commission payable	\$ 233,661	178,341	212,500
Due to ceding companies	128,346	42,429	105,977
Reinsurance premium payable	618,244	553,943	529,227
Reinsurance commission payable	1,260	2,147	1,459
Insurance claims payable	17,269	10,083	19,737
Other payables	326,648	380,362	562,046
Total	<u>\$ 1,325,428</u>	<u>1,167,305</u>	<u>1,430,946</u>

(Continued)

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

## (iii) Receivables of insurance contracts

<u>Item</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Notes receivable	\$ 253,875	281,043	248,323
Less : Loss allowance	(676)	(232)	(1,483)
Total	<u>\$ 253,199</u>	<u>280,811</u>	<u>246,840</u>

<u>Item</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Premiums receivable			
Fire insurance	\$ 268,022	28,194	250,969
Marine insurance	33,011	25,106	35,817
Hull and fishing vessel insurance	17,535	3,634	12,368
Other accident insurance	187,948	69,272	190,934
Compulsory pure premium	7,915	9,395	9,430
Voluntary automobile insurance	36,165	7,816	52,227
Compulsory automobile liability insurance	3,590	4,429	4,098
Overdue receivables	85,385	41,934	57,930
Subtotal	639,571	189,780	613,773
Less : Loss allowance	(8,664)	(4,510)	(6,020)
Total	<u>\$ 630,907</u>	<u>185,270</u>	<u>607,753</u>

## (iv) Other receivables

<u>Item</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other receivables	\$ 238,486	188,838	275,668
Less : Loss allowance	(40,329)	(39,613)	(38,129)
Total	<u>\$ 198,157</u>	<u>149,225</u>	<u>237,539</u>

(Continued)

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

As of June 30, 2023, December 31 and June 30, 2022, the overdue receivables in notes receivable, premiums receivable and other receivables were \$125,171, \$80,181 and \$95,564, which provisioned the loss allowance \$49,669, \$44,355 and \$45,632, respectively. The movements of the loss allowance for receivables were as follows:

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 44,355	39,819
Loss recognized	5,314	5,813
Ending balance	<u>\$ 49,669</u>	<u>45,632</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:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Under 90 days	\$ 1,060,730	606,545	1,079,662
91~270 days	36,227	19,489	24,901
More than 271 days	34,975	33,627	33,201

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

(v) Payables of insurance contracts

<b>Item</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Commission payable	<u>\$ 233,661</u>	<u>178,341</u>	<u>212,500</u>

(c) Reinsurance assets

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Claims recoverable from reinsurers (Note 6(d))	\$ 244,414	242,912	223,117
Due from reinsurers and ceding companies – net (Note 6(e))	225,725	402,481	285,673
Reinsurance reserve assets (Note 6(n))			
Ceded unearned premiums reserve	1,848,160	1,621,156	1,774,469
Ceded claim reserve	2,145,924	1,927,315	1,806,383
Ceded premium deficiency reserve	76,154	58,154	-
Total	<u>\$ 4,540,377</u>	<u>4,252,018</u>	<u>4,089,642</u>

(Continued)



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

## (d) Claims recoverable from reinsurers

<u>Item</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fire insurance	\$ 12,816	10,845	6,484
Marine insurance	475	1,748	620
Land and air insurance	4	3	96
Liability insurance	63,365	63,887	70,799
Surety insurance	15	67	595
Other property insurance	97,112	97,598	81,942
Accident insurance	9,795	9,227	11,618
Health insurance	3,058	2,456	2,341
Compulsory automobile liability insurance	57,592	57,057	48,550
Overdue receivables	182	24	72
Less : Loss allowance	-	-	-
<b>Total</b>	<b>\$ 244,414</b>	<b>242,912</b>	<b>223,117</b>

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

## (i) Receivables of insurance contracts

<u>Item</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Due from ceding companies	\$ 32,117	227,864	136,367
Reinsurance premium receivable	92,696	66,208	69,492
Reinsurance commission receivable	98,574	76,822	72,888
Overdue receivables	16,221	31,587	6,926
Subtotal	239,608	402,481	285,673
Less : Loss allowance	(13,883)	-	-
<b>Total</b>	<b>\$ 225,725</b>	<b>402,481</b>	<b>285,673</b>

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

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ -	-
Loss recognized	13,883	-
Ending balance	<b>\$ 13,883</b>	-

(Continued)

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

## (ii) Payables of insurance contracts

<u>Item</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Due to ceding companies	\$ 128,346	42,429	105,977
Reinsurance premium payable	618,244	553,943	529,227
Reinsurance commission payable	1,260	2,147	1,459
Total	<u>\$ 747,850</u>	<u>598,519</u>	<u>636,663</u>

## (f) Financial assets

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Beneficiary certificate	\$ 147,071	23,876	265,019
Real estate investment trust beneficiary certificate	338,885	341,911	340,020
Domestic listed stocks and OTC stocks	817,087	436,690	524,830
Total	<u>\$ 1,303,043</u>	<u>802,477</u>	<u>1,129,869</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 six months ended June 30, 2023 and 2022 will increase \$13,030 and \$11,299, 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Equity investments at fair value through other comprehensive income:			
Domestic listed stocks and OTC stocks	\$ 2,241,743	2,125,500	2,275,736
Domestic unlisted stocks	15,120	15,176	16,156
Total	<u>\$ 2,256,863</u>	<u>2,140,676</u>	<u>2,291,892</u>

(Continued)

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

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represented those investments that the Company intended to hold not for trading purposes.

During the three months and six months then ended June 30, 2023 and 2022, the dividends of \$35,692, \$27,362, \$35,692 and \$27,362, respectively, related to equity investments at fair value through other comprehensive income held on the periods then ended, were recognized; no dividend income was recognized for equity investments derecognized during the six months then ended June 30, 2023 and 2022, respectively.

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 six months ended June 30, 2023 and 2022 will increase \$22,569 and \$22,919, 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Government bonds	\$ 614,936	915,046	964,839
Financial bonds	1,300,000	1,300,000	600,000
Corporate bonds	<u>950,000</u>	<u>950,000</u>	<u>950,000</u>
Subtotal	2,864,936	3,165,046	2,514,839
Less: Security deposits	(397,865)	(430,092)	(423,698)
Loss allowance	<u>(5,590)</u>	<u>(1,106)</u>	<u>(850)</u>
Total	<u>\$ 2,461,481</u>	<u>2,733,848</u>	<u>2,090,291</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.
- 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.

(Continued)

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

- 4) The Company assessed the impairment of financial asset for the six months ended June 30, 2023 and 2022, the amounts of the expected credit loss recognized were as follows:

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 1,106	654
Loss recognized	4,484	196
Ending balance	<b>\$ 5,590</b>	<b>850</b>

- (iv) Other financial assets, net:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
	Time deposits – initial maturity date over than three months	\$ 1,809,800	1,789,875
Less: Security deposits	(47,000)	(167,000)	(167,000)
Total	<b>\$ 1,762,800</b>	<b>1,622,875</b>	<b>2,471,620</b>

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 June 30, 2023, December 31 and June 30, 2022, the Company had outsourced to Securities Investment Trust to manage investment project and capital amount. Further information were as follows:

<b>Investment Trust Company</b>	<b>Investment</b>	<b>June 30, 2023 Amount</b>	<b>December 31, 2022 Amount</b>	<b>June 30, 2022 Amount</b>
Nomura Asset Management	Domestic listed stocks and OTC stocks, bonds purchased under resale agreements, short term bills, etc.	\$ 500,000	500,000	600,000
Fuh Hwa Securities Investment Trust	"	500,000	500,000	600,000
Capital Investment Trust Corporation	"	500,000	500,000	600,000
		<b>\$ 1,500,000</b>	<b>1,500,000</b>	<b>1,800,000</b>

(Continued)

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

The investment project was mentioned above, and the carrying amount as of June 30, 2023, December 31 and June 30, 2022 were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash and cash equivalents	\$ 594,618	760,956	1,105,587
Financial assets at fair value through profit or loss - stocks	<u>817,087</u>	<u>411,522</u>	<u>356,670</u>
	<u>\$ 1,411,705</u>	<u>1,172,478</u>	<u>1,462,257</u>

(g) Investment property

The cost, accumulated depreciation, and accumulated impairment loss of the investment property of the Company for the six months ended June 30, 2023 and 2022, were as follows:

	<u>Land and improvement</u>	<u>Buildings and construction</u>	<u>Total</u>
<b>Cost or deemed cost:</b>			
Balance at June 30, 2023 (Same as January 1, 2023)	\$ <u>727,887</u>	<u>217,104</u>	<u>944,991</u>
Balance at June 30, 2022 (Same as January 1, 2022)	\$ <u>727,887</u>	<u>217,104</u>	<u>944,991</u>
<b>Accumulated depreciation and impairment loss</b>			
Balance at January 1, 2023	\$ 2,359	90,937	93,296
Depreciation	<u>-</u>	<u>2,406</u>	<u>2,406</u>
Balance at June 30, 2023	\$ <u>2,359</u>	<u>93,343</u>	<u>95,702</u>
Balance at January 1, 2022	\$ 2,359	86,124	88,483
Depreciation	<u>-</u>	<u>2,406</u>	<u>2,406</u>
Balance at June 30, 2022	\$ <u>2,359</u>	<u>88,530</u>	<u>90,889</u>
<b>Carrying amount:</b>			
January 1, 2023	\$ <u>725,528</u>	<u>126,167</u>	<u>851,695</u>
June 30, 2023	\$ <u>725,528</u>	<u>123,761</u>	<u>849,289</u>
January 1, 2022	\$ <u>725,528</u>	<u>130,980</u>	<u>856,508</u>
June 30, 2022	\$ <u>725,528</u>	<u>128,574</u>	<u>854,102</u>

(Continued)

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

	<b>Land and improvement</b>	<b>Buildings and construction</b>	<b>Total</b>
<b>Fair value:</b>			
January 1, 2023			\$ <u><u>1,568,918</u></u>
June 30, 2023			\$ <u><u>1,566,580</u></u>
January 1, 2022			\$ <u><u>1,770,222</u></u>
June 30, 2022			\$ <u><u>1,570,117</u></u>

On June 30, 2023, December 31 and June 30, 2022, the assessment of fair value of investment property mainly referred to the market trade.

As of June 30, 2023, December 31 and June 30, 2022, 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 six months ended June 30, 2023 and 2022, were as follows:

	<b>Land</b>	<b>Buildings and construction</b>	<b>Computer equipment</b>	<b>Transportation equipment</b>	<b>Other equipment</b>	<b>Leasehold improvement</b>	<b>Total</b>
<b>Cost:</b>							
<b>Balance at January 1, 2023</b>	\$ 945,824	518,148	192,284	579	55,997	2,004	1,714,836
Additions	-	2,591	947	-	1,145	926	5,609
Scrap	-	-	(917)	-	(876)	-	(1,793)
<b>Balance at June 30, 2023</b>	<u>945,824</u>	<u>520,739</u>	<u>192,314</u>	<u>579</u>	<u>56,266</u>	<u>2,930</u>	<u>1,718,652</u>
<b>Balance at January 1, 2022</b>	915,591	499,059	190,640	579	54,308	2,004	1,662,181
Additions	-	4,534	8,449	-	805	-	13,788
Scrap	-	-	(5,474)	-	(1,394)	-	(6,868)
<b>Balance at June 30, 2022</b>	<u>915,591</u>	<u>503,593</u>	<u>193,615</u>	<u>579</u>	<u>53,719</u>	<u>2,004</u>	<u>1,669,101</u>
<b>Accumulated depreciation and impairment loss:</b>							
<b>Balance at January 1, 2023</b>	15,196	185,858	171,412	579	47,749	1,774	422,568
Depreciation	-	7,553	5,954	-	2,023	166	15,696
Scrap	-	-	(917)	-	(876)	-	(1,793)
<b>Balance at June 30, 2023</b>	<u>15,196</u>	<u>193,411</u>	<u>176,449</u>	<u>579</u>	<u>48,896</u>	<u>1,940</u>	<u>436,471</u>
<b>Balance at January 1, 2022</b>	15,196	171,052	166,551	579	45,426	1,316	400,120
Depreciation	-	7,329	6,325	-	2,100	229	15,983
Scrap	-	-	(5,474)	-	(1,394)	-	(6,868)
<b>Balance at June 30, 2022</b>	<u>15,196</u>	<u>178,381</u>	<u>167,402</u>	<u>579</u>	<u>46,132</u>	<u>1,545</u>	<u>409,235</u>
<b>Carrying amount:</b>							
January 1, 2023	\$ <u><u>930,628</u></u>	<u><u>332,290</u></u>	<u><u>20,872</u></u>	<u><u>-</u></u>	<u><u>8,248</u></u>	<u><u>230</u></u>	<u><u>1,292,268</u></u>
June 30, 2023	\$ <u><u>930,628</u></u>	<u><u>327,328</u></u>	<u><u>15,865</u></u>	<u><u>-</u></u>	<u><u>7,370</u></u>	<u><u>990</u></u>	<u><u>1,282,181</u></u>
January 1, 2022	\$ <u><u>900,395</u></u>	<u><u>328,007</u></u>	<u><u>24,089</u></u>	<u><u>-</u></u>	<u><u>8,882</u></u>	<u><u>688</u></u>	<u><u>1,262,061</u></u>
June 30, 2022	\$ <u><u>900,395</u></u>	<u><u>325,212</u></u>	<u><u>26,213</u></u>	<u><u>-</u></u>	<u><u>7,587</u></u>	<u><u>459</u></u>	<u><u>1,259,866</u></u>

As of June 30, 2023, December 31 and June 30, 2022, the Company's property, plant and equipment had not been pledged as collateral.

(Continued)

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

(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, 2023	\$ 25,844	9,088	34,932
Additions	19,458	-	19,458
Derecognition	<u>(18,763)</u>	<u>-</u>	<u>(18,763)</u>
June 30, 2023	<u>\$ 26,539</u>	<u>9,088</u>	<u>35,627</u>
January 1, 2022	\$ 27,381	4,435	31,816
Additions	2,698	3,840	6,538
Derecognition	<u>(3,488)</u>	<u>-</u>	<u>(3,488)</u>
June 30, 2022	<u>\$ 26,591</u>	<u>8,275</u>	<u>34,866</u>
Depreciation of right-of-use assets:			
January 1, 2023	\$ 19,053	4,083	23,136
Depreciation	7,300	979	8,279
Derecognition	<u>(18,325)</u>	<u>-</u>	<u>(18,325)</u>
June 30, 2023	<u>\$ 8,028</u>	<u>5,062</u>	<u>13,090</u>
January 1, 2022	\$ 12,884	805	13,689
Depreciation	6,973	1,273	8,246
Derecognition	<u>(3,480)</u>	<u>-</u>	<u>(3,480)</u>
June 30, 2022	<u>\$ 16,377</u>	<u>2,078</u>	<u>18,455</u>
Carrying amount:			
January 1, 2023	<u>\$ 6,791</u>	<u>5,005</u>	<u>11,796</u>
June 30, 2023	<u>\$ 18,511</u>	<u>4,026</u>	<u>22,537</u>
January 1, 2022	<u>\$ 14,497</u>	<u>3,630</u>	<u>18,127</u>
June 30, 2022	<u>\$ 10,214</u>	<u>6,197</u>	<u>16,411</u>

(Continued)

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

(j) Lease liabilities

The Company's lease liabilities were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Less than one year	\$ 14,083	8,123	11,219
Between one and five years	8,607	3,808	5,349
Total	<u>\$ 22,690</u>	<u>11,931</u>	<u>16,568</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 June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	<u>\$ 136</u>	<u>96</u>	<u>225</u>	<u>198</u>

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

	<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u>\$ 8,482</u>	<u>8,417</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 six months ended June 30, 2023 and 2022, there are no significant new operating lease agreements, please refer to Notes 6(k) of the financial statements for the year ended December 31, 2022 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, 2022 and 2021.

(Continued)



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

The Company's expenses recognized in profit or loss amounted to \$1,919, \$2,034, \$3,838 and \$4,069 for the three months and six months ended June 30, 2023 and 2022, respectively.

(ii) Defined contribution plan

The pension costs of the Company incurred from the contributions to the Bureau of the Labor Insurance amounted to \$8,806, \$8,404, \$17,543 and \$16,464 for the three months and six months ended June 30, 2023 and 2022, 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 six months ended June 30, 2023 and 2022, the Company estimated its employee remuneration and director's remuneration all amounting to \$0. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, and after deducting accumulated losses, then 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 2022 and 2021 were \$0, \$28,500 and \$0, \$6,500, respectively. There is no difference in the actual distribution situation. Relevant information can be obtained from the Market Observation Post System.

(n) Insurance liability

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Unearned premium reserve	\$ 6,528,847	5,908,746	6,212,231
Claims reserve	5,081,663	4,827,175	4,963,796
Special reserve	957,621	934,009	912,294
Premium deficiency reserve	80,635	454,191	-
Total	<u>\$ 12,648,766</u>	<u>12,124,121</u>	<u>12,088,321</u>

(Continued)

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

## (i) Unearned premium reserve

## 1) Unearned premium reserve and ceded unearned premium reserves

<b>June 30, 2023</b>					
<b>Item</b>	<b>Unearned premium reserve</b>		<b>Ceded unearned premium reserve</b>		<b>Retained business</b>
	<b>Direct business</b>	<b>Reinsurance ceded in</b>	<b>Reinsurance ceded out</b>		
Fire insurance	\$ 977,675	53,497	563,723		467,449
Marine insurance	73,472	2,113	57,672		17,913
Land and air insurance	33,602	44	23,474		10,172
Liability insurance	1,806,687	46,382	276,065		1,577,004
Surety insurance	11,875	590	5,751		6,714
Other property insurance	2,484,407	38,419	661,056		1,861,770
Accident insurance	446,693	4,515	40,273		410,935
Health insurance	24,459	-	4,482		19,977
Compulsory automobile liability insurance	359,409	165,008	215,664		308,753
<b>Total</b>	<b>\$ 6,218,279</b>	<b>310,568</b>	<b>1,848,160</b>		<b>4,680,687</b>

  

<b>December 31, 2022</b>					
<b>Item</b>	<b>Unearned premium reserve</b>		<b>Ceded unearned premium reserve</b>		<b>Retained business</b>
	<b>Direct business</b>	<b>Reinsurance ceded in</b>	<b>Reinsurance ceded out</b>		
Fire insurance	\$ 734,153	36,116	400,092		370,177
Marine insurance	85,362	1,270	75,532		11,100
Land and air insurance	44,819	579	35,187		10,211
Liability insurance	1,657,155	67,276	279,657		1,444,774
Surety insurance	9,196	570	5,134		4,632
Other property insurance	2,274,182	30,478	572,274		1,732,386
Accident insurance	413,984	3,610	29,470		388,124
Health insurance	21,784	-	6,220		15,564
Compulsory automobile liability insurance	362,630	165,582	217,590		310,622
<b>Total</b>	<b>\$ 5,603,265</b>	<b>305,481</b>	<b>1,621,156</b>		<b>4,287,590</b>

(Continued)

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

June 30, 2022				
Item	Unearned premium reserve		Ceded unearned premium reserve	
	Direct business	Reinsurance ceded in	Reinsurance ceded out	Retained business
Fire insurance	\$ 888,933	47,737	480,789	455,881
Marine insurance	43,880	1,836	35,789	9,927
Land and air insurance	28,617	51	18,579	10,089
Liability insurance	1,710,946	92,107	320,750	1,482,303
Surety insurance	9,103	745	4,376	5,472
Other property insurance	2,313,895	38,678	638,378	1,714,195
Accident insurance	457,535	4,071	45,526	416,080
Health insurance	46,533	-	13,076	33,457
Compulsory automobile liability insurance	361,995	165,569	217,206	310,358
Total	<b>\$ 5,861,437</b>	<b>350,794</b>	<b>1,774,469</b>	<b>4,437,762</b>

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

For the six months ended June 30, 2023													
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	\$ 467,640	151,017	196,758	421,899	359,409	362,630	165,008	165,582	(3,795)	215,664	217,590	(1,926)	423,768
Non-compulsory insurance	5,810,112	100,040	1,623,905	4,286,247	5,858,870	5,239,682	145,560	139,899	624,849	1,632,496	1,403,566	228,930	3,890,328
Total	<b>\$ 6,277,752</b>	<b>251,057</b>	<b>1,820,663</b>	<b>4,708,146</b>	<b>6,218,279</b>	<b>5,602,312</b>	<b>310,568</b>	<b>305,481</b>	<b>621,054</b>	<b>1,848,160</b>	<b>1,621,156</b>	<b>227,004</b>	<b>4,314,096</b>

  

For the six months ended June 30, 2022													
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	\$ 472,944	152,269	199,997	425,216	361,995	366,445	165,569	165,105	(3,986)	217,206	219,878	(2,672)	426,530
Non-compulsory insurance	5,198,412	73,734	1,351,797	3,920,349	5,499,442	5,115,094	185,225	212,147	357,426	1,557,263	1,523,079	34,184	3,597,107
Total	<b>\$ 5,671,356</b>	<b>226,003</b>	<b>1,551,794</b>	<b>4,345,565</b>	<b>5,861,437</b>	<b>5,481,539</b>	<b>350,794</b>	<b>377,252</b>	<b>353,440</b>	<b>1,774,469</b>	<b>1,742,957</b>	<b>31,512</b>	<b>4,023,637</b>

(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:

<u>Item</u>	<b>For the six months ended June 30, 2023</b>	
	<b>Unearned premium reserve</b>	<b>Ceded unearned premium reserve</b>
Beginning balance	\$ 5,908,746	1,621,156
Provision	6,528,847	1,848,160
Recovery	(5,908,746)	(1,621,156)
Ending balance	<u>\$ 6,528,847</u>	<u>1,848,160</u>
	<b>For the six months ended June 30, 2022</b>	
<u>Item</u>	<b>Unearned premium reserve</b>	<b>Ceded unearned premium reserve</b>
Beginning balance	\$ 5,859,977	1,742,957
Provision	6,212,231	1,774,469
Recovery	(5,859,977)	(1,742,957)
Ending balance	<u>\$ 6,212,231</u>	<u>1,774,469</u>

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 June 30, 2023, December 31 and June 30, 2022, the relevant unearned premium reserve from the business transfer and intangible assets were \$14,250 and \$10,003, \$15,606 and \$10,956, \$17,294 and \$12,142, 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.

(Continued)

**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.

**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 six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 90,188	17,943
Provision	26,124	49,764
Recovery	-	(1,787)
Ending balance	<u>\$ 116,312</u>	<u>65,920</u>

Special reserve – Non-Compulsory Automobile Liability Insurance

<u>Item</u>	<u>For the six months ended June 30, 2023</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	\$ 101,480	738,185	839,665	884,765	1,841,170	10,314	2,736,249
Recovery	(2,512)	-	(2,512)	-	-	-	-
Ending balance	<u>\$ 98,968</u>	<u>738,185</u>	<u>837,153</u>	<u>884,765</u>	<u>1,841,170</u>	<u>10,314</u>	<u>2,736,249</u>

  

<u>Item</u>	<u>For the six months ended June 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	(2,512)	(300,000)	(302,512)	-	-	-	-
Ending balance	<u>\$ 104,033</u>	<u>738,185</u>	<u>842,218</u>	<u>790,535</u>	<u>1,650,413</u>	<u>4,289</u>	<u>2,445,237</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 six months ended June 30, 2023 and 2022.

(Continued)

**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	June 30, 2023			
	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
Fire insurance	\$ -	1,096,034	101,344	1,197,378
Marine insurance	1	190,035	64,835	254,870
Land and air insurance	-	38,523	17,987	56,510
Liability insurance	5,395	1,157,508	318,019	1,475,527
Surety insurance	1	18,814	6,695	25,509
Other property insurance	5,480	956,121	88,906	1,045,027
Accident insurance	2,908	54,822	172,495	227,317
Health insurance	154	3,524	42,073	45,597
Compulsory automobile liability insurance	3,330	198,826	555,102	753,928
<b>Total</b>	<b>\$ 17,269</b>	<b>3,714,207</b>	<b>1,367,456</b>	<b>5,081,663</b>

(Continued)



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

<b>December 31, 2022</b>				
<b>Item</b>	<b>Insurance claims payable</b>	<b>Claims reserve</b>		
	<b>Reported to be paid</b>	<b>Reported but unpaid</b>	<b>IBNR</b>	<b>Total</b>
Fire insurance	\$ -	1,050,151	85,582	1,135,733
Marine insurance	-	171,781	63,146	234,927
Land and air insurance	-	47,066	17,195	64,261
Liability insurance	1,962	1,083,438	284,306	1,367,744
Surety insurance	1	19,067	5,644	24,711
Other property insurance	5,991	862,701	69,166	931,867
Accident insurance	466	58,073	159,537	217,610
Health insurance	115	19,198	90,688	109,886
Compulsory automobile liability insurance	1,548	190,174	550,262	740,436
<b>Total</b>	<b>\$ 10,083</b>	<b>3,501,649</b>	<b>1,325,526</b>	<b>4,827,175</b>

  

<b>June 30, 2022</b>				
<b>Item</b>	<b>Insurance claims payable</b>	<b>Claims reserve</b>		
	<b>Reported to be paid</b>	<b>Reported but unpaid</b>	<b>IBNR</b>	<b>Total</b>
Fire insurance	\$ 58	981,628	77,592	1,059,220
Marine insurance	168	112,167	59,028	171,195
Land and air insurance	-	65,696	16,898	82,594
Liability insurance	4,903	991,515	291,242	1,282,757
Surety insurance	1	17,299	5,508	22,807
Other property insurance	6,846	792,414	50,043	842,457
Accident insurance	1,578	44,179	182,084	226,263
Health insurance	4,990	31,483	527,347	558,830
Compulsory automobile liability insurance	1,193	178,314	539,359	717,673
<b>Total</b>	<b>\$ 19,737</b>	<b>3,214,695</b>	<b>1,749,101</b>	<b>4,963,796</b>

(Continued)

**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

<b>June 30, 2023</b>			
<b>Item</b>	<b>Reported but unpaid</b>	<b>IBNR</b>	<b>Total</b>
Fire insurance	\$ 829,102	34,160	863,262
Marine insurance	146,305	45,809	192,114
Land and air insurance	32,818	12,820	45,638
Liability insurance	161,559	53,347	214,906
Surety insurance	8,319	1,887	10,206
Other property insurance	437,420	19,674	457,094
Accident insurance	7,321	40,997	48,318
Health insurance	285	3,195	3,480
Compulsory automobile liability insurance	73,103	237,803	310,906
<b>Total</b>	<b>\$ 1,696,232</b>	<b>449,692</b>	<b>2,145,924</b>
<b>December 31, 2022</b>			
<b>Item</b>	<b>Reported but unpaid</b>	<b>IBNR</b>	<b>Total</b>
Fire insurance	\$ 727,511	26,969	754,480
Marine insurance	137,007	45,419	182,426
Land and air insurance	40,630	12,504	53,134
Liability insurance	166,770	41,329	208,099
Surety insurance	8,386	1,687	10,073
Other property insurance	358,640	11,962	370,602
Accident insurance	9,390	30,814	40,204
Health insurance	214	3,118	3,332
Compulsory automobile liability insurance	70,136	234,829	304,965
<b>Total</b>	<b>\$ 1,518,684</b>	<b>408,631</b>	<b>1,927,315</b>

(Continued)

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

June 30, 2022			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 643,803	24,827	668,630
Marine insurance	87,340	44,007	131,347
Land and air insurance	53,880	11,522	65,402
Liability insurance	156,538	68,556	225,094
Surety insurance	7,852	1,680	9,532
Other property insurance	345,308	8,768	354,076
Accident insurance	7,670	50,823	58,493
Health insurance	56	1,846	1,902
Compulsory automobile liability insurance	63,566	228,341	291,907
Total	<b>\$ 1,366,013</b>	<b>440,370</b>	<b>1,806,383</b>

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

For the six months ended June 30, 2023								
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	\$ 1,171,201	1,114,837	26,177	20,896	61,645	863,262	754,480	108,782
Marine insurance	250,365	231,149	4,505	3,778	19,943	192,114	182,426	9,688
Land and air insurance	54,224	61,699	2,286	2,562	(7,751)	45,638	53,134	(7,496)
Liability insurance	1,454,088	1,356,466	21,439	11,278	107,783	214,906	208,099	6,807
Surety insurance	23,570	23,170	1,939	1,541	798	10,206	10,073	133
Other property insurance	1,032,467	926,234	12,560	5,633	113,160	457,094	370,602	86,492
Accident insurance	216,169	213,759	11,148	3,851	9,707	48,318	40,204	8,114
Health insurance	43,040	107,469	2,557	2,417	(64,289)	3,480	3,332	148
Compulsory automobile liability insurance	520,373	508,369	233,555	232,067	13,492	310,906	304,965	5,941
Total	<b>\$ 4,765,497</b>	<b>4,543,152</b>	<b>316,166</b>	<b>284,023</b>	<b>254,488</b>	<b>2,145,924</b>	<b>1,927,315</b>	<b>218,609</b>

  

For the six months ended June 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	\$ 1,041,975	636,718	17,245	17,377	405,125	668,630	497,495	171,135
Marine insurance	167,317	160,068	3,878	4,233	6,894	131,347	135,972	(4,625)
Land and air insurance	80,182	91,293	2,412	2,444	(11,143)	65,402	78,311	(12,909)
Liability insurance	1,264,978	1,236,198	17,779	10,609	35,950	225,094	228,122	(3,028)
Surety insurance	21,284	22,318	1,523	1,402	(913)	9,532	10,027	(495)
Other property insurance	839,347	723,902	3,110	3,067	115,488	354,076	290,810	63,266
Accident insurance	216,178	260,828	10,085	5,457	(40,022)	58,493	77,699	(19,206)
Health insurance	557,887	5,515	943	-	553,315	1,902	1,151	751
Compulsory automobile liability insurance	486,867	506,341	230,806	243,898	(32,566)	291,907	303,805	(11,898)
Total	<b>\$ 4,676,015</b>	<b>3,643,181</b>	<b>287,781</b>	<b>288,487</b>	<b>1,032,128</b>	<b>1,806,383</b>	<b>1,623,392</b>	<b>182,991</b>

(Continued)

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

4) The movements in claims reserve and ceded claims reserve

Item	For the six months ended June 30,			
	2023		2022	
	Claims reserve	Ceded claims reserve	Claims reserve	Ceded claims reserve
Beginning balance	\$ 4,827,175	1,927,315	3,931,668	1,623,392
Provision	5,081,663	2,145,924	4,963,796	1,806,383
Recovery	<u>(4,827,175)</u>	<u>(1,927,315)</u>	<u>(3,931,668)</u>	<u>(1,623,392)</u>
Ending balance	<u>\$ 5,081,663</u>	<u>2,145,924</u>	<u>4,963,796</u>	<u>1,806,383</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

- 1) Premium deficiency reserve and ceded premium deficiency reserve

Item	June 30, 2023			
	Premium deficiency reserve		Ceded premium deficiency reserve	
	Direct business	Reinsurance ceded-in	Reinsurance ceded- out	Retained business
Fire Insurance	\$ 74,742	3,378	76,120	2,000
Marine insurance	2,481	-	-	2,481
Health insurance	34	-	34	-
Total	<u>\$ 77,257</u>	<u>3,378</u>	<u>76,154</u>	<u>4,481</u>

  

Item	December 31, 2022			
	Premium deficiency reserve		Ceded premium deficiency reserve	
	Direct business	Reinsurance ceded-in	Reinsurance ceded- out	Retained business
Fire Insurance	\$ 57,717	1,551	57,390	1,878
Marine insurance	1,146	-	-	1,146
Health insurance	393,777	-	764	393,013
Total	<u>\$ 452,640</u>	<u>1,551</u>	<u>58,154</u>	<u>396,037</u>

(Continued)

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

2) The net change in premium deficiency reserve and ceded premium deficiency reserve

Item	Direct underwrite		Reinsurance ceded-in		The net change in premium deficiency	Reinsurance ceded-out		The net change in premium ceded deficiency	Net deposit of premium deficiency reserve
	Provision	Recover	Provision	Recover		Provision	Recover		
Fire insurance	\$ 74,742	57,717	3,378	1,551	18,852	76,120	57,390	18,730	122
Marine insurance	2,481	1,146	-	-	1,335	-	-	-	1,335
Health insurance	34	393,777	-	-	(393,743)	34	764	(730)	(393,013)
Fire insurance	<u>\$ 77,257</u>	<u>452,640</u>	<u>3,378</u>	<u>1,551</u>	<u>(373,556)</u>	<u>76,154</u>	<u>58,154</u>	<u>18,000</u>	<u>(391,556)</u>

3) The movements in premium deficiency reserve and ceded premium deficiency reserve

Item	June 30, 2023	
	Premium deficiency reserve	Ceding premium deficiency reserve
Beginning balance	\$ 454,191	58,154
Provision	80,635	76,154
Recover	(454,191)	(58,154)
Ending balance	<u>\$ 80,635</u>	<u>76,154</u>

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.

(o) Income tax

The components of the Company's income tax for the three months and six months ended June 30, 2023 and 2022 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Current income tax expenses(profits)	<u>\$ 5,557</u>	<u>(16,999)</u>	<u>5,557</u>	<u>7,276</u>

The Company's tax returns for the year through 2021 were assessed by the Taipei National Tax Administration tax authorities.

(Continued)

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

(p) Capital and other equity

(i) Share capital

As of June 30, 2023, December 31 and June 30, 2022, the number of authorized ordinary shares were all \$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 June 30, 2023, December 31 and June 30, 2022 the special reserve distributed by the Company in accordance with the regulations were \$1,172, \$2,145 and \$2,145, respectively.

**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 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. The relevant dividend distributions to shareholders were as follows:

	<b>2021</b>	
	<b>Allotment per share (NT dollars)</b>	<b>Total Amount</b>
Dividends distributed to ordinary shareholders :		
Cash	\$ 1.00	<b>223,608</b>

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.

The shareholder's meeting passed the loss make-up proposal for 2022 on June 7, 2023.

(Continued)

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

## (q) Earnings (loss) per share

The calculation of basic earnings (loss) per share was shown as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net income (loss) attributable to ordinary shareholders of the Company	\$ <u>565,844</u>	<u>(753,525)</u>	<u>764,920</u>	<u>(815,573)</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>
<b>Basic earnings (loss) per share (NT dollars)</b>	<b>\$ <u>2.53</u></b>	<b><u>(3.37)</u></b>	<b><u>3.42</u></b>	<b><u>(3.65)</u></b>

## (r) Disclosure of acquisition cost of insurance contracts

Acquisition cost of insurance contracts

Item	<u>For the three months ended June 30, 2023</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	\$ 52,699	-	-	218	-	52,917
Marine insurance	6,153	-	-	77	-	6,230
Land and air insurance	748	-	-	-	-	748
Liability insurance	152,652	-	-	852	-	153,504
Surety insurance	924	-	-	2	-	926
Other property insurance	167,518	-	-	2,885	-	170,403
Accident insurance	63,565	-	-	151	-	63,716
Health insurance	8,401	-	-	-	-	8,401
Compulsory automobile liability insurance	30,521	-	-	-	-	30,521
Total	<b>\$ <u>483,181</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>4,185</u></b>	<b><u>-</u></b>	<b><u>487,366</u></b>

(Continued)



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

**For the three months ended June 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	\$ 46,020	-	-	866	-	46,886
Marine insurance	6,344	-	-	65	-	6,409
Land and air insurance	700	-	-	-	-	700
Liability insurance	140,543	-	-	44	-	140,587
Surety insurance	767	-	-	-	-	767
Other property insurance	155,153	-	-	2,422	-	157,575
Accident insurance	55,958	-	-	-	-	55,958
Health insurance	8,385	-	-	-	-	8,385
Compulsory automobile liability insurance	31,284	-	-	-	-	31,284
<b>Total</b>	<b>\$ 445,154</b>	<b>-</b>	<b>-</b>	<b>3,397</b>	<b>-</b>	<b>448,551</b>

**For the six months ended June 30, 2023**

<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	\$ 94,283	-	-	150	-	94,433
Marine insurance	13,372	-	-	141	-	13,513
Land and air insurance	1,653	-	-	-	-	1,653
Liability insurance	317,424	-	-	1,837	-	319,261
Surety insurance	1,873	-	-	2	-	1,875
Other property insurance	349,317	-	-	6,042	-	355,359
Accident insurance	124,231	-	-	151	-	124,382
Health insurance	11,798	-	-	-	-	11,798
Compulsory automobile liability insurance	61,036	-	-	-	-	61,036
<b>Total</b>	<b>\$ 974,987</b>	<b>-</b>	<b>-</b>	<b>8,323</b>	<b>-</b>	<b>983,310</b>

(Continued)

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

For the six months ended June 30, 2022						
Item	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 77,814	-	-	657	-	78,471
Marine insurance	14,282	-	-	192	-	14,474
Land and air insurance	1,663	-	-	(93)	-	1,570
Liability insurance	297,642	-	-	128	-	297,770
Surety insurance	1,314	-	-	21	-	1,335
Other property insurance	324,368	-	-	4,965	-	329,333
Accident insurance	113,952	-	-	111	-	114,063
Health insurance	9,881	-	-	-	-	9,881
Compulsory automobile liability insurance	62,086	-	-	-	-	62,086
Total	<u>\$ 903,002</u>	<u>-</u>	<u>-</u>	<u>5,981</u>	<u>-</u>	<u>908,983</u>

## (s) Disclosure of insurance cost-benefit analysis

## (i) Direct written business cost-benefit analysis

For the three months ended June 30, 2023						
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	\$ 646,190	225,980	52,699	99,555	(22,995)	290,951
Marine insurance	65,665	3,054	6,153	25,416	(10,073)	41,115
Land and air insurance	26,563	1,517	748	2,747	(3,164)	24,715
Liability insurance	858,754	11,210	152,652	473,209	42,940	178,743
Surety insurance	6,215	1,012	924	220	54	4,005
Other property insurance	1,003,662	(1,479)	167,518	580,592	(58,102)	315,133
Accident insurance	265,271	(18,012)	63,565	135,782	(10,344)	94,280
Health insurance	32,202	11,325	8,401	43,889	(79,668)	48,255
Compulsory automobile liability insurance	234,653	(2,370)	30,521	137,934	(1,411)	69,979
Total	<u>\$ 3,139,175</u>	<u>232,237</u>	<u>483,181</u>	<u>1,499,344</u>	<u>(142,763)</u>	<u>1,067,176</u>

(Continued)

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

**For the three months ended June 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	\$ 561,556	198,308	46,020	88,927	355,897	(127,596)
Marine insurance	42,010	(20,062)	6,344	35,420	99	20,209
Land and air insurance	21,562	(1,220)	700	22,974	(10,228)	9,336
Liability insurance	779,955	(9,224)	140,543	439,247	(7,710)	217,099
Surety insurance	5,381	1,299	767	2,097	(2,375)	3,593
Other property insurance	922,702	(23,559)	155,153	440,516	60,671	289,921
Accident insurance	229,299	5,620	55,958	105,631	(10,913)	73,003
Health insurance	47,866	31,730	8,385	185,783	552,270	(730,302)
Compulsory automobile liability insurance	239,600	(1,263)	31,284	165,744	(18,325)	62,160
<b>Total</b>	<b>\$ 2,849,931</b>	<b>181,629</b>	<b>445,154</b>	<b>1,486,339</b>	<b>919,386</b>	<b>(182,577)</b>

**For the six months ended June 30, 2023**

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	\$ 1,065,672	244,475	94,283	195,571	56,364	474,979
Marine insurance	122,481	(11,890)	13,372	51,193	19,216	50,590
Land and air insurance	37,701	(11,217)	1,653	17,579	(7,475)	37,161
Liability insurance	1,815,502	149,532	317,424	868,570	97,622	382,354
Surety insurance	12,704	2,679	1,873	711	400	7,041
Other property insurance	2,179,395	210,225	349,317	1,094,892	106,233	418,728
Accident insurance	532,341	32,709	124,231	242,762	2,410	130,229
Health insurance	44,316	2,675	11,798	257,692	(64,429)	(163,420)
Compulsory automobile liability insurance	467,640	(3,221)	61,036	299,085	12,004	98,736
<b>Total</b>	<b>\$ 6,277,752</b>	<b>615,967</b>	<b>974,987</b>	<b>3,028,055</b>	<b>222,345</b>	<b>1,436,398</b>

(Continued)

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

**For the six months ended June 30, 2022**

<b>Item</b>	<b>Written premium</b>	<b>The net change in unearned premium reserve</b>	<b>Insurance contract acquisition cost</b>	<b>Claims</b>	<b>The net change in claims reverse</b>	<b>Gain (Loss)</b>
Fire insurance	\$ 899,351	184,507	77,814	133,460	405,257	98,313
Marine insurance	91,372	(39,320)	14,282	52,349	7,249	56,812
Land and air insurance	31,265	(13,658)	1,663	24,513	(11,111)	29,858
Liability insurance	1,682,778	112,467	297,642	851,283	28,780	392,606
Surety insurance	9,621	1,652	1,314	2,399	(1,034)	5,290
Other property insurance	1,940,295	68,027	324,368	947,666	115,445	484,789
Accident insurance	489,461	50,651	113,952	239,127	(44,650)	130,381
Health insurance	54,269	20,022	9,881	191,810	552,372	(719,816)
Compulsory automobile liability insurance	472,944	(4,450)	62,086	311,041	(19,474)	123,741
<b>Total</b>	<b>\$ 5,671,356</b>	<b>379,898</b>	<b>903,002</b>	<b>2,753,648</b>	<b>1,032,834</b>	<b>601,974</b>

(ii) Reinsurance cost-benefit analysis

**For the three months ended June 30, 2023**

<b>Item</b>	<b>Reinsurance premium</b>	<b>The net change in unearned premium reserve</b>	<b>Reinsurance commission expense</b>	<b>Reinsurance Claims</b>	<b>The net change in claims reverse</b>	<b>Ceded in Gain (Loss)</b>
Fire insurance	\$ 12,953	(10,139)	218	23	4,503	18,348
Marine insurance	3,427	1,203	77	36	502	1,609
Land and air insurance	-	(269)	-	2,614	292	(2,637)
Liability insurance	3,658	(10,159)	852	794	7,079	5,092
Surety insurance	244	(98)	2	(1)	196	145
Other property insurance	11,600	4,169	2,885	2,177	6,395	(4,026)
Accident insurance	3,183	1,148	151	346	342	1,196
Health insurance	-	-	-	-	4	(4)
Compulsory automobile liability insurance	73,015	1,045	-	70,214	(2,108)	3,864
<b>Total</b>	<b>\$ 108,080</b>	<b>(13,100)</b>	<b>4,185</b>	<b>76,203</b>	<b>17,205</b>	<b>23,587</b>

(Continued)

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

**For the three months ended June 30, 2022**

<u>Item</u>	<u>Reinsurance premium</u>	<u>The net change in unearned premium reserve</u>	<u>Reinsurance commission expense</u>	<u>Reinsurance Claims</u>	<u>The net change in claims reverse</u>	<u>Ceded in Gain (Loss)</u>
Fire insurance	\$ 20,025	3,041	866	188	(235)	16,165
Marine insurance	3,343	1,408	65	263	(600)	2,207
Land and air insurance	-	(312)	-	(644)	(295)	1,251
Liability insurance	629	(18,508)	44	1,619	1,025	16,449
Surety insurance	158	(28)	-	(316)	43	459
Other property insurance	9,918	3,964	2,422	2,663	(33)	902
Accident insurance	1,715	889	-	422	(6,804)	7,208
Health insurance	-	-	-	-	758	(758)
Compulsory automobile liability insurance	70,986	(670)	-	68,169	(2,115)	5,602
<b>Total</b>	<b>\$ <u>106,774</u></b>	<b><u>(10,216)</u></b>	<b><u>3,397</u></b>	<b><u>72,364</u></b>	<b><u>(8,256)</u></b>	<b><u>49,485</u></b>

**For the six months ended June 30, 2023**

<u>Item</u>	<u>Reinsurance premium</u>	<u>The net change in unearned premium reserve</u>	<u>Reinsurance commission expense</u>	<u>Reinsurance Claims</u>	<u>The net change in claims reverse</u>	<u>Ceded in Gain (Loss)</u>
Fire insurance	\$ 57,989	17,381	150	299	5,281	34,878
Marine insurance	4,799	843	141	20	727	3,068
Land and air insurance	-	(535)	-	3,387	(276)	(2,576)
Liability insurance	8,108	(20,894)	1,837	4,449	10,161	12,555
Surety insurance	668	20	2	15	398	233
Other property insurance	23,604	7,941	6,042	6,429	6,927	(3,735)
Accident insurance	4,872	905	151	677	7,297	(4,158)
Health insurance	-	-	-	-	140	(140)
Compulsory automobile liability insurance	151,017	(574)	-	140,885	1,488	9,218
<b>Total</b>	<b>\$ <u>251,057</u></b>	<b><u>5,087</u></b>	<b><u>8,323</u></b>	<b><u>156,161</u></b>	<b><u>32,143</u></b>	<b><u>49,343</u></b>

(Continued)

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

**For the six months ended June 30, 2022**

<u>Item</u>	<u>Reinsurance premium</u>	<u>The net change in unearned premium reserve</u>	<u>Reinsurance commission expense</u>	<u>Reinsurance Claims</u>	<u>The net change in claims reverse</u>	<u>Ceded in Gain (Loss)</u>
Fire insurance	\$ 42,483	4,699	657	685	(132)	36,574
Marine insurance	4,594	1,007	192	348	(355)	3,402
Land and air insurance	(579)	(620)	(93)	(533)	(32)	699
Liability insurance	2,092	(38,112)	128	18,958	7,170	13,948
Surety insurance	987	397	21	(273)	121	721
Other property insurance	19,661	3,432	4,965	5,918	43	5,303
Accident insurance	4,496	2,275	111	1,741	4,628	(4,259)
Health insurance	-	-	-	-	943	(943)
Compulsory automobile liability insurance	152,269	464	-	145,723	(13,092)	19,174
<b>Total</b>	<b>\$ <u>226,003</u></b>	<b><u>(26,458)</u></b>	<b><u>5,981</u></b>	<b><u>172,567</u></b>	<b><u>(706)</u></b>	<b><u>74,619</u></b>

(iii) Gain/Loss on reinsurance contracts

**For the three months ended June 30, 2023**

<u>Item</u>	<u>Reinsurance expense</u>	<u>The net change in unearned premium reserve</u>	<u>Reinsurance commission received</u>	<u>Claims recovered from reinsurers</u>	<u>The net change in ceded claims reserve</u>	<u>Ceded out Gain (Loss)</u>
Fire insurance	\$ (445,511)	164,570	43,883	19,862	13,895	(203,301)
Marine insurance	(46,372)	(2,268)	3,507	21,133	(22,938)	(46,938)
Land and air insurance	(21,486)	1,365	372	2,701	(3,288)	(20,336)
Liability insurance	(124,205)	7,048	19,835	65,142	6,848	(25,332)
Surety insurance	(2,227)	645	148	67	25	(1,342)
Other property insurance	(220,906)	13,938	48,860	125,937	(10,696)	(42,867)
Accident insurance	(21,805)	4,365	6,147	12,515	(3,414)	(2,192)
Health insurance	(1,472)	1,727	93	3,081	12	3,441
Compulsory automobile liability insurance	(98,962)	(1,419)	-	83,952	(784)	(17,213)
<b>Total</b>	<b>\$ <u>(982,946)</u></b>	<b><u>189,971</u></b>	<b><u>122,845</u></b>	<b><u>334,390</u></b>	<b><u>(20,340)</u></b>	<b><u>(356,080)</u></b>

(Continued)

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

**For the three months ended June 30, 2022**

<u>Item</u>	<u>Reinsurance expense</u>	<u>The net change in unearned premium reserve</u>	<u>Reinsurance commission received</u>	<u>Claims recovered from reinsurers</u>	<u>The net change in ceded claims reserve</u>	<u>Ceded out Gain (Loss)</u>
Fire insurance	\$ (388,470)	120,507	38,980	76,135	160,138	7,290
Marine insurance	(19,120)	(18,078)	2,430	30,200	(11,426)	(15,994)
Land and air insurance	(16,378)	(95)	348	21,690	(13,077)	(7,512)
Liability insurance	(105,150)	(22,975)	27,305	71,722	(3,548)	(32,646)
Surety insurance	(2,033)	441	330	1,140	(1,238)	(1,360)
Other property insurance	(195,666)	(13,521)	39,154	83,738	25,588	(60,707)
Accident insurance	(16,093)	(4,167)	2,799	16,785	(2,772)	(3,448)
Health insurance	(6,288)	8,061	-	2,344	692	4,809
Compulsory automobile liability insurance	(101,429)	(761)	-	97,875	(11,072)	(15,387)
<b>Total</b>	<b>\$ (850,627)</b>	<b>69,412</b>	<b>111,346</b>	<b>401,629</b>	<b>143,285</b>	<b>(124,955)</b>

**For the six months ended June 30, 2023**

<u>Item</u>	<u>Reinsurance expense</u>	<u>The net change in unearned premium reserve</u>	<u>Reinsurance commission received</u>	<u>Claims recovered from reinsurers</u>	<u>The net change in ceded claims reserve</u>	<u>Ceded out Gain (Loss)</u>
Fire insurance	\$ (720,600)	163,631	78,957	87,039	108,782	(282,191)
Marine insurance	(72,464)	(17,860)	6,209	34,397	9,688	(40,030)
Land and air insurance	(27,176)	(11,713)	730	17,224	(7,496)	(28,431)
Liability insurance	(248,396)	(3,592)	58,782	135,813	6,807	(50,586)
Surety insurance	(4,049)	617	405	210	133	(2,684)
Other property insurance	(495,027)	88,782	123,646	238,622	86,492	42,515
Accident insurance	(54,543)	10,803	13,558	26,302	8,114	4,234
Health insurance	(1,650)	(1,738)	71	6,054	148	2,885
Compulsory automobile liability insurance	(196,758)	(1,926)	-	177,407	5,941	(15,336)
<b>Total</b>	<b>\$ (1,820,663)</b>	<b>227,004</b>	<b>282,358</b>	<b>723,068</b>	<b>218,609</b>	<b>(369,624)</b>

(Continued)

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

For the six months ended June 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	\$ (602,526)	107,816	66,905	107,586	171,135	(149,084)
Marine insurance	(36,055)	(37,712)	5,001	38,320	(4,625)	(35,071)
Land and air insurance	(20,542)	(10,545)	561	22,297	(12,909)	(21,138)
Liability insurance	(235,155)	(23,337)	62,298	166,465	(3,028)	(32,757)
Surety insurance	(3,663)	400	668	1,232	(495)	(1,858)
Other property insurance	(393,950)	(13,886)	82,329	213,649	63,266	(48,592)
Accident insurance	(52,818)	4,913	8,769	53,217	(19,206)	(5,125)
Health insurance	(7,088)	6,535	-	4,679	751	4,877
Compulsory automobile liability insurance	(199,997)	(2,672)	-	185,669	(11,898)	(28,898)
Total	<u>\$ (1,551,794)</u>	<u>31,512</u>	<u>226,531</u>	<u>793,114</u>	<u>182,991</u>	<u>(317,646)</u>

(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 six months ended June 30, 2023 and 2022. For the related information, please refer to Note 6(t) of the financial statements for the year ended December 31, 2022.

(Continued)



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

## (i) Insurance risk information

## 1) Sensitivity analysis of insurance risk

Item	<b>For the six months ended June 30, 2023</b>				
	Written premium	Expected rate of loss	<b>Effect of profit or loss on 1% movement of expected rate of loss</b>		
			Before reinsurance	After reinsurance	
Fire insurance	\$ 1,123,661	64.14 %	8,628	3,058	
Marine insurance	127,280	62.90 %	1,383	480	
Land and air insurance	37,701	68.66 %	495	106	
Liability insurance	1,823,610	66.68 %	16,950	14,430	
Surety insurance	13,372	72.79 %	107	72	
Other property insurance	2,202,999	64.46 %	19,848	15,786	
Accident insurance	537,213	75.23 %	5,036	4,599	
Health insurance	44,316	75.00 %	416	383	
Compulsory automobile liability insurance	618,657	No applicable	No applicable	No applicable	
<b>For the six months ended June 30, 2022</b>					
Item	Written premium	Expected rate of loss	<b>Effect of profit or loss on 1% movement of expected rate of loss</b>		
			Before reinsurance	After reinsurance	
Fire insurance	\$ 941,834	65.92 %	7,538	2,591	
Marine insurance	95,966	62.73 %	1,343	605	
Land and air insurance	30,686	68.18 %	450	139	
Liability insurance	1,684,870	66.06 %	16,105	13,520	
Surety insurance	10,608	72.60 %	86	53	
Other property insurance	1,959,956	64.51 %	18,885	14,807	
Accident insurance	493,957	72.98 %	4,410	3,931	
Health insurance	54,269	64.79 %	342	337	
Compulsory automobile liability insurance	625,213	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 4 insurances in terms of proportion is voluntary automobile insurance, compulsory automobile liability insurance, fire insurance and accident insurance. The voluntary automobile insurance has the highest proportion accounts for 50.10% and 52.86% for the six months ended June 30, 2023 and 2022, 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	<b>For the six months ended June 30,</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>Percentage</b>	<b>Amount</b>	<b>Percentage</b>
Fire insurance	\$ 587,788	9.00 %	478,242	8.11 %
Marine cargo insurance	101,873	1.56 %	81,440	1.38 %
Hull, fishing vessel and aviation insurance	61,148	0.94 %	44,308	0.75 %
Voluntary automobile insurance	3,270,968	50.10 %	3,117,510	52.86 %
Compulsory automobile liability insurance	618,657	9.48 %	625,213	10.60 %
Liability insurance	315,276	4.83 %	215,183	3.65 %
Engineering and nuclear insurance	369,658	5.66 %	264,008	4.48 %
Surety and credit insurance	13,372	0.20 %	10,608	0.18 %
Other property insurance	39,404	0.60 %	31,725	0.54 %
Accident insurance	537,213	8.23 %	493,957	8.38 %
Typhoon, flood and earthquake insurance	535,369	8.20 %	463,830	7.86 %
Personal and commercial all-risk insurance	31,303	0.48 %	16,358	0.28 %
Health insurance	44,316	0.68 %	54,269	0.92 %
Overseas ceded-in reinsurance	2,464	0.04 %	708	0.01 %
<b>Total</b>	<b>\$ 6,528,809</b>	<b>100.00 %</b>	<b>5,897,359</b>	<b>100.00 %</b>

(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 59.28% and 62.34% for the six months ended June 30, 2023 and 2022, 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	<b>For the six months ended June 30,</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>Percentage</b>	<b>Amount</b>	<b>Percentage</b>
Fire insurance	\$ 240,877	5.12 %	185,562	4.27 %
Marine cargo insurance	62,484	1.33 %	65,978	1.52 %
Hull, fishing vessel and aviation insurance	2,857	0.06 %	4,307	0.10 %
Voluntary automobile insurance	2,791,093	59.28 %	2,709,067	62.34 %
Compulsory automobile liability insurance	421,899	8.96 %	425,216	9.79 %
Liability insurance	235,771	5.01 %	137,036	3.15 %
Engineering and nuclear insurance	198,381	4.21 %	127,864	2.94 %
Surety and credit insurance	9,323	0.20 %	6,945	0.16 %
Other property insurance	29,089	0.62 %	26,438	0.61 %
Accident insurance	482,670	10.25 %	441,139	10.15 %
Typhoon, flood and earthquake insurance	163,924	3.48 %	153,985	3.54 %
Personal and commercial all-risk insurance	28,852	0.61 %	15,274	0.35 %
Health insurance	42,666	0.91 %	47,182	1.09 %
Overseas ceded-in reinsurance	(1,740)	(0.04)%	(428)	(0.01)%
<b>Total</b>	<b>\$ 4,708,146</b>	<b>100.00 %</b>	<b>4,345,565</b>	<b>100.00 %</b>

(Continued)

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

3) Claims trend

For the six months ended June 30, 2023

Occurrence year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1	41,020,376	3,019,920	3,505,019	4,231,875	3,846,573	4,548,623	4,201,280	4,120,597	4,742,416	6,043,107	2,456,445
2	41,163,055	3,216,949	3,615,016	4,483,260	4,058,010	4,804,267	4,901,074	4,890,228	5,292,664	6,624,396	
3	41,088,170	3,161,079	3,557,644	4,338,968	3,989,815	4,784,261	4,774,671	4,886,780	5,215,625		
4	41,025,302	3,151,586	3,530,087	4,331,187	3,997,617	4,714,228	4,775,424	4,879,409			
5	40,968,164	3,151,839	3,505,206	4,348,353	3,972,187	4,711,259	4,758,122				
6	40,944,545	3,130,980	3,518,795	4,300,980	3,971,299	4,718,189					
7	40,929,427	3,155,004	3,501,489	4,301,352	3,970,463						
8	41,259,830	3,128,978	3,502,875	4,301,195							
9	40,904,322	3,127,878	3,502,656								
10	40,901,729	3,134,489									
11	40,885,770										
Estimates	40,885,770	3,134,489	3,502,656	4,301,195	3,970,463	4,718,189	4,758,122	4,879,409	5,215,625	6,624,396	2,456,445
Actual	40,844,562	3,132,657	3,498,334	4,287,572	3,937,942	4,664,425	4,715,440	4,778,189	4,729,795	5,340,069	1,016,043
Subtotal	41,208	1,832	4,322	13,623	32,521	53,764	42,682	101,220	485,830	1,284,327	1,440,402
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	41,208	1,832	4,322	13,623	32,521	53,764	42,682	101,220	485,830	1,284,327	1,440,402

For the six months ended June 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	2,447,861
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	5,243,708	
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	4,914,580		
4	38,232,192	2,837,248	3,151,586	3,530,087	4,331,187	3,997,617	4,714,228	4,766,599			
5	38,188,054	2,835,816	3,151,839	3,505,206	4,348,353	3,972,187	4,706,817				
6	38,132,348	2,830,761	3,130,980	3,518,795	4,300,980	3,971,165					
7	38,113,784	2,834,001	3,155,004	3,501,489	4,301,007						
8	38,095,426	2,849,616	3,128,978	3,501,484							
9	38,410,214	2,833,969	3,127,962								
10	38,070,353	2,833,116									
11	38,066,683										
Estimates	38,066,683	2,833,116	3,127,962	3,501,484	4,301,007	3,971,165	4,706,817	4,766,599	4,914,580	5,243,708	2,447,861
Actual	38,026,484	2,828,961	3,118,427	3,496,582	4,287,147	3,928,179	4,653,249	4,653,974	4,685,203	4,099,602	1,079,010
Subtotal	40,199	4,155	9,535	4,902	13,860	42,986	53,568	112,625	229,377	1,144,106	1,368,851
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	40,199	4,155	9,535	4,902	13,860	42,986	53,568	112,625	229,377	1,144,106	1,368,851

(Continued)

**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 June 30, 2023

<b>Company</b>	<b>Annotation</b>
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, 2022

<b>Company</b>	<b>Annotation</b>
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

(Continued)

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

As of June 30, 2022

<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
S-Squared Insurance Company, Inc.	Facultative reinsurance of fire insurance

- c) For the six months ended June 30, 2023 and 2022, the reinsurance premium expenses for unauthorized reinsurance in the Company amounted to \$1 and \$4,802, respectively.
- d) The principal summary of amounts and component items of unauthorized reinsurance reserve in the Company were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unearned premium reserve	\$ -	2,427	4,604
Claims recoverable from reinsurers of paid claims overdue in nine months	-	13	-
Claims recoverable from reinsurers reported but unpaid	1,963	1,980	2,259
Total unauthorized reinsurance reserve	<u>\$ 1,963</u>	<u>4,420</u>	<u>6,863</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.

(Continued)

**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:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash and cash equivalents	\$ 3,446,841	3,067,290	2,940,910
Receivables	1,082,263	615,306	1,092,132
Financial assets at fair value through profit or loss	1,303,043	802,477	1,129,869
Financial assets at fair value through other comprehensive income	2,256,863	2,140,676	2,291,892
Financial assets at amortized cost	2,461,481	2,733,848	2,090,291
Other financial assets	1,762,800	1,622,875	2,471,620
Reinsurance contract assets	470,139	645,393	508,790
Other assets	<u>575,145</u>	<u>697,358</u>	<u>704,703</u>
Total	<u>\$ 13,358,575</u>	<u>12,325,223</u>	<u>13,230,207</u>

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 June 30, 2023, December 31 and June 30, 2022, the overdue refundable deposits accounted for under other assets were \$20,000, \$20,000 and \$0, which provisioned the loss allowance \$20,000, \$20,000 and \$0, respectively.

(Continued)





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

	June 30, 2022				Total
	Not overdue	Overdue under 90 days	Overdue for 91-270 days	Overdue 271 over days	
Notes receivable:					
Expected credit loss rate	0.10%	100%	100%	100%	
Carrying amount	\$ 247,100	86	-	1,137	248,323
Expected credit loss amount	260	86	-	1,137	1,483
Premiums receivable:					
Expected credit loss rate	0.45%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 555,843	35,264	21,437	1,229	613,773
Expected credit loss amount	2,508	1,280	1,003	1,229	6,020
Other receivables:					
Carrying amount	\$ 239,257	2,112	3,464	30,835	275,668
Expected credit loss amount	2,696	1,400	3,198	30,835	38,129

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 six months ended June 30, 2023				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	\$ 1,106	-	-	1,106	-	1,106
Changes	433	4,051	-	4,484	-	4,484
Ending balance	<u>\$ 1,539</u>	<u>4,051</u>	<u>-</u>	<u>5,590</u>	<u>-</u>	<u>5,590</u>

(Continued)

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

For the six months ended June 30, 2022

	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	\$ 654	-	-	654	-	654
Changes	196	-	-	196	-	196
Ending balance	\$ 850	-	-	850	-	850

b) The information of credit quality

	June 30, 2023										
	stage1				stage2				stage3	Allowance impairment loss	Total
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total			
Financial assets at amortized cost (including statutory deposit)	\$ 2,694,936	-	-	2,694,936	170,000	-	-	170,000	-	5,590	2,859,346

  

	December 31, 2022										
	stage1				stage2				stage3	Allowance impairment loss	Total
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total			
Financial assets at amortized cost (including statutory deposit)	\$ 3,165,046	-	-	3,165,046	-	-	-	-	-	1,106	3,163,940

  

	June 30, 2022										
	stage1				stage2				stage3	Allowance impairment loss	Total
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total			
Financial assets at amortized cost (including statutory deposit)	\$ 2,514,839	-	-	2,514,839	-	-	-	-	-	850	2,513,989

(Continued)

**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.

<b>June 30, 2023</b>						
<b>Non-derivative financial liabilities</b>	<b>Amount</b>	<b>Contract undiscounted cash amount</b>	<b>Overdue under 3 months</b>	<b>Overdue for 3 - 9 months</b>	<b>Overdue for 9 - 12 months</b>	<b>Overdue over 12 months</b>
<b>Payables</b>						
Claims payable	\$ 17,269	17,269	16,071	8	13	1,177
Commissions payable	233,661	233,661	233,661	-	-	-
Due to ceding companies	747,850	747,850	679,812	66,089	193	1,756
Other payables	326,648	326,648	242,144	84,504	-	-
Lease liabilities	22,690	23,133	3,993	7,265	3,168	8,707
<b>Other liabilities</b>						
Guarantee deposits received	9,968	9,968	353	1,111	1,103	7,401
<b>Total</b>	<b>\$ 1,358,086</b>	<b>1,358,529</b>	<b>1,176,034</b>	<b>158,977</b>	<b>4,477</b>	<b>19,041</b>
<b>December 31, 2022</b>						
<b>Non-derivative financial liabilities</b>	<b>Amount</b>	<b>Contract undiscounted cash amount</b>	<b>Overdue under 3 months</b>	<b>Overdue for 3 - 9 months</b>	<b>Overdue for 9 - 12 months</b>	<b>Overdue over 12 months</b>
<b>Payables</b>						
Claims payable	\$ 10,083	10,083	8,890	26	5	1,162
Commissions payable	178,341	178,341	178,341	-	-	-
Due to ceding companies	598,519	598,519	561,768	30,615	189	5,947
Other payables	380,362	380,362	379,525	288	144	405
Lease liabilities	11,931	12,127	3,437	3,661	1,180	3,849
<b>Other liabilities</b>						
Guarantee deposits received	9,962	9,962	2	422	10	9,528
<b>Total</b>	<b>\$ 1,189,198</b>	<b>1,189,394</b>	<b>1,131,963</b>	<b>35,012</b>	<b>1,528</b>	<b>20,891</b>

(Continued)

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

	June 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
<b>Non-derivative financial liabilities</b>						
Payables						
Claims payable	\$ 19,737	19,737	17,055	42	56	2,584
Commissions payable	212,500	212,500	212,500	-	-	-
Due to ceding companies	636,663	636,663	575,318	55,499	-	5,846
Other payables	562,046	562,046	481,238	80,160	81	567
Lease liabilities	16,568	16,856	3,892	6,485	1,054	5,425
Other liabilities						
Guarantee deposits received	6,880	6,880	1,189	149	407	5,135
<b>Total</b>	<b>\$ 1,454,394</b>	<b>1,454,682</b>	<b>1,291,192</b>	<b>142,335</b>	<b>1,598</b>	<b>19,557</b>

(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:

	June 30, 2023	December 31, 2022	June 30, 2022
<b>Financial assets</b>			
<b>Monetary items</b>			
USD	\$ 3,884	6,808	5,715
EUR	141	178	78
JPY	121	121	120
HKD	70	12	38
KRW	23	149	17
CNY	-	-	-
GBP	38	43	43
THB	20	51	127
<b>Financial liability</b>			
<b>Monetary items</b>			
USD	1,516	1,713	1,394
KRW	14	512	497
THB	-	-	79

(Continued)

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

Important rate:

	<b>Rates</b>		
	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
	USD	\$ 31.14	30.71
EUR	33.81	32.72	31.05
JPY	0.2150	0.2324	0.2182
HKD	3.97	3.94	3.79
KRW	0.0238	0.0246	0.0231
CNY	4.28	4.41	4.44
GBP	39.38	37.09	36.07
THB	0.8816	0.8941	0.8469

2) Sensitivity analysis

As of June 30, 2023 and 2022, with all other variable factors that remain constant, when NTD decreases 1% compared to other currency, the amount of the Company's comprehensive income will increase as follows:

	<b>June 30, 2023</b>	<b>June 30, 2022</b>
USD(increases 1%)	\$ 590	1,027
EUR(increases 1%)	38	19
HKD(increases 1%)	2	1
GBP(increases 1%)	12	12
THB(increases 1%)	-	-

Conversely, if there is a increase 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 June 30, 2023 and 2022.

(Continued)

**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:

	<u>Carrying Amount</u>		
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Variable interest rate instrument:			
Term deposit	\$ <u>1,296,000</u>	<u>1,170,220</u>	<u>704,220</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:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Increase 10 basis points	\$ 1,296	1,170	704
Decrease 10 basis points	(1,296)	(1,170)	(704)

(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.

(Continued)

**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:

Assets and liabilities	June 30, 2023			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Repeatable fair value measurement</b>				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 147,071	147,071	-	-
Real estate investment trust beneficiary certificates	338,885	338,885	-	-
Stocks	817,087	817,087	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,256,863	2,241,743	-	15,120
Assets and liabilities	December 31, 2022			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Repeatable fair value measurement</b>				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 23,876	23,876	-	-
Real estate investment trust beneficiary certificates	341,911	341,911	-	-
Stocks	436,690	436,690	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,140,676	2,125,500	-	15,176

(Continued)

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

Assets and liabilities	June 30, 2022			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Repeatable fair value measurement</b>				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 265,019	265,019	-	-
Real estate investment trust beneficiary certificates	340,020	340,020	-	-
Stocks	524,830	524,830	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,291,892	2,275,736	-	16,156

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 six months ended June 30, 2023 and 2022.

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

Name	For the six months ended June 30, 2023							
	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	\$ 15,176	-	(56)	-	-	-	-	15,120

  

Name	For the six months ended June 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	-	784	-	-	-	-	16,156

(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"> <li>· Price to Book Ratio</li> <li>· Discount for lack of marketability</li> </ul>	<ul style="list-style-type: none"> <li>· The higher price to book ratio is, the higher fair value is.</li> <li>· The higher discount for lack of marketability is, the lower the fair value is.</li> </ul>

(Continued)

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

- 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:

	<b>Change in fair value recognized in other comprehensive income</b>	
	<b>Favorable</b>	<b>Unfavorable</b>
<b>June 30, 2023</b>		
Financial assets fair value through other comprehensive income	\$ <u><u>151</u></u>	<u><u>(151)</u></u>
<b>December 31, 2022</b>		
Financial assets fair value through other comprehensive income	\$ <u><u>152</u></u>	<u><u>(152)</u></u>
<b>June 30, 2022</b>		
Financial assets fair value through other comprehensive income	\$ <u><u>162</u></u>	<u><u>(162)</u></u>

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.

(Continued)

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

(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>
<b>June 30, 2023</b>		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	\$ 2,859,346	2,841,661
Investment Property	849,289	1,566,580
<b>December 31, 2022</b>		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	3,163,940	3,129,985
Investment Property	851,695	1,568,918
<b>June 30, 2022</b>		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	2,513,989	2,499,798
Investment Property	854,102	1,570,117

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

2) Fair value information

<b>June 30, 2023</b>				
<b>Item</b>	<b>Total</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Financial assets at amortized cost (included statutory deposits)	\$ 2,841,661	-	2,841,661	-
Investment property	1,566,580	-	-	1,566,580
<b>December 31, 2022</b>				
<b>Item</b>	<b>Total</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Financial assets at amortized cost (included statutory deposits)	\$ 3,129,985	-	3,129,985	-
Investment property	1,568,918	-	-	1,568,918
<b>June 30, 2022</b>				
<b>Item</b>	<b>Total</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Financial assets at amortized cost (included statutory deposits)	\$ 2,499,798	-	2,499,798	-
Investment property	1,570,117	-	-	1,570,117

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 six months ended June 30, 2023 and 2022.

- (v) Financial risk management

There were no significant changes in the Company's financial risk management objectives and policies as disclosed in Note 6(v) of the financial statements for the year ended December 31, 2022.

- (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, 2022. For the related information, please refer to Note 6(w) of the financial statements for the year ended December 31, 2022.

- (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 June 30, 2023, December 31 and June 30, 2022, were as follows:

<u>June 30, 2023</u>	<u>Asset securitization products-REITS</u>
<b>Assets possessed by the Company</b>	
– Financial assets at fair value through profit or loss	\$ 338,885
Total assets possessed by the company	<b>\$ 338,885</b>

(Continued)

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

<b>December 31, 2022</b>	<b>Asset securitization products-REITS</b>
<b>Assets possessed by the Company</b>	
– Financial assets at fair value through profit or loss	\$ <u>341,911</u>
Total assets possessed by the company	\$ <u><u>341,911</u></u>
<b>June 30, 2022</b>	<b>Asset securitization products-REITS</b>
<b>Assets possessed by the Company</b>	
– Financial assets at fair value through profit or loss	\$ <u>340,020</u>
Total assets possessed by the company	\$ <u><u>340,020</u></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 six months ended June 30, 2023 and 2022.

**(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.

<b>Name of Related Party</b>	<b>Relationship with the Company</b>
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
China Television Company Co., Ltd.	Material related party
Touche Innovative Media Co., Ltd.	Material related party
Media Sphere Communications Ltd..	Material related party
TY Star Network Technology Co., Ltd.	Material related party
Want Tai Media 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>
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
IBF Securities Co., Ltd.	Material related party
Nuowant Biomedical Technology Co., Ltd.	Material related party
Commercial Culture Co., Ltd.	Material related party
Hongkong Hai Tian Aquaculture Holdings Limited, Taiwan Branch	Material related party
Chunyuan Hospitality Ltd.	Material related party
Pozzo Bakery Co., Ltd.	Material related party
Dentsu One Co., Ltd.	Material related party (Note1)
All directors, supervisors, managers, chairman of the board, general managers are the Company's related parties.	

Note1: It has not been a related party since January 2023.

(c) Compensation of key management personnel

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 10,140	8,541	20,173	17,091
Short-term employee benefits-paid leave	45	32	1,274	620
Post-employment benefits	271	123	543	245
Total	<u>\$ 10,456</u>	<u>8,696</u>	<u>21,990</u>	<u>17,956</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

	<b>For the three months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>Amount</b>	<b>Amount</b>
Written premium		
Other related parties	\$ 10,901	11,659
Key management personnel	<u>279</u>	<u>249</u>
Total	<b><u>\$ 11,180</u></b>	<b><u>11,908</u></b>

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>Amount</b>	<b>Amount</b>
Written premium		
Other related parties	\$ 11,590	12,179
Key management personnel	<u>522</u>	<u>372</u>
Total	<b><u>\$ 12,112</u></b>	<b><u>12,551</u></b>

2) Account receivables

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Premiums receivable:			
Other related parties	\$ 9,442	213	10,466
Key management personnel	<u>4</u>	<u>-</u>	<u>-</u>
Total	<b><u>\$ 9,446</u></b>	<b><u>213</u></b>	<b><u>10,466</u></b>

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

3) Prepaid expenses

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<b>Related parties</b>			
Other related parties	<b><u>\$ 2</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

(Continued)



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

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

<u>Related parties</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>373</u>	<u>416</u>	<u>745</u>	<u>1,306</u>

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

1) Rental revenue

<u>Related parties</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Key Management personnel	\$ <u>-</u>	<u>15</u>	<u>-</u>	<u>30</u>

2) Guarantee deposits received

<u>Related parties</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Key Management personnel	\$ <u>-</u>	<u>-</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 June 30, 2023, December 31 and June 30, 2022, the assets pledged or guaranteed were as follows:

<u>Pledged Assets</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>	<u>Purpose of pledge</u>
Other financial assets - Time deposit	\$ 47,000	167,000	167,000	Guarantee for the insurance business
Financial assets at amortized cost	397,865	430,092	423,698	Guarantee for operating business, suit, and contract performance
Total	\$ <u>444,865</u>	<u>597,092</u>	<u>590,698</u>	

**(9) Commitments and contingencies:**

- (a) The Company had several significant insurance lawsuits and was required to pay indemnities of \$130,759, of which approximately \$95,727 were reinsured. The remain had been accrued. These cases have not been resolved with District Court of Appeal as of June 30, 2023.
- (b) In order to improve computer equipment and IT systems, the Company is in contract with several IT companies. As of June 30, 2023, there is \$74,111 unpaid.

(Continued)

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

**(10) Losses Due to Major Disasters:None.**

**(11) Subsequent Events:**

The Board of Directors authorized the chairman of the board to purchase investment property within \$202,230 on July 26, 2023.

**(12) Other:**

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

Function	For the three months ended June 30,					
	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Nature						
Employees Benefits:						
Salaries	96,969	187,312	284,281	95,197	181,406	276,603
Labor and health insurance	-	20,677	20,677	-	19,403	19,403
Pension	-	10,725	10,725	-	10,438	10,438
Remuneration of directors	-	3,361	3,361	-	4,228	4,228
Others	-	11,916	11,916	-	10,784	10,784
Depreciation	1,203	11,920	13,123	1,203	12,277	13,480
Amortization	-	6,465	6,465	-	4,311	4,311

Function	For the six months ended June 30,					
	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Nature						
Employees Benefits:						
Salaries	198,360	380,860	579,220	196,742	368,342	565,084
Labor and health insurance	-	44,730	44,730	-	43,017	43,017
Pension	-	21,381	21,381	-	20,533	20,533
Remuneration of directors	-	6,676	6,676	-	8,471	8,471
Others	-	24,025	24,025	-	22,166	22,166
Depreciation	2,406	23,975	26,381	2,406	24,229	26,635
Amortization	-	11,647	11,647	-	8,625	8,625

(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 June 30, 2023						
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	\$ 234,653	73,015	98,962	208,706	94	208,612
Non-compulsory insurance	2,904,522	35,065	883,984	2,055,603	29,072	2,026,531
<b>Total</b>	<b>\$ 3,139,175</b>	<b>108,080</b>	<b>982,946</b>	<b>2,264,309</b>	<b>29,166</b>	<b>2,235,143</b>
For the three months ended June 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	\$ 239,600	70,986	101,429	209,157	(1,172)	210,329
Non-compulsory insurance	2,610,331	35,788	749,198	1,896,921	103,173	1,793,748
<b>Total</b>	<b>\$ 2,849,931</b>	<b>106,774</b>	<b>850,627</b>	<b>2,106,078</b>	<b>102,001</b>	<b>2,004,077</b>
For the six months ended June 30, 2023						
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	\$ 467,640	151,017	196,758	421,899	(1,869)	423,768
Non-compulsory insurance	5,810,112	100,040	1,623,905	4,286,247	395,919	3,890,328
<b>Total</b>	<b>\$ 6,277,752</b>	<b>251,057</b>	<b>1,820,663</b>	<b>4,708,146</b>	<b>394,050</b>	<b>4,314,096</b>
For the six months ended June 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	\$ 472,944	152,269	199,997	425,216	(1,314)	426,530
Non-compulsory insurance	5,198,412	73,734	1,351,797	3,920,349	323,242	3,597,107
<b>Total</b>	<b>\$ 5,671,356</b>	<b>226,003</b>	<b>1,551,794</b>	<b>4,345,565</b>	<b>321,928</b>	<b>4,023,637</b>

(Continued)

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

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

<b>For the three months ended June 30, 2023</b>				
<b>Item</b>	<b>Claims (included related expenses) (1)</b>	<b>Reinsurance claims (2)</b>	<b>Claims recovered from reinsurers (3)</b>	<b>Retained claim payment (4)=(1)+(2)-(3)</b>
Compulsory insurance	\$ 137,934	70,214	83,952	124,196
Non-compulsory insurance	1,361,410	5,989	250,438	1,116,961
Total	<u>\$ 1,499,344</u>	<u>76,203</u>	<u>334,390</u>	<u>1,241,157</u>
<b>For the three months ended June 30, 2022</b>				
<b>Item</b>	<b>Claims (included related expenses) (1)</b>	<b>Reinsurance claims (2)</b>	<b>Claims recovered from reinsurers (3)</b>	<b>Retained claim payment (4)=(1)+(2)-(3)</b>
Compulsory insurance	\$ 165,744	68,169	97,875	136,038
Non-compulsory insurance	1,320,595	4,195	303,754	1,021,036
Total	<u>\$ 1,486,339</u>	<u>72,364</u>	<u>401,629</u>	<u>1,157,074</u>
<b>For the six months ended June 30, 2023</b>				
<b>Item</b>	<b>Claims (included related expenses) (1)</b>	<b>Reinsurance claims (2)</b>	<b>Claims recovered from reinsurers (3)</b>	<b>Retained claim payment (4)=(1)+(2)-(3)</b>
Compulsory insurance	\$ 299,085	140,885	177,407	262,563
Non-compulsory insurance	2,728,970	15,276	545,661	2,198,585
Total	<u>\$ 3,028,055</u>	<u>156,161</u>	<u>723,068</u>	<u>2,461,148</u>
<b>For the six months ended June 30, 2022</b>				
<b>Item</b>	<b>Claims (included related expenses) (1)</b>	<b>Reinsurance claims (2)</b>	<b>Claims recovered from reinsurers (3)</b>	<b>Retained claim payment (4)=(1)+(2)-(3)</b>
Compulsory insurance	\$ 311,041	145,723	185,669	271,095
Non-compulsory insurance	2,442,607	26,844	607,445	1,862,006
Total	<u>\$ 2,753,648</u>	<u>172,567</u>	<u>793,114</u>	<u>2,133,101</u>

(Continued)

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

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

For the six months ended June 30, 2023

Type	Beginning	Provision	Recovery	Ending	Note
<b>Unearned premium reserve</b>					
Compulsory automobile liability insurance	\$ 398,720	395,212	398,720	395,212	
Compulsory motorcycle liability insurance	129,132	127,844	129,132	127,844	
Compulsory mini electric two-wheel vehicle liability insurance	360	1,361	360	1,361	
<b>Special reserve</b>					
Compulsory automobile liability insurance	(219,154)	22,179	-	(196,975)	
Compulsory motorcycle liability insurance	309,295	3,839	-	313,134	
Compulsory mini electric two-wheel vehicle liability insurance	47	106	-	153	
<b>Claim reserve</b>					
Compulsory automobile liability insurance	572,412	591,454	572,412	591,454	
Compulsory motorcycle liability insurance	167,935	162,158	167,935	162,158	
Compulsory mini electric two-wheel vehicle liability insurance	89	316	89	316	
<b>Total</b>	<b>\$ 1,358,836</b>	<b>1,304,469</b>	<b>1,268,648</b>	<b>1,394,657</b>	

(Continued)

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

For the six months ended June 30, 2022

Type	Beginning	Provision	Recovery	Ending	Note
<b>Unearned premium reserve</b>					
Compulsory automobile liability insurance	\$ 399,078	396,385	399,078	396,385	
Compulsory motorcycle liability insurance	132,472	131,179	132,472	131,179	
<b>Special reserve</b>					
Compulsory automobile liability insurance	(276,929)	46,918	-	(230,011)	
Compulsory motorcycle liability insurance	294,872	2,846	1,787	295,931	
<b>Claim reserve</b>					
Compulsory automobile liability insurance	569,388	548,955	569,388	548,955	
Compulsory motorcycle liability insurance	180,851	168,718	180,851	168,718	
<b>Total</b>	<b>\$ 1,299,732</b>	<b>1,295,001</b>	<b>1,283,576</b>	<b>1,311,157</b>	

(Continued)

**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	
	June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022
<u>Asset</u>			<u>Liabilities</u>		
Cash and cash in bank	\$ 817,576	754,681	Claims payable	\$ 3,330	1,193
Notes receivable	6,285	7,418	Due to reinsurers and ceding companies	68,276	68,353
Premiums receivable	7,915	9,430	Unearned premium reserve	524,417	527,564
Claim recoverable from reinsures	57,592	48,550	Claims reserve	753,928	717,673
Due from reinsurers and ceding companies	50,110	50,071	Special reserve	116,312	65,920
Ceded unearned premium reserve	215,664	217,206			
Ceded claims reserve	310,906	291,907			
Temporary payments	215	1,440			
<b>Total assets</b>	<b>\$ 1,466,263</b>	<b>1,380,703</b>	<b>Total liabilities</b>	<b>\$ 1,466,263</b>	<b>1,380,703</b>

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

Item	For the six months ended June 30,	
	2023	2022
Operating revenue	284,718	286,987
Pure premium	327,908	333,320
Reinsurance premium	151,017	152,269
Premium	478,925	485,589
Less: Reinsurance expense	(196,758)	(199,997)
Net change in unearned premium reserve	1,869	1,314
Retained earned premium	284,036	286,906
Interest income	682	81
Operating costs	296,238	298,404
Insurance claim payment	299,085	311,041
Reinsurance claim payment	140,885	145,723
Less: Claim recovered from reinsurers	(177,407)	(185,669)
Retained claim payment	262,563	271,095
Net change in claim reserve	7,551	(20,668)
Net change in special reserve	26,124	47,977

(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>	<b>June 30, 2023</b>		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,446,841	-	3,446,841
Receivables	1,082,263	-	1,082,263
Current tax assets	9,105	-	9,105
Financial assets at fair value through profit or loss	1,303,043	-	1,303,043
Financial assets at fair value through other comprehensive income	-	2,256,863	2,256,863
Financial assets at amortized cost	-	2,461,481	2,461,481
Other financial assets	1,403,100	359,700	1,762,800
Right-of-use assets	-	22,537	22,537
Investment property	-	849,289	849,289
Reinsurance assets	3,797,313	743,064	4,540,377
Property and equipment	-	1,282,181	1,282,181
Intangible assets	-	152,652	152,652
Other assets	-	665,573	665,573
<b>Total assets</b>	<b>\$ 11,041,665</b>	<b>8,793,340</b>	<b>19,835,005</b>

  

<u>Liabilities</u>	<b>June 30, 2023</b>		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Accounts payable	\$ 1,322,495	2,933	1,325,428
Insurance liabilities	11,329,948	1,318,818	12,648,766
Provisions	-	109,344	109,344
Lease liabilities	14,083	8,607	22,690
Deferred tax liabilities	-	63,920	63,920
Other liabilities	12,748	7,401	20,149
<b>Total liabilities</b>	<b>\$ 12,679,274</b>	<b>1,511,023</b>	<b>14,190,297</b>

(Continued)



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

<u>Assets</u>	<b>December 31, 2022</b>		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,067,290	-	3,067,290
Receivables	615,306	-	615,306
Current tax assets	7,234	-	7,234
Financial assets at fair value through profit or loss	802,477	-	802,477
Financial assets at fair value through other comprehensive income	-	2,140,676	2,140,676
Financial assets at amortized cost	267,892	2,465,956	2,733,848
Other financial assets	1,500,875	122,000	1,622,875
Right-of-use assets	-	11,796	11,796
Investment property	-	851,695	851,695
Reinsurance assets	3,605,814	646,204	4,252,018
Property and equipment	-	1,292,268	1,292,268
Intangible assets	-	113,373	113,373
Other assets	31,987	758,768	790,755
Total assets	<u>\$ 9,898,875</u>	<u>8,402,736</u>	<u>18,301,611</u>
<u>Liabilities</u>	<b>December 31, 2022</b>		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Accounts payable	\$ 1,159,791	7,514	1,167,305
Insurance liabilities	11,146,118	978,003	12,124,121
Provisions	-	110,113	110,113
Lease liabilities	8,123	3,808	11,931
Deferred tax liabilities	-	63,920	63,920
Other liabilities	9,840	9,528	19,368
Total liabilities	<u>\$ 12,323,872</u>	<u>1,172,886</u>	<u>13,496,758</u>

(Continued)

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

<u>Assets</u>	<b>June 30, 2022</b>		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,940,910	-	2,940,910
Receivables	1,092,132	-	1,092,132
Financial assets at fair value through profit or loss	1,129,869	-	1,129,869
Financial assets at fair value through other comprehensive income	-	2,291,892	2,291,892
Financial assets at amortized cost	70,362	2,019,929	2,090,291
Other financial assets	2,343,620	128,000	2,471,620
Right-of-use assets	-	16,411	16,411
Investment property	-	854,102	854,102
Reinsurance assets	3,795,748	293,894	4,089,642
Property and equipment	-	1,259,866	1,259,866
Intangible assets	-	112,552	112,552
Other assets	279,074	510,491	789,565
<b>Total assets</b>	<b>\$ 11,651,715</b>	<b>7,487,137</b>	<b>19,138,852</b>

<u>Liabilities</u>	<b>June 30, 2022</b>		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Accounts payable	\$ 1,421,949	8,997	1,430,946
Current tax liabilities	3,467	-	3,467
Insurance liabilities	10,954,777	1,133,544	12,088,321
Provisions	-	163,790	163,790
Lease liabilities	11,219	5,349	16,568
Deferred tax liabilities	-	63,920	63,920
Other liabilities	9,870	5,135	15,005
<b>Total liabilities</b>	<b>\$ 12,401,282</b>	<b>1,380,735</b>	<b>13,782,017</b>

(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 six months ended June 30, 2023 and 2022, the influence for not applying the notification on net income, liabilities, and equity of the Company resulted in an increase of \$32,281, an decrease of \$256,767, a decrease of \$32,281, a increase of \$256,767, an increase of \$32,281, an decrease of \$256,767, respectively. The influence on the Company for not applying the notification resulted in the EPS (NT dollars) by an increase of \$0.14 and an decrease of \$1.15, 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:

Units: in shares

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.

(Continued)

**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 resources, 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.