

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

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and 2022**

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

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安侯建業聯合會計師事務所

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying balance sheets of Union Insurance Co., LTD. as of September 30, 2023 and 2022, and the related statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of Union Insurance Co., LTD. as of September 30, 2023 and 2022, and of its financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its cash flows for the nine months ended September 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.



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

KPMG

Taipei, Taiwan (Republic of China)
October 30, 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 review such financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.

Balance Sheets

September 30, 2023, December 31, 2022, and September 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2023		December 31, 2022		September 30, 2022				September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity							
11000	Cash and cash equivalents (note 6(a))	\$ 3,870,173	19	3,067,290	17	3,144,874	17	21000	Accounts payable (note 6(b) and (c))	\$ 1,347,563	7	1,167,305	7	1,177,573	7
12000	Receivables (note 6(b))	842,962	4	615,306	3	901,956	5	21700	Current tax liabilities	58,243	-	-	-	2,187	-
12600	Current tax assets	7,234	-	7,234	-	-	-	24000	Insurance liabilities (note 6(n))	12,626,680	63	12,124,121	66	11,813,007	64
14110	Financial assets at fair value through profit or loss (note 6(f))	1,341,883	7	802,477	4	808,339	4	27000	Provisions	105,972	1	110,113	1	163,910	1
14190	Financial assets at fair value through other comprehensive income (note 6(f))	2,229,656	11	2,140,676	12	2,147,353	11	23800	Lease liabilities (note 6(j))	19,537	-	11,931	-	15,476	-
14145	Financial assets at amortized cost (note 6(f))	2,561,239	13	2,733,848	15	2,533,705	14	28000	Deferred tax liabilities	63,920	-	63,920	-	63,920	-
14180	Other financial assets, net (note 6(f))	1,712,800	8	1,622,875	9	1,894,120	10	25000	Other liabilities	19,339	-	19,368	-	15,469	-
16700	Right-of-use assets (note 6(i))	19,364	-	11,796	-	15,322	-		Total liabilities	<u>14,241,254</u>	<u>71</u>	<u>13,496,758</u>	<u>74</u>	<u>13,251,542</u>	<u>72</u>
14200	Investment property (note 6(g))	848,086	4	851,695	5	852,899	5		Equity						
15000	Reinsurance assets (note 6(c))	4,545,632	23	4,252,018	23	4,071,536	22	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))	1,279,926	6	1,292,268	7	1,276,930	7	33100	Legal reserve (note 6(p))	1,004,854	5	1,004,854	5	1,004,854	5
17000	Intangible assets	161,048	1	113,373	1	107,562	1	33200	Special reserve (note 6(n) and (p))	2,749,564	13	2,750,537	15	2,459,525	13
18000	Other assets	721,175	4	790,755	4	777,307	4	33300	Unappropriated retained earnings (note 6(p))	(72,268)	-	(1,120,584)	(6)	(369,136)	(2)
								34210	Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	(18,306)	-	(66,034)	-	(50,962)	-
									Total equity	<u>5,899,924</u>	<u>29</u>	<u>4,804,853</u>	<u>26</u>	<u>5,280,361</u>	<u>28</u>
Total assets		<u>\$ 20,141,178</u>	<u>100</u>	<u>18,301,611</u>	<u>100</u>	<u>18,531,903</u>	<u>100</u>	Total liabilities and equity		<u>\$ 20,141,178</u>	<u>100</u>	<u>18,301,611</u>	<u>100</u>	<u>18,531,903</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 nine months ended September 30, 2023 and 2022

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

	For the three months ended September 30,				For the nine months ended September 30,			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
41000	Operating revenue:							
41110	\$ 3,180,493	121	2,704,375	120	9,458,245	124	8,375,731	137
41120	105,733	4	98,786	4	356,790	5	324,789	5
41100	3,286,226	125	2,803,161	124	9,815,035	129	8,700,520	142
51100	1,001,217	38	775,145	34	2,821,880	37	2,326,939	38
51310	(28,700)	(1)	(48,798)	(2)	365,350	5	273,130	5
41130	2,313,709	88	2,076,814	92	6,627,805	87	6,100,451	99
41300	164,944	6	110,530	5	447,302	6	337,061	5
41500	Net income (loss) from investments							
41510	31,520	1	24,545	1	94,229	1	62,111	1
41521	60,387	3	(47,253)	(2)	324,826	5	(517,310)	(7)
41527	39,098	2	64,256	3	74,790	1	91,618	1
41550	902	-	1,772	-	1,444	-	1,784	-
41570	11,249	-	7,651	-	26,715	-	22,559	-
41585	(247)	-	(187)	-	(4,731)	-	(383)	-
41800	8,057	-	15,710	1	13,900	-	33,289	1
	2,629,619	100	2,253,838	100	7,606,280	100	6,131,180	100
51000	Operating costs:							
51200	1,736,558	66	1,900,579	84	4,920,774	65	4,826,794	79
41200	558,464	21	294,886	13	1,281,532	17	1,088,000	18
51260	1,178,094	45	1,605,693	71	3,639,242	48	3,738,794	61
51300	Net change in other insurance liability (note6(n))							
51320	73,262	3	(296,134)	(13)	109,141	1	553,003	9
51340	15,710	1	7,589	-	39,322	1	(246,946)	(4)
51350	(556)	-	-	-	(392,112)	(5)	-	-
51500	480,634	18	433,916	19	1,463,944	19	1,342,899	22
51800	8,306	-	13,574	1	22,331	-	34,539	1
51700	2,348	-	3,023	-	4,999	-	6,310	-
	1,757,798	67	1,767,661	78	4,886,867	64	5,428,599	89
58000	Operating expenses:							
58100	431,706	16	371,915	17	1,300,443	17	1,220,013	20
58200	93,409	4	87,042	4	285,642	4	261,322	4
58300	342	-	520	-	911	-	1,130	-
58400	2,096	-	18,775	1	21,293	-	24,588	-
	527,553	20	478,252	22	1,608,289	21	1,507,053	24
	344,268	13	7,925	-	1,111,124	15	(804,472)	(13)
59000	2,233	-	(191)	-	5,854	-	3,909	-
62000	346,501	13	7,734	-	1,116,978	15	(800,563)	(13)
63000	64,078	2	-	-	69,635	1	7,276	-
	282,423	11	7,734	-	1,047,343	14	(807,839)	(13)
83000	Other comprehensive income:							
83100	Components of other comprehensive income that will not be reclassified to profit or loss							
83190	(27,207)	(1)	(84,208)	(4)	47,728	1	(129,965)	(2)
	(27,207)	(1)	(84,208)	(4)	47,728	1	(129,965)	(2)
83000	(27,207)	(1)	(84,208)	(4)	47,728	1	(129,965)	(2)
	255,216	10	(76,474)	(4)	1,095,071	15	(937,804)	(15)
97500	1.26		0.03		4.68		(3.61)	

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 nine months ended September 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	
Balance at January 1, 2022	\$ 2,236,080	854,366	2,459,890	811,953	79,484	6,441,773
Net loss	-	-	-	(807,839)	-	(807,839)
Other comprehensive income	-	-	-	-	(129,965)	(129,965)
Total comprehensive income	-	-	-	(807,839)	(129,965)	(937,804)
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	150,488	-	(150,488)	-	-
Cash dividends of ordinary share	-	-	-	(223,608)	-	(223,608)
Special reserve on reversal-employee training and transferring plan	-	-	(365)	365	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	481	(481)	-
Balance at September 30, 2022	\$ 2,236,080	1,004,854	2,459,525	(369,136)	(50,962)	5,280,361
Balance at January 1, 2023	\$ 2,236,080	1,004,854	2,750,537	(1,120,584)	(66,034)	4,804,853
Net Income	-	-	-	1,047,343	-	1,047,343
Other comprehensive income	-	-	-	-	47,728	47,728
Total comprehensive income	-	-	-	1,047,343	47,728	1,095,071
Appropriation and distribution of retained earnings:						
Special reserve on reversal-employee training and transferring plan	-	-	(973)	973	-	-
Balance at September 30, 2023	\$ 2,236,080	1,004,854	2,749,564	(72,268)	(18,306)	5,899,924

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 nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2023	2022
Cash flows from (used in) operating activities:		
Net income (loss) before income tax	\$ 1,116,978	(800,563)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	39,280	40,165
Amortization expense	18,034	12,867
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(305,743)	528,011
Interest expense	4,999	6,310
Interest income	(94,229)	(62,111)
Dividend income	(93,873)	(102,319)
Net change in insurance liabilities	503,982	856,312
Net change in other provisions	(4,141)	(15,167)
Expected credit loss of investments	4,731	383
Expected credit loss of non-investments	21,293	24,588
Impairment loss on non-financial assets	-	2,100
Others	(4)	(1)
Total adjustments to reconcile profit (loss)	<u>94,329</u>	<u>1,291,138</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes receivable	(30,251)	(57,635)
Increase in premiums receivable	(226,132)	(149,554)
Decrease (increase) in other receivables	1,477	(14,756)
(Increase) decrease in financial assets at fair value through profit or loss	(233,663)	543,009
Increase in financial assets at fair value through other comprehensive income	(41,252)	(196,919)
Decrease (increase) in financial assets at amortized cost	200,000	(1,144,501)
(Increase) decrease in other financial assets	(89,925)	533,300
Increase in reinsurance assets	(307,901)	(211,519)
Decrease in other assets	85,508	1,590
Total changes in operating assets	<u>(642,139)</u>	<u>(696,985)</u>
Changes in operating liabilities:		
Increase (decrease) in other payable	180,258	(60,112)
Decrease in other liabilities	(29)	(3,346)
Total changes in operating liabilities	<u>180,229</u>	<u>(63,458)</u>
Cash inflow generated from (used in) operations	749,397	(269,868)
Interest received	114,829	58,405
Dividends received	93,744	102,333
Interest paid	(4,999)	(6,310)
Income taxes paid	(11,392)	(108,025)
Net Cash flows from (used in) operating activities	<u>941,579</u>	<u>(223,465)</u>
Cash flows from (used in) investing activities:		
Increase in prepayments	(88,156)	(2,880)
Acquisition of property and equipment	(10,977)	(38,924)
Acquisition of intangible assets	(27,253)	(2,000)
Net cash flows used in investing activities	<u>(126,386)</u>	<u>(43,804)</u>
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(12,310)	(12,476)
Cash dividends paid	-	(223,608)
Net cash flows used in financing activities	<u>(12,310)</u>	<u>(236,084)</u>
Net increase (decrease) in cash and cash equivalents	802,883	(503,353)
Cash and cash equivalents at beginning of period	<u>3,067,290</u>	<u>3,648,227</u>
Cash and cash equivalents at end of period	<u>\$ 3,870,173</u>	<u>3,144,874</u>

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 nine months ended September 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 October 30, 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:

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

(Continued)

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- Amendments to IAS21 “Lack of Exchangeability”

(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.

(Continued)

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.

(Continued)

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

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

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the financial statements for the current period and the 2022 financial statements. Please refer to Note 6 of the 2022 annual financial statements.

(a) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand	\$ 336	332	500
Petty cash	13,010	13,010	13,010
Cash in bank	3,024,509	2,353,282	2,799,080
Bonds purchased under resale agreements	832,318	700,666	332,284
Total	<u>\$ 3,870,173</u>	<u>3,067,290</u>	<u>3,144,874</u>

(b) Receivables and Payables

(i) Receivables

<u>Item</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ 311,007	280,811	304,421
Premiums receivable	406,477	185,270	440,442
Other receivables	125,478	149,225	157,093
Total	<u>\$ 842,962</u>	<u>615,306</u>	<u>901,956</u>

(ii) Payables

<u>Item</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Commission payable	\$ 230,268	178,341	205,147
Due to ceding companies	242,834	42,429	202,641
Reinsurance premium payable	476,574	553,943	428,312
Reinsurance commission payable	1,280	2,147	645
Insurance claims payable	17,548	10,083	23,670
Other payables	379,059	380,362	317,158
Total	<u>\$ 1,347,563</u>	<u>1,167,305</u>	<u>1,177,573</u>

(Continued)

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

(iii) Receivables of insurance contracts

<u>Item</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Notes receivable	\$ 311,295	281,043	304,671
Less : Loss allowance	(288)	(232)	(250)
Total	<u>\$ 311,007</u>	<u>280,811</u>	<u>304,421</u>

<u>Item</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Premiums receivable			
Fire insurance	\$ 40,709	28,194	78,019
Marine insurance	21,471	25,106	26,941
Hull and fishing vessel insurance	10,746	3,634	16,559
Other accident insurance	178,307	69,272	190,282
Compulsory pure premium	6,813	9,395	8,366
Voluntary automobile insurance	23,350	7,816	46,759
Compulsory automobile liability insurance	3,129	4,429	3,634
Overdue receivables	131,387	41,934	75,662
Subtotal	415,912	189,780	446,222
Less : Loss allowance	(9,435)	(4,510)	(5,780)
Total	<u>\$ 406,477</u>	<u>185,270</u>	<u>440,442</u>

(iv) Other receivables

<u>Item</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other receivables	\$ 167,116	188,838	194,884
Less : Loss allowance	(41,638)	(39,613)	(37,791)
Total	<u>\$ 125,478</u>	<u>149,225</u>	<u>157,093</u>

(Continued)

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

As of September 30, 2023, December 31 and September 30, 2022, the overdue receivables in notes receivable, premiums receivable and other receivables were \$172,317, \$80,181 and \$112,655, which provisioned the loss allowance \$51,361, \$44,355 and \$43,821, respectively. The movements of the loss allowance for receivables were as follows:

	<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 44,355	39,819
Loss recognized	7,006	4,588
Amounts write-off	-	(586)
Ending balance	<u>\$ 51,361</u>	<u>43,821</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:

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Under 90 days	\$ 819,415	606,545	896,258
91~270 days	38,436	19,489	16,783
More than 271 days	36,472	33,627	32,736

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

(v) Payables of insurance contracts

<u>Item</u>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Commission payable	<u>\$ 230,268</u>	<u>178,341</u>	<u>205,147</u>

(c) Reinsurance assets

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Claims recoverable from reinsurers (Note 6(d))	\$ 214,394	242,912	213,948
Due from reinsurers and ceding companies — net (Note 6(e))	342,333	402,481	214,114
Reinsurance reserve assets (Note 6(n))			
Ceded unearned premiums reserve	1,970,293	1,621,156	1,740,754
Ceded claim reserve	1,973,117	1,927,315	1,902,720
Ceded premium deficiency reserve	45,495	58,154	-
Total	<u>\$ 4,545,632</u>	<u>4,252,018</u>	<u>4,071,536</u>

(Continued)

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

(d) Claims recoverable from reinsurers

Item	September 30, 2023	December 31, 2022	September 30, 2022
Fire insurance	\$ 4,067	10,845	3,141
Marine insurance	377	1,748	293
Land and air insurance	2	3	3
Liability insurance	59,314	63,887	57,763
Surety insurance	7	67	3
Other property insurance	96,264	97,598	87,018
Accident insurance	7,416	9,227	9,282
Health insurance	1,557	2,456	1,835
Compulsory automobile liability insurance	45,372	57,057	54,535
Overdue receivables	422	24	75
Less : Loss allowance	(404)	-	-
Total	\$ 214,394	242,912	213,948

The movements of the loss allowance for claims recoverable from reinsurers were as follows:

	For the nine months ended September 30,	
	2023	2022
Beginning	\$ -	-
Loss recognized (Recovery)	404	-
Ending balance	\$ 404	-

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

(i) Receivables of insurance contracts

Item	September 30, 2023	December 31, 2022	September 30, 2022
Due from ceding companies	\$ 192,849	227,864	114,975
Reinsurance premium receivable	64,755	66,208	58,894
Reinsurance commission receivable	84,626	76,822	33,610
Overdue receivables	13,986	31,587	6,635
Subtotal	356,216	402,481	214,114
Less : Loss allowance	(13,883)	-	-
Total	\$ 342,333	402,481	214,114

(Continued)

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

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

	<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ -	-
Loss recognized	13,883	-
Ending balance	<u>\$ 13,883</u>	<u>-</u>

(ii) Payables of insurance contracts

<u>Item</u>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Due to ceding companies	\$ 242,834	42,429	202,641
Reinsurance premium payable	476,574	553,943	428,312
Reinsurance commission payable	1,280	2,147	645
Total	<u>\$ 720,688</u>	<u>598,519</u>	<u>631,598</u>

(f) Financial assets

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Beneficiary certificate	\$ 158,670	23,876	86,827
Real estate investment trust beneficiary certificate	337,561	341,911	340,398
Domestic listed stocks and OTC stocks	845,652	436,690	381,114
Total	<u>\$ 1,341,883</u>	<u>802,477</u>	<u>808,339</u>

Sensitivity analysis - the risk of equity price:

If there is an increase in the securities' price of 1% on the reporting date (assume that all other variables remain the same), the impact on comprehensive income for the nine months ended September 30, 2023 and 2022 will increase \$13,419 and \$8,083, 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.

(Continued)

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

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Equity investments at fair value through other comprehensive income:			
Domestic listed stocks and OTC stocks	\$ 2,214,648	2,125,500	2,131,869
Domestic unlisted stocks	<u>15,008</u>	<u>15,176</u>	<u>15,484</u>
Total	<u>\$ 2,229,656</u>	<u>2,140,676</u>	<u>2,147,353</u>

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 nine months then ended September 30, 2023 and 2022, the dividends of \$39,098, \$64,256, \$74,790 and \$91,618, respectively, related to equity investments at fair value through other comprehensive income held on the periods then ended, were recognized; the dividend of \$0, \$3,360, \$0 and \$3,360, respectively, related to the investments derecognized during the three months and nine months then ended September 30, 2023 and 2022 were recognized.

The Company disposed shares designated as measured at fair value through other comprehensive income due to assets allocation, managing and rearranging portfolio. The disposed shares, during the three months and nine months ended September 30, 2023 and 2022, were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Fair value	\$ -	<u>60,331</u>	-	<u>60,331</u>
Cumulative gain on disposal	\$ -	<u>481</u>	-	<u>481</u>

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

Sensitivity analysis - the risk of equity price:

If there is an increase in the securities' price of 1% on the reporting date (assume that all other variables remain the same), the impact on comprehensive income for the nine months ended September 30, 2023 and 2022 will increase \$22,297 and \$21,474, 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.

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

(iii) Financial assets at amortized cost

	September 30, 2023	December 31, 2022	September 30, 2022
Government bonds	\$ 614,819	915,046	914,931
Financial bonds	1,300,000	1,300,000	1,100,000
Corporate bonds	<u>1,050,000</u>	<u>950,000</u>	<u>950,000</u>
Subtotal	2,964,819	3,165,046	2,964,931
Less: Security deposits	(397,743)	(430,092)	(430,189)
Loss allowance	<u>(5,837)</u>	<u>(1,106)</u>	<u>(1,037)</u>
Total	<u><u>\$ 2,561,239</u></u>	<u><u>2,733,848</u></u>	<u><u>2,533,705</u></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.
- 4) The Company assessed the impairment of financial asset for the nine months ended September 30, 2023 and 2022, the amounts of the expected credit loss recognized were as follows:

	For the nine months ended September 30,	
	2023	2022
Beginning balance	\$ 1,106	654
Loss recognized	<u>4,731</u>	<u>383</u>
Ending balance	<u><u>\$ 5,837</u></u>	<u><u>1,037</u></u>

(iv) Other financial assets, net:

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits – initial maturity date over than three months	\$ 1,759,800	1,789,875	2,061,120
Less: Security deposits	<u>(47,000)</u>	<u>(167,000)</u>	<u>(167,000)</u>
Total	<u><u>\$ 1,712,800</u></u>	<u><u>1,622,875</u></u>	<u><u>1,894,120</u></u>

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

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

(v) Capital outsourcing information

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

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash and cash equivalents	\$ 860,544	760,956	888,161
Financial assets at fair value through profit or loss - stocks	<u>745,452</u>	<u>411,522</u>	<u>296,714</u>
	<u>\$ 1,605,996</u>	<u>1,172,478</u>	<u>1,184,875</u>

(g) Investment property

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

	Land and improvement	Buildings and construction	Total
Cost or deemed cost:			
Balance at September 30, 2023 (Same as January 1, 2023)	<u>\$ 727,887</u>	<u>217,104</u>	<u>944,991</u>
Balance at September 30, 2022 (Same as January 1, 2022)	<u>\$ 727,887</u>	<u>217,104</u>	<u>944,991</u>
Accumulated depreciation and impairment loss			
Balance at January 1, 2023	\$ 2,359	90,937	93,296
Depreciation	<u>-</u>	<u>3,609</u>	<u>3,609</u>
Balance at September 30, 2023	<u>\$ 2,359</u>	<u>94,546</u>	<u>96,905</u>

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

	<u>Land and improvement</u>	<u>Buildings and construction</u>	<u>Total</u>
Balance at January 1, 2022	\$ 2,359	86,124	88,483
Depreciation	-	3,609	3,609
Balance at September 30, 2022	<u>\$ 2,359</u>	<u>89,733</u>	<u>92,092</u>
Carrying amount:			
January 1, 2023	<u>\$ 725,528</u>	<u>126,167</u>	<u>851,695</u>
September 30, 2023	<u>\$ 725,528</u>	<u>122,558</u>	<u>848,086</u>
January 1, 2022	<u>\$ 725,528</u>	<u>130,980</u>	<u>856,508</u>
September 30, 2022	<u>\$ 725,528</u>	<u>127,371</u>	<u>852,899</u>
Fair value:			
January 1, 2023			<u>\$ 1,568,918</u>
September 30, 2023			<u>\$ 1,566,565</u>
January 1, 2022			<u>\$ 1,770,222</u>
September 30, 2022			<u>\$ 1,569,143</u>

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

As of September 30, 2023, December 31 and September 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 nine months ended September 30, 2023 and 2022, were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Computer equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Leasehold improvement</u>	<u>Total</u>
Cost:							
Balance at January 1, 2023	\$ 945,824	518,148	192,284	579	55,997	2,004	1,714,836
Additions	-	3,779	4,729	-	1,543	926	10,977
Scrap	-	-	(4,872)	-	(1,153)	-	(6,025)
Balance at September 30, 2023	<u>945,824</u>	<u>521,927</u>	<u>192,141</u>	<u>579</u>	<u>56,387</u>	<u>2,930</u>	<u>1,719,788</u>
Balance at January 1, 2022	915,591	499,059	190,640	579	54,308	2,004	1,662,181
Additions	16,453	12,314	9,084	-	1,073	-	38,924
Scrap	-	-	(7,028)	-	(1,491)	-	(8,519)
Balance at September 30, 2022	<u>932,044</u>	<u>511,373</u>	<u>192,696</u>	<u>579</u>	<u>53,890</u>	<u>2,004</u>	<u>1,692,586</u>
Accumulated depreciation and impairment loss:							
Balance at January 1, 2023	15,196	185,858	171,412	579	47,749	1,774	422,568
Depreciation	-	11,307	8,737	-	3,004	271	23,319
Scrap	-	-	(4,872)	-	(1,153)	-	(6,025)
Balance at September 30, 2023	<u>15,196</u>	<u>197,165</u>	<u>175,277</u>	<u>579</u>	<u>49,600</u>	<u>2,045</u>	<u>439,862</u>

(Continued)

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

	Land	Buildings and construction	Computer equipment	Transportation equipment	Other equipment	Leasehold improvement	Total
Balance at January 1, 2022	\$ 15,196	171,052	166,551	579	45,426	1,316	400,120
Depreciation	-	11,055	9,560	-	3,097	343	24,055
Scrap	-	-	(7,028)	-	(1,491)	-	(8,519)
Balance at September 30, 2022	15,196	182,107	169,083	579	47,032	1,659	415,656
Carrying amount:							
January 1, 2023	\$ <u>930,628</u>	<u>332,290</u>	<u>20,872</u>	<u>-</u>	<u>8,248</u>	<u>230</u>	<u>1,292,268</u>
September 30, 2023	\$ <u>930,628</u>	<u>324,762</u>	<u>16,864</u>	<u>-</u>	<u>6,787</u>	<u>885</u>	<u>1,279,926</u>
January 1, 2022	\$ <u>900,395</u>	<u>328,007</u>	<u>24,089</u>	<u>-</u>	<u>8,882</u>	<u>688</u>	<u>1,262,061</u>
September 30, 2022	\$ <u>916,848</u>	<u>329,266</u>	<u>23,613</u>	<u>-</u>	<u>6,858</u>	<u>345</u>	<u>1,276,930</u>

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

(i) Right-of-use assets

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

	Buildings and construction	Transportation equipment	Total
Cost of right-of-use assets:			
January 1, 2023	\$ 25,844	9,088	34,932
Additions	20,477	-	20,477
Derecognition	(20,172)	-	(20,172)
September 30, 2023	<u>\$ 26,149</u>	<u>9,088</u>	<u>35,237</u>
January 1, 2022	\$ 27,381	4,435	31,816
Additions	5,169	4,653	9,822
Derecognition	(5,640)	-	(5,640)
September 30, 2022	<u>\$ 26,910</u>	<u>9,088</u>	<u>35,998</u>
Depreciation of right-of-use assets:			
January 1, 2023	\$ 19,053	4,083	23,136
Depreciation	10,616	1,736	12,352
Derecognition	(19,615)	-	(19,615)
September 30, 2023	<u>\$ 10,054</u>	<u>5,819</u>	<u>15,873</u>
January 1, 2022	\$ 12,884	805	13,689
Depreciation	10,516	1,985	12,501
Derecognition	(5,514)	-	(5,514)
September 30, 2022	<u>\$ 17,886</u>	<u>2,790</u>	<u>20,676</u>
Carrying amount:			
January 1, 2023	<u>\$ 6,791</u>	<u>5,005</u>	<u>11,796</u>
September 30, 2023	<u>\$ 16,095</u>	<u>3,269</u>	<u>19,364</u>
January 1, 2022	<u>\$ 14,497</u>	<u>3,630</u>	<u>18,127</u>
September 30, 2022	<u>\$ 9,024</u>	<u>6,298</u>	<u>15,322</u>

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

(j) Lease liabilities

The Company's lease liabilities were as follows:

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Less than one year	\$ 13,857	8,123	10,370
Between one and five years	5,680	3,808	5,106
Total	<u>\$ 19,537</u>	<u>11,931</u>	<u>15,476</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	<u>\$ 121</u>	<u>87</u>	<u>346</u>	<u>285</u>

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

	<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u>\$ 12,656</u>	<u>12,761</u>

(i) Leases of buildings and construction

The Company leases buildings and construction as offices with usual lease terms of 1 to 5 years.

(ii) Other leases

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

(k) Operating lease

The Company leases out its investment properties, during the nine months ended September 30, 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.

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UNION INSURANCE CO., LTD.
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The Company's expenses recognized in profit or loss amounted to \$1,918, \$2,034, \$5,756 and \$6,103 for the three months and nine months ended September 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 \$8,798, \$8,452, \$26,341 and \$24,916 for the three months and nine months ended September 30, 2023 and 2022, respectively.

(m) Remunerations to employees and directors

In accordance with the Articles of Incorporation, once the Company has annual profit, it should appropriate 1%~ 5% of the profit to its employees and no more than 5% to its directors as remunerations. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the three months and nine months ended September 30, 2023 and 2022, the Company estimated its remunerations to employees and directors all amounting to \$0. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remunerations to employees and directors of each period, and after deducting accumulated losses, then multiplied by the percentage of remunerations 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 remunerations to 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

	September 30, 2023	December 31, 2022	September 30, 2022
Unearned premium reserve	\$ 6,621,811	5,908,746	6,129,125
Claims reserve	4,982,118	4,827,175	4,763,999
Special reserve	973,331	934,009	919,883
Premium deficiency reserve	49,420	454,191	-
Total	<u>\$ 12,626,680</u>	<u>12,124,121</u>	<u>11,813,007</u>

(Continued)

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

(i) Unearned premium reserve

1) Unearned premium reserve and ceded unearned premium reserves

September 30, 2023					
Item	Unearned premium reserve		Ceded unearned premium reserve		Retained business
	Direct business	Reinsurance ceded in	Reinsurance ceded out		
Fire insurance	\$ 1,093,144	46,571	643,449		496,266
Marine insurance	52,180	1,556	35,100		18,636
Land and air insurance	72,923	-	63,457		9,466
Liability insurance	1,769,369	36,818	265,697		1,540,490
Surety insurance	12,752	601	6,061		7,292
Other property insurance	2,544,461	41,845	701,927		1,884,379
Accident insurance	405,836	4,081	37,125		372,792
Health insurance	17,038	-	2,970		14,068
Compulsory automobile liability insurance	357,484	165,152	214,507		308,129
Total	\$ 6,325,187	296,624	1,970,293		4,651,518

December 31, 2022					
Item	Unearned premium reserve		Ceded unearned premium reserve		Retained business
	Direct business	Reinsurance ceded in	Reinsurance ceded out		
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
Total	\$ 5,603,265	305,481	1,621,156		4,287,590

(Continued)

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

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

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

For the nine months ended September 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	\$ 700,219	226,930	295,143	632,006	357,484	362,630	165,152	165,582	(5,576)	214,507	217,590	(3,083)	634,499
Non-compulsory insurance	8,758,026	129,860	2,526,737	6,361,149	5,967,703	5,239,213	131,472	139,899	720,063	1,755,786	1,403,566	352,220	5,993,306
Total	\$ 9,458,245	356,790	2,821,880	6,993,155	6,325,187	5,601,843	296,624	305,481	714,487	1,970,293	1,621,156	349,137	6,627,805

For the nine months ended September 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	\$ 709,540	228,048	300,211	637,377	360,607	366,445	165,107	165,105	(5,836)	216,375	219,878	(3,503)	639,710
Non-compulsory insurance	7,666,191	96,741	2,026,728	5,736,204	5,446,729	5,114,501	156,682	212,147	276,763	1,524,379	1,523,079	1,300	5,460,741
Total	\$ 8,375,731	324,789	2,326,939	6,373,581	5,807,336	5,480,946	321,789	377,252	270,927	1,740,754	1,742,957	(2,203)	6,100,451

(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>	For the nine months ended September 30, 2023	
	Unearned premium reserve	Ceded unearned premium reserve
Beginning balance	\$ 5,908,746	1,621,156
Provision	6,621,811	1,970,293
Recovery	<u>(5,908,746)</u>	<u>(1,621,156)</u>
Ending balance	<u>\$ 6,621,811</u>	<u>1,970,293</u>

<u>Item</u>	For the nine months ended September 30, 2022	
	Unearned premium reserve	Ceded unearned premium reserve
Beginning balance	\$ 5,859,977	1,742,957
Provision	6,129,125	1,740,754
Recovery	<u>(5,859,977)</u>	<u>(1,742,957)</u>
Ending balance	<u>\$ 6,129,125</u>	<u>1,740,754</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 September 30, 2023, December 31 and September 30, 2022, the relevant unearned premium reserve from the business transfer and intangible assets were \$13,582 and \$9,534, \$15,606 and \$10,956, \$16,450 and \$11,549, respectively.

(ii) Special reserve

1) Segmentation of specific assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Special reserve – Compulsory Automobile Liability Insurance

<u>Item</u>	<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 90,188	17,943
Provision	43,111	56,842
Ending balance	<u>\$ 133,299</u>	<u>74,785</u>

Special reserve – Non-Compulsory Automobile Liability Insurance

<u>Item</u>	<u>For the nine months ended September 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	(3,789)	-	(3,789)	-	-	-	-
Ending balance	<u>\$ 97,691</u>	<u>738,185</u>	<u>835,876</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 nine months ended September 30, 2022</u>						
	<u>Liability</u>			<u>Special reserve</u>			
	<u>Catastrophic risk</u>	<u>Contingency risk</u>	<u>Total</u>	<u>Contingency risk</u>	<u>Contingency risk</u>	<u>Travel Insurance</u>	<u>Total</u>
Beginning balance	\$ 106,545	1,038,185	1,144,730	790,535	1,650,413	4,289	2,445,237
Recovery	(3,788)	(300,000)	(303,788)	-	-	-	-
Ending balance	<u>\$ 102,757</u>	<u>738,185</u>	<u>840,942</u>	<u>790,535</u>	<u>1,650,413</u>	<u>4,289</u>	<u>2,445,237</u>

Note: The liability of special reserve mentioned above means non-compulsory automobile liability insurance reserve had been provisioned before January 1, 2011. In addition, Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No.11101405951, which is the base of recovered special reserve for the nine months ended September 30, 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	September 30, 2023			
	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
Fire insurance	\$ -	932,152	118,487	1,050,639
Marine insurance	-	148,417	65,491	213,908
Land and air insurance	-	39,087	18,274	57,361
Liability insurance	6,640	1,177,065	363,387	1,540,452
Surety insurance	1	18,633	6,747	25,380
Other property insurance	7,530	950,374	96,206	1,046,580
Accident insurance	2,423	74,509	178,809	253,318
Health insurance	379	2,396	38,118	40,514
Compulsory automobile liability insurance	575	196,488	557,478	753,966
Total	\$ 17,548	3,539,121	1,442,997	4,982,118

(Continued)

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

December 31, 2022				
Item	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
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
Total	\$ 10,083	3,501,649	1,325,526	4,827,175

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

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

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

September 30, 2023			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 699,154	40,718	739,872
Marine insurance	94,229	45,457	139,686
Land and air insurance	32,590	12,924	45,514
Liability insurance	160,878	59,252	220,130
Surety insurance	8,182	1,902	10,084
Other property insurance	428,235	21,168	449,403
Accident insurance	11,447	42,151	53,598
Health insurance	282	3,139	3,421
Compulsory automobile liability insurance	72,031	239,378	311,409
Total	\$ 1,507,028	466,089	1,973,117
December 31, 2022			
Item	Reported but unpaid	IBNR	Total
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
Total	\$ 1,518,684	408,631	1,927,315

(Continued)

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

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

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

For the nine months ended September 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	\$ 1,017,454	1,114,837	33,185	20,896	(85,094)	739,872	754,480	(14,608)
Marine insurance	208,721	231,149	5,187	3,778	(21,019)	139,686	182,426	(42,740)
Land and air insurance	54,841	61,699	2,520	2,562	(6,900)	45,514	53,134	(7,620)
Liability insurance	1,513,310	1,356,466	27,142	11,278	172,708	220,130	208,099	12,031
Surety insurance	23,378	23,170	2,002	1,541	669	10,084	10,073	11
Other property insurance	1,032,353	926,234	14,227	5,633	114,713	449,403	370,602	78,801
Accident insurance	241,186	213,759	12,132	3,851	35,708	53,598	40,204	13,394
Health insurance	38,093	107,469	2,421	2,417	(69,372)	3,421	3,332	89
Compulsory automobile liability insurance	521,167	508,369	232,799	232,067	13,530	311,409	304,965	6,444
Total	\$ 4,650,503	4,543,152	331,615	284,023	154,943	1,973,117	1,927,315	45,802

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

(Continued)

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

4) The movements in claims reserve and ceded claims reserve

	For the nine months ended September 30,			
	2023		2022	
Item	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	4,982,118	1,973,117	4,763,999	1,902,720
Recovery	(4,827,175)	(1,927,315)	(3,931,668)	(1,623,392)
Ending balance	<u>\$ 4,982,118</u>	<u>1,973,117</u>	<u>4,763,999</u>	<u>1,902,720</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	September 30, 2023			
	Premium deficiency reserve		Ceded premium deficiency reserve	
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	Retained business
Fire Insurance	\$ 46,036	1,459	45,495	2,000
Marine insurance	1,925	-	-	1,925
Total	<u>\$ 47,961</u>	<u>1,459</u>	<u>45,495</u>	<u>3,925</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	\$ 46,036	57,717	1,459	1,551	(11,773)	45,495	57,390	(11,895)	122
Marine insurance	1,925	1,146	-	-	779	-	-	-	779
Health insurance	-	393,777	-	-	(393,777)	-	764	(764)	(393,013)
Total	\$ <u>47,961</u>	<u>452,640</u>	<u>1,459</u>	<u>1,551</u>	<u>(404,771)</u>	<u>45,495</u>	<u>58,154</u>	<u>(12,659)</u>	<u>(392,112)</u>

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

Item	September 30, 2023	
	Premium deficiency reserve	Ceding premium deficiency reserve
Beginning balance	\$ 454,191	58,154
Provision	49,420	45,495
Recovery	(454,191)	(58,154)
Ending balance	\$ <u>49,420</u>	<u>45,495</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 nine months ended September 30, 2023 and 2022 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Current income tax expenses(profits)	\$ <u>64,078</u>	<u>-</u>	<u>69,635</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 September 30, 2023, December 31 and September 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 September 30, 2023, December 31 and September 30, 2022 the special reserve distributed by the Company in accordance with the regulations were \$1,172, \$2,145 and \$2,145, respectively.

(Continued)

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

3) Undistributed retained earnings appropriated

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

The 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:

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

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

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 September 30,</u>		<u>For the nine months ended September 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>282,423</u>	<u>7,734</u>	<u>1,047,343</u>	<u>(807,839)</u>
Weighted average number of ordinary shares (thousands shares)	<u>223,608</u>	<u>223,608</u>	<u>223,608</u>	<u>223,608</u>
Basic earnings (loss) per share (NT dollars)	\$ <u>1.26</u>	<u>0.03</u>	<u>4.68</u>	<u>(3.61)</u>

(r) Disclosure of acquisition cost of insurance contracts

Acquisition cost of insurance contracts

<u>Item</u>	<u>For the three months ended September 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	\$ 45,789	-	-	153	-	45,942
Marine insurance	5,848	-	-	57	-	5,905
Land and air insurance	6,154	-	-	-	-	6,154
Liability insurance	149,327	-	-	801	-	150,128
Surety insurance	1,015	-	-	-	-	1,015
Other property insurance	169,312	-	-	3,155	-	172,467
Accident insurance	62,688	-	-	-	-	62,688
Health insurance	6,547	-	-	-	-	6,547
Compulsory automobile liability insurance	29,788	-	-	-	-	29,788
Total	\$ <u>476,468</u>	<u>-</u>	<u>-</u>	<u>4,166</u>	<u>-</u>	<u>480,634</u>

(Continued)

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

For the three months ended September 30, 2022

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

For the nine months ended September 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	\$ 140,072	-	-	303	-	140,375
Marine insurance	19,220	-	-	198	-	19,418
Land and air insurance	7,807	-	-	-	-	7,807
Liability insurance	466,751	-	-	2,638	-	469,389
Surety insurance	2,888	-	-	2	-	2,890
Other property insurance	518,629	-	-	9,197	-	527,826
Accident insurance	186,919	-	-	151	-	187,070
Health insurance	18,345	-	-	-	-	18,345
Compulsory automobile liability insurance	90,824	-	-	-	-	90,824
Total	\$ 1,451,455	-	-	12,489	-	1,463,944

(Continued)

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

For the nine months ended September 30, 2022

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

(s) Disclosure of insurance cost-benefit analysis

(i) Direct written business cost-benefit analysis

For the three months ended September 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	\$ 618,464	115,938	45,789	238,590	(153,747)	371,894
Marine insurance	41,107	(21,292)	5,848	64,732	(41,644)	33,463
Land and air insurance	69,382	39,321	6,154	14	617	23,276
Liability insurance	838,222	(37,318)	149,327	489,100	59,222	177,891
Surety insurance	6,479	877	1,015	-	(192)	4,779
Other property insurance	1,102,709	60,054	169,312	568,085	(114)	305,372
Accident insurance	250,093	(40,857)	62,688	127,153	25,017	76,092
Health insurance	21,458	(7,421)	6,547	10,235	(4,947)	17,044
Compulsory automobile liability insurance	232,579	(1,925)	29,788	145,033	794	58,889
Total	<u>\$ 3,180,493</u>	<u>107,377</u>	<u>476,468</u>	<u>1,642,942</u>	<u>(114,994)</u>	<u>1,068,700</u>

(Continued)

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

For the three months ended September 30, 2022

<u>Item</u>	<u>Written premium</u>	<u>The net change in unearned premium reserve</u>	<u>Insurance contract acquisition cost</u>	<u>Claims</u>	<u>The net change in claims reverse</u>	<u>Gain (Loss)</u>
Fire insurance	\$ 353,632	(26,564)	27,603	42,338	44,952	265,303
Marine insurance	65,624	9,839	6,009	10,118	36,787	2,871
Land and air insurance	59,463	34,208	7,789	10,124	(8,774)	16,116
Liability insurance	774,996	(26,104)	138,394	393,635	49,036	220,035
Surety insurance	4,586	468	667	2	35	3,414
Other property insurance	956,815	(30,322)	158,902	482,088	18,530	327,617
Accident insurance	246,127	(2,212)	60,912	106,124	10,734	70,569
Health insurance	6,536	(11,433)	1,227	594,659	(359,888)	(218,029)
Compulsory automobile liability insurance	236,596	(1,388)	30,677	168,252	2,640	36,415
Total	\$ <u>2,704,375</u>	<u>(53,508)</u>	<u>432,180</u>	<u>1,807,340</u>	<u>(205,948)</u>	<u>724,311</u>

For the nine months ended September 30, 2023

<u>Item</u>	<u>Written premium</u>	<u>The net change in unearned premium reserve</u>	<u>Insurance contract acquisition cost</u>	<u>Claims</u>	<u>The net change in claims reverse</u>	<u>Gain (Loss)</u>
Fire insurance	\$ 1,684,136	360,413	140,072	434,161	(97,383)	846,873
Marine insurance	163,588	(33,182)	19,220	115,925	(22,428)	84,053
Land and air insurance	107,083	28,104	7,807	17,593	(6,858)	60,437
Liability insurance	2,653,724	112,214	466,751	1,357,670	156,844	560,245
Surety insurance	19,183	3,556	2,888	711	208	11,820
Other property insurance	3,282,104	270,279	518,629	1,662,977	106,119	724,100
Accident insurance	782,434	(8,148)	186,919	369,915	27,427	206,321
Health insurance	65,774	(4,746)	18,345	267,927	(69,376)	(146,376)
Compulsory automobile liability insurance	700,219	(5,146)	90,824	444,118	12,798	157,625
Total	\$ <u>9,458,245</u>	<u>723,344</u>	<u>1,451,455</u>	<u>4,670,997</u>	<u>107,351</u>	<u>2,505,098</u>

(Continued)

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

For the nine months ended September 30, 2022

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

(ii) Reinsurance cost-benefit analysis

For the three months ended September 30, 2023

Item	Reinsurance premium	The net change in unearned premium reserve	Reinsurance commission expense	Reinsurance Claims	The net change in claims reverse	Ceded in Gain (Loss)
Fire insurance	\$ 11,354	(6,926)	153	15	7,008	11,104
Marine insurance	1,339	(557)	57	116	682	1,041
Land and air insurance	-	(44)	-	31	234	(221)
Liability insurance	3,154	(9,564)	801	11,906	5,703	(5,692)
Surety insurance	324	11	-	1,583	63	(1,333)
Other property insurance	11,810	3,426	3,155	4,347	1,667	(785)
Accident insurance	1,839	(434)	-	672	984	617
Health insurance	-	-	-	-	(136)	136
Compulsory automobile liability insurance	75,913	144	-	74,946	(756)	1,579
Total	\$ 105,733	(13,944)	4,166	93,616	15,449	6,446

(Continued)

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

For the three months ended September 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	\$ 9,957	(8,497)	83	24	1,618	16,729
Marine insurance	1,797	(120)	63	-	(183)	2,037
Land and air insurance	1,078	799	182	465	(220)	(148)
Liability insurance	12,027	(10,231)	3,593	17,840	3,824	(2,999)
Surety insurance	273	(110)	-	(6)	(45)	434
Other property insurance	(3,747)	(10,160)	(1,550)	1,834	1,685	4,444
Accident insurance	1,622	(224)	(635)	88	(2,030)	4,423
Health insurance	-	-	-	-	1,681	(1,681)
Compulsory automobile liability insurance	75,779	(462)	-	72,994	(179)	3,426
Total	\$ 98,786	(29,005)	1,736	93,239	6,151	26,665

For the nine months ended September 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	\$ 69,343	10,455	303	314	12,289	45,982
Marine insurance	6,138	286	198	136	1,409	4,109
Land and air insurance	-	(579)	-	3,418	(42)	(2,797)
Liability insurance	11,262	(30,458)	2,638	16,355	15,864	6,863
Surety insurance	992	31	2	1,598	461	(1,100)
Other property insurance	35,414	11,367	9,197	10,776	8,594	(4,520)
Accident insurance	6,711	471	151	1,349	8,281	(3,541)
Health insurance	-	-	-	-	4	(4)
Compulsory automobile liability insurance	226,930	(430)	-	215,831	732	10,797
Total	\$ 356,790	(8,857)	12,489	249,777	47,592	55,789

(Continued)

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

For the nine months ended September 30, 2022

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

(iii) Gain/Loss on reinsurance contracts

For the three months ended September 30, 2023

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	\$ (422,163)	79,726	45,972	174,638	(123,390)	(245,217)
Marine insurance	(15,188)	(22,572)	1,877	56,428	(52,428)	(31,883)
Land and air insurance	(65,816)	39,983	8,116	2	(124)	(17,839)
Liability insurance	(112,339)	(10,368)	33,446	69,124	5,224	(14,913)
Surety insurance	(2,352)	310	169	-	(122)	(1,995)
Other property insurance	(261,681)	40,871	67,868	157,636	(7,691)	(2,997)
Accident insurance	(19,322)	(3,148)	5,736	10,780	5,280	(674)
Health insurance	(3,971)	(1,512)	1,760	1,579	(59)	(2,203)
Compulsory automobile liability insurance	(98,385)	(1,157)	-	88,277	503	(10,762)
Total	\$ (1,001,217)	122,133	164,944	558,464	(172,807)	(328,483)

(Continued)

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

For the three months ended September 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	\$ (257,715)	(1,086)	25,678	12,048	53,497	(167,578)
Marine insurance	(43,326)	11,023	3,280	2,606	27,573	1,156
Land and air insurance	(55,201)	35,041	9,013	7,095	(6,146)	(10,198)
Liability insurance	(108,060)	(23,332)	27,991	71,724	8,896	(22,781)
Surety insurance	(2,127)	722	156	1	(11)	(1,259)
Other property insurance	(191,869)	(43,241)	39,911	87,498	8,497	(99,204)
Accident insurance	(16,138)	(8,155)	4,501	10,569	1,888	(7,335)
Health insurance	(495)	(3,856)	-	1,816	543	(1,992)
Compulsory automobile liability insurance	(100,214)	(831)	-	101,529	1,600	2,084
Total	\$ <u>(775,145)</u>	<u>(33,715)</u>	<u>110,530</u>	<u>294,886</u>	<u>96,337</u>	<u>(307,107)</u>

For the nine months ended September 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	\$ (1,142,763)	243,357	124,929	261,677	(14,608)	(527,408)
Marine insurance	(87,652)	(40,432)	8,086	90,825	(42,740)	(71,913)
Land and air insurance	(92,992)	28,270	8,846	17,226	(7,620)	(46,270)
Liability insurance	(360,735)	(13,960)	92,228	204,937	12,031	(65,499)
Surety insurance	(6,401)	927	574	210	11	(4,679)
Other property insurance	(756,708)	129,653	191,514	396,258	78,801	39,518
Accident insurance	(73,865)	7,655	19,294	37,082	13,394	3,560
Health insurance	(5,621)	(3,250)	1,831	7,633	89	682
Compulsory automobile liability insurance	(295,143)	(3,083)	-	265,684	6,444	(26,098)
Total	\$ <u>(2,821,880)</u>	<u>349,137</u>	<u>447,302</u>	<u>1,281,532</u>	<u>45,802</u>	<u>(698,107)</u>

(Continued)

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

For the nine months ended September 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	\$ (860,241)	106,730	92,583	119,634	224,632	(316,662)
Marine insurance	(79,381)	(26,689)	8,281	40,926	22,948	(33,915)
Land and air insurance	(75,743)	24,496	9,574	29,392	(19,055)	(31,336)
Liability insurance	(343,215)	(46,669)	90,289	238,189	5,868	(55,538)
Surety insurance	(5,790)	1,122	824	1,233	(506)	(3,117)
Other property insurance	(585,819)	(57,127)	122,240	301,147	71,763	(147,796)
Accident insurance	(68,956)	(3,242)	13,270	63,786	(17,318)	(12,460)
Health insurance	(7,583)	2,679	-	6,495	1,294	2,885
Compulsory automobile liability insurance	(300,211)	(3,503)	-	287,198	(10,298)	(26,814)
Total	<u>\$ (2,326,939)</u>	<u>(2,203)</u>	<u>337,061</u>	<u>1,088,000</u>	<u>279,328</u>	<u>(624,753)</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 nine months ended September 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	For the nine months ended September 30, 2023			
	Written premium	Expected rate of loss	Effect of profit or loss on 1% movement of expected rate of loss	
			Before reinsurance	After reinsurance
Fire insurance	\$ 1,753,479	63.76 %	13,840	4,846
Marine insurance	169,726	62.80 %	2,026	745
Land and air insurance	107,083	70.42 %	796	148
Liability insurance	2,664,986	66.72 %	25,832	22,085
Surety insurance	20,175	72.85 %	166	111
Other property insurance	3,317,518	64.35 %	30,359	24,088
Accident insurance	789,145	75.35 %	7,968	7,306
Health insurance	65,774	79.04 %	705	616
Compulsory automobile liability insurance	927,149	No applicable	No applicable	No applicable

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

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. In terms of proportion, the voluntary automobile insurance is the highest proportion accounts for 48.75% and 53.14% for the nine months ended September 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	For the nine months ended September 30,			
	2023		2022	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 909,295	9.26 %	647,514	7.44 %
Marine cargo insurance	139,905	1.43 %	115,546	1.33 %
Hull, fishing vessel and aviation insurance	134,944	1.37 %	136,694	1.57 %
Voluntary automobile insurance	4,785,277	48.75 %	4,623,771	53.14 %
Compulsory automobile liability insurance	927,149	9.45 %	937,588	10.78 %
Liability insurance	469,904	4.79 %	319,120	3.67 %
Engineering and nuclear insurance	621,464	6.33 %	375,574	4.32 %
Surety and credit insurance	20,174	0.21 %	15,467	0.18 %
Other property insurance	49,894	0.51 %	43,815	0.50 %
Accident insurance	789,145	8.04 %	741,707	8.52 %
Typhoon, flood and earthquake insurance	843,667	8.60 %	658,142	7.56 %
Personal and commercial all-risk insurance	56,103	0.57 %	22,596	0.26 %
Health insurance	65,774	0.67 %	60,805	0.70 %
Overseas ceded-in reinsurance	2,340	0.02 %	2,181	0.03 %
Total	\$ 9,815,035	100.00 %	8,700,520	100.00 %

(Continued)

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

b) Percentage of retained premium

In term of retained business, the voluntary automobile insurance which is the highest proportion accounts for 58.61% and 63.03% for the nine months ended September 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	For the nine months ended September 30,			
	2023		2022	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 359,448	5.14 %	251,422	3.94 %
Marine cargo insurance	92,841	1.33 %	93,769	1.47 %
Hull, fishing vessel and aviation insurance	3,323	0.05 %	5,431	0.09 %
Voluntary automobile insurance	4,098,990	58.61 %	4,017,499	63.03 %
Compulsory automobile liability insurance	632,006	9.04 %	637,377	10.00 %
Liability insurance	352,267	5.04 %	206,306	3.24 %
Engineering and nuclear insurance	326,483	4.67 %	174,817	2.74 %
Surety and credit insurance	13,773	0.19 %	9,677	0.15 %
Other property insurance	37,544	0.54 %	35,708	0.56 %
Accident insurance	715,280	10.23 %	672,750	10.56 %
Typhoon, flood and earthquake insurance	252,996	3.62 %	193,994	3.04 %
Personal and commercial all-risk insurance	49,915	0.71 %	21,512	0.34 %
Health insurance	60,153	0.86 %	53,223	0.84 %
Overseas ceded-in reinsurance	(1,864)	(0.03)%	96	- %
Total	\$ 6,993,155	100.00 %	6,373,581	100.00 %

(Continued)

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

3) Claims trend

For the nine months ended September 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	3,811,649
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	6,699,516	
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	5,126,125		
4	41,025,302	3,151,586	3,530,087	4,331,187	3,997,617	4,714,228	4,775,424	4,897,523			
5	40,968,164	3,151,839	3,505,206	4,348,353	3,972,187	4,711,259	4,749,480				
6	40,944,545	3,130,980	3,518,795	4,300,980	3,971,299	4,689,473					
7	40,929,427	3,155,004	3,501,489	4,301,352	3,970,192						
8	41,259,830	3,128,978	3,502,875	4,305,123							
9	40,904,322	3,127,878	3,502,583								
10	40,901,729	3,134,486									
11	40,885,255										
Estimates	40,885,255	3,134,486	3,502,583	4,305,123	3,970,192	4,689,473	4,749,480	4,897,523	5,126,125	6,699,516	3,811,649
Actual	40,844,506	3,132,955	3,498,261	4,291,516	3,937,962	4,669,446	4,722,333	4,798,675	4,858,630	5,647,822	2,040,832
Subtotal	40,749	1,531	4,322	13,607	32,230	20,027	27,147	98,848	267,495	1,051,694	1,770,817
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	40,749	1,531	4,322	13,607	32,230	20,027	27,147	98,848	267,495	1,051,694	1,770,817

For the nine months ended September 30, 2022

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

(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 September 30, 2023

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

As of December 31, 2022

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

(Continued)

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

As of September 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 nine months ended September 30, 2023 and 2022, the reinsurance premium expenses (reversal) for unauthorized reinsurance in the Company amounted to \$(79) and \$4,854, respectively.
- d) The principal summary of amounts and component items of unauthorized reinsurance reserve in the Company were as follows:

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Unearned premium reserve	\$ 1	2,427	3,431
Claims recoverable from reinsurers of paid claims overdue in nine months	-	13	-
Claims recoverable from reinsurers reported but unpaid	1,676	1,980	2,272
Total unauthorized reinsurance reserve	<u>\$ 1,677</u>	<u>4,420</u>	<u>5,703</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash and cash equivalents	\$ 3,870,173	3,067,290	3,144,874
Receivables	842,962	615,306	901,956
Financial assets at fair value through profit or loss	1,341,883	802,477	808,339
Financial assets at fair value through other comprehensive income	2,229,656	2,140,676	2,147,353
Financial assets at amortized cost	2,561,239	2,733,848	2,533,705
Other financial assets	1,712,800	1,622,875	1,894,120
Reinsurance contract assets	556,727	645,393	428,062
Other assets	<u>575,726</u>	<u>697,358</u>	<u>690,965</u>
Total	<u>\$ 13,691,166</u>	<u>12,325,223</u>	<u>12,549,374</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 September 30, 2023, December 31 and September 30, 2022, the overdue refundable deposits accounted for under other assets were all \$20,000, which provisioned the loss allowance all \$20,000.

(Continued)

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

2) Impairment loss of receivables

The expected credit losses of receivables were as follows:

	September 30, 2023				Total
	Not overdue	Overdue under 90 days	Overdue for 91- 270 days	Overdue 271 over days	
Notes receivable:					
Expected credit loss rate	0.06%	100%	100%	100%	
Carrying amount	\$ 311,202	93	-	-	311,295
Expected credit loss amount	195	93	-	-	288
Premiums receivable:					
Expected credit loss rate	0.76%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 284,525	95,184	35,082	1,121	415,912
Expected credit loss amount	2,162	4,053	2,099	1,121	9,435
Other receivables:					
Carrying amount	\$ 126,279	2,132	3,354	35,351	167,116
Expected credit loss amount	1,612	1,321	3,354	35,351	41,638
	December 31, 2022				Total
	Not overdue	Overdue under 90 days	Overdue for 91- 270 days	Overdue 271 over days	
Notes receivable:					
Expected credit loss rate	0.08%	100%	100%	100%	
Carrying amount	\$ 281,030	13	-	-	281,043
Expected credit loss amount	219	13	-	-	232
Premiums receivable:					
Expected credit loss rate	1.04%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 147,846	24,201	16,597	1,136	189,780
Expected credit loss amount	1,532	948	894	1,136	4,510
Other receivables:					
Carrying amount	\$ 150,604	2,851	2,892	32,491	188,838
Expected credit loss amount	2,275	1,955	2,892	32,491	39,613

(Continued)

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

	September 30, 2022				Total
	Not overdue	Overdue under 90 days	Overdue for 91- 270 days	Overdue 271 over days	
Notes receivable:					
Expected credit loss rate	0.08%	100%	100%	100%	
Carrying amount	\$ 304,665	6	-	-	304,671
Expected credit loss amount	244	6	-	-	250
Premiums receivable:					
Expected credit loss rate	0.45%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 370,560	61,219	13,321	1,122	446,222
Expected credit loss amount	1,672	2,316	670	1,122	5,780
Other receivables:					
Carrying amount	\$ 157,897	1,911	3,462	31,614	194,884
Expected credit loss amount	1,501	1,307	3,369	31,614	37,791

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

a) The movement in loss allowance

	For the nine months ended September 30, 2023					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)	The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	
Beginning balance	\$ 1,106	-	-	1,106	-	1,106
Changes	643	4,088	-	4,731	-	4,731
Ending balance	\$ 1,749	4,088	-	5,837	-	5,837

(Continued)

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

For the nine months ended September 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	383	-	-	383	-	383
Ending balance	<u>\$ 1,037</u>	<u>-</u>	<u>-</u>	<u>1,037</u>	<u>-</u>	<u>1,037</u>

b) The information of credit quality

September 30, 2023											
stage1				stage2							
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total	stage3	Allowance impairment loss	Total
Financial assets at amortized cost (including statutory deposit)	<u>\$ 2,794,819</u>	<u>-</u>	<u>-</u>	<u>2,794,819</u>	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>-</u>	<u>5,837</u>	<u>2,958,982</u>

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

September 30, 2022											
stage1				stage2							
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total	stage3	Allowance impairment loss	Total
Financial assets at amortized cost (including statutory deposit)	<u>\$ 2,964,931</u>	<u>-</u>	<u>-</u>	<u>2,964,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,037</u>	<u>2,963,894</u>

(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.

September 30, 2023						
	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Non-derivative financial liabilities						
Payables						
Claims payable	\$ 17,548	17,548	16,293	138	7	1,110
Commissions payable	230,268	230,268	230,268	-	-	-
Due to ceding companies	720,688	720,688	705,045	9,669	42	5,932
Other payables	379,059	379,059	233,769	145,279	-	11
Lease liabilities	19,537	19,869	4,036	7,143	2,949	5,741
Other liabilities						
Guarantee deposits received	9,963	9,963	343	1,902	302	7,416
Total	\$ 1,377,063	1,377,395	1,189,754	164,131	3,300	20,210
December 31, 2022						
	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Non-derivative financial liabilities						
Payables						
Claims payable	\$ 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
Other liabilities						
Guarantee deposits received	9,962	9,962	2	422	10	9,528
Total	\$ 1,189,198	1,189,394	1,131,963	35,012	1,528	20,891

(Continued)

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

	September 30, 2022					
	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Non-derivative financial liabilities						
Payables						
Claims payable	\$ 23,670	23,670	21,016	23	21	2,610
Commissions payable	205,147	205,147	205,147	-	-	-
Due to ceding companies	631,598	631,598	619,966	5,785	285	5,562
Other payables	317,158	317,158	196,421	120,159	81	497
Lease liabilities	15,476	15,738	4,256	5,082	1,229	5,171
Other liabilities						
Guarantee deposits received	6,882	6,882	225	407	15	6,235
Total	\$ 1,199,931	1,200,193	1,047,031	131,456	1,631	20,075

(iii) Foreign currency risk

1) Exposure about foreign currency risk

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 3,444	6,808	7,270
EUR	109	178	178
JPY	59	121	121
HKD	34	12	50
KRW	35	149	23
CNY	44	-	-
GBP	38	43	29
THB	9	51	62
<u>Financial liability</u>			
<u>Monetary items</u>			
USD	3,209	1,713	4,196
KRW	14	512	500

(Continued)

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

Important rate:

	Rates		
	September 30, 2023	December 31, 2022	September 30, 2022
USD	\$ 32.27	30.71	31.75
EUR	33.91	32.72	31.26
JPY	0.2162	0.2324	0.2201
HKD	4.12	3.94	4.04
KRW	0.0240	0.0246	0.0224
CNY	4.42	4.41	4.47
GBP	39.23	37.09	35.53
THB	0.8822	0.8941	0.8452

2) Sensitivity analysis

As of September 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:

	September 30, 2023	September 30, 2022
USD(increases 1%)	\$ 61	781
EUR(increases 1%)	30	45
HKD(increases 1%)	1	2
CNY(increases 1%)	2	-
GBP(increases 1%)	12	8
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 September 30, 2023 and 2022.

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

(iv) Interest rate risk

1) Summary

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

	<u>Carrying Amount</u>		
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Variable interest rate instrument:			
Term deposit	\$ <u>1,296,000</u>	<u>1,170,220</u>	<u>925,220</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Increase 10 basis points	\$ 1,296	1,170	925
Decrease 10 basis points	(1,296)	(1,170)	(925)

(v) Fair value and hierarchy information

1) Fair value information

a) General description

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

b) Definition of fair value hierarchy

i) Level 1

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

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UNION INSURANCE CO., LTD.
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ii) Level 2

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

iii) Level 3

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

2) Based on fair value measurement

a) Hierarchy information of fair value

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

<u>Assets and liabilities</u>	<u>September 30, 2023</u>			
	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
<u>Repeatable fair value measurement</u>				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 158,670	158,670	-	-
Real estate investment trust beneficiary certificates	337,561	337,561	-	-
Stocks	845,652	845,652	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,229,656	2,214,648	-	15,008
<u>Assets and liabilities</u>	<u>December 31, 2022</u>			
	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
<u>Repeatable fair value measurement</u>				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 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

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UNION INSURANCE CO., LTD.
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Assets and liabilities	September 30, 2022			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Repeatable fair value measurement				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 86,827	86,827	-	-
Real estate investment trust beneficiary certificates	340,398	340,398	-	-
Stocks	381,114	381,114	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,147,353	2,131,869	-	15,484

b) Valuation techniques of fair value measurement

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

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

c) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the nine months ended September 30, 2023 and 2022.

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

Name	For the nine months ended September 30, 2023							Balance at the end of the year
	Balance at the beginning of the year	Gains and losses on valuation Recognized in other		Increase		Decrease		
		Recognized in profit or loss	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	-	(168)	-	-	-	-	15,008

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

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

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

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

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

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

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UNION INSURANCE CO., LTD.
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- 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:

	Change in fair value recognized in other comprehensive income	
	Favorable	Unfavorable
September 30, 2023		
Financial assets fair value through other comprehensive income	\$ 150	(150)
December 31, 2022		
Financial assets fair value through other comprehensive income	\$ 152	(152)
September 30, 2022		
Financial assets fair value through other comprehensive income	\$ 155	(155)

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>
September 30, 2023		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	\$ 2,958,982	2,941,570
Investment Property	848,086	1,566,565
December 31, 2022		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	3,163,940	3,129,985
Investment Property	851,695	1,568,918
September 30, 2022		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	2,963,894	2,926,656
Investment Property	852,899	1,569,143

(Continued)

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

2) Fair value information

September 30, 2023				
Item	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortized cost \$ (included statutory deposits)	2,941,570	-	2,941,570	-
Investment property	1,566,565	-	-	1,566,565
December 31, 2022				
Item	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortized cost \$ (included statutory deposits)	3,129,985	-	3,129,985	-
Investment property	1,568,918	-	-	1,568,918
September 30, 2022				
Item	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortized cost \$ (included statutory deposits)	2,926,656	-	2,926,656	-
Investment property	1,569,143	-	-	1,569,143

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.

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

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

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

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

- 4) Transfer between Level 1 and Level 2

There were no transfer for the nine months ended September 30, 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 September 30, 2023, December 31 and September 30, 2022, were as follows:

<u>September 30, 2023</u>	<u>Asset securitization products-REITS</u>
Assets possessed by the Company	
– Financial assets at fair value through profit or loss	\$ <u>337,561</u>
Total assets possessed by the company	\$ <u><u>337,561</u></u>

(Continued)

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

December 31, 2022	Asset securitization products-REITS
Assets possessed by the Company	
– Financial assets at fair value through profit or loss	\$ 341,911
Total assets possessed by the company	<u>\$ 341,911</u>
September 30, 2022	Asset securitization products-REITS
Assets possessed by the Company	
– Financial assets at fair value through profit or loss	\$ 340,398
Total assets possessed by the company	<u>\$ 340,398</u>

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

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

Name of Related Party	Relationship with the Company
Want Want Co., Ltd.	Material related party
Want Chia Enterprises Co.,Ltd.	Material related party
H.Y. Tsai Co., Ltd.	Material related party
Tsai Ho Want Enterprises Co., Ltd.	Material related party
Want Want Constructions Co., Ltd.	Material related party
Digital Commercial Times Inc.	Material related party
CTI Television Incorporation Co., Ltd.	Material related party
China Times Culture Co., Ltd.	Material related party
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

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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)
Chaopin Food Co., Ltd.	Material related party
Jinping Development Co., Ltd.	Material related party
Duozhi Duosun Duofuqi Co., Ltd.	Material related party
Zuocheng Law Firm	Material related party
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 September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 10,285	12,280	30,458	29,371
Short-term employee benefits-paid leave	72	652	1,346	1,272
Post-employment benefits	272	235	815	480
Total	<u>\$ 10,629</u>	<u>13,167</u>	<u>32,619</u>	<u>31,123</u>

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

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

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

1) Written premium

	For the three months ended September 30,	
	2023	2022
	Amount	Amount
Written premium		
Other related parties	\$ 3,712	3,441
Key management personnel	162	190
Total	\$ 3,874	3,631

	For the nine months ended September 30,	
	2023	2022
	Amount	Amount
Written premium		
Other related parties	\$ 15,302	15,620
Key management personnel	684	562
Total	\$ 15,986	16,182

2) Account receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Premiums receivable:			
Other related parties	\$ 4,018	213	387
Key management personnel	43	-	45
Total	\$ 4,061	213	432

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

3) Prepaid expenses

	September 30, 2023	December 31, 2022	September 30, 2022
Related parties			
Other related parties	\$ 2	-	-

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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 September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>719</u>	<u>477</u>	<u>1,464</u>	<u>1,783</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 September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Key Management personnel	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>30</u>

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

(8) Pledged assets:

As of September 30, 2023, December 31 and September 30, 2022, the assets pledged or guaranteed were as follows:

<u>Pledged Assets</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 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	397,743	430,092	430,189	Guarantee for operating business, suit, and contract performance
Total	<u>\$ 444,743</u>	<u>597,092</u>	<u>597,189</u>	

(9) Commitments and contingencies:

- (a) The Company had several significant insurance lawsuits and was required to pay indemnities of \$137,712, of which approximately \$98,881 were reinsured. The remain had been accrued. These cases have not been resolved with District Court of Appeal as of September 30, 2023.
- (b) In order to improve computer equipment and IT systems, the Company is in contract with several IT companies. As of September 30, 2023, there is \$66,402 unpaid.

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Notes to the Financial Statements

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

Function Nature	For the three months ended September 30,					
	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits:						
Salaries	94,793	202,330	297,123	90,336	182,912	273,248
Labor and health insurance	-	20,737	20,737	-	20,347	20,347
Pension	-	10,716	10,716	-	10,486	10,486
Remuneration of directors	-	3,195	3,195	-	4,354	4,354
Others	-	11,852	11,852	-	11,187	11,187
Depreciation	1,203	11,696	12,899	1,203	12,327	13,530
Amortization	-	6,387	6,387	-	4,242	4,242

Function Nature	For the nine months ended September 30,					
	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits:						
Salaries	293,153	583,190	876,343	287,078	551,254	838,332
Labor and health insurance	-	65,467	65,467	-	63,364	63,364
Pension	-	32,097	32,097	-	31,019	31,019
Remuneration of directors	-	9,871	9,871	-	12,825	12,825
Others	-	35,877	35,877	-	33,353	33,353
Depreciation	3,609	35,671	39,280	3,609	36,556	40,165
Amortization	-	18,034	18,034	-	12,867	12,867

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UNION INSURANCE CO., LTD.
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(b) Disclosure of earned retention premium by compulsory and non-compulsory insurance

For the three months ended September 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	\$ 232,579	75,913	98,385	210,107	(624)	210,731
Non-compulsory insurance	2,947,914	29,820	902,832	2,074,902	(28,076)	2,102,978
Total	\$ 3,180,493	105,733	1,001,217	2,285,009	(28,700)	2,313,709
For the three months ended September 30, 2022						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 236,596	75,779	100,214	212,161	(1,019)	213,180
Non-compulsory insurance	2,467,779	23,007	674,931	1,815,855	(47,779)	1,863,634
Total	\$ 2,704,375	98,786	775,145	2,028,016	(48,798)	2,076,814
For the nine months ended September 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	\$ 700,219	226,930	295,143	632,006	(2,493)	634,499
Non-compulsory insurance	8,758,026	129,860	2,526,737	6,361,149	367,843	5,993,306
Total	\$ 9,458,245	356,790	2,821,880	6,993,155	365,350	6,627,805
For the nine months ended September 30, 2022						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 709,540	228,048	300,211	637,377	(2,333)	639,710
Non-compulsory insurance	7,666,191	96,741	2,026,728	5,736,204	275,463	5,460,741
Total	\$ 8,375,731	324,789	2,326,939	6,373,581	273,130	6,100,451

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

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

For the three months ended September 30, 2023				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 145,033	74,946	88,277	131,702
Non-compulsory insurance	1,497,909	18,670	470,187	1,046,392
Total	\$ 1,642,942	93,616	558,464	1,178,094
For the three months ended September 30, 2022				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 168,252	72,994	101,529	139,717
Non-compulsory insurance	1,639,088	20,245	193,357	1,465,976
Total	\$ 1,807,340	93,239	294,886	1,605,693
For the nine months ended September 30, 2023				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 444,118	215,831	265,684	394,265
Non-compulsory insurance	4,226,879	33,946	1,015,848	3,244,977
Total	\$ 4,670,997	249,777	1,281,532	3,639,242
For the nine months ended September 30, 2022				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 479,293	218,717	287,198	410,812
Non-compulsory insurance	4,081,695	47,089	800,802	3,327,982
Total	\$ 4,560,988	265,806	1,088,000	3,738,794

(Continued)

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

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

For the nine months ended September 30, 2023

Type	Beginning	Provision	Recovery	Ending	Note
Unearned premium reserve					
Compulsory automobile liability insurance	\$ 398,720	394,088	398,720	394,088	
Compulsory motorcycle liability insurance	129,132	126,646	129,132	126,646	
Compulsory mini electric two-wheel vehicle liability insurance	360	1,902	360	1,902	
Special reserve					
Compulsory automobile liability insurance	(219,154)	31,451	-	(187,703)	
Compulsory motorcycle liability insurance	309,295	11,515	-	320,810	
Compulsory mini electric two-wheel vehicle liability insurance	47	145	-	192	
Claim reserve					
Compulsory automobile liability insurance	572,412	598,717	572,412	598,717	
Compulsory motorcycle liability insurance	167,935	154,820	167,935	154,820	
Compulsory mini electric two-wheel vehicle liability insurance	89	429	89	429	
Total	\$ 1,358,836	1,319,713	1,268,648	1,409,901	

(Continued)

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

For the nine months ended September 30, 2022

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

(Continued)

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

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

(i) Balance sheet of compulsory automobile liability insurance:

Items	Amount		Items	Amount	
	September 30, 2023	September 30, 2022		September 30, 2023	September 30, 2022
<u>Asset</u>			<u>Liabilities</u>		
Cash and cash in bank	\$ 838,513	753,823	Claims payable	\$ 575	1,215
Notes receivable	6,951	8,012	Due to reinsurers and ceding companies	63,263	64,743
Premiums receivable	6,813	8,366	Unearned premium reserve	522,636	525,714
Claim recoverable from reinsures	45,372	54,535	Claims reserve	753,966	720,134
Due from reinsurers and ceding companies	50,067	49,964	Special reserve	133,299	74,785
Ceded unearned premium reserve	214,507	216,375			
Ceded claims reserve	311,409	293,507			
Temporary payments	107	2,009			
Total assets	\$ 1,473,739	1,386,591	Total liabilities	\$ 1,473,739	1,386,591

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

Item	For the nine months ended September 30,	
	2023	2022
Operating revenue	427,195	430,637
Pure premium	491,878	500,332
Reinsurance premium	226,930	228,048
Premium	718,808	728,380
Less: Reinsurance expense	(295,143)	(300,211)
Net change in unearned premium reserve	2,493	2,333
Retained earned premium	426,158	430,502
Interest income	1,037	135
Operating costs	444,462	447,847
Insurance claim payment	444,118	479,293
Reinsurance claim payment	215,831	218,717
Less: Claim recovered from reinsurers	(265,684)	(287,198)
Retained claim payment	394,265	410,812
Net change in claim reserve	7,086	(19,807)
Net change in special reserve	43,111	56,842

(Continued)

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

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

<u>Assets</u>	September 30, 2023		<u>Total</u>
	<u>Within 12 months</u>	<u>Over 12 months</u>	
Cash and cash equivalents	\$ 3,870,173	-	3,870,173
Receivables	842,962	-	842,962
Current tax assets	7,234	-	7,234
Financial assets at fair value through profit or loss	1,341,883	-	1,341,883
Financial assets at fair value through other comprehensive income	-	2,229,656	2,229,656
Financial assets at amortized cost	-	2,561,239	2,561,239
Other financial assets	1,262,800	450,000	1,712,800
Right-of-use assets	-	19,364	19,364
Investment property	-	848,086	848,086
Reinsurance assets	1,837,310	2,708,322	4,545,632
Property and equipment	-	1,279,926	1,279,926
Intangible assets	-	161,048	161,048
Other assets	-	721,175	721,175
Total assets	\$ <u>9,162,362</u>	<u>10,978,816</u>	<u>20,141,178</u>

<u>Liabilities</u>	September 30, 2023		<u>Total</u>
	<u>Within 12 months</u>	<u>Over 12 months</u>	
Accounts payable	\$ 1,340,510	7,053	1,347,563
Current tax liabilities	58,243	-	58,243
Insurance liabilities	11,329,921	1,296,759	12,626,680
Provisions	-	105,972	105,972
Lease liabilities	13,857	5,680	19,537
Deferred tax liabilities	-	63,920	63,920
Other liabilities	11,923	7,416	19,339
Total liabilities	\$ <u>12,754,454</u>	<u>1,486,800</u>	<u>14,241,254</u>

(Continued)

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

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

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

(Continued)

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

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

For the nine months ended September 30, 2023 and 2022, the influence for not applying the notification on net income, liabilities, and equity of the Company resulted in an increase of \$48,496, an decrease of \$234,225, a decrease of \$48,496, a increase of \$234,225, an increase of \$48,496, an decrease of \$234,225, respectively. The influence on the Company for not applying the notification resulted in the EPS (NT dollars) by an increase of \$0.22 and an decrease of \$1.05, 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:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Occurrence date	Amount	Amount Paid	Counterparty	Relationship	Previous transfer information, as the counterparty is a related party				Reference price	Purpose and usage	Others
							Owner	Relations with the issuer	Transfer date	Amount			
Union Insurance Co., Ltd.	9F., No. 219, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City and one parking spaces	2023.7.26	202,222 (Note 1)	Paid in accordance with the contract	Natural person	Not related party	-	-	-	-	Appraisal report	Investment property	The third installment (30%) has been paid in this case, and the relevant transaction procedures including handover inspection and payment of the remaining balance will be completed in accordance with the contract.

Note 1: It is the total purchase price of contract. Transaction cost is separately counted.

- (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.