

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

**With Independent Auditors' Report
For the Six Months Ended June 30, 2024 and 2023**

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

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of Union Insurance Co., LTD. (“the Company”), which comprise the balance sheets as of June 30, 2024, December 31 and June 30, 2023, and the statements of comprehensive income for the three months and six months ended June 30, 2024 and 2023, as well as the changes in equity and cash flows for the six months ended June 30, 2024 and 2023, 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 June 30, 2024, December 31 and June 30, 2023, and its financial performance for the three months and six months ended June 30, 2024 and 2023, as well as its cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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)
August 26, 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

June 30, 2024, December 31, 2023, and June 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2024		December 31, 2023		June 30, 2023		Liabilities and Equity		June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
11000	Cash and cash equivalents (note 6(a))	\$ 3,198,680	14	3,479,186	17	3,446,841	17	21000	Accounts payable (note 6(b) and (c))	\$ 1,815,975	8	1,234,591	6	1,325,428	7
12000	Receivables (note 6(b))	1,324,970	6	555,987	3	1,082,263	6	21700	Current tax liabilities	92,619	-	94,885	-	-	-
12600	Current tax assets	7,234	-	7,234	-	9,105	-	24000	Insurance liabilities (note 6(n))	14,059,553	61	12,297,598	62	12,648,766	64
14110	Financial assets at fair value through profit or loss (note 6(f))	2,831,348	12	1,721,519	9	1,303,043	7	27000	Provisions (note 12)	98,726	1	98,816	1	109,344	1
14190	Financial assets at fair value through other comprehensive income (note 6(f))	2,889,304	12	2,351,075	12	2,256,863	11	23800	Lease liabilities (note 6(j))	16,140	-	17,929	-	22,690	-
14145	Financial assets at amortized cost (note 6(f))	2,662,245	12	2,562,498	13	2,461,481	12	28000	Deferred tax liabilities	63,920	-	63,920	-	63,920	-
14180	Other financial assets, net (note 6(f))	1,727,200	7	1,872,700	10	1,762,800	9	25000	Other liabilities	21,017	-	19,669	-	20,149	-
16700	Right-of-use assets (note 6(i))	15,961	-	17,733	-	22,537	-		Total liabilities	<u>16,167,950</u>	<u>70</u>	<u>13,827,408</u>	<u>69</u>	<u>14,190,297</u>	<u>72</u>
14200	Investment property (note 6(g))	875,097	4	1,047,509	5	849,289	4		Equity						
15000	Reinsurance assets (note 6(c))	5,226,600	23	4,202,406	21	4,540,377	23	31100	Ordinary share (note 6(p))	2,236,080	10	2,236,080	11	2,236,080	11
16000	Property and equipment (note 6(h))	1,468,553	6	1,287,364	6	1,282,181	7	33100	Legal reserve (note 6(p))	1,022,451	5	1,004,854	5	1,004,854	5
17000	Intangible assets	202,532	1	165,170	1	152,652	1	33200	Special reserve (note 6(n) and (p))	3,092,980	13	3,094,152	16	2,749,564	14
18000	Other assets	602,697	3	657,674	3	665,573	3	33300	Unappropriated retained earnings (note 6(p))	440,427	2	(256,606)	(1)	(354,691)	(2)
								34210	Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	73,716	-	22,167	-	8,901	-
								34220	Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(1,183)	-	-	-	-	-
									Total equity	<u>6,864,471</u>	<u>30</u>	<u>6,100,647</u>	<u>31</u>	<u>5,644,708</u>	<u>28</u>
Total assets		<u>\$ 23,032,421</u>	<u>100</u>	<u>19,928,055</u>	<u>100</u>	<u>19,835,005</u>	<u>100</u>	Total liabilities and equity		<u>\$ 23,032,421</u>	<u>100</u>	<u>19,928,055</u>	<u>100</u>	<u>19,835,005</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.

Statements of Comprehensive Income

For the three months and six months ended June 30, 2024 and 2023

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

	For the three months ended June 30,				For the six months ended June 30,			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
41000	Operating revenue:							
41110	\$ 3,599,354	133	3,139,175	121	7,105,587	130	6,277,752	126
41120	111,036	4	108,080	4	236,376	4	251,057	5
41100	3,710,390	137	3,247,255	125	7,341,963	134	6,528,809	131
51100	1,287,263	47	982,946	38	2,222,442	41	1,820,663	37
51310	125,606	5	29,166	1	515,100	9	394,050	7
41130	2,297,521	85	2,235,143	86	4,604,421	84	4,314,096	87
41300	173,903	7	122,845	5	340,694	6	282,358	6
41500	Net income (loss) from investments							
41510	38,394	1	33,434	1	69,760	2	62,709	1
41521	177,073	7	169,350	7	426,711	8	264,439	5
41527	7,173	-	35,692	1	7,173	-	35,692	1
41550	(476)	-	1,049	-	1,033	-	542	-
41570	10,860	-	7,702	-	22,142	-	15,466	-
41585	(106)	-	(30)	-	(341)	-	(4,484)	-
41800	3,833	-	2,868	-	7,765	-	5,843	-
	2,708,175	100	2,608,053	100	5,479,358	100	4,976,661	100
51000	Operating costs:							
51200	1,515,465	56	1,575,547	60	2,862,463	52	3,184,216	64
41200	322,918	12	334,390	12	628,699	11	723,068	15
51260	1,192,547	44	1,241,157	48	2,233,764	41	2,461,148	49
51300	Net change in other insurance liability (note 6(n))							
51320	128,774	5	(105,218)	(4)	258,831	5	35,879	1
51340	(41,631)	(2)	22,268	1	(49,541)	(1)	23,612	-
51350	1,470	-	(168,897)	(6)	2,167	-	(391,556)	(7)
51500	517,905	19	487,366	18	1,075,455	20	983,310	20
51800	5,932	-	7,807	-	11,874	-	14,025	-
51700	2,023	-	1,032	-	4,631	-	2,651	-
	1,807,020	66	1,485,515	57	3,537,181	65	3,129,069	63
58000	Operating expenses:							
58100	465,153	17	441,267	17	921,541	17	868,737	18
58200	106,164	4	95,405	3	222,487	4	192,233	4
58300	405	-	346	-	561	-	569	-
58400	(342)	-	16,059	1	14,115	-	19,197	-
	571,380	21	553,077	21	1,158,704	21	1,080,736	22
	329,775	13	569,461	22	783,473	14	766,856	15
	Operating income							
	Non-operating income and expenses:							
59100	7,455	-	-	-	7,455	-	-	-
59900	3,903	-	1,940	-	6,746	-	3,621	-
	11,358	-	1,940	-	14,201	-	3,621	-
62000	341,133	13	571,401	22	797,674	14	770,477	15
63000	45,465	2	5,557	-	97,424	2	5,557	-
	295,668	11	565,844	22	700,250	12	764,920	15
83000	Other comprehensive income:							
83100	Components of other comprehensive income (loss) that will not be reclassified to profit or loss							
83190	43,103	2	(25,127)	(1)	64,757	1	74,935	2
	43,103	2	(25,127)	(1)	64,757	1	74,935	2
83200	Components of other comprehensive income (loss) that will be reclassified to profit or loss							
83290	(1,183)	-	-	-	(1,183)	-	-	-
	(1,183)	-	-	-	(1,183)	-	-	-
83000	41,920	2	(25,127)	(1)	63,574	1	74,935	2
	337,588	13	540,717	21	763,824	13	839,855	17
97500	1.32		2.53		3.13		3.42	
98500	1.32		2.53		3.13		3.42	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.**Statements of Changes in Equity****For the six months ended June 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Share capital		Retained earnings		Other equity	Total equity
	Ordinary shares	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance at January 1, 2023	\$ 2,236,080	1,004,854	2,750,537	(1,120,584)	(66,034)	4,804,853
Net Income	-	-	-	764,920	-	764,920
Other comprehensive income	-	-	-	-	74,935	74,935
Total comprehensive income	-	-	-	764,920	74,935	839,855
Special reserve on reversal-employee training and transferring plan	-	-	(973)	973	-	-
Balance at June 30, 2023	\$ 2,236,080	1,004,854	2,749,564	(354,691)	8,901	5,644,708
Balance at January 1, 2024	\$ 2,236,080	1,004,854	3,094,152	(256,606)	22,167	6,100,647
Net Income	-	-	-	700,250	-	700,250
Other comprehensive income	-	-	-	-	63,574	63,574
Total comprehensive income	-	-	-	700,250	63,574	763,824
Legal reserve appropriated	-	17,597	-	(17,597)	-	-
Special reserve on reversal-employee training and transferring plan	-	-	(1,172)	1,172	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	13,208	(13,208)	-
Balance at June 30, 2024	\$ 2,236,080	1,022,451	3,092,980	440,427	72,533	6,864,471

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.

Statements of Cash Flows

For the six months ended June 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2024	2023
Cash flows from (used in) operating activities:		
Net income before income tax	\$ 797,674	770,477
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	24,608	26,381
Amortization expense	16,170	11,647
Net gain on financial assets or liabilities at fair value through profit or loss	(443,983)	(257,904)
Interest expense	4,631	2,651
Interest income	(69,760)	(62,709)
Dividend income	(24,633)	(42,227)
Net change in insurance liabilities	1,762,952	525,598
Net change in other provisions	(90)	(769)
Expected credit loss of investments	341	4,484
Expected credit loss of non-investments	14,115	19,197
Gain on disposal of property and equipment	(7,455)	-
Others	(1)	(4)
Total adjustments to reconcile profit (loss)	1,276,895	226,345
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in notes receivable	(52,044)	27,168
Increase in premiums receivable	(674,787)	(449,791)
Increase in other receivables	(7,973)	(19,822)
Increase in financial assets at fair value through profit or loss	(665,846)	(242,662)
Increase in financial assets at fair value through other comprehensive income	(474,734)	(41,252)
(Increase) decrease in financial assets at amortized cost	(100,000)	300,000
Decrease (increase) in other financial assets	145,500	(139,925)
Increase in reinsurance assets	(1,034,123)	(302,242)
Decrease in other assets	2,031	89,129
Total changes in operating assets	(2,861,976)	(779,397)
Changes in operating liabilities:		
Increase in other payable	581,384	158,123
Increase in other liabilities	1,348	781
Total changes in operating liabilities	582,732	158,904
Cash (outflow) inflow generated from (used in) operations	(204,675)	376,329
Interest received	46,290	72,605
Dividends received	9,970	2,615
Interest paid	(4,631)	(2,651)
Income taxes paid	(99,690)	(7,428)
Net Cash flows from (used in) operating activities	(252,736)	441,470
Cash flows from (used in) investing activities:		
Increase in prepayments	(7,078)	(36,053)
Acquisition of property and equipment	(12,491)	(5,609)
Proceeds from disposal of property and equipment	11,140	-
Acquisition of intangible assets	(11,136)	(12,000)
Net cash flows used in investing activities	(19,565)	(53,662)
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(8,205)	(8,257)
Net cash flows used in financing activities	(8,205)	(8,257)
Net (decrease) increase in cash and cash equivalents	(280,506)	379,551
Cash and cash equivalents at beginning of period	3,479,186	3,067,290
Cash and cash equivalents at end of period	\$ 3,198,680	3,446,841

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

For the six months ended June 30, 2024 and 2023

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

(1) Company history

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

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

These financial reports were approved and announced by the Board of Directors on August 26, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards 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, 2024:

- 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”

- (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, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(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:

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

(Continued)

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 17 “Insurance Contracts”	<p>The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments are designed to:</p> <ul style="list-style-type: none"> ● reduce costs by simplifying some requirements in the Standard; ● make financial performance easier to explain; and ● ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. 	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “	<p>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.</p>	January 1, 2023

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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

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

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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(4) Summary of material accounting policies:

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the material accounting policies adopted in the financial statements are the same as those in the financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the financial statements for the year ended December 31, 2023.

(b) Income taxes

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

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management’s best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

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

(c) Employee benefits

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

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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 in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In these financial statements, judgments and key sources of estimation uncertainty used by management in the application of critical accounting policies are expected to be consistent with those of Note 5 of the financial statements for the year ended December 31, 2023.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the financial statements for the current period and the 2023 financial statements. Please refer to Note 6 of the 2023 annual financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand	\$ 500	500	500
Petty cash	13,010	13,010	13,010
Cash in bank	2,686,085	2,767,653	2,608,311
Bonds purchased under resale agreements	<u>499,085</u>	<u>698,023</u>	<u>825,020</u>
Total	<u>\$ 3,198,680</u>	<u>3,479,186</u>	<u>3,446,841</u>

(b) Receivables and Payables

(i) Receivables

<u>Item</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Notes receivable	\$ 311,387	259,364	253,199
Premiums receivable	832,476	159,870	630,907
Other receivables	<u>181,107</u>	<u>136,753</u>	<u>198,157</u>
Total	<u>\$ 1,324,970</u>	<u>555,987</u>	<u>1,082,263</u>

(Continued)

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

(ii) Payables

<u>Item</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Commission payable	\$ 265,011	196,354	233,661
Due to ceding companies	228,000	98,338	128,346
Reinsurance premium payable	821,618	484,424	618,244
Reinsurance commission payable	1,535	1,207	1,260
Insurance claims payable	14,317	10,001	17,269
Other payables	485,494	444,267	326,648
Total	<u>\$ 1,815,975</u>	<u>1,234,591</u>	<u>1,325,428</u>

(iii) Receivables of insurance contracts

<u>Item</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Notes receivable	\$ 311,557	259,513	253,875
Less : Loss allowance	(170)	(149)	(676)
Total	<u>\$ 311,387</u>	<u>259,364</u>	<u>253,199</u>

<u>Item</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Premiums receivable			
Fire insurance	\$ 294,668	23,657	268,022
Marine insurance	72,085	22,095	33,011
Hull and fishing vessel insurance	32,426	3,005	17,535
Other accident insurance	337,167	48,600	187,948
Compulsory pure premium	6,886	7,503	7,915
Voluntary automobile insurance	41,172	5,992	36,165
Compulsory automobile liability insurance	3,073	3,599	3,590
Overdue receivables	52,803	51,042	85,385
Subtotal	840,280	165,493	639,571
Less : Loss allowance	(7,804)	(5,623)	(8,664)
Total	<u>\$ 832,476</u>	<u>159,870</u>	<u>630,907</u>

(Continued)

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

(iv) Other receivables

<u>Item</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other receivables	\$ 226,017	179,679	238,486
Less : Loss allowance	(44,910)	(42,926)	(40,329)
Total	<u>\$ 181,107</u>	<u>136,753</u>	<u>198,157</u>

As of June 30, 2024, December 31 and June 30, 2023, the overdue receivables in notes receivable, premiums receivable and other receivables were \$97,075, \$93,220 and \$125,171, which provisioned the loss allowance \$52,884, \$48,698 and \$49,669, respectively. The movements of the loss allowance for receivables were as follows:

	<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 48,698	44,355
Loss recognized	4,186	5,314
Ending balance	<u>\$ 52,884</u>	<u>49,669</u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Under 90 days	\$ 1,303,176	540,997	1,060,730
91~270 days	35,354	26,266	36,227
More than 271 days	39,324	37,422	34,975

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

(v) Payables of insurance contracts

<u>Item</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Commission payable	<u>\$ 265,011</u>	<u>196,354</u>	<u>233,661</u>

(Continued)

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

(c) Reinsurance assets

	June 30, 2024	December 31, 2023	June 30, 2023
Claims recoverable from reinsurers (Note 6(d))	\$ 213,825	237,038	244,414
Due from reinsurers and ceding companies – net (Note 6(e))	300,925	289,938	225,725
Reinsurance reserve assets (Note 6(n))			
Ceded unearned premiums reserve	2,052,365	1,777,831	1,848,160
Ceded claim reserve	2,622,750	1,885,063	2,145,924
Ceded premium deficiency reserve	36,735	12,536	76,154
Total	<u>\$ 5,226,600</u>	<u>4,202,406</u>	<u>4,540,377</u>

(d) Claims recoverable from reinsurers

Item	June 30, 2024	December 31, 2023	June 30, 2023
Fire insurance	\$ 20,463	11,676	12,816
Marine insurance	515	2,335	475
Land and air insurance	4	32	4
Liability insurance	53,228	62,906	63,365
Surety insurance	165	-	15
Other property insurance	88,531	98,469	97,112
Accident insurance	7,886	8,635	9,795
Health insurance	730	1,307	3,058
Compulsory automobile liability insurance	42,234	51,642	57,592
Overdue receivables	69	36	182
Less : Loss allowance	-	-	-
Total	<u>\$ 213,825</u>	<u>237,038</u>	<u>244,414</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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Due from ceding companies	\$ 76,614	167,833	32,117
Reinsurance premium receivable	62,295	58,428	92,696
Reinsurance commission receivable	154,404	63,633	98,574
Overdue receivables	<u>32,017</u>	<u>14,495</u>	<u>16,221</u>
Subtotal	325,330	304,389	239,608
Less : Loss allowance	<u>(24,405)</u>	<u>(14,451)</u>	<u>(13,883)</u>
Total	<u>\$ 300,925</u>	<u>289,938</u>	<u>225,725</u>

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

	<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 14,451	-
Loss recognized	<u>9,954</u>	<u>13,883</u>
Ending balance	<u>\$ 24,405</u>	<u>13,883</u>

(ii) Payables of insurance contracts

<u>Item</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Due to ceding companies	\$ 228,000	98,338	128,346
Reinsurance premium payable	821,618	484,424	618,244
Reinsurance commission payable	<u>1,535</u>	<u>1,207</u>	<u>1,260</u>
Total	<u>\$ 1,051,153</u>	<u>583,969</u>	<u>747,850</u>

(Continued)

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

(f) Financial assets

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Beneficiary certificate	\$ 657,736	213,233	147,071
Real estate investment trust beneficiary certificate	320,163	321,109	338,885
Domestic listed stocks and OTC stocks	1,580,477	1,187,177	817,087
Foreign stock	<u>272,972</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,831,348</u>	<u>1,721,519</u>	<u>1,303,043</u>

Sensitivity analysis - the risk of equity price:

If there is an increase in the securities' price of 1% on the reporting date (assume that all other variables remain the same), the impact on comprehensive income for the six months ended June 30, 2024 and 2023 will increase \$27,768 and \$13,030, respectively. Conversely, if there is a decrease in the securities' price of 1% on the reporting date based on all other variables remain the same, there will be the same amount but opposite direction of influence.

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Debt investments at fair value through other comprehensive income:			
Financial bonds	\$ 97,240	-	-
Corporate bonds	<u>369,476</u>	<u>-</u>	<u>-</u>
Subtotal	<u>466,716</u>	<u>-</u>	<u>-</u>
Equity investments at fair value through other comprehensive income:			
Domestic listed stocks and OTC stocks	\$ 2,408,154	2,336,417	2,241,743
Domestic unlisted stocks	<u>14,434</u>	<u>14,658</u>	<u>15,120</u>
Subtotal	<u>2,422,588</u>	<u>2,351,075</u>	<u>2,256,863</u>
Total	<u>\$ 2,889,304</u>	<u>2,351,075</u>	<u>2,256,863</u>

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

1) Debt investments at fair value through other comprehensive income

The Company has assessed that the securities are held within a business model whose objective is achieved by both collecting the contractual cash flows and selling securities. Therefore, the Company was classified as financial assets measured at fair value through other comprehensive income.

2) Equity investments at fair value through other comprehensive income

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

During the three months and six months ended June 30, 2024 and 2023, the dividends of \$3,850, \$35,692, \$3,850 and \$35,692, respectively, related to equity investments at fair value through other comprehensive income held on the periods then ended, were recognized; the dividend of \$3,536, \$0, \$3,536 and \$0, respectively, related to the investments derecognized during the three months and six months ended June 30, 2024 and 2023 were recognized.

The Company disposed shares designated as measured at fair value through other comprehensive income due to assets allocation, managing and rearranging portfolio. The disposed shares, during the three months and six months ended June 30, 2024 and 2023, were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Fair value	\$ 94,155	-	94,155	-
Accumulate gains by disposing	\$ 13,208	-	13,208	-

The accumulate gains by disposing above have 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 six months ended June 30, 2024 and 2023 will increase \$24,226 and \$22,569, 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.

3) Please refer to Note 6(u) for further information of credit risk.

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

- 4) The Company had assessed the impairment of the debt instruments of financial assets measured at fair value through other comprehensive income for the six months ended June 30, 2024. Please refer to Note 6 (u) for the change in allowance for credit losses attribute to the above financial assets. Please refer to Note 6(u) for further information of the movement in loss allowance of debt investments at fair value through other comprehensive income.

(iii) Financial assets at amortized cost

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Government bonds	\$ 614,469	614,701	614,936
Financial bonds	1,300,000	1,300,000	1,300,000
Corporate bonds	<u>1,150,000</u>	<u>1,050,000</u>	<u>950,000</u>
Subtotal	3,064,469	2,964,701	2,864,936
Less: Security deposits	(397,380)	(397,621)	(397,865)
Loss allowance	<u>(4,844)</u>	<u>(4,582)</u>	<u>(5,590)</u>
Total	<u>\$ 2,662,245</u>	<u>2,562,498</u>	<u>2,461,481</u>

- 1) The Company assessed financial assets that are held to maturity in order to collect contractual cash flows, which are solely payments of principal and interest on the principal amount outstanding. Therefore, these financial assets were classified as measured at amortized cost.
- 2) Please refer to Note 6(u) for further information of credit risk.
- 3) The Company's financial assets measured at amortized cost had been pledged partially, please refer to Note 8.
- 4) Please refer to Note 6(u) for further information of the movement in loss allowance of financial assets at amortized cost.

(iv) Other financial assets, net:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Time deposits— initial maturity date over than three months	\$ 1,774,200	1,919,700	1,809,800
Less: Security deposits	<u>(47,000)</u>	<u>(47,000)</u>	<u>(47,000)</u>
Total	<u>\$ 1,727,200</u>	<u>1,872,700</u>	<u>1,762,800</u>

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

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

(v) Capital outsourcing information

As of June 30, 2024, December 31 and June 30, 2023, the Company had outsourced to Securities Investment Trust to manage investment project and capital amount. Further information were as follows:

Investment	June 30, 2024	December 31, 2023	June 30, 2023
<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Domestic listed stocks and OTC stocks, bonds purchased under resale agreements, short term bills, etc.	\$ <u>2,200,000</u>	<u>1,700,000</u>	<u>1,500,000</u>

The investment project was mentioned above, and the carrying amount as of June 30, 2024, December 31 and June 30, 2023 were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Cash and cash equivalents	\$ 974,828	658,937	594,618
Financial assets at fair value through profit or loss - stocks	1,137,043	1,060,528	817,087
Financial assets at fair value through other comprehensive income - bonds	466,716	-	-
Total	\$ <u>2,578,587</u>	<u>1,719,465</u>	<u>1,411,705</u>

(g) Investment property

The cost, accumulated depreciation, and accumulated impairment loss of the investment property of the Company for the six months ended June 30, 2024 and 2023, were as follows:

	Land and improvement	Buildings and construction	Total
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Cost or deemed cost:			
Balance at January 1, 2024	\$ 920,829	224,477	1,145,306
Reclassification from property, plant and equipment	41,440	20,778	62,218
Reclassification to property, plant and equipment	(207,886)	(18,610)	(226,496)
Balance at June 30, 2024	\$ <u>754,383</u>	<u>226,645</u>	<u>981,028</u>
Balance at June 30, 2023 (Same as January 1, 2022)	\$ <u>727,887</u>	<u>217,104</u>	<u>944,991</u>

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

	<u>Land and improvement</u>	<u>Buildings and construction</u>	<u>Total</u>
Accumulated depreciation and impairment loss			
Balance at January 1, 2024	\$ 2,359	95,438	97,797
Depreciation	-	2,490	2,490
Reclassification from property, plant and equipment	-	10,973	10,973
Reclassification to property, plant and equipment	-	(5,329)	(5,329)
Balance at June 30, 2024	<u>\$ 2,359</u>	<u>103,572</u>	<u>105,931</u>
Balance at January 1, 2023	\$ 2,359	90,937	93,296
Depreciation	-	2,406	2,406
Balance at June 30, 2023	<u>\$ 2,359</u>	<u>93,343</u>	<u>95,702</u>
Carrying amount:			
January 1, 2024	<u>\$ 918,470</u>	<u>129,039</u>	<u>1,047,509</u>
June 30, 2024	<u>\$ 752,024</u>	<u>123,073</u>	<u>875,097</u>
January 1, 2023	<u>\$ 725,528</u>	<u>126,167</u>	<u>851,695</u>
June 30, 2023	<u>\$ 725,528</u>	<u>123,761</u>	<u>849,289</u>
Fair value:			
January 1, 2024			<u>\$ 2,058,304</u>
June 30, 2024			<u>\$ 1,899,184</u>
January 1, 2023			<u>\$ 1,568,918</u>
June 30, 2023			<u>\$ 1,566,580</u>

On June 30, 2024, December 31 and June 30, 2023, the assessment of fair value of investment property mainly referred to the market trade.

As of June 30, 2024, December 31 and June 30, 2023, the Company's investment property had not been pledged as collateral.

(h) Property, plant and equipment

The cost, accumulated depreciation, and accumulated impairment loss of the property, plant and equipment of the Company for the six months ended June 30, 2024 and 2023, were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Computer equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Leasehold improvement</u>	<u>Total</u>
Cost:							
Balance at January 1, 2024	\$ 951,838	529,263	191,948	579	56,092	2,930	1,732,650
Additions	-	1,198	9,855	-	1,438	-	12,491
Reclassification from prepayments for equipment	-	-	16,390	-	-	-	16,390
Reclassification from investment property	207,886	18,610	-	-	-	-	226,496
Reclassification to investment property	(41,440)	(20,778)	-	-	-	-	(62,218)
Disposal	(1,791)	(3,399)	-	-	-	-	(5,190)
Scrap	-	-	(1,208)	-	(466)	-	(1,674)
Balance at June 30, 2024	<u>1,116,493</u>	<u>524,894</u>	<u>216,985</u>	<u>579</u>	<u>57,064</u>	<u>2,930</u>	<u>1,918,945</u>

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

	Land	Buildings and construction	Computer equipment	Transportation equipment	Other equipment	Leasehold improvement	Total
Balance at January 1, 2023	\$ 945,824	518,148	192,284	579	55,997	2,004	1,714,836
Additions	-	2,591	947	-	1,145	926	5,609
Scrap	-	-	(917)	-	(876)	-	(1,793)
Balance at June 30, 2023	945,824	520,739	192,314	579	56,266	2,930	1,718,652
Accumulated depreciation and impairment loss:							
Balance at January 1, 2024	15,196	201,268	176,952	579	49,169	2,122	445,286
Depreciation	-	7,765	4,160	-	1,864	140	13,929
Reclassification from investment property	-	5,329	-	-	-	-	5,329
Reclassification to investment property	-	(10,973)	-	-	-	-	(10,973)
Disposal	-	(1,505)	-	-	-	-	(1,505)
Scrap	-	-	(1,208)	-	(466)	-	(1,674)
Balance at June 30, 2024	15,196	201,884	179,904	579	50,567	2,262	450,392
Balance at January 1, 2023	15,196	185,858	171,412	579	47,749	1,774	422,568
Depreciation	-	7,553	5,954	-	2,023	166	15,696
Scrap	-	-	(917)	-	(876)	-	(1,793)
Balance at June 30, 2023	15,196	193,411	176,449	579	48,896	1,940	436,471
Carrying amount:							
January 1, 2024	\$ <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>
June 30, 2024	\$ <u>1,101,297</u>	<u>323,010</u>	<u>37,081</u>	<u>-</u>	<u>6,497</u>	<u>668</u>	<u>1,468,553</u>
January 1, 2023	\$ <u>930,628</u>	<u>332,290</u>	<u>20,872</u>	<u>-</u>	<u>8,248</u>	<u>230</u>	<u>1,292,268</u>
June 30, 2023	\$ <u>930,628</u>	<u>327,328</u>	<u>15,865</u>	<u>-</u>	<u>7,370</u>	<u>990</u>	<u>1,282,181</u>

As of June 30, 2024, December 31 and June 30, 2023, the Company's property, plant and equipment had not been pledged as collateral.

(i) Right-of-use assets

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

	Buildings and construction	Transportation equipment	Total
Cost of right-of-use assets:			
January 1, 2024	\$ 26,197	9,902	36,099
Additions	1,970	4,479	6,449
Derecognition	(1,836)	(2,811)	(4,647)
June 30, 2024	\$ <u>26,331</u>	<u>11,570</u>	<u>37,901</u>
January 1, 2023	\$ 25,844	9,088	34,932
Additions	19,458	-	19,458
Derecognition	(18,763)	-	(18,763)
June 30, 2023	\$ <u>26,539</u>	<u>9,088</u>	<u>35,627</u>
Depreciation of right-of-use assets:			
January 1, 2024	\$ 11,767	6,599	18,366
Depreciation	6,446	1,743	8,189
Derecognition	(1,804)	(2,811)	(4,615)
June 30, 2024	\$ <u>16,409</u>	<u>5,531</u>	<u>21,940</u>

(Continued)

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

	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Total</u>
January 1, 2023	\$ 19,053	4,083	23,136
Depreciation	7,300	979	8,279
Derecognition	(18,325)	-	(18,325)
June 30, 2023	<u>\$ 8,028</u>	<u>5,062</u>	<u>13,090</u>
Carrying amount:			
January 1, 2024	<u>\$ 14,430</u>	<u>3,303</u>	<u>17,733</u>
June 30, 2024	<u>\$ 9,922</u>	<u>6,039</u>	<u>15,961</u>
January 1, 2023	<u>\$ 6,791</u>	<u>5,005</u>	<u>11,796</u>
June 30, 2023	<u>\$ 18,511</u>	<u>4,026</u>	<u>22,537</u>

(j) Lease liabilities

The Company's lease liabilities were as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Less than one year	\$ 10,770	13,700	14,083
Between one and five years	5,370	4,229	8,607
Total	<u>\$ 16,140</u>	<u>17,929</u>	<u>22,690</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	<u>\$ 99</u>	<u>136</u>	<u>198</u>	<u>225</u>

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

	<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Total cash outflow for leases	<u>\$ 8,403</u>	<u>8,482</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.

(Continued)

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

(k) Operating lease

The Company leases out its investment properties, during the six months ended June 30, 2024 and 2023, there are no significant new operating lease agreements, please refer to Notes 6(k) of the financial statements for the year ended December 31, 2023 for related information.

(l) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material workforce reduction, reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

The Company's expenses recognized in profit or loss amounted to \$1,765, \$1,919, \$3,531 and \$3,838 for the three months and six months ended June 30, 2024 and 2023, respectively.

(ii) Defined contribution plan

The pension costs of the Company incurred from the contributions to the Bureau of the Labor Insurance amounted to \$8,501, \$8,806, \$17,001 and \$17,543 for the three months and six months ended June 30, 2024 and 2023, respectively.

(m) Remunerations to employees and directors

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

For the three months and six months ended June 30, 2024 and 2023, the Company estimated its employees remuneration amounting to \$6,000, \$0, \$8,000 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 of the Company in 2023 and 2022 were \$2,000, \$0 and remunerations to directors all amounting to \$0, respectively. There is no difference in the actual distribution situation. Relevant information can be obtained from the Market Observation Post System.

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

(n) Insurance liability

	June 30, 2024	December 31, 2023	June 30, 2023
Unearned premium reserve	\$ 7,088,977	6,300,340	6,528,847
Claims reserve	6,005,649	5,009,156	5,081,663
Special reserve	924,473	974,014	957,621
Premium deficiency reserve	40,454	14,088	80,635
Total	<u>\$ 14,059,553</u>	<u>12,297,598</u>	<u>12,648,766</u>

(i) Unearned premium reserve

1) Unearned premium reserve and ceded unearned premium reserves

Item	June 30, 2024				
	Unearned premium reserve		Ceded unearned premium reserve		Retained business
	Direct business	Reinsurance ceded in	Reinsurance ceded out		
Fire insurance	\$ 1,025,253	30,652	628,431	427,474	
Marine insurance	101,803	1,607	82,413	20,997	
Land and air insurance	29,248	-	22,836	6,412	
Liability insurance	1,909,419	20,457	267,783	1,662,093	
Surety insurance	13,047	606	6,311	7,342	
Other property insurance	2,941,353	56,464	800,544	2,197,273	
Accident insurance	417,620	3,515	33,568	387,567	
Health insurance	22,297	-	232	22,065	
Compulsory automobile liability insurance	350,385	165,251	210,247	305,389	
Total	<u>\$ 6,810,425</u>	<u>278,552</u>	<u>2,052,365</u>	<u>5,036,612</u>	

(Continued)

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

December 31, 2023					
Item	Unearned premium reserve		Ceded unearned premium reserve		Retained business
	Direct business	Reinsurance ceded in	Reinsurance ceded out		
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
Total	\$ 6,020,537	279,803	1,777,831		4,522,509

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

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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 six months ended June 30, 2024													
Items	Premium revenue	Reinsurance premium	Reinsurance expense	Retained Premium	Direct business Unearned premium reserve		Reinsurance ceded in Unearned premium reserve		Net change in unearned premium reserve	Reinsurance ceded out Unearned premium reserve		Net change in ceded unearned premium reserve	Retained earned premium
					Provision	Recovery	Provision	Recovery		Provision	Recovery		
Compulsory insurance	\$ 460,900	151,183	193,104	418,979	350,385	353,893	165,251	165,127	(3,384)	210,247	212,351	(2,104)	420,259
Non-compulsory insurance	6,644,687	85,193	2,029,338	4,700,542	6,460,040	5,665,647	113,301	114,676	793,018	1,842,118	1,565,480	276,638	4,184,162
Total	\$ 7,105,587	236,376	2,222,442	5,119,521	6,810,425	6,019,540	278,552	279,803	789,634	2,052,365	1,777,831	274,534	4,604,421

For the six months ended June 30, 2023													
Items	Premium revenue	Reinsurance premium	Reinsurance expenses	Retained Premium	Direct business Unearned premium reserve		Reinsurance ceded in Unearned premium reserve		Net change in unearned premium reserve	Reinsurance ceded out Unearned premium reserve		Net change in ceded unearned premium reserve	Retained earned premium
					Provision	Recovery	Provision	Recovery		Provision	Recovery		
Compulsory insurance	\$ 467,640	151,017	196,758	421,899	359,409	362,630	165,008	165,582	(3,795)	215,664	217,590	(1,926)	423,768
Non-compulsory insurance	5,810,112	100,040	1,623,905	4,286,247	5,858,870	5,239,682	145,560	139,899	624,849	1,632,496	1,403,566	228,930	3,890,328
Total	\$ 6,277,752	251,057	1,820,663	4,708,146	6,218,279	5,602,312	310,568	305,481	621,054	1,848,160	1,621,156	227,004	4,314,096

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

Item	For the six months ended June 30, 2024	
	Unearned premium reserve	Ceded unearned premium reserve
Beginning balance	\$ 6,300,340	1,777,831
Provision	7,088,977	2,052,365
Recovery	(6,300,340)	(1,777,831)
Ending balance	\$ 7,088,977	2,052,365

Item	For the six months ended June 30, 2023	
	Unearned premium reserve	Ceded unearned premium reserve
Beginning balance	\$ 5,908,746	1,621,156
Provision	6,528,847	1,848,160
Recovery	(5,908,746)	(1,621,156)
Ending balance	\$ 6,528,847	1,848,160

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.

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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 June 30, 2024, December 31 and June 30, 2023, the relevant unearned premium reserve from the business transfer and intangible assets were \$11,473 and \$8,050, \$12,891 and \$9,047, \$14,250 and \$10,003, 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.

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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.

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

In accordance with the provisions of the Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No. 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 six months ended June 30,	
	2024	2023
Beginning balance	\$ 135,259	90,188
Provision	29,299	26,124
Ending balance	\$ 164,558	116,312

Special reserve – Non-Compulsory Automobile Liability Insurance

Item	For the six months ended June 30, 2024						
	Liability			Special reserve			
	Catastrophic risk	Contingency risk	Total	Contingency risk	Contingency risk	Travel Insurance	Total
Beginning balance	\$ 96,414	738,185	834,599	992,188	2,066,074	22,575	3,080,837
Recovery	(2,512)	(76,328)	(78,840)	-	-	-	-
Ending balance	\$ 93,902	661,857	755,759	992,188	2,066,074	22,575	3,080,837

Item	For the six months ended June 30, 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
Recovery	(2,512)	-	(2,512)	-	-	-	-
Ending balance	\$ 98,968	738,185	837,153	884,765	1,841,170	10,314	2,736,249

Note: The liability of special reserve mentioned above means non-compulsory automobile liability insurance reserve had been provisioned before January 1, 2011. In addition, Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No.11101405951, which is the base of recovered special reserve for the six months ended June 30, 2024 and 2023.

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

2) Special reserve -Other

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

(iii) Claims reserve

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

Item	June 30, 2024			
	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
Fire insurance	\$ -	1,739,580	173,428	1,913,008
Marine insurance	-	72,143	64,760	136,903
Land and air insurance	-	11,760	18,124	29,884
Liability insurance	5,085	1,251,672	432,823	1,684,495
Surety insurance	1	23,890	6,852	30,742
Other property insurance	5,554	977,954	116,939	1,094,893
Accident insurance	1,646	63,616	245,196	308,812
Health insurance	162	1,477	13,282	14,759
Compulsory automobile liability insurance	1,869	228,934	563,219	792,153
Total	\$ 14,317	4,371,026	1,634,623	6,005,649

(Continued)

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

December 31, 2023				
Item	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
Total	\$ 10,001	3,484,170	1,524,986	5,009,156

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

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

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

June 30, 2024			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 1,410,418	41,793	1,452,211
Marine insurance	49,405	44,456	93,861
Land and air insurance	6,594	13,053	19,647
Liability insurance	164,356	65,435	229,791
Surety insurance	8,844	1,904	10,748
Other property insurance	400,839	28,588	429,427
Accident insurance	7,163	46,265	53,428
Health insurance	200	2,954	3,154
Compulsory automobile liability insurance	87,703	242,780	330,483
Total	\$ 2,135,522	487,228	2,622,750
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	\$ 1,385,661	499,402	1,885,063

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

June 30, 2023			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 829,102	34,160	863,262
Marine insurance	146,305	45,809	192,114
Land and air insurance	32,818	12,820	45,638
Liability insurance	161,559	53,347	214,906
Surety insurance	8,319	1,887	10,206
Other property insurance	437,420	19,674	457,094
Accident insurance	7,321	40,997	48,318
Health insurance	285	3,195	3,480
Compulsory automobile liability insurance	73,103	237,803	310,906
Total	\$ 1,696,232	449,692	2,145,924

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

For the six months ended June 30, 2024								
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	\$ 1,595,252	963,732	317,756	34,219	915,057	1,452,211	638,337	813,874
Marine insurance	131,844	164,660	5,059	5,106	(32,863)	93,861	120,963	(27,102)
Land and air insurance	28,363	54,037	1,521	2,517	(26,670)	19,647	45,261	(25,614)
Liability insurance	1,654,893	1,621,996	29,602	27,508	34,991	229,791	241,717	(11,926)
Surety insurance	28,664	22,545	2,078	1,985	6,212	10,748	10,023	725
Other property insurance	1,073,055	995,445	21,838	20,533	78,915	429,427	436,972	(7,545)
Accident insurance	292,572	269,620	16,240	15,384	23,808	53,428	56,468	(3,040)
Health insurance	12,540	18,169	2,219	2,201	(5,611)	3,154	3,164	(10)
Compulsory automobile liability insurance	553,002	555,767	239,151	233,732	2,654	330,483	332,183	(1,700)
Total	\$ 5,370,185	4,665,971	635,464	343,185	996,493	2,622,750	1,885,088	737,662

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

(Continued)

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

4) The movements in claims reserve and ceded claims reserve

Item	For the six months ended June 30,			
	2024		2023	
	Claims reserve	Ceded claims reserve	Claims reserve	Ceded claims reserve
Beginning balance	\$ 5,009,156	1,885,063	4,827,175	1,927,315
Provision	6,005,649	2,622,750	5,081,663	2,145,924
Recovery	(5,009,156)	(1,885,088)	(4,827,175)	(1,927,315)
Impairment loss reversed(recognized)	-	25	-	-
Ending balance	<u>\$ 6,005,649</u>	<u>2,622,750</u>	<u>5,081,663</u>	<u>2,145,924</u>

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

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

(iv) Premium deficiency reserve

- 1) Premium deficiency reserve and ceded premium deficiency reserve

Item	June 30, 2024			
	Premium deficiency reserve		Ceded premium deficiency reserve	
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	Retained business
Fire insurance	\$ 39,403	376	36,735	3,044
Marine insurance	407	-	-	407
Land and air insurance	268	-	-	268
Total	<u>\$ 40,078</u>	<u>376</u>	<u>36,735</u>	<u>3,719</u>

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>

(Continued)

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

June 30, 2023

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

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

For the six months ended June 30, 2024

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	\$ 39,403	12,183	376	353	27,243	36,735	12,536	24,199	3,044
Marine insurance	407	1,552	-	-	(1,145)	-	-	-	(1,145)
Land and air insurance	268	-	-	-	268	-	-	-	268
Total	<u>\$ 40,078</u>	<u>13,735</u>	<u>376</u>	<u>353</u>	<u>26,366</u>	<u>36,735</u>	<u>12,536</u>	<u>24,199</u>	<u>2,167</u>

For the six months ended June 30, 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	\$ 74,742	57,717	3,378	1,551	18,852	76,120	57,390	18,730	122
Marine insurance	2,481	1,146	-	-	1,335	-	-	-	1,335
Health insurance	34	393,777	-	-	(393,743)	34	764	(730)	(393,013)
Total	<u>\$ 77,257</u>	<u>452,640</u>	<u>3,378</u>	<u>1,551</u>	<u>(373,556)</u>	<u>76,154</u>	<u>58,154</u>	<u>18,000</u>	<u>(391,556)</u>

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

For the six months ended June 30, 2024

Item	Premium deficiency reserve	Ceding premium deficiency reserve
Beginning balance	\$ 14,088	12,536
Provision	40,454	36,735
Recovery	(14,088)	(12,536)
Ending balance	<u>\$ 40,454</u>	<u>36,735</u>

For the six months ended June 30, 2023

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

(Continued)

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

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

(o) Income tax

The components of the Company's income tax for the three months and six months ended June 30, 2024 and 2023 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Current income tax expenses	\$ 45,465	5,557	97,424	5,557

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

(p) Capital and other equity

(i) Share capital

As of June 30, 2024, December 31 and June 30, 2023, 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.

(Continued)

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

According to the letter from the Financial Supervisory Commission Jin Guan Bao Cai Zi No. 10502066464 on July 13, 2016. The insurance industry should allocate a special surplus reserve from 0.5% to 1% of the net profit after tax when the 2016-2018 fiscal year surplus is distributed. Moreover, since 2017, the expense of employee transferring training, transferring occupation, and settle down during the development of financial technology should be reversal. As of June 30, 2024, December 31 and June 30, 2023 the special reserve distributed by the Company in accordance with the regulations were \$0, \$1,172 and \$1,172, respectively.

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.

Both the profit and loss make-up proposal for 2023 and the loss make-up proposal for 2022 had been approved during the shareholder's meeting on June 24, 2024 and June 7, 2023.

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.

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

(q) Earnings per share

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net income attributable to ordinary shareholders of the Company	\$ <u>295,668</u>	<u>565,844</u>	<u>700,250</u>	<u>764,920</u>
Weighted average number of ordinary shares (thousands shares)	<u>223,608</u>	<u>223,608</u>	<u>223,608</u>	<u>223,608</u>
Basic earnings per share (NT dollars)	\$ <u>1.32</u>	<u>2.53</u>	<u>3.13</u>	<u>3.42</u>
Diluted earnings per share				
Net income attributable to ordinary shareholders of the Company	\$ <u>295,668</u>	<u>565,844</u>	<u>700,250</u>	<u>764,920</u>
Weighted average number of ordinary shares (thousands shares)	223,608	223,608	223,608	223,608
Employee share options	<u>230</u>	<u>-</u>	<u>252</u>	<u>-</u>
Weighted average number of ordinary shares (Dilutive potential common shares)(thousands shares)	<u>223,838</u>	<u>223,608</u>	<u>223,860</u>	<u>223,608</u>
Diluted earnings per share (NT dollars)	\$ <u>1.32</u>	<u>2.53</u>	<u>3.13</u>	<u>3.42</u>

(Continued)

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

(r) Disclosure of acquisition cost of insurance contracts

Acquisition cost of insurance contracts

For the three months ended June 30, 2024						
Item	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 52,441	-	-	348	-	52,789
Marine insurance	6,415	-	-	39	-	6,454
Land and air insurance	884	-	-	-	-	884
Liability insurance	173,076	-	-	957	-	174,033
Surety insurance	1,048	-	-	-	-	1,048
Other property insurance	178,340	-	-	3,577	-	181,917
Accident insurance	59,781	-	-	-	-	59,781
Health insurance	10,651	-	-	-	-	10,651
Compulsory automobile liability insurance	30,348	-	-	-	-	30,348
Total	\$ 512,984	-	-	4,921	-	517,905

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

(Continued)

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

For the six months ended June 30, 2024						
Item	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 100,797	-	-	554	-	101,351
Marine insurance	14,566	-	-	99	-	14,665
Land and air insurance	2,004	-	-	-	-	2,004
Liability insurance	358,451	-	-	2,232	-	360,683
Surety insurance	2,005	-	-	-	-	2,005
Other property insurance	382,697	-	-	8,411	-	391,108
Accident insurance	126,479	-	-	-	-	126,479
Health insurance	16,684	-	-	-	-	16,684
Compulsory automobile liability insurance	60,476	-	-	-	-	60,476
Total	\$ 1,064,159	-	-	11,296	-	1,075,455

For the six months ended June 30, 2023						
Item	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 94,283	-	-	150	-	94,433
Marine insurance	13,372	-	-	141	-	13,513
Land and air insurance	1,653	-	-	-	-	1,653
Liability insurance	317,424	-	-	1,837	-	319,261
Surety insurance	1,873	-	-	2	-	1,875
Other property insurance	349,317	-	-	6,042	-	355,359
Accident insurance	124,231	-	-	151	-	124,382
Health insurance	11,798	-	-	-	-	11,798
Compulsory automobile liability insurance	61,036	-	-	-	-	61,036
Total	\$ 974,987	-	-	8,323	-	983,310

(Continued)

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

(s) Disclosure of insurance cost-benefit analysis

(i) Direct written business cost-benefit analysis

For the three months ended June 30, 2024						
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	\$ 711,860	182,555	52,441	170,748	576,216	(270,100)
Marine insurance	97,269	17,127	6,415	13,749	(11,392)	71,370
Land and air insurance	26,004	(5,984)	884	265	(5,229)	36,068
Liability insurance	962,687	47,747	173,076	478,646	6,937	256,281
Surety insurance	7,430	1,365	1,048	377	(85)	4,725
Other property insurance	1,252,511	146,995	178,340	518,844	36,237	372,095
Accident insurance	264,178	(9,704)	59,781	101,766	9,165	103,170
Health insurance	42,840	13,037	10,651	7,547	(3,401)	15,006
Compulsory automobile liability insurance	234,575	(497)	30,348	148,873	(49,511)	105,362
Total	\$ 3,599,354	392,641	512,984	1,440,815	558,937	693,977
For the three months ended June 30, 2023						
Item	Written premium	The net change in unearned premium reserve	Insurance contract acquisition cost	Claims	The net change in claims reverse	Gain (Loss)
Fire insurance	\$ 646,190	225,980	52,699	99,555	(22,995)	290,951
Marine insurance	65,665	3,054	6,153	25,416	(10,073)	41,115
Land and air insurance	26,563	1,517	748	2,747	(3,164)	24,715
Liability insurance	858,754	11,210	152,652	473,209	42,940	178,743
Surety insurance	6,215	1,012	924	220	54	4,005
Other property insurance	1,003,662	(1,479)	167,518	580,592	(58,102)	315,133
Accident insurance	265,271	(18,012)	63,565	135,782	(10,344)	94,280
Health insurance	32,202	11,325	8,401	43,889	(79,668)	48,255
Compulsory automobile liability insurance	234,653	(2,370)	30,521	137,934	(1,411)	69,979
Total	\$ 3,139,175	232,237	483,181	1,499,344	(142,763)	1,067,176

(Continued)

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

For the six months ended June 30, 2024

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	\$ 1,213,257	162,263	100,797	224,004	631,520	94,673
Marine insurance	168,368	23,723	14,566	26,070	(32,816)	136,825
Land and air insurance	40,935	(20,895)	2,004	2,512	(25,674)	82,988
Liability insurance	1,996,923	181,823	358,451	951,842	32,897	471,910
Surety insurance	13,607	1,826	2,005	4,861	6,119	(1,204)
Other property insurance	2,559,147	377,629	382,697	979,083	77,610	742,128
Accident insurance	586,831	56,854	126,479	210,038	22,952	170,508
Health insurance	65,619	11,170	16,684	15,872	(5,629)	27,522
Compulsory automobile liability insurance	460,900	(3,508)	60,476	283,918	(2,765)	122,779
Total	\$ <u>7,105,587</u>	<u>790,885</u>	<u>1,064,159</u>	<u>2,698,200</u>	<u>704,214</u>	<u>1,848,129</u>

For the six months ended June 30, 2023

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

(Continued)

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

(ii) Reinsurance cost-benefit analysis

For the three months ended June 30, 2024						
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	\$ 18,152	(2,200)	348	8	284,050	(264,054)
Marine insurance	2,962	1,028	39	11	18	1,866
Land and air insurance	-	-	-	(1)	(22)	23
Liability insurance	4,269	(4,292)	957	3,404	147	4,053
Surety insurance	198	(106)	-	43	7	254
Other property insurance	13,543	3,965	3,577	2,310	1,102	2,589
Accident insurance	1,676	(13)	-	441	434	814
Health insurance	-	-	-	-	11	(11)
Compulsory automobile liability insurance	70,236	(1,393)	-	68,434	592	2,603
Total	\$ 111,036	(3,011)	4,921	74,650	286,339	(251,863)
For the three months ended June 30, 2023						
Item	Reinsurance premium	The net change in unearned premium reserve	Reinsurance commission expense	Reinsurance Claims	The net change in claims reverse	Ceded in Gain (Loss)
Fire insurance	\$ 12,953	(10,139)	218	23	4,503	18,348
Marine insurance	3,427	1,203	77	36	502	1,609
Land and air insurance	-	(269)	-	2,614	292	(2,637)
Liability insurance	3,658	(10,159)	852	794	7,079	5,092
Surety insurance	244	(98)	2	(1)	196	145
Other property insurance	11,600	4,169	2,885	2,177	6,395	(4,026)
Accident insurance	3,183	1,148	151	346	342	1,196
Health insurance	-	-	-	-	4	(4)
Compulsory automobile liability insurance	73,015	1,045	-	70,214	(2,108)	3,864
Total	\$ 108,080	(13,100)	4,185	76,203	17,205	23,587

(Continued)

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

For the six months ended June 30, 2024

<u>Item</u>	<u>Reinsurance premium</u>	<u>The net change in unearned premium reserve</u>	<u>Reinsurance commission expense</u>	<u>Reinsurance Claims</u>	<u>The net change in claims reverse</u>	<u>Ceded in Gain (Loss)</u>
Fire insurance	\$ 36,230	(4,679)	554	206	283,537	(243,388)
Marine insurance	3,998	692	99	(91)	(47)	3,345
Land and air insurance	-	-	-	37	(996)	959
Liability insurance	9,740	(8,533)	2,232	11,228	2,094	2,719
Surety insurance	682	51	-	39	93	499
Other property insurance	31,105	11,348	8,411	6,380	1,305	3,661
Accident insurance	3,438	(254)	-	812	856	2,024
Health insurance	-	-	-	-	18	(18)
Compulsory automobile liability insurance	151,183	124	-	145,652	5,419	(12)
Total	\$ <u>236,376</u>	<u>(1,251)</u>	<u>11,296</u>	<u>164,263</u>	<u>292,279</u>	<u>(230,211)</u>

For the six months ended June 30, 2023

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

(Continued)

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

(iii) Gain/Loss on reinsurance contracts

For the three months ended June 30, 2024						
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	\$ (607,172)	152,784	49,155	54,348	755,951	405,066
Marine insurance	(78,965)	21,831	5,889	9,421	(6,393)	(48,217)
Land and air insurance	(20,656)	(2,370)	388	164	(3,853)	(26,327)
Liability insurance	(121,876)	3,564	40,295	53,134	2,355	(22,528)
Surety insurance	(2,444)	317	191	164	(22)	(1,794)
Other property insurance	(340,719)	91,913	73,258	106,344	(1,370)	(70,574)
Accident insurance	(16,457)	(3,354)	4,711	9,812	(1,727)	(7,015)
Health insurance	(314)	(364)	16	752	(4)	86
Compulsory automobile liability insurance	(98,660)	(297)	-	88,779	(28,435)	(38,613)
Total	\$ (1,287,263)	264,024	173,903	322,918	716,502	190,084
For the three months ended June 30, 2023						
Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (445,511)	164,570	43,883	19,862	13,895	(203,301)
Marine insurance	(46,372)	(2,268)	3,507	21,133	(22,938)	(46,938)
Land and air insurance	(21,486)	1,365	372	2,701	(3,288)	(20,336)
Liability insurance	(124,205)	7,048	19,835	65,142	6,848	(25,332)
Surety insurance	(2,227)	645	148	67	25	(1,342)
Other property insurance	(220,906)	13,938	48,860	125,937	(10,696)	(42,867)
Accident insurance	(21,805)	4,365	6,147	12,515	(3,414)	(2,192)
Health insurance	(1,472)	1,727	93	3,081	12	3,441
Compulsory automobile liability insurance	(98,962)	(1,419)	-	83,952	(784)	(17,213)
Total	\$ (982,946)	189,971	122,845	334,390	(20,340)	(356,080)

(Continued)

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

For the six months ended June 30, 2024

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	\$ (962,998)	127,817	91,274	75,334	813,874	145,301
Marine insurance	(117,052)	17,289	9,760	17,241	(27,102)	(99,864)
Land and air insurance	(29,042)	(18,064)	834	1,589	(25,614)	(70,297)
Liability insurance	(250,021)	18,150	82,477	133,505	(11,926)	(27,815)
Surety insurance	(4,513)	258	260	3,330	725	60
Other property insurance	(623,693)	130,331	144,808	206,675	(7,545)	(149,424)
Accident insurance	(41,701)	2,574	11,262	19,403	(3,040)	(11,502)
Health insurance	(318)	(1,717)	19	2,209	(10)	183
Compulsory automobile liability insurance	(193,104)	(2,104)	-	169,413	(1,700)	(27,495)
Total	\$ (2,222,442)	274,534	340,694	628,699	737,662	(240,853)

For the six months ended June 30, 2023

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

(t) Disclosure of insurance contract risk

Except for the following disclosure, there were no significant changes in the Company's objectives, policies, procedures and methods used to manage the risk management of insurance contracts and the credit risk, liquidity risk and market risk of insurance contracts for the six months ended June 30, 2024 and 2023. For the related information, please refer to Note 6(t) of the financial statements for the year ended December 31, 2023.

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

(i) Insurance risk information

1) Sensitivity analysis of insurance risk

Item	For the six months ended June 30, 2024				
	Written premium	Expected rate of loss	Effect of profit or loss on 1% movement of expected rate of loss		
			Before reinsurance	After reinsurance	
Fire insurance	\$ 1,249,487	63.77 %	10,929	2,577	
Marine insurance	172,366	63.11 %	1,480	482	
Land and air insurance	40,935	68.59 %	618	147	
Liability insurance	2,006,663	67.06 %	18,334	16,015	
Surety insurance	14,289	72.72 %	124	82	
Other property insurance	2,590,252	64.08 %	22,013	17,079	
Accident insurance	590,269	73.58 %	5,337	4,945	
Health insurance	65,619	81.77 %	544	524	
Compulsory automobile liability insurance	612,083	No applicable	No applicable	No applicable	

Item	For the six months ended June 30, 2023				
	Written premium	Expected rate of loss	Effect of profit or loss on 1% movement of expected rate of loss		
			Before reinsurance	After reinsurance	
Fire insurance	\$ 1,123,661	64.14 %	8,628	3,058	
Marine insurance	127,280	62.90 %	1,383	480	
Land and air insurance	37,701	68.66 %	495	106	
Liability insurance	1,823,610	66.68 %	16,950	14,430	
Surety insurance	13,372	72.79 %	107	72	
Other property insurance	2,202,999	64.46 %	19,848	15,786	
Accident insurance	537,213	75.23 %	5,036	4,599	
Health insurance	44,316	75.00 %	416	383	
Compulsory automobile liability insurance	618,657	No applicable	No applicable	No applicable	

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 46.77% and 50.10% for the six months ended June 30, 2024 and 2023, 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 six months ended June 30,			
	2024		2023	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 682,294	9.29 %	587,788	9.00 %
Marine cargo insurance	131,634	1.79 %	101,873	1.56 %
Hull, fishing vessel and aviation insurance	79,934	1.09 %	61,148	0.94 %
Voluntary automobile insurance	3,433,560	46.77 %	3,270,968	50.10 %
Compulsory automobile liability insurance	612,083	8.34 %	618,657	9.48 %
Liability insurance	434,919	5.92 %	315,276	4.83 %
Engineering and nuclear insurance	638,546	8.70 %	369,658	5.66 %
Surety and credit insurance	14,289	0.19 %	13,372	0.20 %
Other property insurance	31,167	0.43 %	39,404	0.60 %
Accident insurance	590,269	8.04 %	537,213	8.23 %
Typhoon, flood and earthquake insurance	565,565	7.70 %	535,369	8.20 %
Personal and commercial all-risk insurance	58,722	0.80 %	31,303	0.48 %
Health insurance	65,619	0.89 %	44,316	0.68 %
Overseas ceded-in reinsurance	3,362	0.05 %	2,464	0.04 %
Total	\$ 7,341,963	100.00 %	6,528,809	100.00 %

(Continued)

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

b) Percentage of retained premium

In term of retained business, the voluntary automobile insurance which is the highest proportion accounts for 59.15% and 59.28% for the six months ended June 30, 2024 and 2023, respectively. The Company assesses the possibility of accumulated loss in order to arrange the contracts of reinsuring to diversify the risk. Therefore, there is no the situation of risk concentration.

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

The percentage of retained premium was as follows:

Type	For the six months ended June 30,			
	2024		2023	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 211,650	4.13 %	240,877	5.12 %
Marine cargo insurance	64,017	1.25 %	62,484	1.33 %
Hull, fishing vessel and aviation insurance	3,166	0.06 %	2,857	0.06 %
Voluntary automobile insurance	3,028,270	59.15 %	2,791,093	59.28 %
Compulsory automobile liability insurance	418,979	8.18 %	421,899	8.96 %
Liability insurance	345,460	6.75 %	235,771	5.01 %
Engineering and nuclear insurance	278,521	5.44 %	198,381	4.21 %
Surety and credit insurance	9,776	0.19 %	9,323	0.20 %
Other property insurance	24,648	0.48 %	29,089	0.62 %
Accident insurance	548,568	10.72 %	482,670	10.25 %
Typhoon, flood and earthquake insurance	73,211	1.43 %	163,924	3.48 %
Personal and commercial all-risk insurance	46,301	0.91 %	28,852	0.61 %
Health insurance	65,301	1.28 %	42,666	0.91 %
Overseas ceded-in reinsurance	1,653	0.03 %	(1,740)	(0.04)%
Total	\$ 5,119,521	100.00 %	4,708,146	100.00 %

(Continued)

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

3) Claims trend

For the six months ended June 30, 2024

Occurrence year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1	44,182,975	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	2,697,148
2	44,305,119	3,615,016	4,483,260	4,058,010	4,804,267	4,901,074	4,890,228	5,292,664	6,640,880	5,690,599	
3	44,186,381	3,557,644	4,338,968	3,989,815	4,784,261	4,774,671	4,886,780	5,098,963	6,624,678		
4	44,119,750	3,530,087	4,331,187	3,997,617	4,714,228	4,775,424	4,899,446	5,109,280			
5	44,096,384	3,505,206	4,348,353	3,972,187	4,711,259	4,745,935	4,896,259				
6	44,060,407	3,518,795	4,300,980	3,971,299	4,695,182	4,747,458					
7	44,414,834	3,501,489	4,301,352	3,969,391	4,694,434						
8	44,033,300	3,502,875	4,305,090	3,948,108							
9	44,029,607	3,500,708	4,304,086								
10	44,018,689	3,500,661									
11	43,984,844										
Estimates	43,984,844	3,500,661	4,304,086	3,948,108	4,694,434	4,747,458	4,896,259	5,109,280	6,624,678	5,690,599	2,697,148
Actual	43,980,599	3,498,339	4,290,586	3,943,377	4,677,199	4,725,356	4,822,096	4,990,003	6,133,134	4,276,432	987,800
Subtotal	4,245	2,322	13,500	4,731	17,235	22,102	74,163	119,277	491,544	1,414,167	1,709,348
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	4,245	2,322	13,500	4,731	17,235	22,102	74,163	119,277	491,544	1,414,167	1,709,348

For the six months ended June 30, 2023

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

(Continued)

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

(ii) Credit risk of insurance contracts

1) Credit risk

a) Compliance with the “Regulations Governing the Provision of Unauthorized Reinsurance Reserves for Insurance Company” No.5, the transaction with unauthorized reinsurers shall be represented in the notes of financial statements and the content shall include:

- i) The summary of unauthorized reinsurance contracts and types of reinsurance.
- ii) The reinsurance premium expense of unauthorized reinsurance contracts.
- iii) General description of the amount of unauthorized reserve and its components.

b) The abstract and related insurance of unauthorized reinsurance contracts in the Company were as follows:

As of June 30, 2024

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

As of December 31, 2023

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

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

As of June 30, 2023

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

- c) For the six months ended June 30, 2024 and 2023, the reinsurance premium expenses (reversal) for unauthorized reinsurance in the Company amounted to \$0 and \$1, respectively.
- d) The principal summary of amounts and component items of unauthorized reinsurance reserve in the Company were as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Unearned premium reserve	\$ -	1	-
Claims recoverable from reinsurers of paid claims overdue in nine months	1	3	-
Claims recoverable from reinsurers reported but unpaid	648	1,645	1,963
Total unauthorized reinsurance reserve	<u>\$ 649</u>	<u>1,649</u>	<u>1,963</u>

2) Liquidity risk

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

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

(Continued)

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

3) Market risk

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

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

Maximum credit risk exposure was as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Cash and cash equivalents	\$ 3,198,680	3,479,186	3,446,841
Receivables	1,324,970	555,987	1,082,263
Financial assets at fair value through profit or loss	2,831,348	1,721,519	1,303,043
Financial assets at fair value through other comprehensive income	2,889,304	2,351,075	2,256,863
Financial assets at amortized cost	2,662,245	2,562,498	2,461,481
Other financial assets	1,727,200	1,872,700	1,762,800
Reinsurance contract assets	514,750	526,976	470,139
Other assets	<u>569,987</u>	<u>577,534</u>	<u>575,145</u>
Total	<u>\$ 15,718,484</u>	<u>13,647,475</u>	<u>13,358,575</u>

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

As of June 30, 2024, December 31 and June 30, 2023, 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:

	June 30, 2024				
	<u>Not overdue</u>	<u>Overdue under 90 days</u>	<u>Overdue for91-270 days</u>	<u>Overdue 271 over days</u>	<u>Total</u>
Notes receivable:					
Expected credit loss rate	0.05%	100%	100%	100%	
Carrying amount	\$ 311,557	-	-	-	311,557
Expected credit loss amount	170	-	-	-	170
Premiums receivable:					
Expected credit loss rate	0.54%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 787,477	20,078	31,605	1,120	840,280
Expected credit loss amount	4,280	744	1,660	1,120	7,804
Other receivables:					
Carrying amount	\$ 181,746	2,318	3,749	38,204	226,017
Expected credit loss amount	1,630	1,327	3,749	38,204	44,910
	December 31, 2023				
	<u>Not overdue</u>	<u>Overdue under 90 days</u>	<u>Overdue for91-270 days</u>	<u>Overdue 271 over days</u>	<u>Total</u>
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

(Continued)

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

	June 30, 2023				Total
	Not overdue	Overdue under 90 days	Overdue for 91-270 days	Overdue 271 over days	
Notes receivable:					
Expected credit loss rate	0.07%	100%	100%	100%	
Carrying amount	\$ 253,389	486	-	-	253,875
Expected credit loss amount	190	486	-	-	676
Premiums receivable:					
Expected credit loss rate	0.61%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 554,186	51,190	33,067	1,128	639,571
Expected credit loss amount	3,390	2,180	1,966	1,128	8,664
Other receivables:					
Carrying amount	\$ 199,186	2,293	3,160	33,847	238,486
Expected credit loss amount	1,854	1,468	3,160	33,847	40,329

3) The movement in loss allowance

- a) The movement in loss allowance of debt investments at fair value through other comprehensive income

	For the six months ended June 30, 2024				Total
	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)	
Beginning balance	\$ -	-	-	-	-
New financial assets acquired	79	-	-	79	79
Ending balance	\$ 79	-	-	79	79

(Continued)

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

b) The movement in loss allowance of financial assets at amortized cost

	For the six months ended June 30, 2024					
	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)	The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	Total
Beginning balance	\$ 1,723	2,859	-	4,582	-	4,582
Changes	209	53	-	262	-	262
Ending balance	<u>\$ 1,932</u>	<u>2,912</u>	<u>-</u>	<u>4,844</u>	<u>-</u>	<u>4,844</u>

	For the six months ended June 30, 2023					
	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)	The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	Total
Beginning balance	\$ 1,106	-	-	1,106	-	1,106
Changes	433	4,051	-	4,484	-	4,484
Ending balance	<u>\$ 1,539</u>	<u>4,051</u>	<u>-</u>	<u>5,590</u>	<u>-</u>	<u>5,590</u>

4) The information of credit quality

	June 30, 2024										
	stage1				stage2				stage3	Allowance impairment loss	Total
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total			
Financial assets at fair value through other comprehensive income - debt instruments	\$ 466,716	-	-	466,716	-	-	-	-	-	-	466,716
Financial assets at amortized cost (including statutory deposit)	2,894,469	-	-	2,894,469	170,000	-	-	170,000	-	4,844	3,059,625
Total	<u>\$ 3,361,185</u>	<u>-</u>	<u>-</u>	<u>3,361,185</u>	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>-</u>	<u>4,844</u>	<u>3,526,341</u>

	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

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

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

(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.

	June 30, 2024					
	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Non-derivative financial liabilities						
Payables						
Claims payable	\$ 14,317	14,317	12,957	188	48	1,124
Commissions payable	265,011	265,011	265,011	-	-	-
Due to ceding companies	1,051,153	1,051,153	957,933	91,670	-	1,550
Other payables	485,494	485,494	378,483	99,000	-	8,011
Lease liabilities	16,140	16,500	3,922	6,125	961	5,492
Other liabilities						
Guarantee deposits received	10,011	10,011	85	88	152	9,686
Total	<u>\$ 1,842,126</u>	<u>1,842,486</u>	<u>1,618,391</u>	<u>197,071</u>	<u>1,161</u>	<u>25,863</u>
	December 31, 2023					
	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Non-derivative financial liabilities						
Payables						
Claims payable	\$ 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
Total	<u>\$ 1,262,858</u>	<u>1,263,161</u>	<u>1,216,365</u>	<u>30,622</u>	<u>3,418</u>	<u>12,756</u>

(Continued)

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

June 30, 2023						
	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Non-derivative financial liabilities						
Payables						
Claims payable	\$ 17,269	17,269	16,071	8	13	1,177
Commissions payable	233,661	233,661	233,661	-	-	-
Due to ceding companies	747,850	747,850	679,812	66,089	193	1,756
Other payables	326,648	326,648	242,144	84,504	-	-
Lease liabilities	22,690	23,133	3,993	7,265	3,168	8,707
Other liabilities						
Guarantee deposits received	9,968	9,968	353	1,111	1,103	7,401
Total	\$ 1,358,086	1,358,529	1,176,034	158,977	4,477	19,041

(iii) Foreign currency risk

1) Exposure about foreign currency risk

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

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets			
Monetary items			
USD	\$ 17,551	4,836	3,884
EUR	108	103	141
JPY	115,142	59	121
HKD	38	34	70
KRW	49	4	23
CNY	38	44	-
GBP	37	37	38
THB	22	45	20
Non-Monetary items			
JPY	122,150	-	-
USD	7,653	-	-
Financial liability			
Monetary items			
USD	2,969	2,891	1,516
KRW	12	-	14

(Continued)

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

Important rate:

	Rates		
	June 30, 2024	December 31, 2023	June 30, 2023
USD	\$ 32.45	30.71	31.14
EUR	34.71	33.98	33.81
JPY	0.2017	0.2172	0.2150
HKD	4.16	3.93	3.97
KRW	0.0237	0.0239	0.0238
CNY	4.45	4.33	4.28
GBP	41.04	39.15	39.38
THB	0.8867	0.9017	0.8816

2) Sensitivity analysis

As of June 30, 2024 and 2023, 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:

	June 30, 2024	June 30, 2023
USD(increases 1%)	\$ 5,772	590
EUR(increases 1%)	30	38
JPY(increases 1%)	383	-
HKD(increases 1%)	1	2
GBP(increases 1%)	12	12
CNY(increases 1%)	1	-

Conversely, if there is a increase of 1% compared to other currency based on all other variables remain the same, there will be the same amount but opposite direction of influence as of June 30, 2024 and 2023.

(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:

	Carrying Amount		
	June 30, 2024	December 31, 2023	June 30, 2023
Variable interest rate instrument:			
Term deposit	\$ 1,174,000	1,339,000	1,296,000

(Continued)

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

2) Sensitivity Analysis of variable interest rate financial instruments

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Increase 10 basis points	\$ 1,174	1,339	1,296
Decrease 10 basis points	(1,174)	(1,339)	(1,296)

(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.

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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:

		June 30, 2024			
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)	
<u>Repeatable fair value measurement</u>					
<u>Non-derivative financial assets</u>					
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 657,736	657,736	-	-	
Real estate investment trust beneficiary certificates	320,163	320,163	-	-	
Stocks	1,853,449	1,853,449	-	-	
Financial assets at fair value through other comprehensive income					
Stocks	2,422,588	2,408,154	-	14,434	
Bonds	466,716	-	466,716	-	
		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)	
<u>Repeatable fair value measurement</u>					
<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	
		June 30, 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)	
<u>Repeatable fair value measurement</u>					
<u>Non-derivative financial assets</u>					
Financial assets at fair value through profit or loss					
Beneficiary certificates	\$ 147,071	147,071	-	-	
Real estate investment trust beneficiary certificates	338,885	338,885	-	-	
Stocks	817,087	817,087	-	-	
Financial assets at fair value through other comprehensive income					
Stocks	2,256,863	2,241,743	-	15,120	

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

b) Valuation techniques of fair value measurement

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

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

c) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the six months ended June 30, 2024 and 2023.

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

Name	For the six months ended June 30, 2024							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	\$ 14,658	-	(224)	-	-	-	-	14,434

Name	For the six months ended June 30, 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	-	(56)	-	-	-	-	15,120

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.

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

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

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

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

	<u>Change in fair value recognized in other comprehensive income</u>	
	<u>Favorable</u>	<u>Unfavorable</u>
June 30, 2024		
Financial assets fair value through other comprehensive income	\$ <u>144</u>	<u>(144)</u>
December 31, 2023		
Financial assets fair value through other comprehensive income	\$ <u>147</u>	<u>(147)</u>
June 30, 2023		
Financial assets fair value through other comprehensive income	\$ <u>151</u>	<u>(151)</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.

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

(vi) Financial instruments not measured at fair value

1) Fair value information

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

Item	Carrying amount	Fair value
June 30, 2024		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	\$ 3,059,625	3,028,815
Investment Property	875,097	1,899,184
December 31, 2023		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	2,960,119	2,938,276
Investment Property	1,047,509	2,058,304
June 30, 2023		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	2,859,346	2,841,661
Investment Property	849,289	1,566,580

2) Fair value information

Item	Total	June 30, 2024		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortized cost (included statutory deposits)	\$ 3,028,815	-	3,028,815	-
Investment property	1,899,184	-	-	1,899,184

(Continued)

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

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

June 30, 2023				
Item	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortized cost \$ (included statutory deposits)	2,841,661	-	2,841,661	-
Investment property	1,566,580	-	-	1,566,580

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 six months ended June 30, 2024 and 2023.

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

(v) Financial risk management

There were no significant changes in the Company's financial risk management objectives and policies as disclosed in Note 6(v) of the financial statements for the year ended December 31, 2023.

(w) Capital Management

Management believes that the objectives, policies and processes of capital management of the Company has been applied consistently with those described in the financial statements for the year ended December 31, 2023. For the related information, please refer to Note 6(w) of the financial statements for the year ended December 31, 2023.

(x) Structured entities not included in the financial statements

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

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

(ii) The carrying amount of the assets related to the structured entities recognized by the Company but not yet included in the financial statements on June 30, 2024, December 31 and June 30, 2023, were as follows:

<u>June 30, 2024</u>	<u>Asset securitization products-REITS</u>
Assets possessed by the Company	
– Financial assets at fair value through profit or loss	\$ <u>320,163</u>
Total assets possessed by the company	\$ <u><u>320,163</u></u>
 <u>December 31, 2023</u>	 <u>Asset securitization products-REITS</u>
Assets possessed by the Company	
– Financial assets at fair value through profit or loss	\$ <u>321,109</u>
Total assets possessed by the company	\$ <u><u>321,109</u></u>

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

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

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

- (iii) The Company did not provide any financial support for the asset securitization products not included in the financial statements for the six months ended June 30, 2024 and 2023.

(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
Infotimes 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

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

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Twitcher Taiwan Limited, Taiwan Branch (B.V.I)	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
Chaopin Food Co., Ltd.	Substantive related party
Jinping Development Co., Ltd.	Substantive related party
Duozhi 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.	

(c) Compensation of key management personnel

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 13,368	10,140	26,435	20,173
Short-term employee benefits-paid leave	21	45	1,340	1,274
Post-employment benefits	299	271	599	543
Total	<u>\$ 13,688</u>	<u>10,456</u>	<u>28,374</u>	<u>21,990</u>

(Continued)

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

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

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

1) Written premium

	For the three months ended June 30,	
	2024	2023
	Amount	Amount
Written premium		
Other related parties	\$ 2,104	10,901
Key management personnel	258	279
Total	\$ 2,362	11,180

	For the six months ended June 30,	
	2024	2023
	Amount	Amount
Written premium		
Other related parties	\$ 4,723	11,590
Key management personnel	468	522
Total	\$ 5,191	12,112

2) Account receivables

	December 31,		June 30, 2023
	June 30, 2024	2023	
Premiums receivable:			
Other related parties	\$ 1,062	420	9,442
Key management personnel	-	5	4
Total	\$ 1,062	425	9,446

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

3) Prepaid expenses

Related parties	December 31,		June 30, 2023
	June 30, 2024	2023	
Other related parties	\$ -	2	2

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

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2024	2023	2024	2023
Other related parties	\$ 3,818	373	4,938	745

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

(8) Pledged assets:

As of June 30, 2024, December 31 and June 30, 2023, the assets pledged or guaranteed were as follows:

<u>Pledged Assets</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>	<u>Purpose of pledge</u>
Other financial assets - Time deposit	\$ 47,000	47,000	47,000	Guarantee for the insurance business
Financial assets at amortized cost	397,380	397,621	397,865	Guarantee for operating business, suit, and contract performance
Total	<u>\$ 444,380</u>	<u>444,621</u>	<u>444,865</u>	

(9) Commitments and contingencies:

- (a) The Company had several significant insurance lawsuits and was required to pay indemnities of \$146,107, of which approximately \$109,331 were reinsured. The remain had been accrued. These cases have not been resolved with District Court of Appeal as of June 30, 2024.
- (b) In order to improve computer equipment and IT systems, the Company is in contract with several IT companies. As of June 30, 2024, there is \$61,661 unpaid.

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

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

Function Nature	For the three months ended June 30,					
	2024			2023		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits:						
Salaries	107,826	204,968	312,794	96,969	187,312	284,281
Labor and health insurance	-	20,485	20,485	-	20,677	20,677
Pension	-	10,266	10,266	-	10,725	10,725
Remuneration of directors	-	4,082	4,082	-	3,361	3,361
Others	-	12,156	12,156	-	11,916	11,916
Depreciation	1,203	11,307	12,510	1,203	11,920	13,123
Amortization	-	8,373	8,373	-	6,465	6,465

(Continued)

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

Nature	For the six months ended June 30,					
	2024			2023		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits:						
Salaries	220,829	416,240	637,069	198,360	380,860	579,220
Labor and health insurance	-	46,198	46,198	-	44,730	44,730
Pension	-	20,532	20,532	-	21,381	21,381
Remuneration of directors	-	8,164	8,164	-	6,676	6,676
Others	-	24,865	24,865	-	24,025	24,025
Depreciation	2,490	22,118	24,608	2,406	23,975	26,381
Amortization	-	16,170	16,170	-	11,647	11,647

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

Item	For the three months ended June 30, 2024					
	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 234,575	70,236	98,660	206,151	(1,593)	207,744
Non-compulsory insurance	3,364,779	40,800	1,188,603	2,216,976	127,199	2,089,777
Total	<u>\$ 3,599,354</u>	<u>111,036</u>	<u>1,287,263</u>	<u>2,423,127</u>	<u>125,606</u>	<u>2,297,521</u>

Item	For the three months ended June 30, 2023					
	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 234,653	73,015	98,962	208,706	94	208,612
Non-compulsory insurance	2,904,522	35,065	883,984	2,055,603	29,072	2,026,531
Total	<u>\$ 3,139,175</u>	<u>108,080</u>	<u>982,946</u>	<u>2,264,309</u>	<u>29,166</u>	<u>2,235,143</u>

Item	For the six months ended June 30, 2024					
	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	\$ 460,900	151,183	193,104	418,979	(1,280)	420,259
Non-compulsory insurance	6,644,687	85,193	2,029,338	4,700,542	516,380	4,184,162
Total	<u>\$ 7,105,587</u>	<u>236,376</u>	<u>2,222,442</u>	<u>5,119,521</u>	<u>515,100</u>	<u>4,604,421</u>

(Continued)

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

For the six months ended June 30, 2023

Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 467,640	151,017	196,758	421,899	(1,869)	423,768
Non-compulsory insurance	5,810,112	100,040	1,623,905	4,286,247	395,919	3,890,328
Total	<u>\$ 6,277,752</u>	<u>251,057</u>	<u>1,820,663</u>	<u>4,708,146</u>	<u>394,050</u>	<u>4,314,096</u>

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

For the three months ended June 30, 2024

Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 148,873	68,434	88,779	128,528
Non-compulsory insurance	1,291,942	6,216	234,139	1,064,019
Total	<u>\$ 1,440,815</u>	<u>74,650</u>	<u>322,918</u>	<u>1,192,547</u>

For the three months ended June 30, 2023

Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 137,934	70,214	83,952	124,196
Non-compulsory insurance	1,361,410	5,989	250,438	1,116,961
Total	<u>\$ 1,499,344</u>	<u>76,203</u>	<u>334,390</u>	<u>1,241,157</u>

For the six months ended June 30, 2024

Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 283,918	145,652	169,413	260,157
Non-compulsory insurance	2,414,282	18,611	459,286	1,973,607
Total	<u>\$ 2,698,200</u>	<u>164,263</u>	<u>628,699</u>	<u>2,233,764</u>

For the six months ended June 30, 2023

Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 299,085	140,885	177,407	262,563
Non-compulsory insurance	2,728,970	15,276	545,661	2,198,585
Total	<u>\$ 3,028,055</u>	<u>156,161</u>	<u>723,068</u>	<u>2,461,148</u>

(Continued)

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

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

For the six months ended June 30, 2024

Type	Beginning	Provision	Recovery	Ending	Note
Unearned premium reserve					
Compulsory automobile liability insurance	\$ 389,897	386,527	389,897	386,527	
Compulsory motorcycle liability insurance	126,834	126,552	126,834	126,552	
Compulsory mini electric two-wheel vehicle liability insurance	2,289	2,557	2,289	2,557	
Special reserve					
Compulsory automobile liability insurance	(185,237)	11,009	-	(174,228)	
Compulsory motorcycle liability insurance	320,178	18,112	-	338,290	
Compulsory mini electric two-wheel vehicle liability insurance	318	178	-	496	
Claim reserve					
Compulsory automobile liability insurance	621,470	633,243	621,470	633,243	
Compulsory motorcycle liability insurance	167,415	157,719	167,415	157,719	
Compulsory mini electric two-wheel vehicle liability insurance	614	1,191	614	1,191	
Total	\$ 1,443,778	1,337,088	1,308,519	1,472,347	

(Continued)

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

For the six months ended June 30, 2023

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

(Continued)

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

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

(i) Balance sheet of compulsory automobile liability insurance:

Items	Amount		Items	Amount	
	June 30, 2024	June 30, 2023		June 30, 2024	June 30, 2023
<u>Asset</u>			<u>Liabilities</u>		
Cash and cash in bank	\$ 892,284	817,576	Claims payable	\$ 1,869	3,330
Notes receivable	5,906	6,285	Due to reinsurers and ceding companies	66,118	68,276
Premiums receivable	6,886	7,915	Unearned premium reserve	515,636	524,417
Claim recoverable from reinsures	42,234	57,592	Claims reserve	792,153	753,928
Due from reinsurers and ceding companies	50,057	50,110	Special reserve	164,558	116,312
Ceded unearned premium reserve	210,247	215,664			
Ceded claims reserve	330,483	310,906			
Temporary payments	2,237	215			
Total assets	\$ 1,540,334	1,466,263	Total liabilities	\$ 1,540,334	1,466,263

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

Item	For the six months ended June 30,	
	2024	2023
Operating revenue	282,289	284,718
Pure premium	321,822	327,908
Reinsurance premium	151,183	151,017
Premium	473,005	478,925
Less: Reinsurance expense	(193,104)	(196,758)
Net change in unearned premium reserve	1,280	1,869
Retained earned premium	281,181	284,036
Interest income	1,108	682
Operating costs	293,810	296,238
Insurance claim payment	283,918	299,085
Reinsurance claim payment	145,652	140,885
Less: Claim recovered from reinsurers	(169,413)	(177,407)
Retained claim payment	260,157	262,563
Net change in claim reserve	4,354	7,551
Net change in special reserve	29,299	26,124

(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>	June 30, 2024		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,198,680	-	3,198,680
Receivables	1,324,970	-	1,324,970
Current tax assets	7,234	-	7,234
Financial assets at fair value through profit or loss	2,831,348	-	2,831,348
Financial assets at fair value through other comprehensive income	-	2,889,304	2,889,304
Financial assets at amortized cost	-	2,662,245	2,662,245
Other financial assets	1,727,200	-	1,727,200
Right-of-use assets	-	15,961	15,961
Investment property	-	875,097	875,097
Reinsurance assets	4,558,197	668,403	5,226,600
Property and equipment	-	1,468,553	1,468,553
Intangible assets	-	202,532	202,532
Other assets	47,000	555,697	602,697
Total assets	\$ 13,694,629	9,337,792	23,032,421

<u>Liabilities</u>	June 30, 2024		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Accounts payable	\$ 1,805,290	10,685	1,815,975
Current tax liabilities	92,619	-	92,619
Insurance liabilities	12,791,289	1,268,264	14,059,553
Provisions	-	98,726	98,726
Lease liabilities	10,770	5,370	16,140
Deferred tax liabilities	-	63,920	63,920
Other liabilities	11,331	9,686	21,017
Total liabilities	\$ 14,711,299	1,456,651	16,167,950

(Continued)

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

<u>Assets</u>	December 31, 2023		
	<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
Total assets	\$ <u>8,652,996</u>	<u>11,275,059</u>	<u>19,928,055</u>

<u>Liabilities</u>	December 31, 2023		
	<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
Total liabilities	\$ <u>12,524,884</u>	<u>1,302,524</u>	<u>13,827,408</u>

(Continued)

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

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

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

(Continued)

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

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

For the six months ended June 30, 2024 and 2023, the influence for not applying the notification on net income, liabilities, and equity of the Company resulted in an decrease of \$39,929, an increase of \$32,281, a increase of \$39,929, a decrease of \$32,281, an decrease of \$39,929, an increase of \$32,281, respectively. The influence on the Company for not applying the notification resulted in the EPS (NT dollars) by an decrease of \$0.18 and an increase of \$0.14, respectively.

(Continued)

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

(13) Other disclosures:

(a) Information on significant transactions:

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

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

Units: in shares

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

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

(Continued)

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

(14) Segment information:

(a) General information

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

(b) Region information

The Company's business is primarily located in Taiwan.

(c) Important client information

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