

**UNION INSURANCE CO., LTD.****Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2023 and 2022**

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	10~28
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	29
(6) Explanation of significant accounts	29~85
(7) Related-party transactions	85~87
(8) Pledged assets	88
(9) Commitments and contingencies	88
(10) Losses Due to Major Disasters	88
(11) Subsequent Events	88
(12) Other	88~95
(13) Other disclosures	
(a) Information on significant transactions	96
(b) Information on investees	96
(c) Information on investment in mainland China	96
(d) Major shareholders	96
(14) Segment information	97
9. List of major account titles	98~140
10. Review Report of Other Disclosures in Financial Reports	141
11. Other Disclosures in Financial Reports	
(1) Information on business conditions	142~153
(2) Market price of securities, dividend and dispersion of ownership	154~155
(3) Financial information	156~158
(4) Financial position and financial performance analysis	158~160
(5) CPA information	160~162



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## Independent Auditors' Report

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

### Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

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

#### Assessment of insurance liability

Please refer to Note 4(o) “Insurance liabilities” for the related accounting policy for the years ended December 31, 2023, Note 5 for accounting assumptions and estimation uncertainty of insurance liability for the years ended December 31, 2023, and Note 6(n) for details of the assessment of insurance liability.

#### Description of key audit matter:

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wu, Cheng-Yen and Tsai, Pei-Ju.

KPMG

Taipei, Taiwan (Republic of China)  
March 12, 2024

#### **Notes to Readers**

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

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

(English Translation of Financial Statements Originally Issued in Chinese)

## UNION INSURANCE CO., LTD.

## Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
11000	Cash and cash equivalents (note 6(a))	\$ 3,479,186	17	3,067,290	17	21000	Accounts payable (note 6(b) and (e))	\$ 1,234,591	6	1,167,305	7
12000	Receivables (note 6(b))	555,987	3	615,306	3	21700	Current tax liabilities	94,885	-	-	-
12600	Current tax assets	7,234	-	7,234	-	24000	Insurance liabilities (note 6(n))	12,297,598	62	12,124,121	66
14110	Financial assets at fair value through profit or loss (note 6(f))	1,721,519	9	802,477	4	27000	Provisions (note 12)	98,816	1	110,113	1
14190	Financial assets at fair value through other comprehensive income (note 6(f))	2,351,075	12	2,140,676	12	23800	Lease liabilities (note 6(j))	17,929	-	11,931	-
14145	Financial assets at amortized cost (note 6(f))	2,562,498	13	2,733,848	15	28000	Deferred tax liabilities (note 6(o))	63,920	-	63,920	-
14180	Other financial assets, net (note 6(f))	1,872,700	10	1,622,875	9	25000	Other liabilities	19,669	-	19,368	-
16700	Right-of-use assets (note 6(i))	17,733	-	11,796	-		<b>Total liabilities</b>	<u>13,827,408</u>	<u>69</u>	<u>13,496,758</u>	<u>74</u>
14200	Investment property (note 6(g))	1,047,509	5	851,695	5		<b>Equity</b>				
15000	Reinsurance assets (note 6(c))	4,202,406	21	4,252,018	23	31100	Ordinary share (note 6(p))	2,236,080	11	2,236,080	12
16000	Property and equipment (note 6(h))	1,287,364	6	1,292,268	7	33100	Legal reserve (note 6(p))	1,004,854	5	1,004,854	5
17000	Intangible assets	165,170	1	113,373	1	33200	Special reserve (note 6(n) and (p))	3,094,152	16	2,750,537	15
18000	Other assets	657,674	3	790,755	4	33300	Unappropriated retained earnings (note 6(p))	(256,606)	(1)	(1,120,584)	(6)
						34210	Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	22,167	-	(66,034)	-
							<b>Total equity</b>	<u>6,100,647</u>	<u>31</u>	<u>4,804,853</u>	<u>26</u>
<b>Total assets</b>		<u>\$ 19,928,055</u>	<u>100</u>	<u>18,301,611</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 19,928,055</u>	<u>100</u>	<u>18,301,611</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 years ended December 31, 2023 and 2022

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

	2023		2022		Change %	
	Amount	%	Amount	%		
41000	<b>Operating revenue:</b>					
41110	Written premium	\$ 12,280,790	121	11,010,365	130	12
41120	Reinsurance premium	455,275	4	429,428	5	6
41100	Premium	12,736,065	125	11,439,793	135	
51100	Less: Reinsurance expense	3,533,680	35	2,991,407	35	18
51310	Net change in unearned premiums reserve	236,828	2	172,942	3	37
41130	Retained earned premium	8,965,557	88	8,275,444	97	
41300	Reinsurance commission received	570,682	6	501,408	6	14
41500	Net income (loss) from investments					
41510	Interest income	129,927	1	93,447	1	39
41521	Gains (losses) on financial assets at fair value through profit or loss	365,860	4	(532,748)	(6)	169
41527	Realized gains (losses) on financial assets at fair value through other comprehensive income	90,790	1	91,618	1	(1)
41550	Foreign exchange gains (losses), investments	1,066	-	(1,532)	-	170
41570	Gains (losses) on investment property	38,426	-	30,172	-	27
41585	Expected credit losses or reversal of expected credit losses of investments (note 6(f))	(3,476)	-	(452)	-	(669)
41800	Other operating income	18,681	-	43,513	1	(57)
	<b>Total operating revenue</b>	<b>10,177,513</b>	<b>100</b>	<b>8,500,870</b>	<b>100</b>	
51000	<b>Operating costs:</b>					
51200	Insurance claim payment	6,627,072	65	6,778,106	80	(2)
41200	Less: Claims recovered from reinsurers	1,762,084	17	1,561,472	19	13
51260	Retained claim payment	4,864,988	48	5,216,634	61	
51300	Net change in other insurance liability (note 6(n))					
51320	Net change in claim reserve	224,208	2	591,584	7	(62)
51340	Net change in special claim reserve	40,005	-	(232,820)	(2)	117
51350	Net change in premium deficiency reserve	(394,485)	(3)	396,037	5	(200)
51500	Commission expense	1,930,951	19	1,779,767	21	8
51800	Other operating costs	30,450	-	41,888	-	(27)
51700	Finance costs	7,265	-	7,786	-	(7)
	<b>Total operating costs</b>	<b>6,703,382</b>	<b>66</b>	<b>7,800,876</b>	<b>92</b>	
58000	<b>Operating expenses:</b>					
58100	General expenses	1,747,106	17	1,647,284	20	6
58200	Administrative expenses	404,646	4	356,972	4	13
58300	Staff training expenses	1,465	-	2,026	-	(28)
58400	Expected credit losses or reversal of expected credit losses of non-investments (note 6(b) and (u))	18,819	-	25,122	-	(25)
	<b>Total operating expenses</b>	<b>2,172,036</b>	<b>21</b>	<b>2,031,404</b>	<b>24</b>	
	<b>Net operating income (loss)</b>	<b>1,302,095</b>	<b>13</b>	<b>(1,331,410)</b>	<b>(16)</b>	198
59000	<b>Non-operating income and expenses</b>					
62000	Net income (loss) before income tax	1,309,609	13	(1,322,629)	(16)	(199)
63000	Less: Income tax expenses (income) (note 6(o))	109,263	1	(422)	-	(25,992)
	<b>Net Income (Loss)</b>	<b>1,200,346</b>	<b>12</b>	<b>(1,322,207)</b>	<b>(16)</b>	191
83000	<b>Other comprehensive income:</b>					
83100	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
83110	Gains (losses) on remeasurements of defined benefit plans (note 6(l))	7,247	-	53,932	1	(87)
83190	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	88,201	1	(145,037)	(2)	161
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<b>95,448</b>	<b>1</b>	<b>(91,105)</b>	<b>(1)</b>	205
83000	<b>Other comprehensive income (after tax)</b>	<b>95,448</b>	<b>1</b>	<b>(91,105)</b>	<b>(1)</b>	205
	<b>Total comprehensive income</b>	<b>\$ 1,295,794</b>	<b>13</b>	<b>(1,413,312)</b>	<b>(17)</b>	192
97500	<b>Basic earnings (loss) per share (NT dollars) (note 6(q))</b>	<b>\$ 5.37</b>		<b>(5.91)</b>		
98500	<b>Diluted earnings (loss) per share (NT dollars) (note 6(q))</b>	<b>\$ 5.37</b>		<b>(5.91)</b>		

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**UNION INSURANCE CO., LTD.****Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Share capital		Retained earnings		Other equity	Total equity
	Ordinary shares	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
<b>Balance at January 1, 2022</b>	\$ 2,236,080	854,366	2,459,890	811,953	79,484	6,441,773
Net loss	-	-	-	(1,322,207)	-	(1,322,207)
Other comprehensive income	-	-	-	53,932	(145,037)	(91,105)
Total comprehensive income	-	-	-	(1,268,275)	(145,037)	(1,413,312)
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	150,488	-	(150,488)	-	-
Special reserve on appropriated-net change in special claim reserve	-	-	291,012	(291,012)	-	-
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 December 31, 2022	2,236,080	1,004,854	2,750,537	(1,120,584)	(66,034)	4,804,853
Net Income	-	-	-	1,200,346	-	1,200,346
Other comprehensive income	-	-	-	7,247	88,201	95,448
Total comprehensive income	-	-	-	1,207,593	88,201	1,295,794
Appropriation and distribution of retained earnings:						
Special reserve on appropriated-net change in special claim reserve	-	-	344,588	(344,588)	-	-
Special reserve on reversal-employee training and transferring plan	-	-	(973)	973	-	-
<b>Balance at December 31, 2023</b>	\$ 2,236,080	1,004,854	3,094,152	(256,606)	22,167	6,100,647

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 years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Net income (loss) before income tax	\$ 1,309,609	(1,322,629)
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	51,953	53,540
Amortization expense	25,320	17,266
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(345,727)	544,008
Interest expense	7,265	7,786
Interest income	(129,927)	(93,447)
Dividend income	(110,923)	(102,878)
Net change in insurance liabilities	175,386	1,168,019
Net change in other provisions	(4,050)	(15,032)
Expected credit loss of investments	3,476	452
Expected credit loss of non-investments	18,819	25,122
Impairment loss on non-financial assets	-	2,100
Others	9	(1)
<b>Total adjustments to reconcile profit (loss)</b>	<u>(308,399)</u>	<u>1,606,935</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in notes receivable	21,530	(34,008)
Decrease in premiums receivable	24,287	106,887
(Increase) decrease in other receivables	(8,951)	958
(Increase) decrease in financial assets at fair value through profit or loss	(573,315)	532,874
Increase in financial assets at fair value through other comprehensive income	(122,198)	(205,314)
Decrease (increase) in financial assets at amortized cost	200,000	(1,344,501)
(Increase) decrease in other financial assets	(249,825)	804,545
Decrease (increase) in reinsurance assets	35,136	(392,001)
Increase in current tax assets	-	(7,234)
Decrease (increase) in other assets	83,071	(4,605)
<b>Total changes in operating assets</b>	<u>(590,265)</u>	<u>(542,399)</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in other payable	67,286	(70,380)
Increase in other liabilities	301	553
<b>Total changes in operating liabilities</b>	<u>67,587</u>	<u>(69,827)</u>
Cash inflow (outflow) generated from (used in) operations	478,532	(327,920)
Interest received	148,873	79,683
Dividends received	110,432	103,169
Interest paid	(7,265)	(7,786)
Income taxes paid	(14,378)	(102,514)
<b>Net Cash flows from (used in) operating activities</b>	<u>716,194</u>	<u>(255,368)</u>
<b>Cash flows from (used in) investing activities:</b>		
Increase in prepayments	(29,043)	(10,230)
Acquisition of property and equipment	(23,820)	(62,193)
Acquisition of intangible assets	(32,444)	(12,803)
Acquisition of investment properties	(202,631)	-
<b>Net cash flows used in investing activities</b>	<u>(287,938)</u>	<u>(85,226)</u>
<b>Cash flows from (used in) financing activities:</b>		
Payment of lease liabilities	(16,360)	(16,735)
Cash dividends paid	-	(223,608)
<b>Net cash flows used in financing activities</b>	<u>(16,360)</u>	<u>(240,343)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	411,896	(580,937)
<b>Cash and cash equivalents at beginning of period</b>	3,067,290	3,648,227
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,479,186</u>	<u>3,067,290</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 years ended December 31, 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 March 12, 2024.

**(3) New standards, amendments and interpretations adopted:**

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

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

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

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

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

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

(Continued)

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

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

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

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

(Continued)

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- 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 the 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).

(b) Basis of preparation

(i) Basis of measure

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- 1) FVTPL are measured at fair value.
- 2) FVOCI are measured at fair value.
- 3) Net defined benefit liability is recognized as the fair value of the plan assets less the present value of the defined benefit obligation and the effect of the asset ceiling.
- 4) Part of investment properties are measured at fair value as their recognized cost.
- 5) Reinsurance reserve assets and insurance liability are measured in accordance with the “Regulations Governing the Provision of Various Reserves”.

(ii) Functional currency and Presentation Currency

The functional currency of the Group entities is determined based on the primary economic environment in which the entities operate. The financial statements are presented in New Taiwan Dollar, which is the Group’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for the differences relating to an investment in equity securities designated as at fair value through other comprehensive income.

(Continued)

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

(d) Principle of classifying assets and liabilities as current and non-current

Due to the specific business feature of insurance business, the operating cycle is more difficult to establish, and therefore assets and liabilities are not classified as current or non-current. Nonetheless, the items are classified per their properties and are arranged per their liquidity.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents comprise time deposits due within three months and bonds purchased under resale agreements which are held for the purpose of meeting short term cash commitments, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Those time deposits exceed three months are recognized as other financial assets – net.

(f) Bills and bonds purchased/sold under agreements to resell

Bills and bonds purchased/sold under agreements to resell, they are accounted at the transaction price and are included in assets on the delivery date if it's compliance with financing conditions. When selling back, they are regarded as the realization of the assets, and the difference between the trading and the selling is classified as interest income.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(Continued)

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

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

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

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, receivables, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

(Continued)



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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

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

(ii) Financial liabilities

1) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss are measured at fair value (including payables and other liabilities), plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(Continued)

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

(i) Insurance contracts

An insurance contract is a “contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder”. The Company defines significant insurance risk as the event which might lead to additional significant payment.

Once a contract has qualified as an insurance contract, it remains an insurance contract until all rights and obligations are extinguished or expired, even if insurance risk becomes insignificant or not existent. However, some contracts do not transfer any insurance risk to the Company at inception, although they do transfer insurance risk at a later time. In those cases, the contract is not considered an insurance contract until the risk transfer happens.

(j) Reinsurance contract assets

The Company’s rights to the reinsurer include ceded unearned premium reserve, ceded claim reserve, ceded premium deficiency reserve, claims recoverable from reinsurers, and net reinsurance receivables. The way to estimate claims and payments recoverable from reinsures is consistent with the way to estimate claims of policies. Receivables and payables of reinsurance are not offset and present by net amounts unless both parties to the contract have statutory offsetting rights and intend to deliver on a net basis or at the same time.

The Company periodically assesses the impairment of the reinsurance assets described above, reinsurance reserve assets, claims recoverable from reinsurers, reinsurance receivables, and reinsurance liabilities reserve deposit. A reinsurance asset is impaired if, and only if (a) there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract; and (b) that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. If the Company’s reinsurance reserve assets are impaired, the Company shall reduce its carrying amount accordingly and recognize that impairment loss in profit or loss, and recognize proper allowance for claims recoverable from reinsurers, reinsurance receivables, and reinsurance liabilities reserve deposit.

The Company assesses whether significant insurance risks have been transferred to the reinsurer. If significant insurance risks of the insurance contract have not been transferred, the contract is recognized via deposit accounting. The premium minus the company retained reinsurance premium (or fee) is recognized as deposit asset or liability, not profit or loss.

Compliance with the “Regulations Governing the Provision of Unauthorized Reinsurance Reserves for Insurance Company”, the Company deposits reserve for those unauthorized reinsurance ceded businesses according to “Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms” on ceded date or balance sheet date and discloses in notes of financial statements.

(Continued)

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

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Reclassifies the property to investment property

When the use of a property changes to investment property, the Company reclassifies the property to investment property based on the carrying amount when the use is changed.

(iii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- |                               |             |
|-------------------------------|-------------|
| 1) Buildings                  | 20-61 years |
| 2) Office and other equipment | 3-9 years   |

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(Continued)

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

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications such as lease subject, scope or other lease terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

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

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of IT equipment and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of lease income.

(m) Intangible assets

(i) Recognition and measurement

Intangible assets, including computer software and golf membership, that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

The amortizable amount is the cost of an asset less its residual value. Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for use.

(Continued)

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

The estimated useful lives for current and comparative periods are as follows:

(1) Computer software	3-12 years
(2) Golf membership	10-12 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Insurance liability

The Company determines reserves for insurance contracts in accordance with the "Regulations Governing the Provision of Various Reserves", "Regulations for Management of the Various Reserve of Compulsory Automobile Liability Insurance", "Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance", and "Regulations for the Reserve of Nuclear Insurance", methodologies used to determine the reserve are certified by the appointed actuary who is authorized by the Financial Supervisory Commission, Executive Yuan.

The methodologies used to determine the reserves are described as follows:

(i) Unearned premiums reserve:

Unearned premium reserve is determined based on the exposure of the unexpired period for the unexpired policies and the policies that have been not terminated.

(ii) Claim reserve:

The Company shall determine claim reserve, including case reserve and IBNR, using actuarial approaches, based on the historical experiences for each line of business. The case reserve shall be estimated case by case, based on actual relevant information.

(Continued)

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

(iii) Special reserve:

Special reserve comprises three parts, catastrophe reserve, risk volatility reserve and travel insurance reserve.

1) Special reserve - catastrophe special reserve

Catastrophe special reserve for each line of business shall be determined based on ratios regulated by the Authority. The portion of the losses over NT\$ 30 million shall be recovered from catastrophe special reserve. Catastrophe special reserve can be released after 15 years based on the mechanism decided by the appointed actuary and filed to the Authority.

From July 1, 2011, reserve of Commercial Earthquake Insurance and Typhoon and Flood Insurance can be released after 30 years and recognized in accordance with the “Regulations for Insurance Companies Determining Various Reserves of Commercial Earthquake Insurance and Typhoon and Flood Insurance”

2) Special reserve - risk volatility special reserve

If the actual loss, after deducting catastrophe special reserve, is less than the expected loss, an equalization special reserve shall be recognized at 15% of that difference. From July 1, 2011, according to “Regulations for Insurance Companies Determining Various Reserves of Commercial Earthquake Insurance and Typhoon and Flood Insurance”, for commercial earthquake insurance and typhoon and flood insurance, if the actual claim of the retention, deducted by the balance of the insurance written off by catastrophe special reserve, is lower than the expected claim, then an equalization special reserve shall be provided based on 75% of the difference. The expected claim shall not be less than 60% of the expected rate of loss.

If the actual loss, after deducting the catastrophe special reserve recovered for the line of business, exceeds the expected loss, the amount of that difference shall be recovered from the equalization special reserve. If the equalization special reserve is insufficient to deduct for a specific line of business, it can be released from other line of business. The amount released and the line of business from which shall follow the related regulations. If the cumulative equalization special reserve exceeds 60% of the net earned premium, the equalization special reserve shall be released by that difference. Although accident insurance and health insurance shall be released in accordance with the “Regulations Governing the Provision of Various Reserves” Art. 20.1.(3).

From July 1, 2011, according to “Regulations for Insurance Companies Determining Various Reserves of Commercial Earthquake Insurance and Typhoon and Flood Insurance”, if the equalization special reserve of commercial earthquake insurance exceeds 18 times of the net earned premium, or the equalization special reserve of typhoon and flood insurance exceeds 8 times of the net earned premium, the equalization special reserve shall be released by that difference.



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

In addition, according to “Directions Concerning Enhanced Catastrophe Disaster Reserve of Property Insurance” under Jin Guan Bao Cai Zi No. 11101405951, from January 1, 2013, “Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance” under Jin Guan Bao Cai Zi No. 10102531691, and “Regulations for Insurance Companies Determining Various Reserves of Nuclear Insurance” under Jin Guan Bao Cai Zi No. 10102517091, the Company should first fill the special catastrophe reserve and risk volatility reserve for commercial earthquake insurance and typhoon and flood insurance to maximum amount with the special catastrophe reserve and risk volatility reserve, which was in liability account and was provided before December 31, 2012, in the equity account. The calculation of the maximum amount of the special catastrophe reserve and risk volatility reserve for Commercial Earthquake Insurance, Typhoon Insurance, and Flood Insurance is to take the net earned premium of 2012 and the average amount of net earned premium from 2008 to 2012, which is higher, as the base. The catastrophe special reserve is calculated by the base amount described above multiply the catastrophe special reserve rate (7%) and cumulative age (30 years), and the maximum amount of risk volatility reserve is calculated by the base amount described above multiply the cumulative multiples (Commercial Earthquake Insurance multiply 18; Typhoon Insurance and Flood Insurance multiply 8).

The deficiency between the amount which was in liability and equity accounts on December 31, 2012 and the maximum amount of the special catastrophe reserve shall be first filled by special reserves of other insurances and then scaled to the risk volatility special reserve of Commercial Earthquake Insurance, Typhoon Insurance, and Flood Insurance. If there is any reserve left, the amount deducted by income tax calculated based on IAS 12 shall be reclassified to special reserve in equity account.

The amount that is transferred from special reserves of other insurances to catastrophe special reserve under liability accounts shall be released by one thirtieth of the ending balance of liability on January 1, 2013. The recoverable amount described above shall first deduct the amount of losses caused by the event exceed over NT\$ 30 million dollars for the individual company. If the cumulative amount of catastrophe special reserve is lower than the recoverable amount described above before deduction, the excess amount can only be released after the deficiency being filled. In addition, the recoverable amount described above shall be reviewed annually before 2025. If the recoverable amount described above is greater than the released amount of other types of accidents before the implementation of the precautions, the after tax difference shall be transferred to equity account. The difference described above shall be allocated in proportion to the retained premiums of other insurances of current period.

The “Regulations for Insurance Companies Determining Various Reserves of Commercial Earthquake Insurance and Typhoon and Flood Insurance” shall be followed when determining risk volatility special reserve of Commercial Earthquake Insurance and Typhoon and Flood Insurance.

(Continued)

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

3) Special reserve – travel insurance special reserve

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 the special reserve account under owners' equity in accordance with the “Standard Rate Schedule for Personal Travel Insurance Accidental Death and Dismemberment Benefit”.

4) Compulsory automobile liability insurance

The special reserve of compulsory automobile liability insurance is determined in accordance with the Regulations for Management of the Various Reserve of Compulsory Automobile Liability Insurance. The amount calculated by sum of retention of earned premium, withdrawal of claims reserve and special reserve of prior period plus interests deducts retained claim payment and deposit claim reserve, shall be deposited as special reserve. If the former amount is less than the latter amount, the deficiency shall be recovered by the special reserve cumulated in previous periods. If the deficiency still exists, it shall be recorded by memo entries and recovered by the special reserve cumulated in future periods.

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 enterprises that operate as compulsory automobile liability insurance shall set aside a special reserve from the business expenses received from the operation of such business.

Except for the special reserve of compulsory automobile liability insurance, the provision each year is recognized in special reserve under equity account with the amount deducted by income tax. The amount is calculated based on IAS 12. For the amount which should be written off or reclaimed, the Company writes off and reclaims it via special reserve under equity account with the amount deducted by income tax.

(iv) Premium deficiency reserve

The company shall evaluate the future losses and expenses for the unexpired policies and the policies that have been not terminated. If the expected future losses and expenses exceed the sum of the recognized unearned premium reserve and the expected future premium income, a premium deficiency reserve shall be recognized at the amount of that difference.

(v) Liability adequacy reserve

In accordance with IFRS 4, the Company should assess whether its recognized insurance liabilities are adequate, using current estimates of future cash flows at the end of each reporting period. If that assessment shows that the carrying amount of its insurance liabilities (less related intangible assets) is inadequate, the entire deficiency shall be recognized as a liability adequacy reserve.

(Continued)

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

(p) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(q) Premium income and acquisition costs

Premium income direct business is recognized based on the written policies and endorsement. Since January 1, 2015, sales that are attributable to car insurance recognize revenue. Assumed reinsurance premiums for reinsurance assumed business is recognized when the reinsurance statement arrived. For those statements have not been received, assumed reinsurance premium shall be estimated by a reasonable and systematic method on the balance sheet date. The related acquisition costs (such as: commissions, brokerages, fees, reinsurance commissions and etc.) is recognized in the same period without deferring.

Unearned premium reserve is determined based on the exposure of the unexpired period for the unexpired policies and the policies that have been not terminated.

Unearned premium reserve for the compulsory auto liability is determined in accordance with the Regulations for Management of the Various Reserve of Compulsory Automobile Liability Insurance.

Unearned premium reserve for the Residential earthquake insurance is determined in accordance with the Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance.

Unearned premiums reserve for the nuclear insurance is determined in accordance with the Regulations for the Reserve of Nuclear Insurance.

The approaches to determine unearned premiums reserves selected based on the characteristics of the line of business and decided by the actuary (The approaches are not allowed to change without the permission of the Authority.) Unearned premium reserve shall be certified by the appointed actuary.

Income tax, based on Value added and Non value added Business Tax Act, the Stamp Tax Act, and other relevant laws and regulations, related to the premium income shall be recognized on accrual basis.

(r) The cost of insurance claims

Loss for direct business is recognized based on the paid losses for the reported claims. Loss shall be estimated case by case, based on the actual relevant information, and recognized as the net change in reported but unpaid reserve for the claims which have been not yet paid, either have been determined or not been determined by the claim department.

Assumed reinsurance loss for reinsurance assumed business is recognized when the statement is arrival. For those statements have not been received, assumed reinsurance, loss shall be estimated in a reasonable and systematic way and recognized as the net change in loss reserve.

(Continued)

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

Unreported loss for direct written business and reinsurance assumed business shall be estimated using actuarial methodologies, based on the historical experience, and recognized as net change in the IBNR.

The loss receivable from the reinsurance companies according to the reinsurance ceded contract shall be recognized as claims recovered from reinsurers if the loss has been paid and recognized as net change in loss reserve if the loss has not been paid.

The loss reserve is not discounted.

The loss reserve for compulsory automobile liability insurance is determined in accordance with the Regulations for Management of the Various Reserve of Compulsory Automobile Liability Insurance.

The loss reserve for residential earthquake insurance is determined in accordance with the Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance.

The loss reserve for nuclear insurance is determined based on the Regulations for the Reserve of Nuclear Insurance.

- (s) Coinsurance organization, coinsurance business and guarantee fund agreement.

The Company signed coinsurance contract of the compulsory automobile liability insurance with all the member companies which approved by the government to operate the compulsory automobile liability coinsurance. It was agreed that all business of compulsory automobile liability insurance should be covered by the coinsurance institution or the Company should pay the penalty and be audited by the auditor of the coinsurance organization. The business of the coinsurance was calculated based on pure premium, and distribute by coinsurance percentage.

- (t) Employee benefits

- (i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

- (ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

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

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(u) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) arising from the transaction.

(Continued)

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

- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (v) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

- (w) Operating segments

Operating segments are units of the Company that engage in operating activities that may earn revenue and incur expenses, including revenue and expenses related to transactions with other units within the Company. The operating results of all operating divisions are reviewed regularly by the Company's chief operating decision maker to make decisions about the allocation of resources to those divisions and to evaluate their performance. Separate financial information is available for each operating segment.

- (x) Salvage and subrogation

Salvage legally acquired from the claim procedure for direct written business shall be valued and recognized at its fair value. Subrogation legally acquired shall be recognized when the actual recovery is definite (the inflow of the economic benefits in the future is more likely than not), and its amount can be reliably measured.

(Continued)

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

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

The preparation of the financial statements 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.

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.

The carrying amount of the liabilities as mentioned below may be affected by accounting estimates and judgment that have the most significant effects on the amounts recognized in the financial statements. The actual results may be influenced by the change of taken accounting estimates and professional judgments with the content has an existing significant difference as follows:

Insurance liability

The Company measures insurance liabilities in accordance with “ Regulations Governing the Provision of Various Reserves”.

- (i) Unearned premium reserve is estimated based on the exposure of the unexpired period of each business line. The provision of reserves is determined by actuarial specialists in accordance with of characteristics each business line.
- (ii) Claim reserve is estimated in accordance with the method of a loss triangle. The final claim cost is calculated based on the primary assumptions that are loss development factors and expected claim ratio. The loss development factors and expected claim ratio of each business line are calculated based on historical claim experience and adjusted by Company's policies such as insurance rate and claim management.

The professional judgment used in the above process will affect the amount recognized, including net change in insurance liability and the provision of insurance liability.

**(6) Explanation of significant accounts:**

- (a) Cash and cash equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash on hand	\$ 500	332
Petty cash	13,010	13,010
Cash in bank	2,767,653	2,353,282
Bonds purchased under resale agreements	<u>698,023</u>	<u>700,666</u>
Total	<u><u>\$ 3,479,186</u></u>	<u><u>3,067,290</u></u>

(Continued)

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

## (b) Receivables and Payables

## (i) Receivables

<u>Item</u>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Notes receivable	\$ 259,364	280,811
Premiums receivable	159,870	185,270
Other receivables	<u>136,753</u>	<u>149,225</u>
Total	<b><u>\$ 555,987</u></b>	<b><u>615,306</u></b>

## (ii) Payables

<u>Item</u>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Commission payable	\$ 196,354	178,341
Due to ceding companies	98,338	42,429
Reinsurance premium payable	484,424	553,943
Reinsurance commission payable	1,207	2,147
Insurance claims payable	10,001	10,083
Other payables	<u>444,267</u>	<u>380,362</u>
Total	<b><u>\$ 1,234,591</u></b>	<b><u>1,167,305</u></b>

## (iii) Receivables of insurance contracts

<u>Item</u>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Notes receivable	\$ 259,513	281,043
Less : Loss allowance	<u>(149)</u>	<u>(232)</u>
Total	<b><u>\$ 259,364</u></b>	<b><u>280,811</u></b>

(Continued)



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

Item	December 31, 2023	December 31, 2022
Premiums receivable		
Fire insurance	\$ 23,657	28,194
Marine insurance	22,095	25,106
Hull and fishing vessel insurance	3,005	3,634
Other accident insurance	48,600	69,272
Compulsory pure premium	7,503	9,395
Voluntary automobile insurance	5,992	7,816
Compulsory automobile liability insurance	3,599	4,429
Overdue receivables	<u>51,042</u>	<u>41,934</u>
Subtotal	165,493	189,780
Less : Loss allowance	<u>(5,623)</u>	<u>(4,510)</u>
Total	<u><u>\$ 159,870</u></u>	<u><u>185,270</u></u>

## (iv) Other receivables

Item	December 31, 2023	December 31, 2022
Other receivables	\$ 179,679	188,838
Less : Loss allowance	<u>(42,926)</u>	<u>(39,613)</u>
Total	<u><u>\$ 136,753</u></u>	<u><u>149,225</u></u>

As of December 31, 2023 and 2022, the overdue receivables in notes receivable, premiums receivable and other receivables were \$93,220 and \$80,181, which provisioned the loss allowance \$48,698 and \$44,355, respectively. The movements of the loss allowance for receivables were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 44,355	39,819
Loss recognized	4,343	5,122
Amounts write-off	<u>-</u>	<u>(586)</u>
Ending balance	<u><u>\$ 48,698</u></u>	<u><u>44,355</u></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.

(Continued)

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Under 90 days	\$ 540,997	606,545
91~270 days	26,266	19,489
More than 271 days	37,422	33,627

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

(v) Payables of insurance contracts

<b>Item</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Commission payable	<u>\$ 196,354</u>	<u>178,341</u>

(c) Reinsurance assets

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Claims recoverable from reinsurers (Note 6(d))	\$ 237,038	242,912
Due from reinsurers and ceding companies – net (Note 6(e))	289,938	402,481
Reinsurance reserve assets (Note 6(n))		
Ceded unearned premiums reserve	1,777,831	1,621,156
Ceded claim reserve	1,885,063	1,927,315
Ceded premium deficiency reserve	12,536	(58,154)
Total	<u>\$ 4,202,406</u>	<u>4,252,018</u>

(d) Claims recoverable from reinsurers

<b>Item</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Fire insurance	\$ 11,676	10,845
Marine insurance	2,335	1,748
Land and air insurance	32	3
Liability insurance	62,906	63,887
Surety insurance	-	67
Other property insurance	98,469	97,598
Accident insurance	8,635	9,227
Health insurance	1,307	2,456
Compulsory automobile liability insurance	51,642	57,057
Overdue receivables	36	24
Less : Loss allowance	-	-
Total	<u>\$ 237,038</u>	<u>242,912</u>

(Continued)

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

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

## (i) Receivables of insurance contracts

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Due from ceding companies	\$ 167,833	227,864
Reinsurance premium receivable	58,428	66,208
Reinsurance commission receivable	63,633	76,822
Overdue receivables	<u>14,495</u>	<u>31,587</u>
Subtotal	304,389	402,481
Less : Loss allowance	<u>(14,451)</u>	-
Total	<u><u>\$ 289,938</u></u>	<u><u>402,481</u></u>

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

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ -	-
Loss recognized	<u>14,451</u>	-
Ending balance	<u><u>\$ 14,451</u></u>	<u><u>-</u></u>

## (ii) Payables of insurance contracts

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Due to ceding companies	\$ 98,338	42,429
Reinsurance premium payable	484,424	553,943
Reinsurance commission payable	<u>1,207</u>	<u>2,147</u>
Total	<u><u>\$ 583,969</u></u>	<u><u>598,519</u></u>

## (f) Financial assets

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss:		
Beneficiary certificate	\$ 213,233	23,876
Real estate investment trust beneficiary certificate	321,109	341,911
Domestic listed stocks and OTC stocks	<u>1,187,177</u>	<u>436,690</u>
Total	<u><u>\$ 1,721,519</u></u>	<u><u>802,477</u></u>

(Continued)

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

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 years ended December 31, 2023 and 2022 will increase \$17,215 and \$8,025, respectively. Conversely, if there is a decrease in the securities' price of 1% on the reporting date based on all other variables remain the same, there will be the same amount but opposite direction of influence.

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Equity investments at fair value through other comprehensive income:		
Domestic listed stocks and OTC stocks	\$ 2,336,417	2,125,500
Domestic unlisted stocks	<u>14,658</u>	<u>15,176</u>
Total	<u>\$ 2,351,075</u>	<u>2,140,676</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 years then ended December 31, 2023 and 2022, the dividends of \$90,790 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 and \$3,360, respectively, related to the investments derecognized during the years then ended December 31, 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 years ended December 31, 2023 and 2022, were as follows:

	<u>For the years ended December 31,</u> <u>2023</u>	<u>2022</u>
Fair value	\$ <u>-</u>	<u>60,331</u>
Cumulative gain on disposal	\$ <u>-</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 years ended December 31, 2023 and 2022 will increase \$23,511 and \$21,407, 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**

## (iii) Financial assets at amortized cost

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Government bonds	\$ 614,701	915,046
Financial bonds	1,300,000	1,300,000
Corporate bonds	<u>1,050,000</u>	<u>950,000</u>
Subtotal	2,964,701	3,165,046
Less: Security deposits	(397,621)	(430,092)
Loss allowance	<u>(4,582)</u>	<u>(1,106)</u>
Total	<b><u>\$ 2,562,498</u></b>	<b><u>2,733,848</u></b>

- 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 years ended December 31, 2023 and 2022, the amounts of the expected credit loss recognized were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 1,106	654
Loss recognized	<u>3,476</u>	<u>452</u>
Ending balance	<b><u>\$ 4,582</u></b>	<b><u>1,106</u></b>

## (iv) Other financial assets, net:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Time deposits— initial maturity date over than three months	\$ 1,919,700	1,789,875
Less: Security deposits	<u>(47,000)</u>	<u>(167,000)</u>
Total	<b><u>\$ 1,872,700</u></b>	<b><u>1,622,875</u></b>

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

(Continued)

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

(v) Capital outsourcing information

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

<b>Investment</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>Amount</b>	<b>Amount</b>
Domestic listed stocks and OTC stocks, bonds purchased under resale agreements, short term bills, etc.	\$ <u><u>1,700,000</u></u>	<u><u>1,500,000</u></u>

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash and cash equivalents	\$ 658,937	760,956
Financial assets at fair value through profit or loss - stocks	<u>1,060,528</u>	<u>411,522</u>
Total	<u><u>\$ 1,719,465</u></u>	<u><u>1,172,478</u></u>

(g) Investment property

The cost, accumulated depreciation, and accumulated impairment loss of the investment property of the Company for the years ended December 31, 2023 and 2022, were as follows:

	<b>Land and improvement</b>	<b>Buildings and construction</b>	<b>Total</b>
<b>Cost or deemed cost:</b>			
<b>Balance at January 1, 2023</b>	\$ 727,887	217,104	944,991
Additions	194,546	8,085	202,631
Reclassification to property, plant and equipment	(1,604)	(712)	(2,316)
<b>Balance at December 31, 2023</b>	<u><u>\$ 920,829</u></u>	<u><u>224,477</u></u>	<u><u>1,145,306</u></u>
<b>Balance at December 31, 2022 (Same as January 1, 2022)</b>	<u><u>\$ 727,887</u></u>	<u><u>217,104</u></u>	<u><u>944,991</u></u>
<b>Accumulated depreciation and impairment loss</b>			
<b>Balance at January 1, 2023</b>	\$ 2,359	90,937	93,296
Depreciation	-	4,861	4,861
Reclassification to property, plant and equipment	-	(360)	(360)
<b>Balance at December 31, 2023</b>	<u><u>\$ 2,359</u></u>	<u><u>95,438</u></u>	<u><u>97,797</u></u>
<b>Balance at January 1, 2022</b>	\$ 2,359	86,124	88,483
Depreciation	-	4,813	4,813
<b>Balance at December 31, 2022</b>	<u><u>\$ 2,359</u></u>	<u><u>90,937</u></u>	<u><u>93,296</u></u>

(Continued)

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

	<u>Land and improvement</u>	<u>Buildings and construction</u>	<u>Total</u>
<b>Carrying amount:</b>			
December 31, 2023	\$ <u>918,470</u>	<u>129,039</u>	<u>1,047,509</u>
December 31, 2022	\$ <u>725,528</u>	<u>126,167</u>	<u>851,695</u>
<b>Fair value:</b>			
December 31, 2023			\$ <u>2,058,304</u>
December 31, 2022			\$ <u>1,568,918</u>

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

As of December 31, 2023 and 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 years ended December 31, 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>
<b>Cost:</b>							
<b>Balance at January 1, 2023</b>	\$ 945,824	518,148	192,284	579	55,997	2,004	1,714,836
Additions	4,410	10,403	5,464	-	2,617	926	23,820
Reclassification from investment property	1,604	712	-	-	-	-	2,316
Scrap	-	-	(5,800)	-	(2,522)	-	(8,322)
<b>Balance at December 31, 2023</b>	<u>951,838</u>	<u>529,263</u>	<u>191,948</u>	<u>579</u>	<u>56,092</u>	<u>2,930</u>	<u>1,732,650</u>
<b>Balance at January 1, 2022</b>	915,591	499,059	190,640	579	54,308	2,004	1,662,181
Additions	30,233	19,089	9,429	-	3,442	-	62,193
Scrap	-	-	(7,785)	-	(1,753)	-	(9,538)
<b>Balance at December 31, 2022</b>	<u>945,824</u>	<u>518,148</u>	<u>192,284</u>	<u>579</u>	<u>55,997</u>	<u>2,004</u>	<u>1,714,836</u>
<b>Accumulated depreciation and impairment loss:</b>							
<b>Balance at January 1, 2023</b>	15,196	185,858	171,412	579	47,749	1,774	422,568
Depreciation	-	15,050	11,340	-	3,942	348	30,680
Reclassification from investment property	-	360	-	-	-	-	360
Scrap	-	-	(5,800)	-	(2,522)	-	(8,322)
<b>Balance at December 31, 2023</b>	<u>15,196</u>	<u>201,268</u>	<u>176,952</u>	<u>579</u>	<u>49,169</u>	<u>2,122</u>	<u>445,286</u>
<b>Balance at January 1, 2022</b>	15,196	171,052	166,551	579	45,426	1,316	400,120
Depreciation	-	14,806	12,646	-	4,076	458	31,986
Scrap	-	-	(7,785)	-	(1,753)	-	(9,538)
<b>Balance at December 31, 2022</b>	<u>15,196</u>	<u>185,858</u>	<u>171,412</u>	<u>579</u>	<u>47,749</u>	<u>1,774</u>	<u>422,568</u>
<b>Carrying amount:</b>							
<b>December 31, 2023</b>	\$ <u>936,642</u>	<u>327,995</u>	<u>14,996</u>	<u>-</u>	<u>6,923</u>	<u>808</u>	<u>1,287,364</u>
<b>December 31, 2022</b>	\$ <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>

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

(Continued)

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

## (i) Right-of-use assets

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

	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:			
January 1, 2023	\$ 25,844	9,088	34,932
Additions	22,185	814	22,999
Derecognition	<u>(21,832)</u>	<u>-</u>	<u>(21,832)</u>
December 31, 2023	<u>\$ 26,197</u>	<u>9,902</u>	<u>36,099</u>
January 1, 2022	\$ 27,381	4,435	31,816
Additions	5,918	4,653	10,571
Derecognition	<u>(7,455)</u>	<u>-</u>	<u>(7,455)</u>
December 31, 2022	<u>\$ 25,844</u>	<u>9,088</u>	<u>34,932</u>
Depreciation of right-of-use assets:			
January 1, 2023	\$ 19,053	4,083	23,136
Depreciation	13,896	2,516	16,412
Derecognition	<u>(21,182)</u>	<u>-</u>	<u>(21,182)</u>
December 31, 2023	<u>\$ 11,767</u>	<u>6,599</u>	<u>18,366</u>
January 1, 2022	\$ 12,884	805	13,689
Depreciation	13,463	3,278	16,741
Derecognition	<u>(7,294)</u>	<u>-</u>	<u>(7,294)</u>
December 31, 2022	<u>\$ 19,053</u>	<u>4,083</u>	<u>23,136</u>
Carrying amount:			
December 31, 2023	<u>\$ 14,430</u>	<u>3,303</u>	<u>17,733</u>
December 31, 2022	<u>\$ 6,791</u>	<u>5,005</u>	<u>11,796</u>

## (j) Lease liabilities

The Company's lease liabilities were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Less than one year	\$ 13,700	8,123
Between one and five years	<u>4,229</u>	<u>3,808</u>
Total	<u>\$ 17,929</u>	<u>11,931</u>

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

(Continued)



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

The amounts recognized in profit or loss were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	\$ <u>450</u>	<u>358</u>

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	\$ <u>16,810</u>	<u>17,093</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

Leases as lessor

The Company leases out its investment properties (please refer to Note 6(g)). The future minimum lease payments under non-cancellable leases are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Within a year	\$ 39,611	38,245
One to five years	114,905	130,114
More than five years	<u>97,566</u>	<u>118,063</u>
	<b>\$ <u>252,082</u></b>	<b><u>286,422</u></b>

Rental incomes from investment properties were \$43,287 and \$34,985 for 2023 and 2022, respectively.

- (l) Employee benefits

- (i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value for the Company are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Present value of the defined benefit obligations	\$ (473,553)	(497,455)
Fair value of plan assets	<u>374,737</u>	<u>387,342</u>
Net defined benefit (liabilities) assets	<b>\$ <u>(98,816)</u></b>	<b><u>(110,113)</u></b>

(Continued)

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

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$374,737 and \$387,342 as of December 31, 2023 and 2022, respectively. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for Company were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Defined benefit obligation at January 1	\$ 497,455	533,535
Current serviced costs and interest cost	12,323	10,620
Remeasurements of net defined benefit liabilities		
– Actuarial gains or losses arising from changes of demographic assumptions	(77)	-
– Actuarial gains or losses arising from changes of financial assumptions	-	(24,734)
– Actuarial gains or losses arising from experience adjustments	(3,637)	(1,271)
Benefits paid by the plan	(32,511)	(20,695)
Defined benefit obligation at December 31	<b><u>\$ 473,553</u></b>	<b><u>497,455</u></b>

(Continued)

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

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Fair value of plan assets at January 1	\$ 387,342	354,458
Interest income	4,648	2,482
Remeasurements of net defined benefit liabilities		
— Expected return on plan assets (excluding current interest)	3,533	27,927
Contribution made to the plan	11,725	23,170
Benefit paid by the plan	(32,511)	(20,695)
Fair value of plan assets at December 31	<u>\$ 374,737</u>	<u>387,342</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Current service cost	\$ 6,354	6,885
Net interest of net liabilities (assets) for defined benefit obligations	1,321	1,253
	<u>\$ 7,675</u>	<u>8,138</u>

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2023 and 2022, was as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Accumulated amount at January 1	\$ 151,449	205,381
Recognized during the period	(7,247)	(53,932)
Accumulated amount at December 31	<u>\$ 144,202</u>	<u>151,449</u>

(Continued)

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

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Discount rate	1.20 %	1.20 %
Expected return on planned assets	1.20 %	1.20 %
Future salary increases	1.50 %	1.50 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one year period after the reporting date is \$7,435. The weighted average lifetime of the defined benefits plans is 5 years.

7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary increases. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2023 and 2022, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows

	<b>Effects to Defined Benefit Obligations</b>	
	<b>Increase</b>	<b>Decrease</b>
December 31, 2023		
Discount rate (change 0.5%)	\$ 21,318	4,030
Future salary increases(change 0.5%)	21,128	4,038
December 31, 2022		
Discount rate (change 0.5%)	24,734	5,688
Future salary increases (change 0.5%)	24,517	5,699

The sensitivity analysis presented above is based on the condition that other variables are unchanged. In practice, the changes of many assumptions are correlated. The method that the sensitivity analysis adopted is in accordance with the method of calculating net pension liability.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(Continued)

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

(ii) Defined contribution plan

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs of the Company incurred from the contributions to the Bureau of the Labor Insurance amounted to \$34,819 and \$33,397 for the years ended December 31, 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 years ended December 31, 2023 and 2022, the Company estimated its employees remuneration amounting to \$2,000 and \$0, and remunerations to 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 2023 and 2022 were \$0, \$28,500 and \$0, \$6,500, respectively. There is no difference in the actual distribution situation. Relevant information can be obtained from the Market Observation Post System.

(n) Insurance liability

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Unearned premium reserve	\$ 6,300,340	5,908,746
Claims reserve	5,009,156	4,827,175
Special reserve	974,014	934,009
Premium deficiency reserve	14,088	454,191
Total	<b>\$ 12,297,598</b>	<b>12,124,121</b>

(Continued)

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

## (i) Unearned premium reserve

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

<b>December 31, 2023</b>					
<b>Item</b>	<b>Unearned premium reserve</b>		<b>Ceded unearned premium reserve</b>		<b>Retained business</b>
	<b>Direct business</b>	<b>Reinsurance ceded in</b>	<b>Reinsurance ceded out</b>		
Fire insurance	\$ 863,987	35,331	500,614		398,704
Marine insurance	78,080	915	65,124		13,871
Land and air insurance	50,143	-	40,900		9,243
Liability insurance	1,727,596	28,990	249,633		1,506,953
Surety insurance	11,221	555	6,053		5,723
Other property insurance	2,563,724	45,116	670,213		1,938,627
Accident insurance	360,766	3,769	30,994		333,541
Health insurance	11,127	-	1,949		9,178
Compulsory automobile liability insurance	353,893	165,127	212,351		306,669
<b>Total</b>	<b>\$ 6,020,537</b>	<b>279,803</b>	<b>1,777,831</b>		<b>4,522,509</b>

  

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

(Continued)

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

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

For the years ended December 31, 2023													
Items	Premium revenue	Reinsurance premium	Reinsurance expense	Retained Premium	Direct business		Reinsurance ceded in		Net change in unearned premium reserve	Reinsurance ceded out		Net change in ceded unearned premium reserve	Retained earned premium
					Unearned premium reserve	Recovery	Unearned premium reserve	Recovery		Unearned premium reserve	Recovery		
Compulsory insurance	\$ 947,041	300,123	398,011	849,153	353,893	362,630	165,127	165,582	(9,192)	212,351	217,590	(5,239)	853,106
Non-compulsory insurance	11,333,749	155,152	3,135,669	8,353,232	5,666,644	5,238,726	114,676	139,899	402,695	1,565,480	1,403,566	161,914	8,112,451
<b>Total</b>	<b>\$ 12,280,790</b>	<b>455,275</b>	<b>3,533,680</b>	<b>9,202,385</b>	<b>6,020,537</b>	<b>5,601,356</b>	<b>279,803</b>	<b>305,481</b>	<b>393,503</b>	<b>1,777,831</b>	<b>1,621,156</b>	<b>156,675</b>	<b>8,965,557</b>

  

For the years ended December 31, 2022													
Items	Premium revenue	Reinsurance premium	Reinsurance expenses	Retained Premium	Direct business		Reinsurance ceded in		Net change in unearned premium reserve	Reinsurance ceded out		Net change in ceded unearned premium reserve	Retained earned premium
					Unearned premium reserve	Recovery	Unearned premium reserve	Recovery		Unearned premium reserve	Recovery		
Compulsory insurance	\$ 964,711	301,305	407,152	858,864	362,630	366,445	165,582	165,105	(3,338)	217,590	219,878	(2,288)	859,914
Non-compulsory insurance	10,045,654	128,123	2,584,255	7,589,522	5,240,635	5,113,908	139,899	212,147	54,479	1,403,566	1,523,079	(119,513)	7,415,530
<b>Total</b>	<b>\$ 11,010,365</b>	<b>429,428</b>	<b>2,991,407</b>	<b>8,448,386</b>	<b>5,603,265</b>	<b>5,480,353</b>	<b>305,481</b>	<b>377,252</b>	<b>51,141</b>	<b>1,621,156</b>	<b>1,742,957</b>	<b>(121,801)</b>	<b>8,275,444</b>

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

Item	For the years ended December 31, 2023	
	Unearned premium reserve	Ceded unearned premium reserve
Beginning balance	\$ 5,908,746	1,621,156
Provision	6,300,340	1,777,831
Recovery	(5,908,746)	(1,621,156)
Ending balance	<b>\$ 6,300,340</b>	<b>1,777,831</b>

  

Item	For the years ended December 31, 2022	
	Unearned premium reserve	Ceded unearned premium reserve
Beginning balance	\$ 5,859,977	1,742,957
Provision	5,908,746	1,621,156
Recovery	(5,859,977)	(1,742,957)
Ending balance	<b>\$ 5,908,746</b>	<b>1,621,156</b>

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.

(Continued)

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

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.

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 December 31, 2023 and 2022, the relevant unearned premium reserve from the business transfer and intangible assets were \$12,891 and \$9,047 and \$15,606 and \$10,956, 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.

(Continued)



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

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.

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.

(Continued)

**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. 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.

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

Item	For the years ended December 31,	
	2023	2022
Beginning balance	\$ 90,188	17,943
Provision	45,071	72,245
Ending balance	<u>\$ 135,259</u>	<u>90,188</u>

Special reserve – Non-Compulsory Automobile Liability Insurance

Item	For the years ended December 31, 2023						
	Liability			Special reserve			
	Catastrophic risk	Contingency risk	Total	Contingency risk	Contingency risk	Travel Insurance	Total
Beginning balance	\$ 101,480	738,185	839,665	884,765	1,841,170	10,314	2,736,249
Provision	-	-	-	107,423	241,925	12,261	361,609
Recovery	(5,066)	-	(5,066)	-	(17,021)	-	(17,021)
Ending balance	<u>\$ 96,414</u>	<u>738,185</u>	<u>834,599</u>	<u>992,188</u>	<u>2,066,074</u>	<u>22,575</u>	<u>3,080,837</u>

  

Item	For the years ended December 31, 2022						
	Liability			Special reserve			
	Catastrophic risk	Contingency risk	Total	Contingency risk	Contingency risk	Travel Insurance	Total
Beginning balance	\$ 106,545	1,038,185	1,144,730	790,535	1,650,413	4,289	2,445,237
Provision	-	-	-	94,230	213,220	6,025	313,475
Recovery	(5,065)	(300,000)	(305,065)	-	(22,463)	-	(22,463)
Ending balance	<u>\$ 101,480</u>	<u>738,185</u>	<u>839,665</u>	<u>884,765</u>	<u>1,841,170</u>	<u>10,314</u>	<u>2,736,249</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 years ended December 31, 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	December 31, 2023			
	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
Fire insurance	\$ -	875,130	122,821	997,951
Marine insurance	-	105,349	64,417	169,766
Land and air insurance	-	38,142	18,412	56,554
Liability insurance	3,202	1,255,622	393,882	1,649,504
Surety insurance	1	18,631	5,899	24,530
Other property insurance	5,768	913,895	102,083	1,015,978
Accident insurance	518	78,697	206,307	285,004
Health insurance	100	1,844	18,526	20,370
Compulsory automobile liability insurance	412	196,860	592,639	789,499
<b>Total</b>	<b>\$ 10,001</b>	<b>3,484,170</b>	<b>1,524,986</b>	<b>5,009,156</b>

(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	<b>\$ 10,083</b>	<b>3,501,649</b>	<b>1,325,526</b>	<b>4,827,175</b>

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

December 31, 2023			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 596,868	41,469	638,337
Marine insurance	76,739	44,224	120,963
Land and air insurance	32,245	13,016	45,261
Liability insurance	178,412	63,305	241,717
Surety insurance	8,182	1,841	10,023
Other property insurance	409,765	27,207	436,972
Accident insurance	11,372	45,096	56,468
Health insurance	247	2,917	3,164
Compulsory automobile liability insurance	71,856	260,327	332,183
Less: Accumulated impairment	(25)	-	(25)
Total	<b>\$ 1,385,661</b>	<b>499,402</b>	<b>1,885,063</b>

(Continued)

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

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	<b>\$ 1,518,684</b>	<b>408,631</b>	<b>1,927,315</b>

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

For the years ended December 31, 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	\$ 963,732	1,114,837	34,219	20,896	(137,782)	638,337	754,480	(116,143)
Marine insurance	164,660	231,149	5,106	3,778	(65,161)	120,963	182,426	(61,463)
Land and air insurance	54,037	61,699	2,517	2,562	(7,707)	45,261	53,134	(7,873)
Liability insurance	1,621,996	1,356,466	27,508	11,278	281,760	241,717	208,099	33,618
Surety insurance	22,545	23,170	1,985	1,541	(181)	10,023	10,073	(50)
Other property insurance	995,445	926,234	20,533	5,633	84,111	436,972	370,602	66,370
Accident insurance	269,620	213,759	15,384	3,851	67,394	56,468	40,204	16,264
Health insurance	18,169	107,469	2,201	2,417	(89,516)	3,164	3,332	(168)
Compulsory automobile liability insurance	555,767	508,369	233,732	232,067	49,063	332,183	304,965	27,218
Total	<b>\$ 4,665,971</b>	<b>4,543,152</b>	<b>343,185</b>	<b>284,023</b>	<b>181,981</b>	<b>1,885,088</b>	<b>1,927,315</b>	<b>(42,227)</b>

  

For the years ended December 31, 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	\$ 1,114,837	636,718	20,896	17,377	481,638	754,480	497,495	256,985
Marine insurance	231,149	160,068	3,778	4,233	70,626	182,426	135,972	46,454
Land and air insurance	61,699	91,293	2,562	2,444	(29,476)	53,134	78,311	(25,177)
Liability insurance	1,356,466	1,236,198	11,278	10,609	120,937	208,099	228,122	(20,023)
Surety insurance	23,170	22,318	1,541	1,402	991	10,073	10,027	46
Other property insurance	926,234	723,902	5,633	3,067	204,898	370,602	290,810	79,792
Accident insurance	213,759	260,828	3,851	5,457	(48,675)	40,204	77,699	(37,495)
Health insurance	107,469	5,515	2,417	-	104,371	3,332	1,151	2,181
Compulsory automobile liability insurance	508,369	506,341	232,067	243,898	(9,803)	304,965	303,805	1,160
Total	<b>\$ 4,543,152</b>	<b>3,643,181</b>	<b>284,023</b>	<b>288,487</b>	<b>895,507</b>	<b>1,927,315</b>	<b>1,623,392</b>	<b>303,923</b>

(Continued)

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

4) The movements in claims reserve and ceded claims reserve

Item	For the years ended December 31,			
	2023		2022	
	Claims reserve	Ceded claims reserve	Claims reserve	Ceded claims reserve
Beginning balance	\$ 4,827,175	1,927,315	3,931,668	1,623,392
Provision	5,009,156	1,885,088	4,827,175	1,927,315
Recovery	(4,827,175)	(1,927,315)	(3,931,668)	(1,623,392)
Impairment loss reversed(recognized)	-	(25)	-	-
Ending balance	<u>\$ 5,009,156</u>	<u>1,885,063</u>	<u>4,827,175</u>	<u>1,927,315</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	December 31, 2023			
	Premium deficiency reserve		Ceded premium deficiency reserve	
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	Retained business
Fire Insurance	\$ 12,183	353	12,536	-
Marine insurance	1,552	-	-	1,552
Total	<u>\$ 13,735</u>	<u>353</u>	<u>12,536</u>	<u>1,552</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

For the three months ended December 31, 2023									
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	\$ 12,183	57,717	353	1,551	(46,732)	12,536	57,390	(44,854)	(1,878)
Marine insurance	1,552	1,146	-	-	406	-	-	-	406
Health insurance	-	393,777	-	-	(393,777)	-	764	(764)	(393,013)
<b>Total</b>	<b>\$ 13,735</b>	<b>452,640</b>	<b>353</b>	<b>1,551</b>	<b>(440,103)</b>	<b>12,536</b>	<b>58,154</b>	<b>(45,618)</b>	<b>(394,485)</b>

  

For the years ended December 31, 2022									
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	\$ 57,717	-	1,551	-	59,268	57,390	-	57,390	1,878
Marine insurance	1,146	-	-	-	1,146	-	-	-	1,146
Health insurance	393,777	-	-	-	393,777	764	-	764	393,013
<b>Total</b>	<b>\$ 452,640</b>	<b>-</b>	<b>1,551</b>	<b>-</b>	<b>454,191</b>	<b>58,154</b>	<b>-</b>	<b>58,154</b>	<b>396,037</b>

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

Item	December 31, 2023	
	Premium deficiency reserve	Ceding premium deficiency reserve
Beginning balance	\$ 454,191	58,154
Provision	14,088	12,536
Recovery	(454,191)	(58,154)
<b>Ending balance</b>	<b>\$ 14,088</b>	<b>12,536</b>

  

Item	For the years ended December 31, 2022	
	Premium deficiency reserve	Ceding premium deficiency reserve
Beginning balance	\$ -	-
Provision	454,191	58,154
Recovery	-	-
<b>Ending balance</b>	<b>\$ 454,191</b>	<b>58,154</b>

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.

(Continued)

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

(o) Income tax

The components of the Company's income tax for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Current period	\$ 109,263	-
Adjustments for prior periods	-	(422)
Current income tax expenses(profits)	<u>\$ 109,263</u>	<u>(422)</u>

Reconciliation of income tax and profit before tax for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Profit excluding income tax	\$ 1,309,609	(1,322,629)
Income tax using the Company's domestic tax rate	261,922	(264,526)
Adjustment items:		
Tax-exempt income	(58,298)	40,877
Current-year losses for which no deferred tax assets was recognized	-	136,096
Change in unrecognized temporary differences	-	5,903
Usage of tax loss carry-forward	(112,230)	-
Prior income tax (over) under estimated	-	(422)
Others	17,869	81,650
Income tax expenses (profits)	<u>\$ 109,263</u>	<u>(422)</u>

(v) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Tax effect of deductible temporary differences	\$ -	136,096
Actuarial losses of defined benefit plans	28,840	30,290
Unrecognized deferred tax assets	<u>\$ 28,840</u>	<u>166,386</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**

2) Unrecognized deferred tax liabilities

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Land value-added tax	<b>\$ 63,920</b>	<b>63,920</b>

(p) Capital and other equity

(i) Share capital

As of December 31, 2023 and 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 December 31, 2023 and 2022 the special reserve distributed by the Company in accordance with the regulations were \$1,172 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:

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

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

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

(Continued)

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

## (q) Earnings (loss) per share

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Net (loss) income attributable to ordinary shareholders of the Company	\$ <u>1,200,346</u>	<u>(1,322,207)</u>
Weighted average number of ordinary shares (thousands shares)	<u>223,608</u>	<u>223,608</u>
<b>Basic earnings (loss) per share (NT dollars)</b>	<b>\$ <u>5.37</u></b>	<b><u>(5.91)</u></b>
<b>Diluted earnings (loss) per share</b>		
Net (loss) income attributable to ordinary shareholders of the Company	<u>1,200,346</u>	<u>(1,322,207)</u>
Weighted average number of ordinary shares (thousands shares)	223,608	223,608
Employee share options	<u>53</u>	<u>-</u>
Weighted average number of ordinary shares (Dilutive potential common shares)(thousands shares)	<u>223,661</u>	<u>223,608</u>
<b>Diluted (loss) earnings per share (NT dollars)</b>	<b>\$ <u>5.37</u></b>	<b><u>(5.91)</u></b>

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

Acquisition cost of insurance contracts

<b>Item</b>	<b>For the years ended December 31, 2023</b>					
	<b>Commission expense</b>	<b>Agent fee</b>	<b>Charge</b>	<b>Reinsurance commission expense</b>	<b>Other cost</b>	<b>Total</b>
Fire insurance	\$ 170,147	-	-	1,036	-	171,183
Marine insurance	24,574	-	-	219	-	24,793
Land and air insurance	8,644	-	-	31	-	8,675
Liability insurance	620,250	-	-	3,436	-	623,686
Surety insurance	3,565	-	-	2	-	3,567
Other property insurance	694,646	-	-	12,208	-	706,854
Accident insurance	242,151	-	-	151	-	242,302
Health insurance	25,174	-	-	-	-	25,174
Compulsory automobile liability insurance	124,717	-	-	-	-	124,717
<b>Total</b>	<b>\$ <u>1,913,868</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>17,083</u></b>	<b><u>-</u></b>	<b><u>1,930,951</u></b>

(Continued)

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

For the years ended December 31, 2022						
Item	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 131,566	-	-	1,946	-	133,512
Marine insurance	27,826	-	-	328	-	28,154
Land and air insurance	10,481	-	-	90	-	10,571
Liability insurance	578,761	-	-	4,446	-	583,207
Surety insurance	2,574	-	-	21	-	2,595
Other property insurance	646,547	-	-	5,541	-	652,088
Accident insurance	229,632	-	-	(524)	-	229,108
Health insurance	12,668	-	-	-	-	12,668
Compulsory automobile liability insurance	127,864	-	-	-	-	127,864
Total	<u>\$ 1,767,919</u>	<u>-</u>	<u>-</u>	<u>11,848</u>	<u>-</u>	<u>1,779,767</u>

(s) Disclosure of insurance cost-benefit analysis

(i) Direct written business cost-benefit analysis

For the years ended December 31, 2023						
Item	Written premium	The net change in unearned premium reserve	Insurance contract acquisition cost	Claims	The net change in claims reverse	Gain (Loss)
Fire insurance	\$ 1,974,676	131,743	170,147	653,540	(151,105)	1,170,351
Marine insurance	257,419	(7,282)	24,574	152,516	(66,489)	154,100
Land and air insurance	112,850	5,324	8,644	18,702	(7,662)	87,842
Liability insurance	3,506,565	70,441	620,250	1,868,568	265,530	681,776
Surety insurance	23,575	2,025	3,565	711	(625)	17,899
Other property insurance	4,353,575	289,542	694,646	2,238,699	69,211	1,061,477
Accident insurance	1,016,561	(53,218)	242,151	488,055	55,861	283,712
Health insurance	88,528	(10,657)	25,174	275,490	(89,300)	(112,179)
Compulsory automobile liability insurance	947,041	(8,737)	124,717	602,903	47,398	180,760
Total	<u>\$ 12,280,790</u>	<u>419,181</u>	<u>1,913,868</u>	<u>6,299,184</u>	<u>122,819</u>	<u>3,525,738</u>

(Continued)

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

**For the years ended December 31, 2022**

<b>Item</b>	<b>Written premium</b>	<b>The net change in unearned premium reserve</b>	<b>Insurance contract acquisition cost</b>	<b>Claims</b>	<b>The net change in claims reverse</b>	<b>Gain (Loss)</b>
Fire insurance	\$ 1,518,191	30,913	131,566	378,231	478,119	499,362
Marine insurance	250,786	2,162	27,826	75,281	71,081	74,436
Land and air insurance	97,006	2,544	10,481	53,133	(29,594)	60,442
Liability insurance	3,255,054	58,676	578,761	1,667,398	120,268	829,951
Surety insurance	18,223	1,745	2,574	2,621	852	10,431
Other property insurance	3,882,307	28,314	646,547	1,938,067	202,332	1,067,047
Accident insurance	957,399	7,100	229,632	447,748	(47,069)	319,988
Health insurance	66,688	(4,727)	12,668	1,239,367	101,954	(1,282,574)
Compulsory automobile liability insurance	964,711	(3,815)	127,864	630,001	2,028	208,633
<b>Total</b>	<b>\$ <u>11,010,365</u></b>	<b><u>122,912</u></b>	<b><u>1,767,919</u></b>	<b><u>6,431,847</u></b>	<b><u>899,971</u></b>	<b><u>1,787,716</u></b>

(ii) Reinsurance cost-benefit analysis

**For the years ended December 31, 2023**

<b>Item</b>	<b>Reinsurance premium</b>	<b>The net change in unearned premium reserve</b>	<b>Reinsurance commission expense</b>	<b>Reinsurance Claims</b>	<b>The net change in claims reverse</b>	<b>Ceded in Gain (Loss)</b>
Fire insurance	\$ 75,748	(785)	1,036	315	13,323	61,859
Marine insurance	7,295	(355)	219	144	1,328	5,959
Land and air insurance	191	(579)	31	3,418	(45)	(2,634)
Liability insurance	14,689	(38,286)	3,436	18,929	16,230	14,380
Surety insurance	1,233	(15)	2	1,620	444	(818)
Other property insurance	47,578	14,638	12,208	14,719	14,900	(8,887)
Accident insurance	8,418	159	151	2,549	11,533	(5,974)
Health insurance	-	-	-	-	(216)	216
Compulsory automobile liability insurance	300,123	(455)	-	286,194	1,665	12,719
<b>Total</b>	<b>\$ <u>455,275</u></b>	<b><u>(25,678)</u></b>	<b><u>17,083</u></b>	<b><u>327,888</u></b>	<b><u>59,162</u></b>	<b><u>76,820</u></b>

(Continued)

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

For the years ended December 31, 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	\$ 68,108	(6,922)	1,946	858	3,519	68,707
Marine insurance	8,110	441	328	339	(455)	7,457
Land and air insurance	499	(92)	90	(68)	118	451
Liability insurance	16,614	(62,943)	4,446	46,811	669	27,631
Surety insurance	1,585	222	21	(272)	139	1,475
Other property insurance	25,322	(4,768)	5,541	11,093	2,566	10,890
Accident insurance	7,885	1,814	(524)	2,188	(1,606)	6,013
Health insurance	-	-	-	-	2,417	(2,417)
Compulsory automobile liability insurance	301,305	477	-	285,310	(11,831)	27,349
<b>Total</b>	<b>\$ 429,428</b>	<b>(71,771)</b>	<b>11,848</b>	<b>346,259</b>	<b>(4,464)</b>	<b>147,556</b>

(iii) Gain/Loss on reinsurance contracts

For the years ended December 31, 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	\$ (1,346,571)	100,522	147,386	394,182	(116,143)	(820,624)
Marine insurance	(160,603)	(10,408)	10,916	97,425	(61,463)	(124,133)
Land and air insurance	(93,820)	5,713	9,044	17,832	(7,873)	(69,104)
Liability insurance	(472,174)	(30,024)	132,582	269,599	33,618	(66,399)
Surety insurance	(8,442)	919	756	210	(50)	(6,607)
Other property insurance	(954,283)	97,939	250,475	563,643	66,370	24,144
Accident insurance	(91,910)	1,524	16,892	48,464	16,264	(8,766)
Health insurance	(7,866)	(4,271)	2,631	8,974	(168)	(700)
Compulsory automobile liability insurance	(398,011)	(5,239)	-	361,755	27,218	(14,277)
<b>Total</b>	<b>\$ (3,533,680)</b>	<b>156,675</b>	<b>570,682</b>	<b>1,762,084</b>	<b>(42,227)</b>	<b>(1,086,466)</b>

(Continued)

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

For the years ended December 31, 2022

Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (1,035,076)	27,119	105,579	291,940	256,985	(353,453)
Marine insurance	(141,933)	2,031	10,287	47,008	46,454	(36,153)
Land and air insurance	(76,547)	6,063	9,768	42,338	(25,177)	(43,555)
Liability insurance	(452,086)	(64,430)	142,599	310,113	(20,023)	(83,827)
Surety insurance	(7,635)	1,158	1,191	1,300	46	(3,940)
Other property insurance	(779,020)	(79,990)	220,470	405,143	79,792	(153,605)
Accident insurance	(83,316)	(11,143)	11,559	75,535	(37,495)	(44,860)
Health insurance	(8,642)	(321)	(45)	8,940	2,181	2,113
Compulsory automobile liability insurance	(407,152)	(2,288)	-	379,155	1,160	(29,125)
Total	<u>\$ (2,991,407)</u>	<u>(121,801)</u>	<u>501,408</u>	<u>1,561,472</u>	<u>303,923</u>	<u>(746,405)</u>

(t) Disclosure of insurance contract risk

(i) The purpose, policy, procedure and the managing method of risk related to the risk management of control insurance contract

1) The range of risk management in framework, organizational, accountability

a) Risk management of framework and organization

The Company's risk managing organizational framework includes the Board of Directors, Risk Management Committee, Risk Management Department, operating segments and Audit department.

b) The responsibility of various unit are as follows:

i) The Board of Directors

The Board of Directors is the highest decision making unit of risk management in the Company, which is responsible for approving risk management policy and framework, establishing the risk management culture, ensuring the effectiveness of risk management, and bear the ultimate responsibility of risk management.

ii) Risk Management Committee

1. In charge of making the risk management policy, framework, organization function, in order to establish the managing quality and quantity standard. To submit regularly the report of the executing the risk management to the Board of Directors, in case providing the necessary improve suggestion.

(Continued)

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

2. To execute the Board of Directors' decision, and entirely and periodically oversee the development, establishment and executing performance.
  3. To assist and oversee various segments' risk management activities.
  4. To consider the environment to adjust the types of risk, risk limit allocating and the bearing method.
  5. To coordinate interaction and communication of the risk managing function between departments.
- iii) Risk Management Department
1. To be responsible for risk monitoring, measuring, evaluating executive layer of routine affairs, which should be independent to the executing right of operating segments.
  2. Should depend on the type of operating business to execute:
    - To assist and execute the Board setting risk management policies and strategies.
    - Accounting the Company risk appetite set risk tolerance
    - Summarize risk information, coordinated and communicated for carrying out policy and quota of each unit.
    - Risk management report is proposed regularly.
    - Monitor the risk of each operating segments regularly.
    - Assistance of pressure test.
    - Back testing.
    - Others
  3. To deal with the violation of other units by the authorization of the Board of Directors or Risk Management Committee
- iv) Operating segments
1. The responsibilities of operating segments supervisor to execute the risk management are as follows:
    - To be responsible for preparing daily risk report, taking actions.
    - To monitor related information of risk management and report to risk management department regularly.

(Continued)



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

2. The responsibilities of operating segments to execute the risk management are as follows:
- To recognize risk, and to report the information of risk exposure situation.
  - To measure the influence of degree of risk occurred (quality and quantity), and response the accurate solution with passing the risk information.
  - Reviewing the effectiveness of the setting risk tolerance.
  - Monitor risk exposure and measure the risk exceed the tolerance.
  - To assist the risk modelling development, ensuring that the uses and hypothesis of measuring, modeling are rational and consist of the basis.
  - Ensure the effectiveness of internal control.
  - Gather the information which is related to operational risk.

v) Audit department

Based on incumbent related legal regulation, to audit the implementation of risk management of each department in the Company.

2) Scope and nature of risk reporting or measure system

The Company's insurance risk monitoring included the entire or individual deal process of operating segments and various insurance goods, such as business volume, loss rate change, business structure, etc., should be in accordance with the standard, the limit, the process of over limit and the authorization. Then, through operating segments supervisors report daily or regularly to higher management level and Risk Management Department to summarize.

The Company holds Risk Management Committee periodically to report officially the insurance risk management monitor for decision making by the operating level.

3) Procedures for risk assuming, measurement, monitoring and control, as well as adequate risk classification and the underwriting policy

The Company set the underwriting policy which is following the Company's target, client demand and market competition environment. The unit of underwriting should process danger options in accordance with the underwriting policy. In addition the underwriting should cooperate with operating in term of assessment of danger and choice of business, policy due to the organization become more and more big and the market become more competitive. To achieve the goal of good quality, higher quantity, faster receivable rolling and faster claim procedure which is customer focus, the Company should enhance the method of thinking and innovation in underwriting, operating, claim and managing.

(Continued)

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

- 4) The range of entire basic evaluation assessment of the enterprise and risk management

The entire risk as a basic identify the Company's insurance risk, includes the design and price set risk, underwriting risk, insurance risk, claim risk, catastrophic risk and reserve risk, etc., in accordance with the various insurance risk of insurance risk management.

- 5) Limiting insurance risk exposure and avoiding the concentrations of insurance risk

The business of retained, ceded in reinsurance, ceded out reinsurance of the Company is under "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" to establish the mechanism of risk management, and considering the risk bearing capacity, formulating a reinsurance risk management plan and implementing.

For the years ended December 31, 2023 and 2022, the amount of the retained risk limit per unit for each type of insurance is disclosed in the following table:

<u>Insurance by Type</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fire insurance	\$ 500,000	500,000
Hull insurance	100,000	100,000
Fishing vessel insurance	50,000	50,000
Aviation insurance	200,000	200,000
Marine cargo insurance	600,000	500,000
Accident insurance	200,000	200,000
Engineering insurance	500,000	500,000
Casualty insurance	500,000	500,000
Vehicle insurance	30,000	30,000
Automobile liability insurance	120,000	120,000
Other property insurance	300,000	300,000
Health insurance	5,000	5,000
Accident insurance - travel insurance	240,000	240,000

- 6) The method of assets and liabilities management

The Company's assets and liabilities are coordinate with the factor of risk, including market risk, liquidity risk and insurance risk, which depend on the various risk management mechanism of monitor assets and liabilities cash flows, and using such as ratio of debt to assets, net debt to assets, etc., to entirely evaluate and analyze the appropriateness of managing assets and liabilities.

- 7) The illustration of management, monitor and control procedure of taking extra liabilities and equities promise when obtaining or providing on special events.

Under the Insurance Act, the Company's risk based capital ratio (RBC) should be at least 200%. Otherwise, the Company would be required to raise additional capital within a certain period; in addition, the Company will be prohibited from appropriating its earnings. Moreover, the authorities will restrict the Company's operations and use of capital.

(Continued)

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

## (ii) Insurance risk information

## 1) Sensitivity analysis of insurance risk

Item	<b>For the years ended December 31, 2023</b>				
	Written premium	Expected rate of loss	<b>Effect of profit or loss on 1% movement of expected rate of loss</b>		
			Before reinsurance	After reinsurance	
Fire insurance	\$ 2,050,424	64.18 %	19,214	6,753	
Marine insurance	264,714	62.17 %	2,723	1,013	
Land and air insurance	113,041	69.90 %	1,083	202	
Liability insurance	3,521,254	66.72 %	34,891	29,869	
Surety insurance	24,808	72.69 %	228	153	
Other property insurance	4,401,153	64.35 %	40,970	32,406	
Accident insurance	1,024,979	75.21 %	10,780	9,877	
Health insurance	88,528	80.27 %	992	870	
Compulsory automobile liability insurance	1,247,164	No applicable	No applicable	No applicable	
<b>For the years ended December 31, 2022</b>					
Item	Written premium	Expected rate of loss	<b>Effect of profit or loss on 1% movement of expected rate of loss</b>		
			Before reinsurance	After reinsurance	
Fire insurance	\$ 1,586,299	65.94 %	15,647	5,567	
Marine insurance	258,896	62.69 %	2,563	1,164	
Land and air insurance	97,505	69.55 %	951	246	
Liability insurance	3,271,668	66.13 %	32,759	27,594	
Surety insurance	19,808	72.63 %	178	114	
Other property insurance	3,907,629	64.59 %	38,841	30,251	
Accident insurance	965,284	73.29 %	9,564	8,619	
Health insurance	66,688	65.82 %	714	625	
Compulsory automobile liability insurance	1,266,016	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 49.78% and 53.79% for the years ended December 31, 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 years ended December 31,			
	2023		2022	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 1,048,607	8.23 %	775,180	6.78 %
Marine cargo insurance	235,001	1.85 %	212,603	1.86 %
Hull, fishing vessel and aviation insurance	140,598	1.10 %	141,432	1.24 %
Voluntary automobile insurance	6,339,474	49.78 %	6,153,232	53.79 %
Compulsory automobile liability insurance	1,247,164	9.79 %	1,266,016	11.06 %
Liability insurance	622,813	4.89 %	435,613	3.81 %
Engineering and nuclear insurance	817,081	6.42 %	501,925	4.39 %
Surety and credit insurance	24,808	0.19 %	19,808	0.17 %
Other property insurance	63,040	0.49 %	57,533	0.50 %
Accident insurance	1,024,979	8.05 %	965,284	8.44 %
Typhoon, flood and earthquake insurance	1,001,293	7.86 %	805,113	7.04 %
Personal and commercial all-risk insurance	80,138	0.63 %	30,901	0.27 %
Health insurance	88,528	0.70 %	66,688	0.58 %
Overseas ceded-in reinsurance	2,541	0.02 %	8,465	0.07 %
<b>Total</b>	<b>\$ 12,736,065</b>	<b>100.00 %</b>	<b>11,439,793</b>	<b>100.00 %</b>

(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 59.43% and 63.23% for the years ended December 31, 2023 and 2022, respectively. The Company assesses the possibility of accumulated loss in order to arrange the contracts of reinsuring to diversify the risk. Therefore, there is no the situation of risk concentration.

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

The percentage of retained premium was as follows:

Type	<b>For the years ended December 31,</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>Percentage</b>	<b>Amount</b>	<b>Percentage</b>
Fire insurance	\$ 419,816	4.56 %	317,869	3.76 %
Marine cargo insurance	119,137	1.29 %	130,950	1.55 %
Hull, fishing vessel and aviation insurance	4,107	0.04 %	6,683	0.08 %
Voluntary automobile insurance	5,468,544	59.43 %	5,341,765	63.23 %
Compulsory automobile liability insurance	849,153	9.23 %	858,864	10.17 %
Liability insurance	465,516	5.06 %	286,627	3.39 %
Engineering and nuclear insurance	443,490	4.82 %	243,325	2.88 %
Surety and credit insurance	16,366	0.17 %	12,173	0.14 %
Other property insurance	48,613	0.53 %	46,564	0.55 %
Accident insurance	933,069	10.14 %	881,968	10.44 %
Typhoon, flood and earthquake insurance	285,757	3.11 %	227,348	2.69 %
Personal and commercial all-risk insurance	69,926	0.76 %	29,817	0.35 %
Health insurance	80,662	0.88 %	58,046	0.69 %
Overseas ceded-in reinsurance	(1,771)	(0.02)%	6,387	0.08 %
<b>Total</b>	<b>\$ 9,202,385</b>	<b>100.00 %</b>	<b>8,448,386</b>	<b>100.00 %</b>

(Continued)

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

3) Claims trend

For the year ended December 31, 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	5,311,099
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	6,640,880	
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	5,098,963		
4	41,025,302	3,151,586	3,530,087	4,331,187	3,997,617	4,714,228	4,775,424	4,899,446			
5	40,968,164	3,151,839	3,505,206	4,348,353	3,972,187	4,711,259	4,745,935				
6	40,944,545	3,130,980	3,518,795	4,300,980	3,971,299	4,695,182					
7	40,929,427	3,155,004	3,501,489	4,301,352	3,969,391						
8	41,259,830	3,128,978	3,502,875	4,305,090							
9	40,904,322	3,127,878	3,500,708								
10	40,901,729	3,133,487									
11	40,885,203										
Estimates	40,885,203	3,133,487	3,500,708	4,305,090	3,969,391	4,695,182	4,745,935	4,899,446	5,098,963	6,640,880	5,311,099
Actual	40,844,453	3,132,950	3,498,387	4,291,485	3,937,662	4,676,395	4,720,884	4,810,143	4,897,736	5,967,883	3,134,364
Subtotal	40,750	537	2,321	13,605	31,729	18,787	25,051	89,303	201,227	672,997	2,176,735
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	40,750	537	2,321	13,605	31,729	18,787	25,051	89,303	201,227	672,997	2,176,735

For the year ended December 31, 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	6,043,107
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	5,292,664	
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	4,886,780		
4	38,232,192	2,837,248	3,151,586	3,530,087	4,331,187	3,997,617	4,714,228	4,775,424			
5	38,188,054	2,835,816	3,151,839	3,505,206	4,348,353	3,972,187	4,711,259				
6	38,132,348	2,830,761	3,130,980	3,518,795	4,300,980	3,971,299					
7	38,113,784	2,834,001	3,155,004	3,501,489	4,301,352						
8	38,095,426	2,849,616	3,128,978	3,502,875							
9	38,410,214	2,833,969	3,127,878								
10	38,070,353	2,835,152									
11	38,066,577										
Estimates	38,066,577	2,835,152	3,127,878	3,502,875	4,301,352	3,971,299	4,711,259	4,775,424	4,886,780	5,292,664	6,043,107
Actual	38,026,378	2,831,414	3,118,343	3,498,218	4,287,692	3,928,477	4,659,503	4,690,086	4,749,951	4,462,408	3,963,589
Subtotal	40,199	3,738	9,535	4,657	13,660	42,822	51,756	85,338	136,829	830,256	2,079,518
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	40,199	3,738	9,535	4,657	13,660	42,822	51,756	85,338	136,829	830,256	2,079,518

(Continued)

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

(iii) 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 December 31, 2023

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

As of December 31, 2022

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

(Continued)

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

- c) For the years ended December 31, 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:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Unearned premium reserve	\$ 1	2,427
Claims recoverable from reinsurers of paid claims overdue in nine months	3	13
Claims recoverable from reinsurers reported but unpaid	1,645	1,980
<b>Total unauthorized reinsurance reserve</b>	<b>\$ 1,649</b>	<b>4,420</b>

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.

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.

(Continued)



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

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

Maximum credit risk exposure was as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash and cash equivalents	\$ 3,479,186	3,067,290
Receivables	555,987	615,306
Financial assets at fair value through profit or loss	1,721,519	802,477
Financial assets at fair value through other comprehensive income	2,351,075	2,140,676
Financial assets at amortized cost	2,562,498	2,733,848
Other financial assets	1,872,700	1,622,875
Reinsurance contract assets	526,976	645,393
Other assets	<u>577,534</u>	<u>697,358</u>
Total	<b><u>\$ 13,647,475</u></b>	<b><u>12,325,223</u></b>

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 December 31, 2023 and 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:

	December 31, 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	\$ 259,513	-	-	-	259,513
Expected credit loss amount	149	-	-	-	149
Premiums receivable:					
Expected credit loss rate	1.79%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 114,451	27,026	22,887	1,129	165,493
Expected credit loss amount	2,051	1,124	1,319	1,129	5,623
Other receivables:					
Carrying amount	\$ 137,501	2,506	3,379	36,293	179,679
Expected credit loss amount	1,734	1,520	3,379	36,293	42,926
	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**

- 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 year ended December 31, 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	617	2,859	-	3,476	-	3,476
Ending balance	<u>\$ 1,723</u>	<u>2,859</u>	<u>-</u>	<u>4,582</u>	<u>-</u>	<u>4,582</u>

	For the year ended December 31, 2022					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	\$ 654	-	-	654	-	654
Changes	452	-	-	452	-	452
Ending balance	<u>\$ 1,106</u>	<u>-</u>	<u>-</u>	<u>1,106</u>	<u>-</u>	<u>1,106</u>

- b) The information of credit quality

	December 31, 2023										
	stage1				stage2				stage3	Allowance impairment loss	Total
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total			
Financial assets at amortized cost (including statutory deposit)	\$ 2,794,701	-	-	2,794,701	170,000	-	-	170,000	-	4,582	2,960,119

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

(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.

		December 31, 2023				
Non-derivative financial liabilities	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Payables						
Claims payable	\$ 10,001	10,001	8,792	91	4	1,114
Commissions payable	196,354	196,354	196,354	-	-	-
Due to ceding companies	583,969	583,969	564,195	19,468	306	-
Other payables	444,267	444,267	441,933	2,162	81	91
Lease liabilities	17,929	18,232	3,959	7,039	2,939	4,295
Other liabilities						
Guarantee deposits received	10,338	10,338	1,132	1,862	88	7,256
<b>Total</b>	<b>\$ 1,262,858</b>	<b>1,263,161</b>	<b>1,216,365</b>	<b>30,622</b>	<b>3,418</b>	<b>12,756</b>
		December 31, 2022				
Non-derivative financial liabilities	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
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
<b>Total</b>	<b>\$ 1,189,198</b>	<b>1,189,394</b>	<b>1,131,963</b>	<b>35,012</b>	<b>1,528</b>	<b>20,891</b>

(Continued)

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

(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:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<b><u>Financial assets</u></b>		
<b><u>Monetary items</u></b>		
USD	\$ 4,836	6,808
EUR	103	178
JPY	59	121
HKD	34	12
KRW	4	149
CNY	44	-
GBP	37	43
THB	45	51
<b><u>Financial liability</u></b>		
<b><u>Monetary items</u></b>		
USD	2,891	1,713
KRW	-	512

Important rate:

	<b>Rates</b>	
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
USD	\$ 30.71	30.71
EUR	33.98	32.72
JPY	0.2172	0.2324
HKD	3.93	3.94
KRW	0.0239	0.0246
CNY	4.33	4.41
GBP	39.15	37.09
THB	0.9017	0.8941

(Continued)

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

2) Sensitivity analysis

As of December 31, 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
USD(increases 1%)	\$ 478	1,252
EUR(increases 1%)	28	47
HKD(increases 1%)	1	-
CNY(increases 1%)	2	-
GBP(increases 1%)	12	13
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 December 31, 2023 and 2022.

(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>December 31, 2023</u>	<u>December 31, 2022</u>
Variable interest rate instrument:		
Term deposit	\$ <u>1,339,000</u>	<u>1,170,220</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>December 31, 2023</u>	<u>December 31, 2022</u>
Increase 10 basis points	\$ 1,339	1,170
Decrease 10 basis points	(1,339)	(1,170)

(Continued)

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

(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.

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.

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

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:

		December 31, 2023		
Assets and liabilities	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Repeatable fair value measurement</b>				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 213,233	213,233	-	-
Real estate investment trust beneficiary certificates	321,109	321,109	-	-
Stocks	1,187,177	1,187,177	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,351,075	2,336,417	-	14,658
		December 31, 2022		
Assets and liabilities	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Repeatable fair value measurement</b>				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 23,876	23,876	-	-
Real estate investment trust beneficiary certificates	341,911	341,911	-	-
Stocks	436,690	436,690	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,140,676	2,125,500	-	15,176

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.

(Continued)



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

c) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

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

Name	For the year ended December 31, 2023							Balance at the end of the year
	Balance at the beginning of the year	Gains and losses on valuation		Increase		Decrease		
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transferred from Level 3	Sale, disposal or settlement	Transferred out Level 3	
Financial assets at fair value through other comprehensive income	\$ 15,176	-	(518)	-	-	-	-	14,658

Name	For the year ended December 31, 2022							Balance at the end of the year
	Balance at the beginning of the year	Gains and losses on valuation		Increase		Decrease		
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transferred from Level 3	Sale, disposal or settlement	Transferred out Level 3	
Financial assets at fair value through other comprehensive income	\$ 15,372	-	(196)	-	-	-	-	15,176

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.

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

(Continued)

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

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

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

	<b>Change in fair value recognized in other comprehensive income</b>	
	<b>Favorable</b>	<b>Unfavorable</b>
<b>December 31, 2023</b>		
Financial assets fair value through other comprehensive income	\$ <u>147</u>	<u>(147)</u>
<b>December 31, 2022</b>		
Financial assets fair value through other comprehensive income	\$ <u>152</u>	<u>(152)</u>

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

- (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:

<b>Item</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>December 31, 2023</b>		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	\$ 2,960,119	2,938,276
Investment Property	1,047,509	2,058,304
<b>December 31, 2022</b>		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	\$ 3,163,940	3,129,985
Investment Property	851,695	1,568,918

(Continued)

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

## 2) Fair value information

		<b>December 31, 2023</b>		
<b>Item</b>	<b>Total</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Financial assets at amortized cost (included statutory deposits)	\$ 2,938,276	-	2,938,276	-
Investment property	2,058,304	-	-	2,058,304
		<b>December 31, 2022</b>		
<b>Item</b>	<b>Total</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Financial assets at amortized cost (included statutory deposits)	\$ 3,129,985	-	3,129,985	-
Investment property	1,568,918	-	-	1,568,918

## 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.
- 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 years ended December 31, 2023 and 2022.

(Continued)

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

(v) Financial risk management

(i) Overview

1) Credit risk

Credit risk is that borrowers failing to make payments, including pre settlement risk and settlement risk. The settlement risk is the counterparties' violation, and the problem of their liquidity limit and procedure. The pre settlement risk is that during the period of deal, the counterparties cannot perform their obligation of the contract, resulting in the risk of loss.

2) Liquidity risk

The liquidity risk indicates that the deficiency of trading volume or lack of trading counterparties results in the risk of finished trade out of expecting timing.

3) Market risk

Market risk includes foreign exchange rates and interest rates. The risk of foreign exchange rates comes from the change of price of foreign currency, includes the change of value, and the change of relationship between currencies, and currency depreciation. The risk of interest rates comes from the change of bond's price, i.e. yield curve risk, when the shape of yield curve risk changes, the risk will occur.

(ii) The framework of risk management

Please refer to Note(6)(t)(i)1).

(iii) Credit risk

1) The financial assets are classification of credit risk quantity as an assessment of loss. The Company' internal credit risk is classified as low risk, moderate risk and high risk as definition as follows:

- a) Low risk: The issuers or the counterparties are rated as robust or above to fulfill their obligation of the contracts. Even under various negative news or disadvantageous economic conditions, the companies are capable of dealing with the situations.
- b) Medium risk: The issuers or the counterparties have lower capability of fulfilling their obligation, disadvantage operation, financial and economic conditions, resulting in weaken capability of dealing with the situations.
- c) High risk: The possibility that the issuers or counterparties fulfill their obligation is remote and mainly relies on the business environment. Negative news or disadvantageous economic conditions will lower their ability and willingness to fulfill their obligation.
- d) The impaired items represent the amount of loss allowance provided for financial assets based on the regulations of accounting standards. Under the principle of prudence, the impaired amount is able to reflect the current value of the impaired assets.

(Continued)

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

- 2) Determining the credit risk has increased significantly since initial recognition
  - a) At each reporting date, the Company assessed all the financial instruments applicable for IFRS 9 to determine whether the credit risk has increased significantly since the initial recognition. In order to make this assessment, the Company considers reasonable and supportable information (including forward looking information) that is indicative of significant increases in credit risk since initial recognition. The criteria include external credit rating, overdue status, credit spreads, and other market information related to the issuers or debtors.
  - b) Low credit risk: If it is determined that the credit risk of a financial instrument at the reporting date is low, it can be assumed that the credit risk of the financial instrument has not increased significantly since the date of initial recognition. Judgment criteria: external credit rating above investment grade (Baa3).
- 3) Measuring the expected credit losses
  - a) The methods and assumptions
    - If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company shall measure the allowance for impairment of the financial instrument using the 12 month expected credit losses; if the credit risk on a financial instrument has increased significantly since initial recognition, the Company shall measure the allowance for impairment using the lifetime expected credit losses.
    - In order to measure expected credit losses, the Company considers the default probability (Probability of default, "PD") of financial assets or issuers or debtors, and loss given default rate ("LGD") multiplying the exposure at default ("EAD"), taking into account the time value of money as well evaluate 12 month and lifetime loss.
    - Default probability is the probability that the issuers or the debtors defaults, and the loss given default rate is the rate of loss caused by default by the issuers or debtors. The relevant indicators used by the Company are based on the default rate and loss given default rate published by Moody's.
    - The Company measures the Exposure at default based on the amortized cost of financial instruments plus accrued interest.
- 4) Consideration of forward-looking information
 

The Company obtains forward-looking information which it takes into consideration when determining whether the credit risk of financial instruments has increased significantly since initial recognition and assessing the expected credit losses. The default probability used for impairment assessment of the Company is based on the information which already includes forward-looking general economic information published by Moody's.

(Continued)

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

(iv) Liquidity risk

The Company's approach to managing liquidity is to ensure that there is sufficient liquidity to support the liabilities which is going to expire. The investment targets all have an active market. Financial assets are expected to be sold at a price close to fair value and the own operating capital are sufficient to support the demand for funds needed. so there is no liquidity risk due to the inability to make funds.

(v) Market risk

The goal of market risk management is to control the market risk exposure to an acceptable level and optimize investment returns. The Company uses VAR values to measure price risk. Regularly compare the holding of investment targets with market prices and strictly observe the restrictions on stop-loss. The investment targets do not involve emerging market and commodity risks. It's only foreign currency financial assets and liabilities expose to foreign currency risk and Interest rate risk. The Company conducts stress tests and sensitivity analysis for exchange rate and interest rate risk to ensure that the maximum loss does not endanger the Company's operations.

(w) Capital Management

The policy of the Board of Directors is to maintain robust capital base, and to uphold the confidence of investors, creditors and the market, as well as to support the development of future operations. The capital includes the Company's share capital, capital reserve and undistributed surplus. The Board of Directors controls the rate of return on capital and controls the level of common stock dividends.

As of December 31, 2023, the method of capital management of the Company remains the same.

(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 December 31, 2023 and 2022, were as follows:

<u>December 31, 2023</u>	<u>Asset securitization products-REITS</u>
<b>Assets possessed by the Company</b>	
— Financial assets at fair value through profit or loss	\$ 321,109
Total assets possessed by the company	<u>\$ 321,109</u>

(Continued)

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

December 31, 2022	Asset securitization products-REITS
<b>Assets possessed by the Company</b>	
– Financial assets at fair value through profit or loss	\$ 341,911
Total assets possessed by the company	<u>\$ 341,911</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 years ended December 31, 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.	Substantive related party
Want Chia Enterprises Co.,Ltd.	Substantive related party
H.Y. Tsai Co., Ltd.	Substantive related party
Tsai Ho Want Enterprises Co., Ltd.	Substantive related party
Want Want Constructions Co., Ltd.	Substantive related party
Digital Commercial Times Inc.	Substantive related party
CTI Television Incorporation Co., Ltd.	Substantive related party
China Times Culture Co., Ltd.	Substantive related party
China Television Company Co., Ltd.	Substantive related party
Touche Innovative Media Co., Ltd.	Substantive related party
Media Sphere Communications Ltd..	Substantive related party
TY Star Network Technology Co., Ltd.	Substantive related party
Want Tai Media Co., Ltd.	Substantive related party
I Lan Foods Ind. Co., Ltd.	Substantive related party
First Family Enterprise Co., Ltd.	Substantive related party
Want Pu Trading Limited, Taiwan Branch (B.V.I)	Substantive related party
Newwing Limited, Taiwan Branch (B.V.I)	Substantive related party
Twitcher Taiwan Limited, Taiwan Branch (B.V.I)	Substantive related party

(Continued)

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

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
San Want Hotel Co., Ltd.	Substantive related party
Shao Yuan Co., Ltd.	Substantive related party
Jia Peng Development Co., Ltd.	Substantive related party
Ho Yuan Want Co., Ltd.	Substantive related party
Taiwan Marketing Logistics Co., Ltd.	Substantive related party
Hao Want Co., Ltd.	Substantive related party
Wulai Tourism Co., Ltd.	Substantive related party
Ren Want Co., Ltd.	Substantive related party
IBF Securities Co., Ltd.	Substantive related party
Nuowant Biomedical Technology Co., Ltd.	Substantive related party
Commercial Culture Co., Ltd.	Substantive related party
Hongkong Hai Tian Aquaculture Holdings Limited, Taiwan Branch	Substantive related party
Chunyuan Hospitality Ltd.	Substantive related party
Pozzo Bakery Co., Ltd.	Substantive related party
Dentsu One Co., Ltd.	Substantive related party (Note1)
Chaopin Food Co., Ltd.	Substantive related party
Jinping Development Co., Ltd.	Substantive related party
Duozi Duosun Duofuqi Co., Ltd.	Substantive related party
Zuocheng Law Firm	Substantive 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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 51,021	34,362
Short-term employee benefits-paid leave	1,189	1,257
Post-employment benefits	1,104	743
Total	<b>\$ 53,314</b>	<b>36,362</b>

(Continued)



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

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

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

1) Written premium

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>Amount</b>	<b>Amount</b>
Written premium		
Other related parties	\$ 15,865	17,541
Key management personnel	930	743
Total	<u>\$ 16,795</u>	<u>18,284</u>

2) Account receivables

	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Premiums receivable:		
Other related parties	\$ 420	213
Key management personnel	5	-
Total	<u>\$ 425</u>	<u>213</u>

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

3) Prepaid expenses

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

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

<b>Related parties</b>	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Other related parties	<u>\$ 3,333</u>	<u>3,434</u>

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

1) Rental revenue

<b>Related parties</b>	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Key Management personnel	<u>\$ -</u>	<u>30</u>

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

(Continued)

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

**(8) Pledged assets:**

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

<u>Pledged Assets</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose of pledge</u>
Other financial assets - Time deposit	\$ 47,000	167,000	Guarantee for the insurance business
Financial assets at amortized cost	397,621	430,092	Guarantee for operating business, suit, and contract performance
Total	<u>\$ 444,621</u>	<u>597,092</u>	

**(9) Commitments and contingencies:**

- (a) The Company had several significant insurance lawsuits and was required to pay indemnities of \$153,947, of which approximately \$111,372 were reinsured. The remain had been accrued. These cases have not been resolved with District Court of Appeal as of December 31, 2023.
- (b) In order to improve computer equipment and IT systems, the Company is in contract with several IT companies. As of December 31, 2023, there is \$61,857 unpaid.

**(10) Losses Due to Major Disasters: None.****(11) Subsequent Events: None.****(12) Other:**

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

Function	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits:						
Salaries	391,675	801,883	1,193,558	380,638	747,695	1,128,333
Labor and health insurance	-	86,370	86,370	-	83,443	83,443
Pension	-	42,494	42,494	-	41,535	41,535
Remuneration of directors	-	17,077	17,077	-	13,159	13,159
Others	-	47,499	47,499	-	44,703	44,703
Depreciation	4,861	47,092	51,953	4,813	48,727	53,540
Amortization	-	25,320	25,320	-	17,266	17,266

(Continued)

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

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

For the year ended December 31, 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	\$ 947,041	300,123	398,011	849,153	(3,953)	853,106
Non-compulsory insurance	11,333,749	155,152	3,135,669	8,353,232	240,781	8,112,451
Total	<u>\$ 12,280,790</u>	<u>455,275</u>	<u>3,533,680</u>	<u>9,202,385</u>	<u>236,828</u>	<u>8,965,557</u>

  

For the year ended December 31, 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	\$ 964,711	301,305	407,152	858,864	(1,050)	859,914
Non-compulsory insurance	10,045,654	128,123	2,584,255	7,589,522	173,992	7,415,530
Total	<u>\$ 11,010,365</u>	<u>429,428</u>	<u>2,991,407</u>	<u>8,448,386</u>	<u>172,942</u>	<u>8,275,444</u>

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

For the year ended December 31, 2023				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 602,903	286,194	361,755	527,342
Non-compulsory insurance	5,696,281	41,694	1,400,329	4,337,646
Total	<u>\$ 6,299,184</u>	<u>327,888</u>	<u>1,762,084</u>	<u>4,864,988</u>

  

For the year ended December 31, 2022				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 630,001	285,310	379,155	536,156
Non-compulsory insurance	5,801,846	60,949	1,182,317	4,680,478
Total	<u>\$ 6,431,847</u>	<u>346,259</u>	<u>1,561,472</u>	<u>5,216,634</u>

(Continued)

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

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

For the years ended December 31, 2023

Type	Beginning	Provision	Recovery	Ending	Note
<b>Unearned premium reserve</b>					
Compulsory automobile liability insurance	\$ 398,720	389,897	398,720	389,897	
Compulsory motorcycle liability insurance	129,132	126,834	129,132	126,834	
Compulsory mini electric two-wheel vehicle liability insurance	360	2,289	360	2,289	
<b>Special reserve</b>					
Compulsory automobile liability insurance	(219,154)	33,917	-	(185,237)	
Compulsory motorcycle liability insurance	309,295	10,883	-	320,178	
Compulsory mini electric two-wheel vehicle liability insurance	47	271	-	318	
<b>Claim reserve</b>					
Compulsory automobile liability insurance	572,412	621,470	572,412	621,470	
Compulsory motorcycle liability insurance	167,935	167,415	167,935	167,415	
Compulsory mini electric two-wheel vehicle liability insurance	89	614	89	614	
<b>Total</b>	<b>\$ 1,358,836</b>	<b>1,353,590</b>	<b>1,268,648</b>	<b>1,443,778</b>	

(Continued)

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

For the years ended December 31, 2022

Type	Beginning	Provision	Recovery	Ending	Note
<b>Unearned premium reserve</b>					
Compulsory automobile liability insurance	\$ 399,078	398,720	399,078	398,720	
Compulsory motorcycle liability insurance	132,472	129,132	132,472	129,132	
Compulsory mini electric two-wheel vehicle liability insurance	-	360	-	360	
<b>Special reserve</b>					
Compulsory automobile liability insurance	(276,929)	57,775	-	(219,154)	
Compulsory motorcycle liability insurance	294,872	14,423	-	309,295	
Compulsory mini electric two-wheel vehicle liability insurance	-	47	-	47	
<b>Claim reserve</b>					
Compulsory automobile liability insurance	569,388	572,412	569,388	572,412	
Compulsory motorcycle liability insurance	180,851	167,935	180,851	167,935	
Compulsory mini electric two-wheel vehicle liability insurance	-	89	-	89	
<b>Total</b>	<b>\$ 1,299,732</b>	<b>1,340,893</b>	<b>1,281,789</b>	<b>1,358,836</b>	

(Continued)

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

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

(i) Balance sheet of compulsory automobile liability insurance:

Items	Amount		Items	Amount	
	December 31, 2023	December 31, 2022		December 31, 2023	December 31, 2022
<u>Asset</u>			<u>Liabilities</u>		
Cash and cash in bank	\$ 853,379	786,574	Claims payable	\$ 412	1,548
Notes receivable	5,856	7,362	Due to reinsurers and ceding companies	68,883	72,958
Premiums receivable	7,503	9,395	Unearned premium reserve	519,020	528,212
Claim recoverable from reinsures	51,642	57,057	Claims reserve	789,499	740,436
Due from reinsurers and ceding companies	50,070	50,292	Special reserve	135,259	90,188
Ceded unearned premium reserve	212,351	217,590			
Ceded claims reserve	332,183	304,965			
Temporary payments	89	107			
Total assets	\$ 1,513,073	1,433,342	Total liabilities	\$ 1,513,073	1,433,342

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

Item	For the years ended December 31,	
	2023	2022
Operating revenue	570,779	573,956
Pure premium	663,321	678,559
Reinsurance premium	300,123	301,305
Premium	963,444	979,864
Less: Reinsurance expense	(398,011)	(407,152)
Net change in unearned premium reserve	3,953	1,050
Retained earned premium	569,386	573,762
Interest income	1,393	194
Operating costs	594,258	597,438
Insurance claim payment	602,903	630,001
Reinsurance claim payment	286,194	285,310
Less: Claim recovered from reinsurers	(361,755)	(379,155)
Retained claim payment	527,342	536,156
Net change in claim reserve	21,845	(10,963)
Net change in special reserve	45,071	72,245

(Continued)

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

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

<u>Assets</u>	<b>December 31, 2023</b>		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,479,186	-	3,479,186
Receivables	555,987	-	555,987
Current tax assets	7,234	-	7,234
Financial assets at fair value through profit or loss	1,721,519	-	1,721,519
Financial assets at fair value through other comprehensive income	-	2,351,075	2,351,075
Financial assets at amortized cost	-	2,562,498	2,562,498
Other financial assets	1,033,400	839,300	1,872,700
Right-of-use assets	-	17,733	17,733
Investment property	-	1,047,509	1,047,509
Reinsurance assets	1,855,670	2,346,736	4,202,406
Property and equipment	-	1,287,364	1,287,364
Intangible assets	-	165,170	165,170
Other assets	-	657,674	657,674
<b>Total assets</b>	<b>\$ 8,652,996</b>	<b>11,275,059</b>	<b>19,928,055</b>

  

<u>Liabilities</u>	<b>December 31, 2023</b>		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Accounts payable	\$ 1,233,386	1,205	1,234,591
Current tax liabilities	94,885	-	94,885
Insurance liabilities	11,170,500	1,127,098	12,297,598
Provisions	-	98,816	98,816
Lease liabilities	13,700	4,229	17,929
Deferred tax liabilities	-	63,920	63,920
Other liabilities	12,413	7,256	19,669
<b>Total liabilities</b>	<b>\$ 12,524,884</b>	<b>1,302,524</b>	<b>13,827,408</b>

(Continued)

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

<u>Assets</u>	<b>December 31, 2022</b>		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,067,290	-	3,067,290
Receivables	615,306	-	615,306
Current tax assets	7,234	-	7,234
Financial assets at fair value through profit or loss	802,477	-	802,477
Financial assets at fair value through other comprehensive income	-	2,140,676	2,140,676
Financial assets at amortized cost	267,892	2,465,956	2,733,848
Other financial assets	1,500,875	122,000	1,622,875
Right-of-use assets	-	11,796	11,796
Investment property	-	851,695	851,695
Reinsurance assets	3,605,814	646,204	4,252,018
Property and equipment	-	1,292,268	1,292,268
Intangible assets	-	113,373	113,373
Other assets	31,987	758,768	790,755
<b>Total assets</b>	<b>\$ 9,898,875</b>	<b>8,402,736</b>	<b>18,301,611</b>

  

<u>Liabilities</u>	<b>December 31, 2022</b>		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Accounts payable	\$ 1,159,791	7,514	1,167,305
Insurance liabilities	11,146,118	978,003	12,124,121
Provisions	-	110,113	110,113
Lease liabilities	8,123	3,808	11,931
Deferred tax liabilities	-	63,920	63,920
Other liabilities	9,840	9,528	19,368
<b>Total liabilities</b>	<b>\$ 12,323,872</b>	<b>1,172,886</b>	<b>13,496,758</b>

(Continued)



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

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

For the years ended December 31, 2023 and 2022, the influence for not applying the notification on net income, liabilities, and equity of the Company resulted in an increase of \$64,519, an decrease of \$212,675, a decrease of \$64,519, a increase of \$212,675, an increase of \$64,519, an decrease of \$212,675, respectively. The influence on the Company for not applying the notification resulted in the EPS (NT dollars) by an increase of \$0.29 and an decrease of \$0.95, 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	None

Note: Occurrence date means the date of contract signing, date of payment, date of transaction confirmation, date of transfer, date of boards of directors meeting resolutions, or other date that can confirm the counterparty and total amount of the transaction, whichever is the earlier.

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.

**Union Insurance Co., LTD.**  
**Statement of cash and cash equivalents**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>
<b>Cash:</b>		
Cash on hand		\$ 500
Petty cash		13,010
Demand deposits		1,932,822
Checking deposits		7,468
Foreign currency deposits	Included original currency (in thousands) and exchange rate:	117,743
	USD 3,644 @ 30.7100	
	HKD 34 @ 3.9300	
	GBP 35 @ 39.1500	
	JPY 59 @ 0.2172	
	AUD 20 @ 20.9800	
	EUR 103 @ 33.9800	
	CAD 1 @ 23.2000	
	SGD 6 @ 23.2900	
	THB 45 @ 0.9017	
	CNY 44 @ 4.3300	
Time deposits	Due date from Jan. 01, 2024 to Mar. 08, 2024, interest rate from 0.86% to 1.45%	709,620
<b>Cash equivalents:</b>		
Bonds purchased under resale agreements	Due date from Jan. 02, 2024 to Jan. 11, 2024, interest rate from 1.15% to 1.28%	698,023
Total		<u>\$ 3,479,186</u>

**Union Insurance Co., LTD.**  
**Statement of notes receivable**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
<b><u>Non-Related Parties</u></b>			
A company		\$ 26,740	
Others		232,773	Each customer balance is less than 5% of account balance.
Less: Loss allowance		<u>(149)</u>	
Total (net)		<u>\$ 259,364</u>	

**Statement of premiums receivable**

<u>Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
<b><u>Related Parties</u></b>			
Other related parties		\$ 420	
Key management personnel		5	
<b><u>Non-Related Parties</u></b>			
B company		67,252	
Others		97,816	Each customer balance is less than 5% of account balance.
Less: Loss allowance		<u>165,493</u>	
Total (net)		<u>\$ 159,870</u>	

**Union Insurance Co., LTD.**  
**Statement of other receivables**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Interests receivable	Bond interest	\$ 31,277	
	Time deposit interest	<u>3,077</u>	
	Subtotal	<u>34,354</u>	
Overdue commissions of premium refund receivables		42,178	
Less: Loss allowance for overdue commissions of premium refund receivables		(39,235)	
	Subtotal	<u>2,943</u>	
Other receivables	From credit card	53,239	
	From convenience store	37,619	
	Others	12,289	Each item amount is less than 5% of account balance.
Less: Loss allowance for other receivables		(3,691)	
	Subtotal	<u>99,456</u>	
Total		<u><u>\$ 136,753</u></u>	

**Union Insurance Co., LTD.**

**Statement of financial assets at fair value through profit or loss**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

Financial assets Name	Description	Shares/ Units	Par Value	Principal Amount	Rate	Acquisition Cost	Fair Value		Change in fair value attributable to change in credit risk	Note
							Unit Price	Total		
<u>Beneficiary certificate</u>										
	Others(less than 5%)	-	\$ -	-	-	203,035	-	213,233	-	
<u>Domestic listed stocks and</u>										
<u>OTC stocks</u>										
	Taiwan Semiconductor Manufacturing Co., Ltd.	229,000	10	2,290	-	117,654	593.00	135,797	-	
	Quanta Computer Inc..	597,000	10	5,970	-	101,169	224.50	134,027	-	
	Others(less than 5%)	-	-	-	-	806,152	-	917,353	-	
<u>Domestic unlisted stocks</u>										
	CHINA REBAR CO., LTD.	5,644,203	10	56,442	-	296,010	-	-	-	
<u>REITs</u>										
	Cathay R1	18,911,000	-	-	-	325,074	16.98	321,109	-	
	Subtotal					1,849,094		<u>1,721,519</u>		
	Less: Valuation adjustment					(127,575)				
	Total (net)					<u>1,721,519</u>				

**Union Insurance Co., LTD.**

**Statement of financial assets at fair value through other comprehensive  
income**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

Financial assets Name	Description	Shares/ Units	Par Value	Principal Amount	Loss Allowance	Allowance Adjustments for Valuation	Acquisition Cost	Fair Value		Note
								Unit Price	Total	
<u>Domestic listed stock and OTC stocks</u>										
Taiwan Cement Corp. 2nd Preferred Shares		2,785,000	\$ 10	27,850	-	(6,568)	141,083	48.30	134,515	
Cathay Financial Holding Co., Ltd. Preferred Stock A		5,000,000	10	50,000	-	(2,000)	300,000	59.60	298,000	
Cathay Financial Holding Co., Ltd. Preferred Stock B		2,709,011	10	27,090	-	(813)	162,541	59.70	161,728	
Taishin Financial Holding CO., LTD. Class E Preferred Shares		6,328,000	10	63,280	-	5,898	317,463	51.10	323,361	
CTBC Financial Holding CO., LTD. Preferred Shares C		8,333,000	10	83,330	-	(6,666)	499,980	59.20	493,314	
Chailease Holding CO., LTD. Class A Preferred Shares		2,990,000	10	29,900	-	(6,799)	299,520	97.90	292,721	
United Microelectronics CO., LTD.		4,200,000	10	42,000	-	23,520	197,400	52.60	220,920	
Others (less than 5%)		-	-	-	-	2,197	409,662	-	411,858	
Subtotal					-	8,769	2,327,649		2,336,417	
<u>Domestic unlisted stocks</u>										
Minchali Metal Industry CO., LTD.		1,400,000	10	14,000	-	13,398	1,260	10.47	14,658	
Total					-	22,167	2,328,909		2,351,075	



**Union Insurance Co., LTD.**

**Statement of financial assets measured at amortized cost**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Bonds Name</b>	<b>Description</b>	<b>Quantity</b>	<b>Par Value</b>	<b>Principal Amount</b>	<b>Rate</b>	<b>Loss Allowance</b>	<b>(Discount) Premium Unamortized</b>	<b>Book Value</b>	<b>Note</b>
Central Government Construction Bonds:									
Bond A2 issued in 2006	Due on 2026.02.24. Interests paid once a year	-	-	50,000	1.875 %	-	(145)	49,855	100% of securities serving
Bond A7 issued in 2006	Due on 2026.11.10. Interests paid once a year	-	-	50,000	2.125 %	-	(56)	49,944	76% of securities serving
Bond A8 issued in 2012	Due on 2042.08.24. Interests paid once a year	-	-	100,000	1.625 %	-	19,563	119,563	97% of securities serving
Bond A9 issued in 2018	Due on 2028.10.17. Interests paid once a year	-	-	100,000	0.875 %	-	910	100,910	
Bond A2 issued in 2022	Due on 2032.02.18. Interests paid once a year	-	-	300,000	0.625 %	-	(5,571)	294,429	65.83% of securities serving
Subtotal				<u>600,000</u>		<u>-</u>	<u>14,701</u>	<u>614,701</u>	
Corporate Bonds:									
NAN SHAN Life Insurance Subordinated Corporate Bonds 2016 1	Cumulative without due date	-	-	300,000	3.500 %	(223)	-	299,777	
SHIN KONG Life Insurance Subordinated Corporate Bonds 2016 1	"	-	-	80,000	3.800 %	(59)	-	79,941	
Mercuries Life Insurance Subordinated Corporate Bonds 2016 1	"	-	-	170,000	3.700 %	(2,859)	-	167,141	
Taiwan Life Insurance Subordinated Corporate Bonds 2017 1	"	-	-	200,000	3.450 %	(148)	-	199,852	
NAN SHAN Life Insurance Subordinated Corporate Bonds 2018 1	"	-	-	100,000	3.300 %	(74)	-	99,926	
SHIN KONG Life Insurance Subordinated Corporate Bonds 2018 1	"	-	-	100,000	3.500 %	(74)	-	99,926	
Far Eastern New Century Corporation 3rd Unsecured Corporate Bond-Tranche A Issue in 20231	Due on 2028.07.27. Interests paid once a year	-	-	100,000	1.670 %	(188)	-	99,812	
Subtotal				<u>1,050,000</u>		<u>(3,625)</u>	<u>-</u>	<u>1,046,375</u>	
Financial Bonds:									
First Commercial Bank Subordinated Financial Bonds issued in 2018 2	Debenture Bonds, non-cumulative without due date	-	-	100,000	2.360 %	(73)	-	99,927	
Hua Nan Commercial Bank Subordinated Financial Bonds issued in 2019 1	"	-	-	200,000	1.950 %	(147)	-	199,853	
Taiwan Cooperative Bank Subordinated Financial Bonds issued in 2022 1	"	-	-	300,000	2.500 %	(221)	-	299,779	
Hua Nan Commercial Bank Subordinated Financial Bonds issued in 2022 1	"	-	-	200,000	3.000 %	(148)	-	199,852	
Taiwan Cooperative Bank Subordinated Financial Bonds issued in 2022 2	"	-	-	300,000	3.000 %	(221)	-	299,779	
The Shanghai Commercial & Savings Bank Subordinated Financial Bonds issued in 2022 3	"	-	-	200,000	3.250 %	(147)	-	199,853	
Subtotal				<u>1,300,000</u>		<u>(957)</u>	<u>-</u>	<u>1,299,043</u>	
Less: Guarantee for operating business and suit				<u>(382,500)</u>			<u>(15,121)</u>	<u>(397,621)</u>	
Total				<u>\$ 2,567,500</u>		<u>(4,582)</u>	<u>(420)</u>	<u>2,562,498</u>	

**Union Insurance Co., LTD.**  
**Statement of other financial assets**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Time deposit – initial maturity date over than three months		\$ 1,919,700	
Less: Securities serving as deposits paid (Note)		(47,000)	
Total		<u>\$ 1,872,700</u>	

Note: Securities serving as deposits paid are kinds of guarantee deposits paid which transfer from the time deposits pledged as collateral.

**Statement of changes in right-of-use assets**

<u>Item</u>	<u>Beginning Balance</u>	<u>Increased</u>	<u>Decreased</u>	<u>Ending Balance</u>	<u>Note</u>
Buildings and constructions	\$ 25,844	22,185	21,832	26,197	
Transportation equipment	9,088	814	-	9,902	
	<u>\$ 34,932</u>	<u>22,999</u>	<u>21,832</u>	<u>36,099</u>	

**Union Insurance Co., LTD.**

**Statement of changes in accumulated depreciation of  
right-of-use assets**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Beginning Balance</b>	<b>Increased</b>	<b>Decreased</b>	<b>Ending Balance</b>	<b>Note</b>
Buildings and constructions	\$ 19,053	13,896	21,182	11,767	
Transportation equipment	4,083	2,516	-	6,599	
	<b>\$ 23,136</b>	<b>16,412</b>	<b>21,182</b>	<b>18,366</b>	

**Union Insurance Co., LTD.**  
**Statement of changes in investment property**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

Items	Beginning Balance			Addition			Decrease			Ending Balance			Collateral pledge	Note
	Initial Recognition Amount	Accumulated Changes in Fair Value	Total	Initial Recognition Amount	Accumulated Changes in Fair Value	Total	Initial Recognition Amount	Accumulated Changes in Fair Value	Total	Initial Recognition Amount	Accumulated Changes in Fair Value	Total		
Land and improvement	\$ 727,887	-	727,887	194,546	-	194,546	(1,604)	-	(1,604)	920,829	-	920,829	None	
Buildings and constructions	217,104	-	217,104	8,085	-	8,085	(712)	-	(712)	224,477	-	224,477	"	
<b>Total</b>	<b>\$ 944,991</b>	<b>-</b>	<b>944,991</b>	<b>202,631</b>	<b>-</b>	<b>202,631</b>	<b>(2,316)</b>	<b>-</b>	<b>(2,316)</b>	<b>1,145,306</b>	<b>-</b>	<b>1,145,306</b>		

**Union Insurance Co., LTD.**

**Statement of changes in accumulated depreciation of investment property**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Beginning Balance</u>	<u>Addition</u>		<u>Decrease</u>		<u>Ending Balance</u>	<u>Note</u>
		<u>Provision</u>	<u>Reclassification</u>	<u>Sold and Scrap</u>	<u>Reclassification</u>		
Buildings and constructions	\$ <u><u>88,979</u></u>	<u><u>4,861</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(360)</u></u>	<u><u>93,480</u></u>	

Note: Provision depreciated by using the straight-line method over useful life of 20 to 61 years.

**Union Insurance Co., LTD.**

**Statement of changes in accumulated impairment of  
investment property**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Beginning Balance</b>	<b>Addition</b>	<b>Decrease</b>	<b>Ending Balance</b>	<b>Note</b>
Land and improvement	\$ 2,359	-	-	2,359	
Buildings and constructions	1,958	-	-	1,958	
Total	<u>\$ 4,317</u>	<u>-</u>	<u>-</u>	<u>4,317</u>	

**Union Insurance Co., LTD.**  
**Statement of claims and payments recoverable from**  
**reinsurers**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Yearly renewable term commercial fire insurance		\$ 10,877	
Domestic transportation insurance		32	
Marine cargo insurance		2,335	
Personal automobile physical damage insurance		80,693	
Commercial automobile physical damage insurance		4,274	
Personal automobile liability insurance		36,583	
Commercial automobile liability insurance		12,521	
Compulsory personal automobile liability insurance		40,104	
Compulsory commercial automobile liability insurance		3,579	
Compulsory motorcycle liability insurance		7,917	
Compulsory mini electric twowheel vehicle liability insurance		42	
General liability insurance		13,722	
Professional indemnity insurance		80	
Engineering insurance		10,261	
Other property insurance		2,322	
Accident insurance		8,635	
Commercial earthquake insurance		288	
Personal all risks insurance		919	
Typhoon and flood insurance		511	
Health insurance		1,307	
Overdue claims recoverable from reinsurers		36	
<b>Total</b>		<b>\$ <u><u>237,038</u></u></b>	

**Union Insurance Co., LTD.**  
**Statement of due from and due to reinsurers and**  
**ceding companies**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Description</u>	<u>Debit</u>	<u>Description</u>	<u>Credit</u>	<u>Note</u>
Wilson RE (Taiwan) Limited	\$ 62,506	Marsh Ltd., Taiwan Branch	21,255	
WOCA Insurance Broker Ltd	37,811	Residential earthquake insurance fund	19,824	
Formosa Marine & Insurance Services Co Ltd.	18,822	Arthur J. Gallagher (UK) Limited	14,233	
Alexander Leed Risk Services, Inc.	16,272	W&H Insurance Broker Co.,Ltd	10,314	
Cosmos Services Company Ltd. Taiwan Branch	11,651	Central Reinsurance Corporation	8,447	
TW Insurance Brokers Ltd.	9,901	Enrich Insurance Broker Co., Ltd	5,590	
Elicon Risk Services Ltd.	9,818		-	
Foreign exchange gains (losses) and others	<u>1,052</u>	Foreign exchange gains (losses) and others	<u>18,675</u>	Each item amount is less than 5% of account balance
Subtotal	<u>167,833</u>	Subtotal	<u>98,338</u>	
Reinsurance receivable	58,428	Reinsurance payable	484,424	
Reinsurance commission receivable	63,633	Reinsurance commission payable	1,207	
Overdue from ceding companies	14,495			
Loss allowance from ceding company	<u>(14,451)</u>		<u>-</u>	
Total (net)	<u>\$ 289,938</u>		<u>583,969</u>	



**Union Insurance Co., LTD.**  
**Statement of change in property and equipment**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Beginning Balance</b>	<b>Addition</b>		<b>Decrease</b>		<b>Ending Balance</b>	<b>Collateral or pledge</b>	<b>Note</b>
		<b>Purchase</b>	<b>Reclassification</b>	<b>Sold and Scrap</b>	<b>Reclassification</b>			
Land	\$ 945,824	4,410	1,604	-	-	951,838	None	
Buildings and constructions	518,148	10,403	712	-	-	529,263	"	
Computer equipment	192,284	5,464	-	(5,800)	-	191,948	"	
Transportation equipment	579	-	-	-	-	579	"	
Other equipment	55,997	2,617	-	(2,522)	-	56,092	"	
Leasehold improvements	2,004	926	-	-	-	2,930	"	
<b>Total</b>	<b>\$ 1,714,836</b>	<b>23,820</b>	<b>2,316</b>	<b>(8,322)</b>	<b>-</b>	<b>1,732,650</b>		

**Union Insurance Co., LTD.**

**Statement of changes in accumulated depreciation of property and equipment**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Beginning Balance</u>	<u>Addition</u>		<u>Decrease</u>		<u>Ending Balance</u>	<u>Note</u>
		<u>Provision</u>	<u>Reclassification</u>	<u>Sold and Scrap</u>	<u>Reclassification</u>		
Buildings and constructions	\$ 183,913	15,050	360	-	-	199,323	Note
Computer equipment	171,412	11,340	-	(5,800)	-	176,952	"
Transportation equipment	579	-	-	-	-	579	"
Other equipment	47,749	3,942	-	(2,522)	-	49,169	"
Leasehold improvements	1,774	348	-	-	-	2,122	"
<b>Total</b>	<b>\$ 405,427</b>	<b>30,680</b>	<b>360</b>	<b>(8,322)</b>	<b>-</b>	<b>428,145</b>	

Note: Both buildings and structures and miscellaneous equipment are depreciated by using the straight line method over useful life of 21 to 60 years and 3 to 9 years, respectively.

**Union Insurance Co., LTD.**  
**Statement of changes in accumulated impairment of**  
**property and equipment**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Reclassification</u>	<u>Ending Balance</u>	<u>Note</u>
Land	\$ 15,196	-	-	-	15,196	
Buildings and constructions	1,945	-	-	-	1,945	
Total	<u>\$ 17,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,141</u>	

**Statement of changes in intangible assets**

<u>Items</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Reclassification</u>	<u>Note</u>
Computer software	\$ 62,467	79,026	(22,392)	119,101	Note 1, 2
Golf club card	39,950	-	(2,928)	37,022	Note 3, 4
Other intangible assets - others	10,956	-	(1,909)	9,047	Note 5
Total	<u>\$ 113,373</u>	<u>79,026</u>	<u>(27,229)</u>	<u>165,170</u>	

Note 1: Cost of computer software is amortized by straight line method over useful life of 3 to 12 years.

Note 2: The increase of \$79,026 is addition and transfer from prepayments. The decrease of \$22,392 is amortization expense.

Note 3: The decrease of \$2,928 is amortization expense.

Note 4: Cost of golf club card is amortized by using the straight line method over useful life of 10 to 20 years.

Note 5: In accordance with IFRS 4, the intangible asset recognized was the difference 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 issues. The subsequent measurement of this asset shall be consistent with the measurement of the related insurance liability.

**Union Insurance Co., LTD.**  
**Statement of other assets**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Guarantee deposits	Operation	\$ 331,644	
	Performance bond	156,062	
	Membership	49,748	
	Others	40,080	Each item amount is less than 5% of account balance.
Subtotal	<u>577,534</u>		
Guarantee deposits - overdue payments		20,000	
Less: Allowance for guarantee deposits - overdue payments		(20,000)	
	Subtotal	<u>-</u>	
Suspense payment		72,446	
Others		7,694	Each item amount is less than 5% of account balance.
		<u>657,674</u>	
Total		<u>\$ 657,674</u>	

**Union Insurance Co., LTD.**  
**Statement of insurance and reinsurance indemnity**  
**payables**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>
Personal automobile physical damage insurance		\$ 5,187
Commercial automobile Physical Damage Insurance		250
Personal automobile liability insurance		2,533
Commercial automobile liability insurance		501
Compulsory personal automobile liability insurance		291
Compulsory commercial automobile liability insurance		3
Compulsory motorcycle liability insurance		118
General liability insurance		168
Engineering insurance		4
Surety insurance		1
Other Property Insurance		35
Accident insurance		518
Personal all risks insurance		273
Commercial all risks insurance		19
Health insurance		100
Total		<u>\$ 10,001</u>

Note: All of the above are direct businesses.

**Union Insurance Co., LTD.**  
**Statement of other payables**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Accrued expenses	Salary compensation and year-end bonus	\$ 304,847	
	Others	45,402	Each item amount is less than 5% of account balance.
	Subtotal	<u>350,249</u>	
Accrued taxes		40,169	
Other		<u>53,849</u>	
Total		<u><u>\$ 444,267</u></u>	

## Union Insurance Co., LTD.

## Statement of changes in unearned premium reserve

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Total:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Yearly renewable term dwelling fire insurance	\$ 72,130	207	-	72,337	
Long-term dwelling fire insurance	57,170	(9,573)	-	47,597	
Yearly renewable term commercial fire insurance	267,346	81,839	-	349,185	
Long-term commercial fire insurance	262	(35)	-	227	
Domestic transportation insurance	10,340	(405)	-	9,935	
Marine cargo insurance	55,809	4,040	-	59,849	
Hull insurance	18,282	(11,338)	-	6,944	
Fishing vessel insurance	12,207	(361)	-	11,846	
Aviation insurance	34,479	5,729	-	40,208	
Personal automobile physical damage insurance	1,595,148	32,340	-	1,627,488	
Commercial automobile physical damage insurance	103,451	(12,403)	-	91,048	
Personal automobile liability insurance	1,140,818	17,149	-	1,157,967	
Commercial automobile liability insurance	323,357	(1,978)	-	321,379	
Compulsory personal automobile liability insurance	319,418	(2,812)	-	316,606	
Compulsory commercial automobile liability insurance	79,302	(6,011)	-	73,291	
Compulsory motorcycle liability insurance	129,132	(2,298)	-	126,834	
General liability insurance	180,934	49,093	-	230,027	
Professional indemnity insurance	20,495	9,106	-	29,601	
Engineering insurance	565,728	271,913	-	837,641	
Nuclear risks insurance	3,451	(242)	-	3,209	
Surety insurance	9,766	2,010	-	11,776	
Other property insurance	24,431	(1,041)	-	23,390	
Accident insurance	417,594	(53,059)	-	364,535	
Commercial earthquake insurance	109,279	18,627	-	127,906	
Personal all risks insurance	12,451	13,613	-	26,064	
Typhoon and flood insurance	108,177	43,615	-	151,792	
Policy-oriented earthquake insurance	149,562	484	-	150,046	
Yearly health insurance	21,784	(10,657)	-	11,127	
Compulsory mini electric two-wheel vehicle liability insurance	360	1,929	-	2,289	
Overseas ceded-in reinsurance	66,083	(47,887)	-	18,196	
Total	<b>\$ 5,908,746</b>	<b>391,594</b>	<b>-</b>	<b>6,300,340</b>	

**Overseas Ceded-in Reinsurance**

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Fire insurance	\$ 6,343	(6,115)	-	228	
Hull insurance	334	22	-	356	
Aviation insurance	579	(579)	-	-	
Other liability insurance	58,827	(41,215)	-	17,612	
Total	<b>\$ 66,083</b>	<b>(47,887)</b>	<b>-</b>	<b>18,196</b>	

## Union Insurance Co., LTD.

## Statement of changes in unearned premium reserve

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Ceded-out:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Long-term dwelling fire insurance	\$ 27,581	(4,286)	-	23,295	
Yearly renewable term commercial fire insurance	132,866	63,464	-	196,330	
Long-term commercial fire insurance	59	(10)	-	49	
Domestic transportation insurance	1,034	(41)	-	993	
Marine cargo insurance	47,150	503	-	47,653	
Hull insurance	18,160	(11,333)	-	6,827	
Fishing vessel insurance	9,888	400	-	10,288	
Aviation insurance	33,854	6,053	-	39,907	
Personal automobile physical damage insurance	249,956	3,754	-	253,710	
Commercial automobile physical damage insurance	13,862	(4,609)	-	9,253	
Personal automobile liability insurance	117,552	7,666	-	125,218	
Commercial automobile liability insurance	39,802	(7,613)	-	32,189	
Compulsory personal automobile liability insurance	133,576	(1,365)	-	132,211	
Compulsory commercial automobile liability insurance	36,775	(3,469)	-	33,306	
Compulsory motorcycle liability insurance	47,093	(1,227)	-	45,866	
General liability insurance	62,912	3,081	-	65,993	
Professional indemnity insurance	5,769	4,306	-	10,075	
Engineering insurance	304,136	93,178	-	397,314	
Surety insurance	5,134	919	-	6,053	
Other property insurance	4,320	(700)	-	3,620	
Accident insurance	29,470	1,524	-	30,994	
Commercial earthquake insurance	49,551	12,574	-	62,125	
Personal all risks insurance	-	6,316	-	6,316	
Typhoon and flood insurance	58,818	28,425	-	87,243	
Policy-oriented earthquake insurance	131,217	355	-	131,572	
Yearly Health insurance	6,220	(4,271)	-	1,949	
Compulsory mini electric two-wheel vehicle liability insurance	146	822	-	968	
Overseas ceded-in reinsurance	54,255	(37,741)	-	16,514	
Total	<u>\$ 1,621,156</u>	<u>156,675</u>	<u>-</u>	<u>1,777,831</u>	

**Overseas Ceded-in Reinsurance**

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Hull insurance	\$ 334	22	-	356	
Aviation insurance	299	(299)	-	-	
Other liability insurance	53,622	(37,464)	-	16,158	
Total	<u>\$ 54,255</u>	<u>(37,741)</u>	<u>-</u>	<u>16,514</u>	



## Union Insurance Co., LTD.

## Statement of changes in loss reserve

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Total:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Yearly renewable term dwelling fire insurance	\$ 26,841	(8,013)	-	18,828	
Long-term dwelling fire insurance	1,159	(186)	-	973	
Yearly renewable term commercial fire insurance	1,045,230	(130,686)	-	914,544	
Long-term commercial fire insurance	2	(1)	-	1	
Domestic transportation insurance	3,985	490	-	4,475	
Marine cargo insurance	64,085	(2,075)	-	62,010	
Hull insurance	146,480	(52,685)	-	93,795	
Fishing vessel insurance	23,624	(10,450)	-	13,174	
Aviation insurance	58,143	(7,977)	-	50,166	
Personal automobile physical damage insurance	498,933	(21,440)	-	477,493	
Commercial automobile physical damage insurance	57,156	1,558	-	58,714	
Personal automobile liability insurance	882,365	159,674	-	1,042,039	
Commercial automobile liability insurance	353,200	22,833	-	376,033	
Compulsory personal automobile liability insurance	463,175	53,556	-	516,731	
Compulsory commercial automobile liability insurance	109,237	(4,498)	-	104,739	
Compulsory motorcycle liability insurance	167,935	(520)	-	167,415	
Compulsory mini electric two-wheel vehicle liability insurance	89	525	-	614	
General liability insurance	118,623	96,890	-	215,513	
Professional indemnity insurance	9,206	2,591	-	11,797	
Engineering insurance	362,574	102,084	-	464,658	
Nuclear risks insurance	476	565	-	1,041	
Surety insurance	24,711	(181)	-	24,530	
Other property insurance	11,365	(1,717)	-	9,648	
Accident insurance	217,610	67,394	-	285,004	
Commercial earthquake insurance	55,787	(38,466)	-	17,321	
Personal all risks insurance	1,285	3,075	-	4,360	
Typhoon and flood insurance	4,210	39,656	-	43,866	
Policy-Oriented Earthquake Insurance	96	(96)	-	-	
Health insurance	109,886	(89,516)	-	20,370	
Overseas ceded-in reinsurance	9,707	(403)	-	9,304	
<b>Total</b>	<b>\$ 4,827,175</b>	<b>181,981</b>	<b>-</b>	<b>5,009,156</b>	

**Overseas Ceded-in Reinsurance**

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Fire insurance	\$ 2,408	10	-	2,418	
Marine cargo insurance	92	(6)	-	86	
Hull insurance	646	55	-	701	
Automobile insurance	39	(1)	-	38	
Engineering insurance	39	(13)	-	26	
Aviation insurance	2,133	(220)	-	1,913	
Other liability insurance	4,350	(228)	-	4,122	
<b>Total</b>	<b>\$ 9,707</b>	<b>(403)</b>	<b>-</b>	<b>9,304</b>	

## Union Insurance Co., LTD.

## Statement of changes in loss reserve

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Ceded-out:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Long-term dwelling fire insurance	\$ 51	(46)	-	5	
Yearly renewable term commercial fire insurance	732,153	(121,912)	-	610,241	
Domestic transportation insurance	248	66	-	314	
Marine cargo insurance	20,779	(1,052)	-	19,727	
Hull insurance	141,591	(50,937)	-	90,654	
Fishing vessel insurance	20,056	(9,474)	-	10,582	
Aviation insurance	52,886	(7,939)	-	44,947	
Personal automobile physical damage insurance	100,116	(2,280)	-	97,836	
Commercial automobile physical damage insurance	8,649	(275)	-	8,374	
Personal automobile liability insurance	118,865	8,745	-	127,610	
Commercial automobile liability insurance	46,228	(4,389)	-	41,839	
Compulsory personal automobile liability insurance	192,660	30,213	-	222,873	
Compulsory commercial automobile liability insurance	49,465	(2,813)	-	46,652	
Compulsory motorcycle liability insurance	62,802	(405)	-	62,397	
Compulsory mini electric two-wheel vehicle liability insurance	38	223	-	261	
General liability insurance	41,014	28,787	-	69,801	
Professional indemnity insurance	1,992	475	-	2,467	
Engineering insurance	260,810	68,114	-	328,924	
Surety insurance	10,073	(50)	-	10,023	
Other property insurance	883	368	-	1,251	
Accident insurance	40,204	16,264	-	56,468	
Commercial earthquake insurance	20,351	(11,810)	-	8,541	
Personal all risks insurance	144	443	-	587	
Typhoon and flood insurance	1,925	17,563	-	19,488	
Health insurance	3,332	(168)	-	3,164	
Overseas Ceded-in Reinsurance Assumed	-	62	-	62	
Less: Accumulated Impairment	-	(25)	-	(25)	
<b>Total</b>	<b>\$ 1,927,315</b>	<b>(42,252)</b>	<b>-</b>	<b>1,885,063</b>	

**Overseas Ceded-in Reinsurance Assumed**

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Fire insurance	\$ -	62	-	62	

**Union Insurance Co., LTD.**  
**Statement of changes in special reserves**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Beginning Balance</u>	<u>Net Change</u>	<u>Other Change</u>	<u>Ending Balance</u>	<u>Note</u>
Compulsory personal automobile liability insurance	\$ 239,043	10,263	-	249,306	
Compulsory commercial automobile liability insurance	(458,197)	23,655	-	(434,542)	
Compulsory motorcycle liability insurance	309,295	10,883	-	320,178	
Compulsory mini electric two-wheel vehicle liability insurance	47	270	-	317	
Nuclear risks insurance	82,796	-	-	82,796	
Commercial earthquake insurance	477,429	(2,788)	-	474,641	
Typhoon and flood insurance	152,329	(2,278)	-	150,051	
Policy-oriented earthquake insurance	127,111	-	-	127,111	
Others(Note)	4,156	-	-	4,156	
<b>Total</b>	<b>\$ 934,009</b>	<b>40,005</b>	<b>-</b>	<b>974,014</b>	

Note: 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 Commission, 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, and transferred it 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 adjustments increased the special by \$4,156.

## Union Insurance Co., LTD.

Statement of changes in special reserves (special reserves for  
catastrophic event and fluctuation of risk)

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Items	Beginning Balance	Provision	Recovery	Ending Balance	Note
Yearly renewable term dwelling fire insurance	\$ 83,118	10,251	(6,838)	86,531	
Long-term dwelling fire insurance	7,471	482	(880)	7,073	
Yearly renewable term commercial fire insurance	81,272	10,678	-	91,950	
Long-term commercial fire insurance	1,108	4	(14)	1,098	
Domestic transportation insurance	12,464	1,795	-	14,259	
Marine cargo insurance	95,154	4,786	-	99,940	
Hull insurance	8,174	34	-	8,208	
Fishing vessel insurance	8,210	218	-	8,428	
Aviation insurance	2,781	4	-	2,785	
Personal automobile physical damage insurance	517,821	61,641	-	579,462	
Commercial automobile physical damage insurance	5,800	1,309	-	7,109	
Personal automobile liability insurance	192,032	27,199	-	219,231	
Commercial automobile liability insurance	32,193	4,583	(260)	36,516	
General liability insurance	159,833	35,039	-	194,872	
Professional indemnity insurance	5,014	766	-	5,780	
Engineering insurance	155,987	16,105	-	172,092	
Nuclear risks insurance	44,724	2,288	-	47,012	
Surety insurance	9,285	1,469	-	10,754	
Credit insurance	719	-	-	719	
Other property insurance	20,114	2,119	-	22,233	
Accident insurance	328,192	39,970	-	368,162	
Commercial earthquake insurance	359,358	62,549	-	421,907	
Personal all risks insurance	14,984	1,796	-	16,780	
Commercial all risks insurance	8,906	-	-	8,906	
Typhoon and flood insurance	291,111	31,615	-	322,726	
Policy-oriented earthquake insurance	249,688	30,046	-	279,734	
Yearly health insurance	16,138	2,036	(8,985)	9,189	
Overseas ceded-in reinsurance	14,284	566	(44)	14,806	
<b>Total</b>	<b>\$ 2,725,935</b>	<b>349,348</b>	<b>(17,021)</b>	<b>3,058,262</b>	

**Overseas Ceded-in Reinsurance**

Items	Beginning Balance	Provision	Recovery	Ending Balance	Note
Fire insurance	\$ 7,129	478	-	7,607	
Marine cargo insurance	577	1	(1)	577	
Hull insurance	1,692	-	(1)	1,691	
Fishing vessel insurance	1	-	-	1	
Automobile insurance	164	-	-	164	
Engineering insurance	600	1	(1)	600	
Aviation insurance	999	21	(41)	979	
Other property insurance	59	-	-	59	
Other liability insurance	3,063	65	-	3,128	
<b>Total</b>	<b>\$ 14,284</b>	<b>566</b>	<b>(44)</b>	<b>14,806</b>	

**Union Insurance Co., LTD.****Statement of changes in special reserves (special reserves for  
travel insurance)****For the year ended December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Beginning Balance</b>	<b>Provision</b>	<b>Recovery</b>	<b>Ending Balance</b>
Accident insurance	<u>\$ 10,314</u>	<u>12,261</u>	<u>-</u>	<u>22,575</u>

## Union Insurance Co., LTD.

## Calculation of special reserves (special reserves for catastrophic event and fluctuation of risk) allocated

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Insurance	Retained Earned premium	Expected Claim		Retained Claim payment	Special Reserve Provision				
		Expected Probability of Loss	Expected Claim Amount		Provision Rate	Standard Provision	Less than Expected Claim Provision	Effects of Income Tax	Total Provision
Yearly renewable term dwelling fire insurance	\$ 134,381	55.93 %	75,156	16,605	3.00 %	4,031	8,783	(2,563)	10,251
Long-term dwelling fire insurance	5,181	70.40 %	3,647	(28)	1.00 %	52	551	(121)	482
Yearly renewable term commercial fire insurance	266,959	60.48 %	161,465	221,815	5.00 %	13,348	-	(2,670)	10,678
Long-term commercial fire insurance	26	74.00 %	19	(1)	5.00 %	1	3	-	4
Domestic transportation insurance	19,753	60.50 %	11,951	945	3.00 %	593	1,651	(449)	1,795
Marine cargo insurance	96,210	60.50 %	58,207	50,391	5.00 %	4,811	1,172	(1,197)	4,786
Hull insurance	144	68.30 %	97	(139)	5.00 %	7	36	(9)	34
Fishing vessel insurance	4,985	69.30 %	3,454	3,305	5.00 %	249	23	(54)	218
Aviation insurance	68	72.30 %	49	612	7.00 %	5	-	(1)	4
Personal automobile physical damage insurance	2,700,564	65.32 %	1,764,047	1,430,410	1.00 %	27,006	50,045	(15,410)	61,641
Commercial automobile physical damage insurance	163,625	65.00 %	106,356	109,743	1.00 %	1,636	-	(327)	1,309
Personal automobile liability insurance	1,995,488	65.44 %	1,305,924	1,212,302	1.00 %	19,955	14,044	(6,800)	27,199
Commercial automobile liability insurance	572,959	65.14 %	373,228	404,430	1.00 %	5,729	-	(1,146)	4,583
General liability insurance	656,891	73.36 %	481,925	233,730	1.00 %	6,569	37,229	(8,759)	35,039
Professional indemnity insurance	18,184	67.30 %	12,237	7,063	1.00 %	182	776	(192)	766
Engineering insurance	259,278	59.30 %	153,751	105,965	5.00 %	12,963	7,168	(4,026)	16,105
Nuclear risks insurance	5,719	- %	-	-	- %	-	2,860	(572)	2,288
Surety insurance	15,416	72.69 %	11,206	2,045	3.00 %	462	1,374	(367)	1,469
Credit insurance	-	66.30 %	-	65	3.00 %	-	-	-	-
Other property insurance	48,955	66.30 %	32,458	24,595	3.00 %	1,469	1,180	(530)	2,119
Accident insurance	955,253	75.21 %	718,481	491,246	1.66 %	15,878	34,085	(9,993)	39,970
Commercial earthquake insurance	121,952	61.69 %	75,230	(17,637)	7.00 %	8,536	69,650	(15,637)	62,549
Personal all risks insurance	62,627	73.21 %	45,847	35,059	1.00 %	626	1,618	(448)	1,796
Commercial all risks insurance	-	65.30 %	-	-	3.00 %	-	-	-	-
Typhoon and flood insurance	104,875	61.67 %	64,678	21,774	7.00 %	7,341	32,178	(7,904)	31,615
Policy-oriented earthquake insurance	37,557	- %	-	-	- %	-	37,558	(7,512)	30,046
Yearly Health insurance	84,835	80.27 %	68,095	181,386	3.00 %	2,545	-	(509)	2,036
Overseas ceded-in reinsurance	8,374		5,448	5,783		283	423	(140)	566
	<u>\$ 8,340,259</u>		<u>5,532,956</u>	<u>4,541,464</u>		<u>134,277</u>	<u>302,407</u>	<u>(87,336)</u>	<u>349,348</u>

Overseas Ceded-in Reinsurance

Insurance	Retained Earned premium	Expected Claim		Retained Claim Payment	Special Reserve Provision				
		Expected Probability of Loss	Expected Claim Amount		Provision Rate	Standard Provision	Less than Expected Claim Provision	Effects of Income Tax	Total Provision
Fire insurance	\$ 4,395	60.48 %	2,658	141	5.00 %	220	377	(119)	478
Marine cargo insurance	-	60.50 %	-	(5)	5.00 %	-	1	-	1
Hull insurance	-	68.30 %	-	53	5.00 %	-	-	-	-
Fishing vessel insurance	-	69.30 %	-	-	5.00 %	-	-	-	-
Automobile insurance	(139)	65.44 %	-	173	1.00 %	-	-	-	-
Engineering insurance	-	59.30 %	-	(9)	5.00 %	-	1	-	1
Aviation insurance	368	72.30 %	266	3,200	7.00 %	26	-	(5)	21
Other property insurance	-	66.30 %	-	-	3.00 %	-	-	-	-
Other liability insurance	3,750	67.30 %	2,524	2,230	1.00 %	37	44	(16)	65
	<u>\$ 8,374</u>		<u>5,448</u>	<u>5,783</u>		<u>283</u>	<u>423</u>	<u>(140)</u>	<u>566</u>

## Union Insurance Co., LTD.

## Calculation of special reserves (special reserves for catastrophic event and fluctuation of risk) recovered

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Insurance	Previous Accumulated Special Reserve	Previous Accumulated Special Reserve added Provision	Special Reserve Recovery				Effects of Income Tax	Total Recoverable amount	Accumulated Special Reserve
			More than Expected Claim Recovery	More than Retained Earned Premium Recovery	Special Reserve Recovered for Serious Accident				
Yearly renewable term dwelling fire insurance	\$ 83,118	93,369	-	(8,548)	-	1,710	(6,838)	86,531	
Long-term dwelling fire insurance	7,471	7,953	-	(1,100)	-	220	(880)	7,073	
Yearly renewable term commercial fire insurance	81,272	91,950	-	-	-	-	-	91,950	
Long-term commercial fire insurance	1,108	1,112	-	(18)	-	4	(14)	1,098	
Domestic transportation insurance	12,464	14,259	-	-	-	-	-	14,259	
Marine cargo insurance	95,154	99,940	-	-	-	-	-	99,940	
Hull insurance	8,174	8,208	-	-	-	-	-	8,208	
Fishing vessel insurance	8,210	8,428	-	-	-	-	-	8,428	
Aviation insurance	2,781	2,785	-	-	-	-	-	2,785	
Personal automobile physical damage insurance	517,821	579,462	-	-	-	-	-	579,462	
Commercial automobile physical damage insurance	5,800	7,109	-	-	-	-	-	7,109	
Personal automobile liability insurance	192,032	219,231	-	-	-	-	-	219,231	
Commercial automobile liability insurance	32,193	36,776	(325)	-	-	65	(260)	36,516	
General liability insurance	159,833	194,872	-	-	-	-	-	194,872	
Professional indemnity insurance	5,014	5,780	-	-	-	-	-	5,780	
Engineering insurance	155,987	172,092	-	-	-	-	-	172,092	
Nuclear risks insurance	44,724	47,012	-	-	-	-	-	47,012	
Surety insurance	9,285	10,754	-	-	-	-	-	10,754	
Credit insurance	719	719	-	-	-	-	-	719	
Other property insurance	20,114	22,233	-	-	-	-	-	22,233	
Accident insurance	328,192	368,162	-	-	-	-	-	368,162	
Commercial earthquake insurance	359,358	421,907	-	-	-	-	-	421,907	
Personal all risks insurance	14,984	16,780	-	-	-	-	-	16,780	
Commercial all risks insurance	8,906	8,906	-	-	-	-	-	8,906	
Typhoon and flood insurance	291,111	322,726	-	-	-	-	-	322,726	
Policy-oriented earthquake insurance	249,688	279,734	-	-	-	-	-	279,734	
Yearly Health insurance	16,138	18,174	(11,231)	-	-	2,246	(8,985)	9,189	
Overseas ceded-in reinsurance	14,284	14,850	(51)	(3)	-	10	(44)	14,806	
	<u>\$ 2,725,935</u>	<u>3,075,283</u>	<u>(11,607)</u>	<u>(9,669)</u>	<u>-</u>	<u>4,255</u>	<u>(17,021)</u>	<u>3,058,262</u>	

Overseas Ceded-in Reinsurance

Insurance	Previous Accumulated Special Reserve	Previous Accumulated Special Reserve added Provision	Special Reserve Recovery				Effects of Income Tax	Total Recovery	Accumulated Special Reserve
			More than Expected Claim Recovery	More than Retained Earned Premium Recovery	Special Reserve Recovered for Serious Accident				
Fire insurance	\$ 7,129	7,607	-	-	-	-	-	7,607	
Marine cargo insurance	577	578	-	(1)	-	-	(1)	577	
Hull insurance	1,692	1,692	-	(1)	-	-	(1)	1,691	
Fishing vessel insurance	1	1	-	-	-	-	-	1	
Automobile insurance	164	164	-	-	-	-	-	164	
Engineering insurance	600	601	-	(1)	-	-	(1)	600	
Aviation insurance	999	1,020	(51)	-	-	10	(41)	979	
Other property insurance	59	59	-	-	-	-	-	59	
Other liability insurance	3,063	3,128	-	-	-	-	-	3,128	
	<u>\$ 14,284</u>	<u>14,850</u>	<u>(51)</u>	<u>(3)</u>	<u>-</u>	<u>10</u>	<u>(44)</u>	<u>14,806</u>	

**Union Insurance Co., LTD.**  
**Statement of changes in premium deficiency reserve**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

Total:

<b>Insurance</b>	<b>Beginning Balance</b>	<b>Net Change</b>	<b>Other Change</b>	<b>Ending Balance</b>	<b>Note</b>
Yearly renewable term commercial fire insurance	\$ 59,268	(46,732)	-	12,536	
Hull insurance	1,146	406	-	1,552	
Health insurance	393,777	(393,777)	-	-	
<b>Total</b>	<b>\$ 454,191</b>	<b>(440,103)</b>	<b>-</b>	<b>14,088</b>	

Ceded-out:

<b>Insurance</b>	<b>Beginning Balance</b>	<b>Net Change</b>	<b>Other Change</b>	<b>Ending Balance</b>	<b>Note</b>
Yearly renewable term commercial fire insurance	\$ 57,390	(44,854)	-	12,536	
Health insurance	764	(764)	-	-	
<b>Total</b>	<b>\$ 58,154</b>	<b>(45,618)</b>	<b>-</b>	<b>12,536</b>	



**Union Insurance Co., LTD.**  
**Statement of provisions**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Provisions for employee benefits		\$ <u><u>98,816</u></u>	

**Statement of lease liabilities**

<u>Item</u>	<u>Description</u>	<u>Leasing Term</u>	<u>Discount Rate</u>	<u>Ending Balance</u>	<u>Note</u>
Buildings and constructions		2021.09.01~2028.04.30	2.70%~3.30%	\$ 14,558	
Transportation equipment		2021.04.28~2026.11.26	2.70%~2.80%	3,371	
				\$ <u><u>17,929</u></u>	

**Statement of deferred tax liabilities**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Provisions for land value-added tax		\$ <u><u>63,920</u></u>	

**Union Insurance Co., LTD.**  
**Statement of other liabilities**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Premiums received in advance		\$ 1,452	
Guarantee deposits	Leasehold	10,162	
	Others	176	
Suspense receipts		6,986	
Others		893	Each item amount is less than 5% of account balance
Total		<u>\$ 19,669</u>	

## Union Insurance Co., LTD.

## Statement of retained earned premium income

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Insurance	Written Premium	Reinsurance Premium	Reinsurance Expense	Retained Premium	Provision Method	Net Change in Unearned Premiums Reserve	Retained Earned Premium	Note
Yearly renewable term dwelling fire insurance	\$ 134,588	-	-	134,588	Note	207	134,381	
Long-term dwelling fire insurance	(121)	(10)	(25)	(106)	"	(3,378)	3,272	
Yearly renewable term commercial fire insurance	891,391	22,759	628,816	285,334	"	18,375	266,959	
Long-term commercial fire insurance	-	-	-	-	"	(26)	26	
Domestic transportation insurance	22,985	-	3,596	19,389	"	(364)	19,753	
Marine cargo insurance	208,116	3,900	112,268	99,748	"	3,537	96,211	
Hull insurance	20,744	-	20,605	139	"	(5)	144	
Fishing vessel insurance	28,559	1,430	25,765	4,224	"	(761)	4,985	
Aviation insurance	89,865	-	90,121	(256)	"	(324)	68	
Personal automobile physical Damage insurance	3,267,114	35	538,000	2,729,149	"	28,585	2,700,564	
Commercial automobile physical Damage insurance	173,884	-	18,053	155,831	"	(7,794)	163,625	
Personal automobile liability insurance	2,255,394	59	250,483	2,004,970	"	9,482	1,995,488	
Commercial automobile liability insurance	642,984	4	64,394	578,594	"	5,635	572,959	
General liability insurance	569,304	14,240	141,012	442,532	"	46,012	396,520	
Professional indemnity insurance	38,883	386	16,285	22,984	"	4,800	18,184	
Engineering insurance	772,401	39,202	373,591	438,012	"	178,734	259,278	
Surety insurance	23,575	1,233	8,442	16,366	"	1,091	15,275	
Other property insurance - accident	39,525	-	12,895	26,630	"	1,510	25,120	
Other property insurance-automobile	19,531	-	-	19,531	"	(2,243)	21,774	
Agricultural insurance	1,915	2,069	1,532	2,452	"	391	2,061	
Accident insurance	1,016,561	8,418	91,910	933,069	"	(54,583)	987,652	
Commercial earthquake insurance	340,045	7,684	219,724	128,005	"	6,053	121,952	
Personal all risks insurance	79,205	933	10,212	69,926	"	7,299	62,627	
Typhoon and flood insurance	346,100	7,102	233,136	120,066	"	15,191	104,875	
Health insurance	88,528	-	7,866	80,662	"	(6,386)	87,048	
Nuclear risks insurance	-	5,478	-	5,478	"	(241)	5,719	
Policy-oriented earthquake insurance	262,673	37,689	262,676	37,686	"	129	37,557	
Overseas ceded-in reinsurance — fire insurance	-	524	2,244	(1,720)	"	(6,115)	4,395	
Overseas ceded-in reinsurance — hull insurance	-	1,965	1,965	-	"	-	-	
Overseas ceded-in reinsurance — automobile insurance	-	(139)	-	(139)	"	-	(139)	
Overseas ceded-in reinsurance — aviation insurance	-	191	103	88	"	(280)	368	
Overseas ceded-in reinsurance — other liability insurance	-	-	-	-	"	(3,750)	3,750	
Compulsory personal automobile liability insurance	673,060	192,512	264,421	601,151	"	(1,448)	602,599	
Compulsory commercial automobile liability insurance	121,418	35,563	66,613	90,368	"	(2,542)	92,910	
Compulsory motorcycle liability insurance	149,301	71,214	65,759	154,756	"	(1,071)	155,827	
Compulsory mini electric two-wheel vehicle liability insurance	3,262	834	1,218	2,878	"	1,108	1,770	
<b>Total</b>	<b>\$ 12,280,790</b>	<b>455,275</b>	<b>3,533,680</b>	<b>9,202,385</b>		<b>236,828</b>	<b>8,965,557</b>	

Note : The provision methods of unearned premiums 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 premiums reserve on Letter (Wang) Zong Jing Suan No. 1112 on October 24, 2011, and has been approved by Financial Supervisory Commission, R.O.C. (Taiwan) Insurance Bureau Jin Guan Bao Cai Zi No. 10002518120.

**Union Insurance Co., LTD.**  
**Statement of interest income**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Government bonds, financial bonds, and corporate bonds		\$ 85,104	
Cash in banks		43,042	
Others	Imputed-interest for deposit	1,781	Each item amount is less than 5% of account balance.
Total		<u>\$ 129,927</u>	

**Statement of gain (loss) on financial assets and  
liabilities at fair value through profit or loss**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Equity instrument	Realized gains (losses)	\$ 196,781	
	Valuation gains (losses)	147,957	
Liability instrument	Realized gains (losses)	26,235	
	Valuation gains (losses)	<u>(5,113)</u>	
		<u>\$ 365,860</u>	

**Union Insurance Co., LTD.**  
**Statement of realized gain (loss) on financial assets**  
**at fair value through other comprehensive income**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

Items	Amount	Note
Equity instrument:		
Cash dividends	\$ <u>90,790</u>	

**Statement of foreign exchange gain (loss)**

Items	Description	Amount	Note
Valuation for foreign currency deposits		\$ <u>1,066</u>	

**Statement of gain (loss) on investment property**

Items	Amount	Note
Rental revenue	\$ 43,287	
Depreciation expense	<u>(4,861)</u>	
Total	<u>\$ 38,426</u>	

**Union Insurance Co., LTD.**  
**Statement of expected credit loss and reversal on**  
**investment**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Impairment Losses</u>	<u>Reversal of Impairment Losses</u>	<u>Note</u>
Financial bonds	\$ 479	-	
Corporate bonds	<u>2,997</u>	<u>-</u>	
	<u>\$ 3,476</u>	<u>-</u>	

**Statement of other operating income or cost**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Income:			
Exchange gains — non-investment		\$ 18,681	
Total		<u>\$ 18,681</u>	
Costs:			
Exchange losses — non-investment		\$ 17,916	
Reserve for industry stability fund		12,485	
Others		<u>49</u>	
Total		<u>\$ 30,450</u>	

## Union Insurance Co., LTD.

## Statement of retained claims payments

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Insurance	Claim(included related expense)	Reinsurance claim	Claims recovery from reinsurers	Retained claim payment	Note
Yearly renewable term dwelling fire insurance	\$ 24,368	-	-	24,368	
Long-term dwelling fire insurance	112	20	30	102	
Yearly renewable term commercial fire insurance	616,136	5	389,898	226,243	
Domestic transportation insurance	588	-	59	529	
Marine cargo insurance	74,364	(24)	23,017	51,323	
Hull insurance	39,700	-	39,745	(45)	
Fishing vessel insurance	38,452	170	34,663	3,959	
Aviation insurance	18,114	-	17,773	341	
Personal automobile physical damage insurance	1,758,641	-	310,552	1,448,089	
Commercial automobile physical damage insurance	126,690	-	18,757	107,933	
Personal automobile liability insurance	1,221,890	-	157,862	1,064,028	
Commercial automobile liability insurance	431,232	-	53,587	377,645	
General liability insurance	209,433	3,302	43,936	168,799	
Professional indemnity insurance	6,013	-	1,024	4,989	
Engineering insurance	298,264	11,981	235,893	74,352	
Surety insurance	711	1,620	210	2,121	
Credit insurance	(12,818)	(86)	(12,970)	66	
Other property insurance — accident	10,177	(1)	6,096	4,080	
Other property insurance — automobile	20,467	-	-	20,467	
Agricultural insurance	3,480	1,333	2,783	2,030	
Accident insurance	488,055	2,549	48,464	442,140	
Commercial earthquake insurance	11,611	-	3,576	8,035	
Personal all risks insurance	33,798	1,303	2,532	32,569	
Typhoon and flood insurance	1,313	-	673	640	
Health insurance	275,490	-	8,974	266,516	
Nuclear risks insurance	-	12	-	12	
Policy-Oriented Earthquake Insurance	-	96	-	96	
Overseas ceded-in reinsurance — fire insurance	-	194	5	189	
Overseas ceded-in reinsurance — hull insurance	-	(2)	-	(2)	
Overseas ceded-in reinsurance — automobile insurance	-	174	-	174	
Overseas ceded-in reinsurance — engineering insurance	-	3	-	3	
Overseas ceded-in reinsurance — aviation Insurance	-	3,418	-	3,418	
Overseas ceded-in reinsurance — other liability insurance	-	15,627	13,190	2,437	
Compulsory personal automobile liability insurance	437,269	184,492	264,560	357,201	
Compulsory commercial automobile liability insurance	54,647	31,498	32,120	54,025	
Compulsory motorcycle liability insurance	110,872	70,180	65,006	116,046	
Compulsory mini electric twowheel vehicle liability insurance	115	24	69	70	
Total	<u>\$ 6,299,184</u>	<u>327,888</u>	<u>1,762,084</u>	<u>4,864,988</u>	

**Union Insurance Co., LTD.**  
**Statement of commission expenses**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Commission expense from underwriting:			
Yearly renewable term dwelling fire insurance		\$ 22,011	
Long-term dwelling fire insurance		(27)	
Yearly renewable term commercial fire insurance		76,490	
Domestic transportation insurance		3,291	
Marine cargo insurance		21,912	
Hull insurance		1,416	
Fishing vessel insurance		1,246	
Aviation insurance		5,353	
Personal automobile physical damage insurance		576,929	
Commercial automobile physical damage insurance		31,329	
Personal automobile liability insurance		395,545	
Commercial automobile liability insurance		111,881	
Compulsory personal automobile liability insurance		106,990	
Compulsory commercial automobile liability insurance		3,853	
Compulsory motorcycle liability insurance		13,675	
General liability insurance		106,971	
Professional indemnity insurance		5,853	
Engineering insurance		56,450	
Surety insurance		3,565	
Other property insurance		8,891	
Accident insurance		242,151	
Commercial earthquake insurance		27,378	
Personal all risks insurance		21,047	
Typhoon and flood insurance		29,077	
Policy-oriented earthquake insurance		15,218	
Health insurance		25,174	
Compulsory mini electric two-wheel vehicle liability insurance		199	
Total		<u>\$ 1,913,868</u>	



**Union Insurance Co., LTD.**  
**Statement of commission expenses**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Reinsurance commission expense:			
Long-term dwelling fire insurance		\$ (4)	
Yearly renewable term commercial fire insurance		499	
Fishing vessel insurance		205	
Personal automobile physical damage insurance		6	
Personal automobile liability insurance		2	
Commercial automobile liability insurance		1	
General liability insurance		3,405	
Professional indemnity insurance		28	
Engineering insurance		11,761	
Nuclear risks insurance		308	
Surety insurance		2	
Accident insurance		151	
Commercial earthquake insurance		190	
Personal all risks insurance		140	
Typhoon and flood insurance		175	
Policy-oriented earthquake insurance		202	
Reinsurance assumed business		<u>12</u>	
Total		<u>\$ 17,083</u>	

**Union Insurance Co., LTD.**  
**Statement of finance costs**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Amount</u>
Deferred interest expense	Deferred interest payment due to claim disputation	\$ 6,815	
Interest expense of lease liability		450	
Total		<u>\$ 7,265</u>	

**Statement of general expenses**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Remarks</u>
Salary expense	Employee salary and year-end bonuses	\$ 609,015	
Taxes	Value-added and stamp tax	268,449	
Entertainment expense		271,654	
Advertisement expense		141,439	
Handling fee		122,020	
Others		334,529	Each item amount is less than 5% of account balance.
Total		<u>\$ 1,747,106</u>	

**Union Insurance Co., LTD.**  
**Statement of administrative expenses**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salary expense	Employee salary and year-end bonuses	\$ 209,299	
Professional service expense		66,103	
Amortization expense		22,110	
Postage expense		21,162	
Others		85,972	Each item amount is less than 5% of account balance.
Total		<u>\$ 404,646</u>	

**Union Insurance Co., LTD.**

**Summary of employee benefits, depreciation,  
depletion and amortization expenses by functional  
account**

**For the year ended December 31, 2023 and 2022**

**(Expressed in thousands of New Taiwan Dollars)**

Function Nature	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits						
Salaries	391,675	801,883	1,193,558	380,638	747,695	1,128,333
Labor and health insurance	-	86,370	86,370	-	83,443	83,443
Pension	-	42,494	42,494	-	41,535	41,535
Remuneration of directors	-	17,077	17,077	-	13,159	13,159
Others	-	47,499	47,499	-	44,703	44,703
Depreciation	4,861	47,092	51,953	4,813	48,727	53,540
Amortization	-	25,320	25,320	-	17,266	17,266

An additional information on the numbers of employees and employee benefits of The Company for 2023 and 2022 were as follow:

	<u>2023</u>	<u>2022</u>
Employees	<u>1,108</u>	<u>1,109</u>
Numbers of directors-non-employees	<u>8</u>	<u>8</u>
Average expense employee benefits	<u>\$ 1,245</u>	<u>1,179</u>
Average employee salary expense	<u>\$ 1,085</u>	<u>1,025</u>
Adjustment to average employee salaries and wages	<u>5.85 %</u>	
Supervisor's remuneration	<u>-</u>	<u>-</u>

Remuneration policy (includes directors, managers and employees):

(1) Directors and appointed managers:

(a) It is handled in accordance with the Company's "Salary and Remuneration Committee Organizational Rules", "Performance and Salary and Remuneration Evaluation Methods for Directors and Managers" and "Performance System and Evaluation Mechanism for the Chairman and General Manager".

(b) Directors:

(i) The salary and remuneration of the Company's directors is based on a monthly salary system, and transportation fees are paid based on actual attendance of the board of directors and their respective functional committees.

- (ii) The remuneration of the chairman of the Board also includes an annual performance bonus and is handled in accordance with the "Performance System and Evaluation Mechanism for the Chairman and General Manager".
  - (iii) The remuneration of the Company's directors (including transportation fees) is based on the provisions of the Articles of Incorporation, and the amount is authorized to be paid by the Board of Directors according to usual standards of the industry.
- (c) Appointed managers:
- (i) The remuneration of appointed managers is based on a monthly salary system plus various bonuses; they are in nature to motivate or reward appointed managers ; and depend on the Company's overall operating performance during the year and the achievement of the unit. They include year-end and variable performance bonuses, etc.
  - (ii) The remuneration of the general manager is handled in accordance with the content stipulated in the appointment contract, and "Performance System and Evaluation Mechanism for the Chairman and General Manager".
  - (iii) The remuneration of the Company's appointed managers is based on the regulations of the Articles of Incorporation, which shall be submitted to the Board of Directors for discussion.
- (d) Regarding the distribution of flexible bonuses to the Company's directors and appointed managers, the Company's overall operating results for the year and the comprehensive evaluation of the operating performance of the units under its jurisdiction shall be considered. Reasonableness and fairness and the provisions of the Articles of Incorporation shall be paid attention to during the evaluation.
- (e) The salary and remuneration of the directors and appointed managers of the Company shall be discussed by the salary and remuneration committee before the board of directors resolution.
- (2) Employee:

The employees' annual salary includes 12-months salary, year-end bonus and employee compensation. Year-end bonuses are paid based on the Company's operating performance and individual employee performance for the year; employee compensation is based on the Company's Articles of Incorporation. If the Company makes a profit during the year, one to five percent shall be allocated as employee compensation. However, if the Company still has accumulated losses, it shall first make up for the accumulated losses before the balance can be allocated and distributed.

**Union Insurance Co., LTD.**  
**Statement of non-operating income and expenses**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Recovery claim		\$ 10,073	
Miscellaneous income		134	
Recovery service expense		<u>(2,693)</u>	
Total		<u>\$ 7,514</u>	

(English Translation of Other Disclosures in Financial Reports and Report Originally Issued in Chinese)

**UNION INSURANCE CO., LTD.**

**Other Disclosures in Financial Reports**

**For the Year Ended December 31, 2023**



安侯建業聯合會計師事務所

KPMG

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## Union Insurance Co., LTD.

### Review Report of Other Disclosures in Financial Reports

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

We have entrusted to audit the financial statements of Union Insurance Co., LTD. for the year ended December 31, 2023. Our audit was made in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China, and we issued the audit report thereon on March 12, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The attached “Other Disclosures in Financial Reports” (Other Disclosures) is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. We have reviewed the information included in the Other Disclosures in accordance with article 25 of Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.

Based on our review, the Other Disclosures in Financial Reports of Union Insurance Co., LTD. for the year ended December 31, 2023, are in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. The financial information disclosed is consistent with the basic financial statements, and does not need any modification.

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)  
March 12, 2024

#### Notes to Readers

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

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



(English Translation of Other Disclosures in Financial Reports and Report Originally Issued in Chinese)

**UNION INSURANCE CO., LTD.**  
**Other Disclosures in Financial Reports**  
**For the year ended December 31, 2023**

**(1) Information on business conditions**

(a) Significant business matters

- (i) Acquisition or merger: None.
- (ii) Demerger: None.
- (iii) Change in management rights (equity) reaching 10% or more: None.
- (iv) Transfer of business: None.
- (v) Investments in affiliated enterprises arising over the most recent 5 fiscal years

(In Thousands of New Taiwan Dollars/shares)

Name of investee	2023		2022		2021		2020		2019	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
China Insurance (Thai) Public Company Limited	-	-	-	-	-	-	-	-	39,080	3,743

Note: On December 30, 2019, the Board of Directors of the Company approved to sell China Insurance (THAI) Public Company Ltd., the subsidiary of the Company. All shares would be transferred in January 2020.

- (vi) Reorganization: None
- (vii) Acquisition or disposal of major assets arising over the most recent 5 fiscal years

1) Acquisition of major assets

(In Thousands of New Taiwan Dollars)

Type of property	Acquisition date		Amount	Counterparty	Relationship	Previous transfer information, as the counterparty is a related party				Reference for price	Purpose of acquisition	Current condition
	Date of contract	Occurrence date				Counterparty	Relations with the Company	Date	Amount			
Property	2021.5.12	2021.8.4	167,020	Natural person	Non related parties	-	-	-	-	Appraisal report	Owner-occupied property	Owner-occupied property
Property	2023.08.12	2023.11.01	202,222	Natural person	Non related parties	-	-	-	-	Appraisal report	Invest property	Invest property

2) Disposal of major assets: None

- (viii) Significant changes in operation method (including sales system) or business activity

The Company's main business is property insurance, engaging in the sales of various insurances and related business operations. There was no major change in the last five years.

(Continued)

(b) Remuneration to directors, supervisors, president, vice presidents, and Chairmen of the board and presidents rehired as consultants after retiring from the insurance enterprise or its affiliate enterprises and related information

(i) Remuneration paid to directors, supervisors, president, vice presidents, and consultants

1) Remuneration to directors (include independent directors)

(In Thousands of New Taiwan Dollars)

Title	Name	Remuneration of directors								Ratio of total remuneration (A+B+C+D) to net income								Relevant remuneration received by directors who are also employees						Ratio of total remuneration (A+B+C+D+E+F+G) to net income				Compensation paid to directors from an invested company other than the Company's subsidiary
		Compensation (A)		Retirement pension (B)		Bonus to directors (C)		Business execution fee (D)		The Company		All companies in the consolidated		The Company		All companies in the consolidated		Salary, bonuses, and allowances (E)		Retirement pension (F)		Employees' compensation (G)		The Company		All companies in the consolidated		
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Total	Ratio	Total	Ratio	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock	Total	Ratio	Total	Ratio			
											%		%											%		%		
Director of the Board	WANT-WANT Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	
Director of the Board	WANT-WANT Co., Ltd. (legal representative, HUNG, CHI-HSIUNG)	10,000	-	-	-	-	-	1,559	-	11,559	0.96 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Director of the Board	WANT-WANT Co., Ltd. (legal representative, HSU, HAI-LUN)	120	-	-	-	-	-	120	-	240	0.02 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Director of the Board	WANT-WANT Co., Ltd. (legal representative, HSU, SHIH-WEI)(Note5)	423	-	-	-	-	-	50	-	473	0.04 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Director of the Board	WANT-WANT Co., Ltd. (legal representative, LU, JING-YI)(Note6)	55	-	-	-	-	-	60	-	115	0.01 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Director of the Board	WANT-WANT Co., Ltd. (legal representative, MA, CHIA -YING)	780	-	-	-	-	-	110	-	890	0.07 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Director of the Board	WANT-WANT Co., Ltd. (legal representative, HUNG, YUNG TSUNG)	120	-	-	-	-	-	120	-	240	0.02 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Director of the Board	WANT-WANT Co., Ltd. (legal representative, LIU, CHIH MING)	120	-	-	-	-	-	120	-	240	0.02 %	-	-	7,516	-	108	-	17	-	-	-	-	-	-	-	-	-	
Independent Director	WANG, TUNG-LIANG	780	-	-	-	-	-	330	-	1,110	0.09 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Independent Director	LIU, HUANG-CHI	780	-	-	-	-	-	320	-	1,100	0.09 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Independent Director	MA, YU-FENG	780	-	-	-	-	-	330	-	1,110	0.09 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Except listed above, there are 0 thousand dollars remuneration for services directors provided to all companies in financial statements, such as being consultants who are non-employees.

Note1: The relationship between the policy, the regulation, the structure, and the standard of remuneration paid to independent directors and the amount of remuneration:

- (1) According to Art. 36.2 of the Articles of Incorporation of the Company, the remuneration paid to independent directors is reasonably decided by the Board. Independent directors would not participate in earning distribution. Regarding to the amount of remuneration(including the amount of reward for driver), by Art. 28 of the Articles of Incorporation of the Company, is decided by the Board, which refers to the standard of the same trade.
- (2) According to the regulation of remuneration paid to directors and functional committee members, independent directors are given fixed payment without participating in earning distribution.
- (3) According to the regulation of performance and remuneration of directors and managers, they should follow the principle of sustainable development and stable profits and keep from high-risk operating model and high-volatility investment strategy.

Note2: Employment data of the year 2023.

Note3: Retirement pension contains provision and payment.

Note4: The amount of reward for driver of \$1,645 was exclude.

Note5: Dismissed on July 17, 2023.

Note6: Appointed on July 17, 2023.

Note7: Because of accumulated deficits in 2023, directors' remuneration was not distributed.

(Continued)

## Range of remuneration

Range of remuneration paid to directors	Name of directors			
	Total of remuneration (A+B+C+D)		Total of remuneration (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements (H)	The Company	All companies in the consolidated financial statements (I)
Under TWD 1,000,000	WANT-WANT Co., Ltd. ; Legal representative of WANT-WANT Co., Ltd. ; HSU, HAI-LUN ; HSU, SHIH-WEI ; LU, JING-YI ; MA, CHIA-YING ; HUNG, YUNG-TSUNG ; LIU, CHIH-MING	-	WANT-WANT Co., Ltd. ; Legal representative of WANT-WANT Co., Ltd. ; HSU, HAI-LUN ; HSU, SHIH-WEI ; LU, JING-YI ; MA, CHIA-YING ; HUNG, YUNG-TSUNG ; LIU, CHIH-MING	-
TWD 1,000,000 (included)~ TWD 2,000,000 (excluded)	WANG, TUNG-LIANG ; LIU, HUANG-CHI ; MA, YU-FENG	-	WANG, TUNG-LIANG ; LIU, HUANG-CHI ; MA, YU-FENG	-
TWD 2,000,000 (included)~ TWD 3,500,000 (excluded)	-	-	-	-
TWD 3,500,000 (included)~ TWD 5,000,000 (excluded)	-	-	-	-
TWD 5,000,000 (included)~ TWD 10,000,000 (excluded)	-	-	Legal representative of WANT-WANT Co., Ltd., : LIU, CHIH-MING	-
TWD 10,000,000 (included)~ TWD 15,000,000 (excluded)	Legal representative of WANT-WANT Co., Ltd., : HUNG, CHI-HSIUNG	-	Legal representative of WANT-WANT Co., Ltd., : HUNG, CHI-HSIUNG ;	-
TWD 15,000,000 (included)~ TWD 30,000,000 (excluded)	-	-	-	-
TWD 30,000,000 (included)~ TWD 50,000,000 (excluded)	-	-	-	-
TWD 50,000,000 (included)~ TWD 100,000,000 (excluded)	-	-	-	-
Over TWD 100,000,000	-	-	-	-
Total	11 people	-	11 people	-

Note: Listing legal director and representative respectively.

2) Remuneration paid to supervisors: None.

(Continued)

## 3) Remuneration paid to president and vice presidents

(In Thousands of New Taiwan Dollars)

Title	Name	Salary (A)		Retirement pension (B)		Bonuses, and Allowances (C)		Employees' compensation (D)				Ratio of total remuneration (A+B+C+D) to net income				Compensation paid to president and vice presidents from an invested company other than the Company's subsidiary
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company		All companies in the consolidated		
								Cash	Stock	Cash	Stock	Amount	Ratio	Amount	Ratio	
President	LIU, CHIH-MING	3,600	-	108	-	3,916	-	17	-	-	-	7,641	0.64 %	-	-	None
Vice President	TSAO, SHENG-KUANG	15,987	-	996	-	11,539	-	74	-	-	-	28,596	2.38 %	-	-	None
Vice President	WU, FU-CHENG															
Vice President	PAN, SHAO-YUN															
Vice President	TSAI, WAN-HUA															
Vice President	HSU, JUL-LIN															
Vice President	YEN, KUO-CHUNG															
Vice President	CHEN, TAI-LUNG(Note 1)															
Vice President	(Note1)															
Vice President	LAI, SUNG-YEN (Note1)															
Chief Compliance Officer	CHANG, FU-SHENG (Note2)															
Chief Compliance Officer	WANG, LI-HUNG															
Chief Compliance Officer	KO, CHINGHUA															

Note1: Appointed on November 1, 2023.

Note2: Dismissed on November 1, 2023..

Note3: The amount of reward for driver of \$882 was excluded.

Note4: Retirement pension contains provision and payment.

Note5: Employees' compensation that is predicted to pay this year is calculated by the rate of actual payments in previous years.

(Continued)

## Range of remuneration

Range of remuneration paid to president and vice presidents	Name of president and vice presidents	
	The Company	All companies in the consolidated financial statements (E)
Under TWD 1,000,000		-
TWD 1,000,000 (included)~ TWD 2,000,000 (excluded)	CHANG, FU-SHENG ; CHEN, TAI-LUNG ; LAI, SUNG-YEN	-
TWD 2,000,000 (included)~ TWD 3,500,000 (excluded)	WU, FU-CHENG ; PAN, SHAO-YUN ; TSAI, WAN-HUA ; HSU, JUI-LIN ; YEN, KUO-CHUNG ; WANG, LI-HUNG ; KO, CHING-HUA	-
TWD 3,500,000 (included)~ TWD 5,000,000 (excluded)	TSAO, SHENG-KUANG	-
TWD 5,000,000 (included)~ TWD 10,000,000 (excluded)	LIU, CHIH-MING	-
TWD 10,000,000 (included)~ TWD 15,000,000 (excluded)	-	-
TWD 15,000,000 (included)~ TWD 30,000,000 (excluded)	-	-
TWD 30,000,000 (included)~ TWD 50,000,000 (excluded)	-	-
TWD 50,000,000 (included)~ TWD 100,000,000 (excluded)	-	-
Over TWD 100,000,000	-	-
Total	12 people	-

(Continued)

## 4) Top 5 managers' remuneration of the listed insurance companies .

Title	Name	Salary (A)		Retirement pension (B)		Bonuses, and Allowances (C)		Employees' compensation (D)				Ratio of total remuneration (A+B+C+D) to net income		Compensation paid to president and vice presidents from an invested company other than the Company's subsidiary
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated	
								Cash	Stock	Cash	Stock			
President	LIU, CHIH-MING	3,600	-	108	-	3,916	-	17	-	-	-	7,641	0.64 %	None
Vice President	TSAO, SHENG-KUANG	1,982	-	108	-	1,490	-	9	-	-	-	3,589	0.30 %	"
Senior Manager	PAN, SHAO-YUN	1,931	-	166	-	1,322	-	8	-	-	-	3,427	0.29 %	"
Vice President	HSU, JUI-LIN	1,800	-	54	-	1,531	-	7	-	-	-	3,392	0.28 %	"
Vice President	WU, FU-CHENG	1,830	-	108	-	1,336	-	9	-	-	-	3,283	0.27 %	"

Note1: Employees' compensation that is predicted to pay this year is calculated by the rate of actual payments in previous years.

(Continued)

## 5) Employees' compensation distributed to managers

(In Thousands of New Taiwan Dollars)

Item	Title	Name	Bonus - in Stock	Bonus - in Cash	Total	Ratio of total amount to net income (%)
Management	President	LIU, CHIH-MING	-	245	245	0.02 %
	Vice President	TSAO, SHENG-KUANG				
	Vice President	WU, FU-CHENG				
	Vice President	TSAI, WAN-HUA				
	Vice President	PAN, SHAO-YUN				
	Vice President	HSU, JUI-LIN				
	Vice President	YEN, KUO-CHUNG				
	Vice President	CHEN, TAI-LUNG				
	Vice President	LAI, SUNG-YEN				
	Chief Audit Officer	WANG, LI-HUNG				
	Chief Compliance Officer	KO, CHING-HUA				
	assistant vice president	HUANG, CHIN-PIN				
	assistant vice president	LAI, TUNG I				
	Manager	WU, PI-TU				
	Manager	YEN, HSU NAN				
	Manager	LIN, TSANG-CHING				
	Manager	CHEN, MEI LING				
	Manager	CHENG, KUO-JUNG				
	Manager	LO, KUO-JEN(Note 3)				
	Manager	TSENG, MEI HUI				
	Manager	TSAI,YUAN-HSIEN				
	assistant vice president	CHANG, SUNG TSE				
	Senior Manager	LI, HUI YING				
	Senior Manager	LIN, TSANG CHING				
	assistant vice president	HSU, CHE CHANG				
	Senior Manager	TSUI, CHUAN SHENG				
	Senior Manager	HUNG, KUO CHUN				
	assistant vice president	WU, TA CHUN				
	Senior Manager	LI, WEN JUI				
	Senior Manager	WU, YI CHENG				
	Senior Manager	WU, SHU-CHUAN				
	Manager	LIN, HOUNG-HUA				
	Manager	LIU, SEN-JUNG				
	Manager	TING,YU-SHENG				
Manager	WU, HSING KUN					
Senior Manager	HSU, CHUN YU					
Manager	HSU, MIN-YUAN					
Manager	LIN, HSING YI					
Chief Financial Officer	HSUEH, CHANG-HSIAO					
Chief Accounting Officer	KUO, FEI WEN					

Note 1: Employment data on December 31, 2023.

Note 2: Employees' compensation that is predicted to pay this year is calculated by the rate of actual payments in previous years.

Note3: Dismissed on January 1 ,2024.

(Continued)

- 6) Chairmen of the board and presidents rehired as consultants after retirement: None.
- (ii) The Company's chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPA or at an affiliated enterprise: None.
- (c) Labor-management relations
- (i) Agreements between labor and management and the implementation
- 1) Employee benefit policies
- The Company established Employees' Welfare Committee, which is comprised of employees recommend. They hold various of welfare activities in accordance with Rules for Employees' Welfare.
- 2) Professional development and training
- The Company provides employees systematic and professional education training in concert with interdisciplinary learning program, multiple training program, and self-learning program.
- 3) Retirement programs
- In compliance with the Labor Standards Act and Labor Pension Act, the Company shall make a monthly contribution to the labor pension reserve funds and labor pension funds. The calculation of the defined benefit obligations is performed annually by a qualified actuary with actuarial report to protect the workers' rights and interests.
- 4) Other major agreements: None.
- (ii) Loss sustained as a result of labor disputes in the most recent 3 fiscal years: None.
- (iii) Violation of the Labor Standards Act found during the labor inspection: None.
- (d) Cyber Security Management
- (i) Implementation of Cyber Security Management
- 1) Structure of cyber security risk management
- The Company has established the Cyber Security Management Promotion Committee, which is responsible for the discussion and resolution of matters related to the cyber security management system. The cyber security management promotion committee includes the cyber security executive team, the cyber security audit team and the cyber security incident notification team. The cyber security executive team is responsible for planning, establishment, implementation, maintenance, review and continuously improving the Company's cyber security management system in accordance with the resolutions of the Committee. The cyber security audit team is responsible for evaluating the implementation and compliance of the cyber security management system and conducting audits. The cyber security incident notification team performs cyber incident reporting and business continuity management projects.



## 2) Policy of cyber security

To ensure a normal, safe and stable operation of the Company's information system services, the cyber security management system that regulates the maintenance and operation process of the Company's information platform is the highest guideline to establish secure and reliable information system services, to ensure the confidentiality, integrity and availability of information assets, to meet the requirements of relevant laws and regulations, to maintain the continuous operation of the information platform, to reduce information operation risks, and to protect the rights of information system service users.

### a) Information Security Policy Statement

The ultimate goal of the Company's information security work is to ensure the safety and effective operation of the information processing operations of the information platform through the management of personnel, operations and information technology, as well as to prevent security incidents affecting the confidentiality, integrity and availability of information during the information processing operations in order to protect the privacy rights of customers and personal information.

- i) The Information Management Promotion Committee was established to be responsible for the establishment and promotion of the Company's information security management system.
- ii) Evaluate the relevant laws and regulations and operational requirements, conduct information risk assessment of information assets, determine information operation security requirements, establish operation standard procedures, and adopt appropriate information security measures to ensure information asset security.
- iii) Establish an evaluation or assessment system based on the roles and functions of personnel, and conduct information security education and training and promotional activities according to actual needs.
- iv) Grant access rights to information assets according to business needs, taking into account the limit of authorization, segregation of authorization and responsibility, as well as independence review.
- v) Establish information on security incident management procedures to ensure proper incident response, control and handling, develop business continuity plans, as well as conduct regular drills to ensure the continued operation on information systems or services.
- vi) Handle and protect personal information and intellectual property rights in accordance with the relevant provisions of the Personal Information Protection Act and the Intellectual Property Rights.
- vii) Perform information security audits regularly to review the implementation of the information security management system.
- viii) All employees of the Company shall be responsible for information security and comply with the relevant information security management regulations.
- ix) The policy shall be effective upon announcement after being approved by the Board of Directors, and shall also be effective upon amendment.

(Continued)

- b) Information Security Goal
  - i) The Company aims to protect the confidentiality, integrity and availability of information assets in order to:
    - 1. Maintain the business continuity of the information platform maintenance process.
    - 2. Protect the information assets related to the information platform maintenance process from improper or illegal use, and stop hackers, viruses, and other intrusive and destructive behaviors.
    - 3. Establish standard operating procedures for information platform maintenance processes to avoid human errors and accidents, as well as to enhance the awareness of information security among employees.
  - ii) This policy shall be evaluated at least once a year to reflect the latest developments in relevant laws and regulations, technology and the Company's business, and shall be revised as appropriate.
- 3) Specific Management Solutions
  - a) The Information Security Promotion Committee shall convene a management review meeting at least once a year, and if necessary, an ad hoc meeting.
  - b) The minutes of the meeting which the management reviews should include the following:
    - i) Status of implementation of resolutions at the previous management review meeting: Follow-up on the issues resolved at the previous meeting.
    - ii) Changes on internal and external issues related to information security management system: Review on the entire identification results of the organization.
    - iii) Feedback on information security performance, including the following trends:
      - 1. Non-conforming items and corrective measures: Proper handling of information on safety events and improvement operations.
      - 2. Supervision and measurement results.
      - 3. Audit results: Information security internal and external audit results and suggested improvement items.
      - 4. Achievement of information on security objectives: Implementation of status report regarding the information security objectives.
    - iv) Feedback from observers: Suggestions from employees, third parties and other stakeholder groups.
    - v) Risk assessment results and status of risk management plan: Risk assessment and feedback review.
    - vi) Opportunities for continuous improvement: Suggestions for improving information security that can be provided.

(Continued)

- c) The conclusion of the minutes of the meeting should include that the output of the management review should include decisions related to continuous improvement concerning opportunities and any need for changes on the information security management system.
  - d) Management review is an important activity of the information security management system, and the review records should be handled in accordance with the record management requirements of the information security management system.
- 4) Input resources for Ares security management
- a) WAF information security device protection
  - b) HiNet DDoS protection
  - c) Annual evaluation on information security evaluation
  - d) Annual exercises on social engineering
  - e) Annual implementation of ISO27001 certification
  - f) Import of Microsoft WVD two-factor certificate
  - g) Privilege connection monitoring mechanism
  - h) Employee account behavior pattern analysis
  - i) Adaption of credit card identification mechanism
  - j) Introduction on DLP personal data protection system
  - k) Plan on introducing website anti-replacement system
- (ii) Losses due to significant information security incidents in the most recent year: None.
  - (iii) Impact of Ares security risk on the Company's financial operations and measures to address it.

The Company has established internal operation regulations related to information security to strengthen the implementation of internal audit and internal control. It promptly controls any information security incidents to effectively reduce any damage in order to protect customer data security and achieve sustainable business operation.

- (e) Changes in president, chief audit officer and actuaries in the most recent 2 years
  - (i) Changes in president, chief audit officer: None
  - (ii) Changes in qualified actuaries:None
- (f) Changes in the method for provision of all kinds of reserves: None.
- (g) The situation in the most recent year where its shareholders meeting has adopted the resolution to carry out capital increase or decrease or its Board of Directors (council) has adopted the resolution to issue new shares but the application (or filing) has not been approved (or has not been approved for record) by the FSC, or where its application for capital change registration has not been approved by the Ministry of Economic Affairs: None.

(Continued)

- (h) Cases of claim payment and claim recovery from reinsurer involving amount exceeding NT\$20 million in the most recent 3 years and financial impact analysis

<b>For the year ended December 31, 2023</b>			
<b>Insurance</b>	<b>Insurance Claim Payment (A)</b>	<b>Claims Recoverable from Reinsurers (B)</b>	<b>Retained Claim Payment (C)=(A)-(B)</b>
Commercial fire insurance	\$ 662,838	458,091	204,747
Engineering Insurance	214,124	176,369	37,755
Typhoon and flood Insurance	20,000	10,927	9,073
Fishing Insurance	23,088	20,779	2,309
	<b>\$ 920,050</b>	<b>666,166</b>	<b>253,884</b>
<b>For the year ended December 31, 2022</b>			
<b>Insurance</b>	<b>Insurance Claim Payment (A)</b>	<b>Claims Recoverable from Reinsurers (B)</b>	<b>Retained Claim Payment (C)=(A)-(B)</b>
Commercial fire insurance	\$ 678,389	467,639	210,750
Hull insurance	21,460	21,460	-
	<b>\$ 699,849</b>	<b>489,099</b>	<b>210,750</b>
<b>For the year ended December 31, 2021</b>			
<b>Insurance</b>	<b>Insurance Claim Payment (A)</b>	<b>Claims Recoverable from Reinsurers (B)</b>	<b>Retained Claim Payment (C)=(A)-(B)</b>
Commercial fire insurance	\$ 570,600	548,100	22,500
Hull insurance	30,011	30,004	7
	<b>\$ 600,611</b>	<b>578,104</b>	<b>22,507</b>

- (i) Names of reinsurers to whom the reinsurance premium expenses paid in the most recent year account for more than 1% of total premium income and the credit rating of those reinsurers

<b>Reinsurer</b>	<b>Credit Rating</b>	<b>Credit Rating Agency</b>
Central Reinsurance Corporation	A	S & P
Hannover Rueck SE Malaysian Brance	AA-	S & P
Swiss Re Asia Pte. Ltd, Hong Kong Branch	AA-	S & P

- (j) Entrust credit rating agency to rating reinsurers

The Company entrusted Taiwan Ratings to make the credit rating in connection with financial condition and issuer. On September 19, 2023, the result of Taiwan Ratings is twAA, and the credit rating vision is stable. On September 19, 2023, the result of Standard & Poor 's is A-, and the credit rating vision is stable. On June 1, 2023, the result of A.M. Best Company is A-, and the credit rating vision is stable.

(Continued)

**(2) Market price of securities, dividend and dispersion of ownership**

(a) Per share market price, net worth, earnings per share, dividends in the past 2 years

(New Taiwan Dollars/in Thousands of shares)

Item	Year		2023	2022
	Market price per share	Highest		42.00
Lowest		14.85	13.50	
Average		23.61	17.28	
Net worth per share	Before distribution		27.28	21.49
	After distribution		Note 2	Note 1
Earnings per share	Weighted average number of ordinary shares		223,608	223,608
	Earnings per share		5.37	(5.91)
Dividends per share	Cash dividend		Note 2	Note 1
	Issuance of bonus shares	Stock dividend from retained earnings	-	-
		Stock dividend from capital reserve	-	-
	Accumulated undistributed dividends		-	-
Analysis of return on investment	Price-earnings ratio		Note 2	Note 1
	Price-dividend ratio		Note 2	Note 1
	Cash dividend yield		Note 2	Note 1

Note 1: There are accumulated deficits in 2022.

Note2: There are accumulated deficits in 2023

(Continued)

## (b) Dispersion of ownership

## (i) Common shares

Ordinary Par Value Per Share NT10		As of December 31, 2023		
Class of Shareholding		Number of Shareholders	Shareholding	Percentage
1~	999	8,343	1,559,532	0.6974 %
1,000~	5,000	3,144	6,601,361	2.9522 %
5,001~	10,000	628	4,636,748	2.0736 %
10,001~	15,000	224	2,675,280	1.1964 %
15,001~	20,000	126	2,290,334	1.0243 %
20,001~	30,000	128	3,167,221	1.4164 %
30,001~	40,000	61	2,128,435	0.9519 %
40,001~	50,000	40	1,796,884	0.8036 %
50,001~	100,000	83	5,776,661	2.5834 %
100,001~	200,000	47	6,426,775	2.8741 %
200,001~	400,000	21	6,304,146	2.8193 %
400,001~	600,000	11	5,379,561	2.4058 %
600,001~	800,000	7	4,612,988	2.0630 %
800,001~	1,000,000	3	2,952,791	1.3205 %
1,000,001 or over		13	167,299,283	74.8181 %
<b>Total</b>		12,879	223,608,000	100.00 %

(ii) Preferred shares: The Company have no preferred share.

## (c) Net change in shareholding of directors, supervisors, managerial officers, and shareholders with 10% shareholdings or more.

(i) Net change in shareholding of directors, supervisors, managerial officers, and shareholders with 10% shareholdings or more

Title	Name	2023		As of February 28, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
assistant vice president	WU, TA-CHUN	55,000	-	-	-

Note 1: Employment data on December 31, 2023.

(ii) Shares Transferring:None.

(iii) Shares Pledge:None.

## (d) Information for shelf registration: Not applicable.

(Continued)

**(3) Financial Information****(a) Concise balance sheet and statement of comprehensive income****(i) Concise Balance Sheet from 2019 to 2023**

(In Thousands of New Taiwan Dollars)

Item	Year	Financial summary for the most recent five years (Note 1)				
		2023	2022	2021	2020	2019
Cash and cash equivalents		3,479,186	3,067,290	3,648,227	2,386,542	2,117,261
Account receivables		555,987	615,306	680,984	667,810	858,220
Assets classified as held-for-sale		-	-	-	-	39,080
Financial assets and loans		9,555,301	8,151,571	8,639,744	8,730,438	8,344,160
Reinsurance assets		4,202,406	4,252,018	3,860,017	3,920,832	4,149,186
Property and equipment		1,287,364	1,292,268	1,262,061	1,165,781	1,127,260
Intangible assets		165,170	113,373	120,574	136,982	133,831
Other assets		682,641	809,785	809,330	736,347	764,990
Total assets		19,928,055	18,301,611	19,020,937	17,744,732	17,533,988
Accounts payable		1,234,591	1,167,305	1,237,685	1,256,750	1,283,230
Liabilities related to assets classified as held-for-sale		-	-	-	-	-
Financial liabilities		-	-	-	-	-
Insurance liabilities and reserve for insurance with nature of financial instrument		12,297,598	12,124,121	10,958,474	10,326,662	10,404,545
Provisions		98,816	110,113	179,077	214,043	233,432
Other liabilities		196,403	95,219	203,928	100,084	194,940
Total liabilities	Before distribution	13,827,408	13,496,758	12,579,164	11,897,539	12,116,147
	After distribution	Note 3	Note 2	12,802,772	12,076,425	12,303,552
Ordinary share		2,236,080	2,236,080	2,236,080	2,236,080	2,129,600
Capital surplus		-	-	-	-	-
Retained earnings	Before distribution	3,842,400	2,634,807	4,126,209	3,552,655	3,164,913
	After distribution	Note 3	Note 2	3,902,601	3,373,769	2,871,028
Other equity interest		22,167	(66,034)	79,484	58,458	123,328
Total equity	Before distribution	6,100,647	4,804,853	6,441,773	5,847,193	5,417,841
	After distribution	Note 3	Note 2	6,218,165	5,668,307	5,230,436

Note 1: Financial summary for the most recent five years has been audited by CPA.

Note 2: There are accumulated deficits in 2022.

Note 3: There are accumulated deficits in 2023.

(Continued)

## (ii) Concise comprehensive income statement from 2019 to 2023

(In Thousands of New Taiwan Dollars)

Item	Year	Financial summary for the most recent five years (Note 1)				
		2023	2022	2021	2020	2019
Operating revenue		10,177,513	8,500,870	8,809,911	8,237,782	8,065,998
Operating cost		6,703,382	7,800,876	6,004,143	5,509,703	5,346,030
Operating expense		2,172,036	2,031,404	2,011,651	2,054,189	2,032,547
Non-operating income and expense		7,514	8,781	12,144	32,162	13,930
Income (loss) before tax		1,309,609	(1,322,629)	806,261	706,052	701,351
Net income (loss)		1,200,346	(1,322,207)	696,668	702,097	703,782
Other comprehensive income		95,448	(91,105)	76,798	(82,387)	67,915
Earnings (loss) per share (Note 2) (in New Taiwan dollars)		5.37	(5.91)	3.12	3.14	3.15

Note 1: Financial summary for the most recent five years has been audited by CPA.

Note 2: Earnings (Loss) per share is calculated by retrospective-adjusted weighted average number of ordinary shares. If capital increase by retained earning or share premium, or capital decrease due to reverse share split happened, the shares will be retrospective-adjusted according to ratio of increased and decreased capital, regardless of the outstanding period.

## (b) Financial ratios analysis

Item	Year	Financial ratios analysis for the most recent five years (Note 1)				
		2023	2022	2021	2020	2019
Business analysis (%)	Rate of change in direct written premiums	11.54	3.27	4.29	3.96	0.08
	Rate of change in claims paid	(2.06)	16.42	(0.36)	(1.38)	15.65
	Rate of change in net premiums	8.92	5.67	8.29	5.45	(0.28)
	Rate of net value	30.61	26.25	33.87	32.95	30.90
Profitability analysis (%)	Return on assets	6.31	(7.05)	3.81	3.99	4.05
	Return on equity	22.01	(23.51)	11.34	12.47	13.72
	Net return on fund	3.59	(1.84)	3.47	3.24	2.91
	Return on investment	3.31	(1.70)	3.16	2.93	2.63
	Net combined ratio	95.28	109.58	95.49	96.03	96.83
	Net expense ratio	38.52	39.39	41.02	42.17	42.90
Overall operation analysis (%)	Net loss ratio	56.76	70.19	54.47	53.86	53.93
	Net premiums to shareholders' equity	150.84	175.83	124.12	126.27	129.24
	Gross premiums to shareholders' equity	208.77	238.09	172.22	182.00	188.89
	Net reinsurance commission to equity	6.40	7.30	5.13	7.85	8.69
	Reserves to equity	201.58	252.33	170.12	176.61	192.04
	Rate of change in equity	26.97	(25.41)	10.17	7.92	11.99
	Expense rate	32.31	33.47	33.63	34.70	35.08

Note 1: Financial summary for the most recent five years has been audited by CPA.

(Continued)



The reason why change in financial business indicator for the most recent two years

(i) Return on equity and rate of change in equity:

A increase in return on equity and rate of change in equity are due to net income.

(ii) Net premiums to shareholders' equity, gross premiums to shareholders' equity and reserves to equity:

An decrease in net premiums to shareholders' equity, gross premiums to shareholders' equity and reserves to equity are due to an decrease of COVID insurance claims and provision in premium reserve.

(c) Other significant information sufficient to enhance understanding of its financial position, financial performance and cash flows or trends of change (e.g. the effects of exchange rate fluctuation): None.

**(4) Financial position and financial performance analysis**

(a) Financial position analysis

(In Thousands of New Taiwan Dollars)

Item	Year		Difference	
	2023	2022	Amount	%
Cash and cash equivalents	3,479,186	3,067,290	411,896	13.43
Account Receivables	555,987	615,306	(59,319)	(9.64)
Assets classified as held-for-sale	-	-	-	-
Financial assets and loans	9,555,301	8,151,571	1,403,730	17.22
Reinsurance assets	4,202,406	4,252,018	(49,612)	(1.17)
Property and equipment	1,287,364	1,292,268	(4,904)	(0.38)
Intangible assets	165,170	113,373	51,797	45.69
Other assets	682,641	809,785	(127,144)	(15.70)
Total assets	19,928,055	18,301,611	1,626,444	8.89
Accounts payable	1,234,591	1,167,305	67,286	5.76
Liabilities related to assets classified as held-for-sale	-	-	-	-
Financial liabilities	-	-	-	-
Insurance liabilities and reserve for insurance with nature of financial instrument	12,297,598	12,124,121	173,477	1.43
Provisions	98,816	110,113	(11,297)	(10.26)
Other liabilities	196,403	95,219	101,184	106.26
Total liabilities	13,827,408	13,496,758	330,650	2.45
Capital stock	2,236,080	2,236,080	-	-
Capital surplus	-	-	-	-
Retained earnings	3,842,400	2,634,807	1,207,593	45.83
Other equity interest	22,167	(66,034)	88,201	133.57
Total equity	6,100,647	4,804,853	1,295,794	26.97

(Continued)

## Analysis of change over 20%:

## (i) Intangible assets:

The increase in the current period compared with the previous period was mainly due to increase of software and systems for business purpose.

## (ii) Other liabilities:

The increase in the current period compared with the previous period was mainly due to net income, resulting in a increase in current tax liabilities of other liabilities.

## (iii) Retained earnings and total equity:

The increase in the current period compared with the previous period was mainly due to net income, resulting in a increase in retained earnings and total equity.

## (iv) Other equity interest:

The financial assets measured at fair value through other comprehensive income resulted in the increase in unrealized gain.

## (b) Financial performance analysis

(In Thousands of New Taiwan Dollars)

<b>Item</b>	<b>Year</b>	<b>2023</b>	<b>2022</b>	<b>Change in amount</b>	<b>Change of rate (%)</b>
Operating revenue		10,177,513	8,500,870	1,676,643	19.72
Operating cost		6,703,382	7,800,876	(1,097,494)	(14.07)
Operating expense		2,172,036	2,031,404	140,632	6.92
Income from operation		1,302,095	(1,331,410)	2,633,505	197.80
Non-operating income and expense		7,514	8,781	(1,267)	(14.43)
Profit (loss) from continuing operations before tax		1,309,609	(1,322,629)	2,632,238	199.02
Tax expense (income)		109,263	(422)	109,685	25,991.71
Profit (loss) from continuing operations		1,200,346	(1,322,207)	2,522,553	190.78

## Analysis of change over 20%:

## (i) Operating revenue:

The increase in the current period compared with the previous period was mainly due to an increase of written premium and gain on financial assets at fair value through profit or loss.

## (ii) Operating cost:

The decrease in the current period compared with the previous period was mainly due to that the COVID insurance policy had been expired ,resulting the decrease of COVID insurance claims.

## (iii) Non-operating income and expense:

The decrease in the current period compared with the previous period was mainly due to decrease of recovery claim.

(Continued)

- (iv) Income from operation, profit (loss) from continuing operations before tax and profit (loss) from continuing operations:

The increase in the current period compared with the previous period was mainly due to an increase of operating revenue and decrease of operating cost.

- (v) Income tax expense (income):

The increase in the current period compared with the previous period was mainly due to net income, resulting in a increase in tax expense.

## (5) CPA information

- (a) Information on Accountants' Fees

- (i) Audit fees and non-audit fees paid to the CPA, to the accounting firm of the CPA, and to any affiliated enterprise of such accounting firms.

(In Thousands of New Taiwan Dollars)

Accounting firm	Name of accountant	Audit period	Audit fee	Non-audit fee	Total	Note
KPMG	WU, CHENG-YEN	2023.01.01~	4,250	14,880	19,130	
	TSAI, PEI-JU	2023.12.31				

Non-audit services mainly include tax compliance audit and project services.

- (ii) Alter the CPA Firm and the audit fee in altering year is less than that in the previous year: None.
- (iii) The audit fee is reduced by over 10% compared with the previous year: None.

(Continued)

## (b) Alternation of CPA.

## (i) About the Former CPA

Date of change	2023.3.10		
Reasons and explanation of changes	In accordance with the organizational restructuring of the firm		
State whether the appointment is terminated or rejected by the consignor or CPAs	Status	CPA	Consignor
	Appointment terminated automatically	✓	
	Appointment rejected (discontinued)		
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Is there any disagreement in opinion with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or steps
			Other
	No	✓	
	Explanation		
Other revealed matters (Disclosure according to Article 24.2.1.4 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.)	None		

## (ii) About successor CPA

Name of the accounting firm	KPMG
Name of CPA	WU, CHENG-YEN & TSAI, PEI-JU
Date of appointment	2023.3.10
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	None
Successor CPA's written opinion of disagreement toward the former CPA	None

## (iii) The former accountant's response to the matters required by Article 24.2.1 and Article 24.2.2.3 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises: None.

Union Insurance Co., LTD.

Chairman: HUNG, CHI-HSIUNG

President: LIU, CHIH-MING

Chief Accounting Officer: KUO, FEI-WEN