

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

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2024 and 2023**

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying balance sheets of Union Insurance Co., LTD. as of September 30, 2024 and 2023, and the related statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of Union Insurance Co., LTD. as of September 30, 2024 and 2023, and of its financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as its cash flows for the nine months ended September 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.



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

KPMG

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

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

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.

Balance Sheets

September 30, 2024, December 31, 2023, and September 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2024		December 31, 2023		September 30, 2023				September 30, 2024		December 31, 2023		September 30, 2023	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
11000	Cash and cash equivalents (note 6(a))	\$ 4,246,014	18	3,479,186	17	3,870,173	19	21000	Accounts payable (note 6(b) and (c))	\$ 1,447,978	6	1,234,591	6	1,347,563	7
12000	Receivables (note 6(b))	951,629	4	555,987	3	842,962	4	21700	Current tax liabilities	96,666	-	94,885	-	58,243	-
12600	Current tax assets	7,234	-	7,234	-	7,234	-	24000	Insurance liabilities (note 6(n))	14,490,810	63	12,297,598	62	12,626,680	63
14110	Financial assets at fair value through profit or loss (note 6(f))	1,862,327	8	1,721,519	9	1,341,883	7	27000	Provisions	98,674	-	98,816	1	105,972	1
14190	Financial assets at fair value through other comprehensive income (note 6(f))	2,586,420	11	2,351,075	12	2,229,656	11	23800	Lease liabilities (note 6(j))	15,543	-	17,929	-	19,537	-
14145	Financial assets at amortized cost (note 6(f))	2,712,210	12	2,562,498	13	2,561,239	13	28000	Deferred tax liabilities	63,920	-	63,920	-	63,920	-
14180	Other financial assets, net (note 6(f))	2,252,200	10	1,872,700	10	1,712,800	8	25000	Other liabilities	28,949	-	19,669	-	19,339	-
16700	Right-of-use assets (note 6(i))	15,375	-	17,733	-	19,364	-		Total liabilities	<u>16,242,540</u>	<u>69</u>	<u>13,827,408</u>	<u>69</u>	<u>14,241,254</u>	<u>71</u>
14200	Investment property (note 6(g))	873,883	4	1,047,509	5	848,086	4		Equity						
15000	Reinsurance assets (note 6(c))	5,390,287	23	4,202,406	21	4,545,632	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))	1,470,023	6	1,287,364	6	1,279,926	6	33100	Legal reserve (note 6(p))	1,022,451	5	1,004,854	5	1,004,854	5
17000	Intangible assets	201,414	1	165,170	1	161,048	1	33200	Special reserve (note 6(n) and (p))	3,092,980	13	3,094,152	16	2,749,564	13
18000	Other assets	609,896	3	657,674	3	721,175	4	33300	Unappropriated retained earnings (note 6(p))	607,656	3	(256,606)	(1)	(72,268)	-
								34000	Other equity(note 6(p))	(22,795)	-	22,167	-	(18,306)	-
									Total equity	<u>6,936,372</u>	<u>31</u>	<u>6,100,647</u>	<u>31</u>	<u>5,899,924</u>	<u>29</u>
	Total assets	<u>\$ 23,178,912</u>	<u>100</u>	<u>19,928,055</u>	<u>100</u>	<u>20,141,178</u>	<u>100</u>		Total liabilities and equity	<u>\$ 23,178,912</u>	<u>100</u>	<u>19,928,055</u>	<u>100</u>	<u>20,141,178</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.

Statements of Comprehensive Income

For the three months and nine months ended September 30, 2024 and 2023

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

	For the three months ended September 30,				For the nine months ended September 30,			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
41000	Operating revenue:							
41110	\$ 3,510,346	133	3,180,493	121	10,615,933	131	9,458,245	124
41120	116,384	5	105,733	4	352,760	4	356,790	5
41100	3,626,730	138	3,286,226	125	10,968,693	135	9,815,035	129
51100	1,119,770	43	1,001,217	38	3,342,212	41	2,821,880	37
51310	19,456	1	(28,700)	(1)	534,556	7	365,350	5
41130	2,487,504	94	2,313,709	88	7,091,925	87	6,627,805	87
41300	167,497	6	164,944	6	508,191	6	447,302	6
41500	Net income (loss) from investments							
41510	40,936	2	31,520	1	110,696	2	94,229	1
41521	(156,634)	(6)	60,387	3	270,077	3	324,826	5
41527	90,813	4	39,098	2	97,986	1	74,790	1
41550	(11,650)	-	902	-	(10,617)	-	1,444	-
41570	10,836	-	11,249	-	32,978	1	26,715	-
41585	(38)	-	(247)	-	(379)	-	(4,731)	-
41800	8,256	-	8,057	-	16,021	-	13,900	-
	2,637,520	100	2,629,619	100	8,116,878	100	7,606,280	100
51000	Operating costs:							
51200	1,444,008	54	1,736,558	66	4,306,471	53	4,920,774	65
41200	300,401	11	558,464	21	929,100	11	1,281,532	17
51260	1,143,607	43	1,178,094	45	3,377,371	42	3,639,242	48
51300	Net change in other insurance liability (note 6(n))							
51320	176,616	7	73,262	3	435,447	5	109,141	1
51340	17,874	1	15,710	1	(31,667)	-	39,322	1
51350	(3,551)	-	(556)	-	(1,384)	-	(392,112)	(5)
51500	516,571	20	480,634	18	1,592,026	20	1,463,944	19
51800	8,894	-	8,306	-	20,768	-	22,331	-
51700	2,563	-	2,348	-	7,194	-	4,999	-
	1,862,574	71	1,757,798	67	5,399,755	67	4,886,867	64
58000	Operating expenses:							
58100	459,441	17	431,706	16	1,380,982	17	1,300,443	17
58200	108,824	4	93,409	4	331,311	4	285,642	4
58300	880	-	342	-	1,441	-	911	-
58400	1,935	-	2,096	-	16,050	-	21,293	-
	571,080	21	527,553	20	1,729,784	21	1,608,289	21
	203,866	8	344,268	13	987,339	12	1,111,124	15
	Operating income							
	Non-operating income and expenses:							
59100	-	-	-	-	7,455	-	-	-
59900	5,123	-	2,233	-	11,869	-	5,854	-
	5,123	-	2,233	-	19,324	-	5,854	-
62000	208,989	8	346,501	13	1,006,663	12	1,116,978	15
63000	63,046	2	64,078	2	160,470	2	69,635	1
	145,943	6	282,423	11	846,193	10	1,047,343	14
83000	Other comprehensive income:							
83100	Components of other comprehensive income (loss) that will not be reclassified to profit or loss							
83190	(87,369)	(3)	(27,207)	(1)	(22,612)	-	47,728	1
	(87,369)	(3)	(27,207)	(1)	(22,612)	-	47,728	1
83200	Components of other comprehensive income (loss) that will be reclassified to profit or loss							
83290	13,327	1	-	-	12,144	-	-	-
	13,327	1	-	-	12,144	-	-	-
83000	(74,042)	(2)	(27,207)	(1)	(10,468)	-	47,728	1
	71,901	4	255,216	10	835,725	10	1,095,071	15
97500	\$ 0.65		\$ 1.26		\$ 3.78		\$ 4.68	
98500	\$ 0.65		\$ 1.26		\$ 3.78		\$ 4.68	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.**Statements of Changes in Equity****For the nine months ended September 30, 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	-	-	-	1,047,343	-	1,047,343
Other comprehensive income	-	-	-	-	47,728	47,728
Total comprehensive income	-	-	-	1,047,343	47,728	1,095,071
Appropriation and distribution of retained earnings:						
Special reserve on reversal-employee training and transferring plan	-	-	(973)	973	-	-
Balance at September 30, 2023	\$ 2,236,080	1,004,854	2,749,564	(72,268)	(18,306)	5,899,924
Balance at January 1, 2024	\$ 2,236,080	1,004,854	3,094,152	(256,606)	22,167	6,100,647
Net Income	-	-	-	846,193	-	846,193
Other comprehensive income	-	-	-	-	(10,468)	(10,468)
Total comprehensive income	-	-	-	846,193	(10,468)	835,725
Appropriation and distribution of retained earnings:						
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	-	-	-	34,494	(34,494)	-
Balance at September 30, 2024	\$ 2,236,080	1,022,451	3,092,980	607,656	(22,795)	6,936,372

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.

Statements of Cash Flows

For the nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2024	2023
Cash flows from (used in) operating activities:		
Net income before income tax	\$ 1,006,663	1,116,978
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	38,318	39,280
Amortization expense	25,574	18,034
Net gain on financial assets or liabilities at fair value through profit or loss	(273,752)	(305,743)
Interest expense	7,194	4,999
Interest income	(110,696)	(94,229)
Dividend income	(127,281)	(93,873)
Net change in insurance liabilities	2,194,708	503,982
Net change in other provisions	(142)	(4,141)
Expected credit loss of investments	379	4,731
Expected credit loss of non-investments	16,050	21,293
Gain on disposal of property and equipment	(7,455)	-
Gain on disposal of intangible assets	(2,698)	-
Others	-	(4)
Total adjustments to reconcile profit (loss)	<u>1,760,199</u>	<u>94,329</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in notes receivable	(22,604)	(30,251)
Increase in premiums receivable	(377,446)	(226,132)
Decrease in other receivables	2,443	1,477
Decrease (increase) in financial assets at fair value through profit or loss	132,944	(233,663)
Increase in financial assets at fair value through other comprehensive income	(245,891)	(41,252)
(Increase) decrease in financial assets at amortized cost	(150,000)	200,000
Increase in other financial assets	(379,500)	(89,925)
Increase in reinsurance assets	(1,197,810)	(307,901)
(Increase) decrease in other assets	(8,028)	85,508
Total changes in operating assets	<u>(2,245,892)</u>	<u>(642,139)</u>
Changes in operating liabilities:		
Increase in other payable	213,387	180,258
Increase (decrease) in other liabilities	9,280	(29)
Total changes in operating liabilities	<u>222,667</u>	<u>180,229</u>
Cash inflow generated from operations	743,637	749,397
Interest received	107,577	114,829
Dividends received	126,594	93,744
Interest paid	(7,194)	(4,999)
Income taxes paid	(158,689)	(11,392)
Net Cash flows from operating activities	<u>811,925</u>	<u>941,579</u>
Cash flows from (used in) investing activities:		
Increase in prepayments	(4,340)	(88,156)
Acquisition of property and equipment	(22,257)	(10,977)
Proceeds from disposal of property and equipment	11,140	-
Acquisition of intangible assets	(21,360)	(27,253)
Proceeds from disposal of intangible assets	4,137	-
Net cash flows used in investing activities	<u>(32,680)</u>	<u>(126,386)</u>
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(12,417)	(12,310)
Net cash flows used in financing activities	<u>(12,417)</u>	<u>(12,310)</u>
Net increase in cash and cash equivalents	766,828	802,883
Cash and cash equivalents at beginning of period	<u>3,479,186</u>	<u>3,067,290</u>
Cash and cash equivalents at end of period	<u>\$ 4,246,014</u>	<u>3,870,173</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

UNION INSURANCE CO., LTD.

Notes to the Financial Statements

For the nine months ended September 30, 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 October 30, 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:

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

(Continued)

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 17 “Insurance Contracts”	<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

(Continued)

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.

(Continued)

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.

(Continued)

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

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

The preparation of the financial statements 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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 477	500	336
Petty cash	13,010	13,010	13,010
Cash in bank	2,858,822	2,767,653	3,024,509
Bonds purchased under resale agreements	<u>1,373,705</u>	<u>698,023</u>	<u>832,318</u>
Total	<u><u>\$ 4,246,014</u></u>	<u><u>3,479,186</u></u>	<u><u>3,870,173</u></u>

(b) Receivables and Payables

(i) Receivables

Item	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 281,967	259,364	311,007
Premiums receivable	533,844	159,870	406,477
Other receivables	<u>135,818</u>	<u>136,753</u>	<u>125,478</u>
Total	<u><u>\$ 951,629</u></u>	<u><u>555,987</u></u>	<u><u>842,962</u></u>

(Continued)

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

(ii) Payables

Item	September 30, 2024	December 31, 2023	September 30, 2023
Commission payable	\$ 262,407	196,354	230,268
Due to ceding companies	197,995	98,338	242,834
Reinsurance premium payable	591,939	484,424	476,574
Reinsurance commission payable	1,556	1,207	1,280
Insurance claims payable	26,257	10,001	17,548
Other payables	367,824	444,267	379,059
Total	<u>\$ 1,447,978</u>	<u>1,234,591</u>	<u>1,347,563</u>

(iii) Receivables of insurance contracts

Item	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 282,117	259,513	311,295
Less : Loss allowance	(150)	(149)	(288)
Total	<u>\$ 281,967</u>	<u>259,364</u>	<u>311,007</u>

Item	September 30, 2024	December 31, 2023	September 30, 2023
Premiums receivable			
Fire insurance	\$ 80,758	23,657	40,709
Marine insurance	48,091	22,095	21,471
Hull and fishing vessel insurance	17,357	3,005	10,746
Other accident insurance	235,126	48,600	178,307
Compulsory pure premium	6,281	7,503	6,813
Voluntary automobile insurance	27,186	5,992	23,350
Compulsory automobile liability insurance	2,843	3,599	3,129
Overdue receivables	125,297	51,042	131,387
Subtotal	542,939	165,493	415,912
Less : Loss allowance	(9,095)	(5,623)	(9,435)
Total	<u>\$ 533,844</u>	<u>159,870</u>	<u>406,477</u>

(Continued)

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

(iv) Other receivables

<u>Item</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Other receivables	\$ 181,392	179,679	167,116
Less : Loss allowance	(45,574)	(42,926)	(41,638)
Total	<u>\$ 135,818</u>	<u>136,753</u>	<u>125,478</u>

As of September 30, 2024, December 31 and September 30, 2023, the overdue receivables in notes receivable, premiums receivable and other receivables were \$170,567, \$93,220 and \$172,317, which provisioned the loss allowance \$54,819, \$48,698 and \$51,361, respectively. The movements of the loss allowance for receivables were as follows:

	<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 48,698	44,355
Loss recognized	6,121	7,006
Ending balance	<u>\$ 54,819</u>	<u>51,361</u>

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Under 90 days	\$ 924,176	540,997	819,415
91~270 days	41,928	26,266	38,436
More than 271 days	40,344	37,422	36,472

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

(v) Payables of insurance contracts

<u>Item</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Commission payable	<u>\$ 262,407</u>	<u>196,354</u>	<u>230,268</u>

(Continued)

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

(c) Reinsurance assets

	September 30, 2024	December 31, 2023	September 30, 2023
Claims recoverable from reinsurers (Note 6(d))	\$ 215,630	237,038	214,394
Due from reinsurers and ceding companies – net (Note 6(e))	241,445	289,938	342,333
Reinsurance reserve assets (Note 6(n))			
Ceded unearned premiums reserve	2,215,463	1,777,831	1,970,293
Ceded claim reserve	2,687,303	1,885,063	1,973,117
Ceded premium deficiency reserve	<u>30,446</u>	<u>12,536</u>	<u>45,495</u>
Total	<u><u>\$ 5,390,287</u></u>	<u><u>4,202,406</u></u>	<u><u>4,545,632</u></u>

(d) Claims recoverable from reinsurers

Item	September 30, 2024	December 31, 2023	September 30, 2023
Fire insurance	\$ 31,914	11,676	4,067
Marine insurance	175	2,335	377
Land and air insurance	4	32	2
Liability insurance	50,317	62,906	59,314
Surety insurance	9	-	7
Other property insurance	78,435	98,469	96,264
Accident insurance	5,216	8,635	7,416
Health insurance	513	1,307	1,557
Compulsory automobile liability insurance	47,435	51,642	45,372
Overdue receivables	1,612	36	422
Less : Loss allowance	<u>-</u>	<u>-</u>	<u>(404)</u>
Total	<u><u>\$ 215,630</u></u>	<u><u>237,038</u></u>	<u><u>214,394</u></u>

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

	For the nine months ended September 30,	
	2024	2023
Beginning	\$ -	-
Loss recognized (Recovery)	<u>-</u>	<u>404</u>
Ending balance	<u><u>\$ -</u></u>	<u><u>404</u></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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Due from ceding companies	\$ 41,101	167,833	192,849
Reinsurance premium receivable	61,326	58,428	64,755
Reinsurance commission receivable	134,764	63,633	84,626
Overdue receivables	<u>28,659</u>	<u>14,495</u>	<u>13,986</u>
Subtotal	265,850	304,389	356,216
Less : Loss allowance	<u>(24,405)</u>	<u>(14,451)</u>	<u>(13,883)</u>
Total	<u>\$ 241,445</u>	<u>289,938</u>	<u>342,333</u>

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

	<u>For the nine months ended September 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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Due to ceding companies	\$ 197,995	98,338	242,834
Reinsurance premium payable	591,939	484,424	476,574
Reinsurance commission payable	<u>1,556</u>	<u>1,207</u>	<u>1,280</u>
Total	<u>\$ 791,490</u>	<u>583,969</u>	<u>720,688</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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Beneficiary certificate	\$ 407,390	213,233	158,670
Real estate investment trust beneficiary certificate	303,332	321,109	337,561
Domestic listed stocks and OTC stocks	1,005,237	1,187,177	845,652
Foreign stock	<u>146,368</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,862,327</u>	<u>1,721,519</u>	<u>1,341,883</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 net income before income tax for the nine months ended September 30, 2024 and 2023 will increase \$18,623 and \$13,419, respectively. Conversely, if there is a decrease in the securities' price of 1% on the reporting date based on all other variables remain the same, there will be the same amount but opposite direction of influence.

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Debt investments at fair value through other comprehensive income:			
Financial bonds	\$ 97,647	-	-
Corporate bonds	<u>372,241</u>	<u>-</u>	<u>-</u>
Subtotal	<u>469,888</u>	<u>-</u>	<u>-</u>
Equity investments at fair value through other comprehensive income:			
Domestic listed stocks and OTC stocks	\$ 2,101,874	2,336,417	2,214,648
Domestic unlisted stocks	<u>14,658</u>	<u>14,658</u>	<u>15,008</u>
Subtotal	<u>2,116,532</u>	<u>2,351,075</u>	<u>2,229,656</u>
Total	<u>\$ 2,586,420</u>	<u>2,351,075</u>	<u>2,229,656</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 investment 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 nine months ended September 30, 2024 and 2023, the dividends of \$78,597, \$39,098, \$82,133 and \$74,790, respectively, related to equity investments at fair value through other comprehensive income held on the periods then ended, were recognized; the dividend of \$12,601, \$0, \$16,451 and \$0, respectively, related to the investments derecognized during the three months and nine months ended September 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 nine months ended September 30, 2024 and 2023, were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Fair value	<u>\$ 218,686</u>	<u>-</u>	<u>312,841</u>	<u>-</u>
Accumulate gains by disposing	<u>\$ 21,286</u>	<u>-</u>	<u>34,494</u>	<u>-</u>

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 other comprehensive income before taxes for the nine months ended September 30, 2024 and 2023 will increase \$21,165 and \$22,297, 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 nine months ended September 30, 2024. 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

	September 30, 2024	December 31, 2023	September 30, 2023
Government bonds	\$ 614,351	614,701	614,819
Financial bonds	1,350,000	1,300,000	1,300,000
Corporate bonds	<u>1,150,000</u>	<u>1,050,000</u>	<u>1,050,000</u>
Subtotal	3,114,351	2,964,701	2,964,819
Less: Security deposits	(397,258)	(397,621)	(397,743)
Loss allowance	<u>(4,883)</u>	<u>(4,582)</u>	<u>(5,837)</u>
Total	<u><u>\$ 2,712,210</u></u>	<u><u>2,562,498</u></u>	<u><u>2,561,239</u></u>

- 1) The Company assessed financial assets that are held to maturity in order to collect contractual cash flows, which are solely payments of principal and interest on the principal amount outstanding. Therefore, these financial assets were classified as measured at amortized cost.
- 2) Please refer to Note 6(u) for further information of credit risk.
- 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits – initial maturity date over than three months	\$ 2,299,200	1,919,700	1,759,800
Less: Security deposits	<u>(47,000)</u>	<u>(47,000)</u>	<u>(47,000)</u>
Total	<u><u>\$ 2,252,200</u></u>	<u><u>1,872,700</u></u>	<u><u>1,712,800</u></u>

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

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

(v) Capital outsourcing information

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

Investment	September 30, 2024	December 31, 2023	September 30, 2023
<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	
Domestic listed stocks and OTC stocks, bonds, bonds purchased under resale agreements, short term bills, deposits in financial institutions, etc.	\$ <u>2,150,000</u>	<u>1,700,000</u>	<u>1,600,000</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash and cash equivalents	\$ 1,035,996	658,937	860,544
Financial assets at fair value through profit or loss - stocks	550,814	1,060,528	745,452
Financial assets at fair value through other comprehensive income - bonds	469,888	-	-
Total	\$ <u>2,056,698</u>	<u>1,719,465</u>	<u>1,605,996</u>

(g) Investment property

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

	Land and improvement	Buildings and construction	Total
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 September 30, 2024	\$ <u>754,383</u>	<u>226,645</u>	<u>981,028</u>
Balance at September 30, 2023 (Same as January 1, 2023)	\$ <u>727,887</u>	<u>217,104</u>	<u>944,991</u>

(Continued)

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	-	3,704	3,704
Reclassification from property, plant and equipment	-	10,973	10,973
Reclassification to property, plant and equipment	-	(5,329)	(5,329)
Balance at September 30, 2024	<u>\$ 2,359</u>	<u>104,786</u>	<u>107,145</u>
Balance at January 1, 2023	\$ 2,359	90,937	93,296
Depreciation	-	3,609	3,609
Balance at September 30, 2023	<u>\$ 2,359</u>	<u>94,546</u>	<u>96,905</u>
Carrying amount:			
January 1, 2024	<u>\$ 918,470</u>	<u>129,039</u>	<u>1,047,509</u>
September 30, 2024	<u>\$ 752,024</u>	<u>121,859</u>	<u>873,883</u>
January 1, 2023	<u>\$ 725,528</u>	<u>126,167</u>	<u>851,695</u>
September 30, 2023	<u>\$ 725,528</u>	<u>122,558</u>	<u>848,086</u>
Fair value:			
January 1, 2024			<u>\$ 2,058,304</u>
September 30, 2024			<u>\$ 1,886,325</u>
January 1, 2023			<u>\$ 1,568,918</u>
September 30, 2023			<u>\$ 1,566,565</u>

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

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

(Continued)

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

(h) Property, plant and equipment

The cost, accumulated depreciation, and accumulated impairment loss of the property, plant and equipment of the Company for the nine months ended September 30, 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	-	1,430	18,806	-	2,021	-	22,257
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	-	-	(3,067)	-	(1,623)	-	(4,690)
Balance at September 30, 2024	<u>1,116,493</u>	<u>525,126</u>	<u>224,077</u>	<u>579</u>	<u>56,490</u>	<u>2,930</u>	<u>1,925,695</u>
Balance at January 1, 2023	945,824	518,148	192,284	579	55,997	2,004	1,714,836
Additions	-	3,779	4,729	-	1,543	926	10,977
Scrap	-	-	(4,872)	-	(1,153)	-	(6,025)
Balance at September 30, 2023	<u>945,824</u>	<u>521,927</u>	<u>192,141</u>	<u>579</u>	<u>56,387</u>	<u>2,930</u>	<u>1,719,788</u>
Accumulated depreciation and impairment loss:							
Balance at January 1, 2024	15,196	201,268	176,952	579	49,169	2,122	445,286
Depreciation	-	11,620	7,755	-	2,651	199	22,225
Reclassification from investment property	-	5,329	-	-	-	-	5,329
Reclassification to investment property	-	(10,973)	-	-	-	-	(10,973)
Disposal	-	(1,505)	-	-	-	-	(1,505)
Scrap	-	-	(3,067)	-	(1,623)	-	(4,690)
Balance at September 30, 2024	<u>15,196</u>	<u>205,739</u>	<u>181,640</u>	<u>579</u>	<u>50,197</u>	<u>2,321</u>	<u>455,672</u>
Balance at January 1, 2023	15,196	185,858	171,412	579	47,749	1,774	422,568
Depreciation	-	11,307	8,737	-	3,004	271	23,319
Scrap	-	-	(4,872)	-	(1,153)	-	(6,025)
Balance at September 30, 2023	<u>15,196</u>	<u>197,165</u>	<u>175,277</u>	<u>579</u>	<u>49,600</u>	<u>2,045</u>	<u>439,862</u>
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>
September 30, 2024	<u>\$ 1,101,297</u>	<u>319,387</u>	<u>42,437</u>	<u>-</u>	<u>6,293</u>	<u>609</u>	<u>1,470,023</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>
September 30, 2023	<u>\$ 930,628</u>	<u>324,762</u>	<u>16,864</u>	<u>-</u>	<u>6,787</u>	<u>885</u>	<u>1,279,926</u>

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

(Continued)

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

(i) Right-of-use assets

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

	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:			
January 1, 2024	\$ 26,197	9,902	36,099
Additions	4,740	5,323	10,063
Derecognition	<u>(4,571)</u>	<u>(3,623)</u>	<u>(8,194)</u>
September 30, 2024	<u>\$ 26,366</u>	<u>11,602</u>	<u>37,968</u>
January 1, 2023	\$ 25,844	9,088	34,932
Additions	20,477	-	20,477
Derecognition	<u>(20,172)</u>	<u>-</u>	<u>(20,172)</u>
September 30, 2023	<u>\$ 26,149</u>	<u>9,088</u>	<u>35,237</u>
Depreciation of right-of-use assets:			
January 1, 2024	\$ 11,767	6,599	18,366
Depreciation	9,680	2,709	12,389
Derecognition	<u>(4,539)</u>	<u>(3,623)</u>	<u>(8,162)</u>
September 30, 2024	<u>\$ 16,908</u>	<u>5,685</u>	<u>22,593</u>
January 1, 2023	\$ 19,053	4,083	23,136
Depreciation	10,616	1,736	12,352
Derecognition	<u>(19,615)</u>	<u>-</u>	<u>(19,615)</u>
September 30, 2023	<u>\$ 10,054</u>	<u>5,819</u>	<u>15,873</u>
Carrying amount:			
January 1, 2024	<u>\$ 14,430</u>	<u>3,303</u>	<u>17,733</u>
September 30, 2024	<u>\$ 9,458</u>	<u>5,917</u>	<u>15,375</u>
January 1, 2023	<u>\$ 6,791</u>	<u>5,005</u>	<u>11,796</u>
September 30, 2023	<u>\$ 16,095</u>	<u>3,269</u>	<u>19,364</u>

(j) Lease liabilities

The Company's lease liabilities were as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Less than one year	\$ 9,654	13,700	13,857
Between one and five years	<u>5,889</u>	<u>4,229</u>	<u>5,680</u>
Total	<u>\$ 15,543</u>	<u>17,929</u>	<u>19,537</u>

(Continued)

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

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	<u>\$ 103</u>	<u>121</u>	<u>301</u>	<u>346</u>

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

	<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Total cash outflow for leases	<u>\$ 12,718</u>	<u>12,656</u>

(i) Leases of buildings and construction

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

(ii) Other leases

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

(k) Operating lease

The Company leases out its investment properties, during the nine months ended September 30, 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, \$1,918, \$5,296 and \$5,756 for the three months and nine months ended September 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 \$8,831, \$8,798, \$25,832 and \$26,341 for the three months and nine months ended September 30, 2024 and 2023, respectively.

(Continued)

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

(m) Remunerations to employees and directors

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

For the three months and nine months ended September 30, 2024 and 2023, the Company estimated its employees remuneration amounting to \$6,000, \$0, \$14,000 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.

(n) Insurance liability

	September 30, 2024	December 31, 2023	September 30, 2023
Unearned premium reserve	\$ 7,271,031	6,300,340	6,621,811
Claims reserve	6,246,818	5,009,156	4,982,118
Special reserve	942,347	974,014	973,331
Premium deficiency reserve	30,614	14,088	49,420
Total	\$ 14,490,810	12,297,598	12,626,680

(Continued)

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

(i) Unearned premium reserve

1) Unearned premium reserve and ceded unearned premium reserves

September 30, 2024					
Item	Unearned premium reserve		Ceded unearned premium reserve		Retained business
	Direct business	Reinsurance ceded in	Reinsurance ceded out		
Fire insurance	\$ 1,249,787	28,993	759,509		519,271
Marine insurance	82,645	1,019	67,819		15,845
Land and air insurance	53,574	-	49,976		3,598
Liability insurance	1,882,261	17,256	257,742		1,641,775
Surety insurance	13,844	573	6,820		7,597
Other property insurance	2,946,066	60,387	833,312		2,173,141
Accident insurance	402,557	3,494	31,547		374,504
Health insurance	15,565	-	57		15,508
Compulsory automobile liability insurance	347,775	165,235	208,681		304,329
Total	\$ 6,994,074	276,957	2,215,463		5,055,568

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

(Continued)

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

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

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

For the nine months ended September 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	\$ 688,422	226,985	288,574	626,833	347,775	353,893	165,235	165,127	(6,010)	208,681	212,351	(3,670)	629,173
Non-compulsory insurance	9,927,511	125,775	3,053,638	6,999,648	6,646,299	5,665,147	111,722	114,676	978,198	2,006,782	1,565,480	441,302	6,462,752
Total	\$ 10,615,933	352,760	3,342,212	7,626,481	6,994,074	6,019,040	276,957	279,803	972,188	2,215,463	1,777,831	437,632	7,091,925

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

(Continued)

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

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

<u>Item</u>	<u>For the nine months ended September 30, 2024</u>	
	<u>Unearned premium reserve</u>	<u>Ceded unearned premium reserve</u>
Beginning balance	\$ 6,300,340	1,777,831
Provision	7,271,031	2,215,463
Recovery	(6,300,340)	(1,777,831)
Ending balance	<u>\$ 7,271,031</u>	<u>2,215,463</u>
	<u>For the nine months ended September 30, 2023</u>	
<u>Item</u>	<u>Unearned premium reserve</u>	<u>Ceded unearned premium reserve</u>
Beginning balance	\$ 5,908,746	1,621,156
Provision	6,621,811	1,970,293
Recovery	(5,908,746)	(1,621,156)
Ending balance	<u>\$ 6,621,811</u>	<u>1,970,293</u>

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

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

(Continued)

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

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

As of September 30, 2024, December 31 and September 30, 2023, the relevant unearned premium reserve from the business transfer and intangible assets were \$10,764 and \$7,550, \$12,891 and \$9,047, \$13,582 and \$9,534, respectively.

(ii) Special reserve

1) Segmentation of specific assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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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 nine months ended September 30,	
	2024	2023
Beginning balance	\$ 135,259	90,188
Provision	43,141	43,111
Ending balance	<u>\$ 178,400</u>	<u>133,299</u>

Special reserve – Non-Compulsory Automobile Liability Insurance

Item	For the nine months ended September 30, 2024						
	Liability			Special reserve			
	Catastrophic risk	Contingency risk	Total	Catastrophic 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	(3,789)	(71,019)	(74,808)	-	-	-	-
Ending balance	<u>\$ 92,625</u>	<u>667,166</u>	<u>759,791</u>	<u>992,188</u>	<u>2,066,074</u>	<u>22,575</u>	<u>3,080,837</u>
Item	For the nine months ended September 30, 2023						
	Liability			Special reserve			
	Catastrophic risk	Contingency risk	Total	Catastrophic 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	(3,789)	-	(3,789)	-	-	-	-
Ending balance	<u>\$ 97,691</u>	<u>738,185</u>	<u>835,876</u>	<u>884,765</u>	<u>1,841,170</u>	<u>10,314</u>	<u>2,736,249</u>

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

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UNION INSURANCE CO., LTD.
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2) Special reserve -Other

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

(iii) Claims reserve

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

Item	September 30, 2024			
	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
Fire insurance	\$ 240	1,869,629	150,560	2,020,189
Marine insurance	86	66,555	63,972	130,527
Land and air insurance	-	9,537	18,332	27,869
Liability insurance	8,430	1,273,383	467,631	1,741,014
Surety insurance	1	25,153	6,958	32,111
Other property insurance	15,026	1,021,796	167,595	1,189,391
Accident insurance	1,585	52,983	260,348	313,331
Health insurance	335	1,415	13,617	15,032
Compulsory automobile liability insurance	554	209,535	567,819	777,354
Total	\$ 26,257	4,529,986	1,716,832	6,246,818

(Continued)

UNION INSURANCE CO., LTD.
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December 31, 2023				
Item	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
	Fire insurance	\$ -	875,130	122,821
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

September 30, 2023				
Item	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
	Fire insurance	\$ -	932,152	118,487
Marine insurance	-	148,417	65,491	213,908
Land and air insurance	-	39,087	18,274	57,361
Liability insurance	6,640	1,177,065	363,387	1,540,452
Surety insurance	1	18,633	6,747	25,380
Other property insurance	7,530	950,374	96,206	1,046,580
Accident insurance	2,423	74,509	178,809	253,318
Health insurance	379	2,396	38,118	40,514
Compulsory automobile liability insurance	575	196,488	557,478	753,966
Total	\$ 17,548	3,539,121	1,442,997	4,982,118

(Continued)

UNION INSURANCE CO., LTD.
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- 2) Reinsurance assets - the insurance ceded business for the policy holders with reported but unpaid or unreported claims

September 30, 2024			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 1,460,412	41,368	1,501,780
Marine insurance	47,927	44,388	92,315
Land and air insurance	4,214	13,078	17,292
Liability insurance	151,858	67,014	218,872
Surety insurance	9,153	1,925	11,078
Other property insurance	430,321	36,397	466,718
Accident insurance	5,805	47,346	53,151
Health insurance	164	3,085	3,249
Compulsory automobile liability insurance	77,352	245,496	322,848
Total	\$ 2,187,206	500,097	2,687,303
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.
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September 30, 2023			
Item	Reported but unpaid	IBNR	Total
Fire insurance	\$ 699,154	40,718	739,872
Marine insurance	94,229	45,457	139,686
Land and air insurance	32,590	12,924	45,514
Liability insurance	160,878	59,252	220,130
Surety insurance	8,182	1,902	10,084
Other property insurance	428,235	21,168	449,403
Accident insurance	11,447	42,151	53,598
Health insurance	282	3,139	3,421
Compulsory automobile liability insurance	72,031	239,378	311,409
Total	\$ 1,507,028	466,089	1,973,117

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

For the nine months ended September 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	Recovery	Recovery
Fire insurance	\$ 1,720,658	963,732	299,531	34,219	1,022,238	1,501,780	638,337	863,443
Marine insurance	125,534	164,660	4,993	5,106	(39,239)	92,315	120,963	(28,648)
Land and air insurance	26,347	54,037	1,522	2,517	(28,685)	17,292	45,261	(27,969)
Liability insurance	1,710,156	1,621,996	30,858	27,508	91,510	218,872	241,717	(22,845)
Surety insurance	30,025	22,545	2,086	1,985	7,581	11,078	10,023	1,055
Other property insurance	1,159,858	995,445	29,533	20,533	173,413	466,718	436,972	29,746
Accident insurance	296,905	269,620	16,426	15,384	28,327	53,151	56,468	(3,317)
Health insurance	12,705	18,169	2,327	2,201	(5,338)	3,249	3,164	85
Compulsory automobile liability insurance	540,236	555,767	237,118	233,732	(12,145)	322,848	332,183	(9,335)
Total	\$ 5,622,424	4,665,971	624,394	343,185	1,237,662	2,687,303	1,885,088	802,215

For the nine months ended September 30, 2023								
Item	Direct underwrite business		Reinsurance ceded-in		The net change in claims reserve	Reinsurance ceded-out		The net change in ceded claims reserve
	Provision	Recovery	Provision	Recovery	Provision	Recovery	Recovery	Recovery
Fire insurance	\$ 1,017,454	1,114,837	33,185	20,896	(85,094)	739,872	754,480	(14,608)
Marine insurance	208,721	231,149	5,187	3,778	(21,019)	139,686	182,426	(42,740)
Land and air insurance	54,841	61,699	2,520	2,562	(6,900)	45,514	53,134	(7,620)
Liability insurance	1,513,310	1,356,466	27,142	11,278	172,708	220,130	208,099	12,031
Surety insurance	23,378	23,170	2,002	1,541	669	10,084	10,073	11
Other property insurance	1,032,353	926,234	14,227	5,633	114,713	449,403	370,602	78,801
Accident insurance	241,186	213,759	12,132	3,851	35,708	53,598	40,204	13,394
Health insurance	38,093	107,469	2,421	2,417	(69,372)	3,421	3,332	89
Compulsory automobile liability insurance	521,167	508,369	232,799	232,067	13,530	311,409	304,965	6,444
Total	\$ 4,650,503	4,543,152	331,615	284,023	154,943	1,973,117	1,927,315	45,802

(Continued)

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

4) The movements in claims reserve and ceded claims reserve

Item	For the nine months ended September 30,			
	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	6,246,818	2,687,303	4,982,118	1,973,117
Recovery	(5,009,156)	(1,885,088)	(4,827,175)	(1,927,315)
Impairment loss reversed(recognized)	-	25	-	-
Ending balance	<u>\$ 6,246,818</u>	<u>2,687,303</u>	<u>4,982,118</u>	<u>1,973,117</u>

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

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

(iv) Premium deficiency reserve

- 1) Premium deficiency reserve and ceded premium deficiency reserve

Item	September 30, 2024			
	Premium deficiency reserve		Ceded premium deficiency reserve	
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	Retained business
Fire insurance	\$ 30,268	178	30,446	-
Marine insurance	32	-	-	32
Land and air insurance	136	-	-	136
Total	<u>\$ 30,436</u>	<u>178</u>	<u>30,446</u>	<u>168</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

September 30, 2023				
Item	Premium deficiency reserve		Ceded premium deficiency reserve	
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	Retained business
Fire insurance	\$ 46,036	1,459	45,495	2,000
Marine insurance	1,925	-	-	1,925
Total	\$ 47,961	1,459	45,495	3,925

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

For the nine months ended September 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	\$ 30,268	12,183	178	353	17,910	30,446	12,536	17,910	-
Marine insurance	32	1,552	-	-	(1,520)	-	-	-	(1,520)
Land and air insurance	136	-	-	-	136	-	-	-	136
Total	\$ 30,436	13,735	178	353	16,526	30,446	12,536	17,910	(1,384)

For the nine months ended September 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	\$ 46,036	57,717	1,459	1,551	(11,773)	45,495	57,390	(11,895)	122
Marine insurance	1,925	1,146	-	-	779	-	-	-	779
Health insurance	-	393,777	-	-	(393,777)	-	764	(764)	(393,013)
Total	\$ 47,961	452,640	1,459	1,551	(404,771)	45,495	58,154	(12,659)	(392,112)

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

For the nine months ended September 30, 2024		
Item	Premium deficiency reserve	Ceding premium deficiency reserve
Beginning balance	\$ 14,088	12,536
Provision	30,614	30,446
Recovery	(14,088)	(12,536)
Ending balance	\$ 30,614	30,446

For the nine months ended September 30, 2023		
Item	Premium deficiency reserve	Ceding premium deficiency reserve
Beginning balance	\$ 454,191	58,154
Provision	49,420	45,495
Recovery	(454,191)	(58,154)
Ending balance	\$ 49,420	45,495

(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 nine months ended September 30, 2024 and 2023 were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current income tax expenses	<u>\$ 63,046</u>	<u>64,078</u>	<u>160,470</u>	<u>69,635</u>

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 September 30, 2024, December 31 and September 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 September 30, 2024, December 31 and September 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.

(Continued)

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

(iii) Other equity (after tax)

	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
January 1, 2024	\$ 22,167
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(10,468)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	(34,494)
September 30, 2024	\$ (22,795)
January 1, 2023	\$ (66,034)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	47,728
September 30, 2023	\$ (18,306)

(q) Earnings per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Net income attributable to ordinary shareholders of the Company	\$ 145,943	282,423	846,193	1,047,343
Weighted average number of ordinary shares (thousands shares)	223,608	223,608	223,608	223,608
Basic earnings per share (NT dollars)	\$ 0.65	1.26	3.78	4.68
Diluted earnings per share				
Net income attributable to ordinary shareholders of the Company	\$ 145,943	282,423	846,193	1,047,343
Weighted average number of ordinary shares (thousands shares)	223,608	223,608	223,608	223,608
Employee share options	425	-	439	-
Weighted average number of ordinary shares (Dilutive potential common shares)(thousands shares)	224,033	223,608	224,047	223,608
Diluted earnings per share (NT dollars)	\$ 0.65	1.26	3.78	4.68

(Continued)

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

(r) Disclosure of acquisition cost of insurance contracts

Acquisition cost of insurance contracts

For the three months ended September 30, 2024						
Item	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 64,195	-	-	1,460	-	65,655
Marine insurance	5,233	-	-	218	-	5,451
Land and air insurance	6,189	-	-	-	-	6,189
Liability insurance	167,123	-	-	1,042	-	168,165
Surety insurance	1,151	-	-	-	-	1,151
Other property insurance	169,073	-	-	4,116	-	173,189
Accident insurance	59,418	-	-	-	-	59,418
Health insurance	7,527	-	-	-	-	7,527
Compulsory automobile liability insurance	29,826	-	-	-	-	29,826
Total	\$ 509,735	-	-	6,836	-	516,571

For the three months ended September 30, 2023						
Item	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 45,789	-	-	153	-	45,942
Marine insurance	5,848	-	-	57	-	5,905
Land and air insurance	6,154	-	-	-	-	6,154
Liability insurance	149,327	-	-	801	-	150,128
Surety insurance	1,015	-	-	-	-	1,015
Other property insurance	169,312	-	-	3,155	-	172,467
Accident insurance	62,688	-	-	-	-	62,688
Health insurance	6,547	-	-	-	-	6,547
Compulsory automobile liability insurance	29,788	-	-	-	-	29,788
Total	\$ 476,468	-	-	4,166	-	480,634

(Continued)

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

For the nine months ended September 30, 2024

<u>Item</u>	<u>Commission expense</u>	<u>Agent fee</u>	<u>Charge</u>	<u>Reinsurance commission expense</u>	<u>Other cost</u>	<u>Total</u>
Fire insurance	\$ 164,992	-	-	2,014	-	167,006
Marine insurance	19,799	-	-	317	-	20,116
Land and air insurance	8,193	-	-	-	-	8,193
Liability insurance	525,574	-	-	3,274	-	528,848
Surety insurance	3,156	-	-	-	-	3,156
Other property insurance	551,770	-	-	12,527	-	564,297
Accident insurance	185,897	-	-	-	-	185,897
Health insurance	24,211	-	-	-	-	24,211
Compulsory automobile liability insurance	90,302	-	-	-	-	90,302
Total	\$ 1,573,894	-	-	18,132	-	1,592,026

For the nine months ended September 30, 2023

<u>Item</u>	<u>Commission expense</u>	<u>Agent fee</u>	<u>Charge</u>	<u>Reinsurance commission expense</u>	<u>Other cost</u>	<u>Total</u>
Fire insurance	\$ 140,072	-	-	303	-	140,375
Marine insurance	19,220	-	-	198	-	19,418
Land and air insurance	7,807	-	-	-	-	7,807
Liability insurance	466,751	-	-	2,638	-	469,389
Surety insurance	2,888	-	-	2	-	2,890
Other property insurance	518,629	-	-	9,197	-	527,826
Accident insurance	186,919	-	-	151	-	187,070
Health insurance	18,345	-	-	-	-	18,345
Compulsory automobile liability insurance	90,824	-	-	-	-	90,824
Total	\$ 1,451,455	-	-	12,489	-	1,463,944

(Continued)

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

(s) Disclosure of insurance cost-benefit analysis

(i) Direct written business cost-benefit analysis

For the three months ended September 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	\$ 822,221	225,034	64,195	73,249	125,406	334,337
Marine insurance	61,284	(19,158)	5,233	1,309	(6,310)	80,210
Land and air insurance	51,204	24,326	6,189	42	(2,016)	22,663
Liability insurance	916,036	(27,158)	167,123	455,641	55,263	265,167
Surety insurance	6,948	797	1,151	-	1,361	3,639
Other property insurance	1,137,950	4,713	169,073	539,381	86,803	337,980
Accident insurance	259,204	(15,063)	59,418	98,538	4,333	111,978
Health insurance	27,977	(6,732)	7,527	7,621	165	19,396
Compulsory automobile liability insurance	227,522	(2,610)	29,826	161,114	(12,766)	51,958
Total	\$ <u>3,510,346</u>	<u>184,149</u>	<u>509,735</u>	<u>1,336,895</u>	<u>252,239</u>	<u>1,227,328</u>
For the three months ended September 30, 2023						
Item	Written premium	The net change in unearned premium reserve	Insurance contract acquisition cost	Claims	The net change in claims reverse	Gain (Loss)
Fire insurance	\$ 618,464	115,938	45,789	238,590	(153,747)	371,894
Marine insurance	41,107	(21,292)	5,848	64,732	(41,644)	33,463
Land and air insurance	69,382	39,321	6,154	14	617	23,276
Liability insurance	838,222	(37,318)	149,327	489,100	59,222	177,891
Surety insurance	6,479	877	1,015	-	(192)	4,779
Other property insurance	1,102,709	60,054	169,312	568,085	(114)	305,372
Accident insurance	250,093	(40,857)	62,688	127,153	25,017	76,092
Health insurance	21,458	(7,421)	6,547	10,235	(4,947)	17,044
Compulsory automobile liability insurance	232,579	(1,925)	29,788	145,033	794	58,889
Total	\$ <u>3,180,493</u>	<u>107,377</u>	<u>476,468</u>	<u>1,642,942</u>	<u>(114,994)</u>	<u>1,068,700</u>

(Continued)

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

For the nine months ended September 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	\$ 2,035,478	387,297	164,992	297,253	756,926	429,010
Marine insurance	229,652	4,565	19,799	27,379	(39,126)	217,035
Land and air insurance	92,139	3,431	8,193	2,554	(27,690)	105,651
Liability insurance	2,912,959	154,665	525,574	1,407,483	88,160	737,077
Surety insurance	20,555	2,623	3,156	4,861	7,480	2,435
Other property insurance	3,697,097	382,342	551,770	1,518,464	164,413	1,080,108
Accident insurance	846,035	41,791	185,897	308,576	27,285	282,486
Health insurance	93,596	4,438	24,211	23,493	(5,464)	46,918
Compulsory automobile liability insurance	688,422	(6,118)	90,302	445,032	(15,531)	174,737
Total	\$ 10,615,933	975,034	1,573,894	4,035,095	956,453	3,075,457

For the nine months ended September 30, 2023

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

(Continued)

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

(ii) Reinsurance cost-benefit analysis

For the three months ended September 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	\$ 17,951	(1,659)	1,460	18,006	(18,225)	18,369
Marine insurance	916	(588)	218	(6)	(66)	1,358
Land and air insurance	-	-	-	59	1	(60)
Liability insurance	4,331	(3,201)	1,042	9,363	1,256	(4,129)
Surety insurance	269	(33)	-	150	8	144
Other property insurance	15,401	3,923	4,116	3,097	7,695	(3,430)
Accident insurance	1,714	(21)	-	1,481	186	68
Health insurance	-	-	-	-	108	(108)
Compulsory automobile liability insurance	75,802	(16)	-	74,963	(2,033)	2,888
Total	\$ 116,384	(1,595)	6,836	107,113	(11,070)	15,100
For the three months ended September 30, 2023						
Item	Reinsurance premium	The net change in unearned premium reserve	Reinsurance commission expense	Reinsurance Claims	The net change in claims reverse	Ceded in Gain (Loss)
Fire insurance	\$ 11,354	(6,926)	153	15	7,008	11,104
Marine insurance	1,339	(557)	57	116	682	1,041
Land and air insurance	-	(44)	-	31	234	(221)
Liability insurance	3,154	(9,564)	801	11,906	5,703	(5,692)
Surety insurance	324	11	-	1,583	63	(1,333)
Other property insurance	11,810	3,426	3,155	4,347	1,667	(785)
Accident insurance	1,839	(434)	-	672	984	617
Health insurance	-	-	-	-	(136)	136
Compulsory automobile liability insurance	75,913	144	-	74,946	(756)	1,579
Total	\$ 105,733	(13,944)	4,166	93,616	15,449	6,446

(Continued)

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

For the nine months ended September 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	\$ 54,181	(6,338)	2,014	18,212	265,312	(225,019)
Marine insurance	4,914	104	317	(97)	(113)	4,703
Land and air insurance	-	-	-	96	(995)	899
Liability insurance	14,071	(11,734)	3,274	20,591	3,350	(1,410)
Surety insurance	951	18	-	189	101	643
Other property insurance	46,506	15,271	12,527	9,477	9,000	231
Accident insurance	5,152	(275)	-	2,293	1,042	2,092
Health insurance	-	-	-	-	126	(126)
Compulsory automobile liability insurance	226,985	108	-	220,615	3,386	2,876
Total	\$ <u>352,760</u>	<u>(2,846)</u>	<u>18,132</u>	<u>271,376</u>	<u>281,209</u>	<u>(215,111)</u>

For the nine months ended September 30, 2023

<u>Item</u>	<u>Reinsurance premium</u>	<u>The net change in unearned premium reserve</u>	<u>Reinsurance commission expense</u>	<u>Reinsurance Claims</u>	<u>The net change in claims reverse</u>	<u>Ceded in Gain (Loss)</u>
Fire insurance	\$ 69,343	10,455	303	314	12,289	45,982
Marine insurance	6,138	286	198	136	1,409	4,109
Land and air insurance	-	(579)	-	3,418	(42)	(2,797)
Liability insurance	11,262	(30,458)	2,638	16,355	15,864	6,863
Surety insurance	992	31	2	1,598	461	(1,100)
Other property insurance	35,414	11,367	9,197	10,776	8,594	(4,520)
Accident insurance	6,711	471	151	1,349	8,281	(3,541)
Health insurance	-	-	-	-	4	(4)
Compulsory automobile liability insurance	226,930	(430)	-	215,831	732	10,797
Total	\$ <u>356,790</u>	<u>(8,857)</u>	<u>12,489</u>	<u>249,777</u>	<u>47,592</u>	<u>55,789</u>

(Continued)

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

(iii) Gain/Loss on reinsurance contracts

For the three months ended September 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	\$ (535,628)	131,078	55,424	41,480	49,569	(258,077)
Marine insurance	(41,494)	(14,594)	2,191	523	(1,546)	(54,920)
Land and air insurance	(45,770)	27,140	7,708	4	(2,355)	(13,273)
Liability insurance	(110,441)	(10,041)	37,350	71,114	(10,919)	(22,937)
Surety insurance	(2,647)	509	155	-	330	(1,653)
Other property insurance	(271,401)	32,768	59,582	83,182	37,291	(58,578)
Accident insurance	(16,332)	(2,021)	4,821	7,652	(277)	(6,157)
Health insurance	(587)	(175)	266	552	95	151
Compulsory automobile liability insurance	(95,470)	(1,566)	-	95,894	(7,635)	(8,777)
Total	\$ (1,119,770)	163,098	167,497	300,401	64,553	(424,221)
For the three months ended September 30, 2023						
Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (422,163)	79,726	45,972	174,638	(123,390)	(245,217)
Marine insurance	(15,188)	(22,572)	1,877	56,428	(52,428)	(31,883)
Land and air insurance	(65,816)	39,983	8,116	2	(124)	(17,839)
Liability insurance	(112,339)	(10,368)	33,446	69,124	5,224	(14,913)
Surety insurance	(2,352)	310	169	-	(122)	(1,995)
Other property insurance	(261,681)	40,871	67,868	157,636	(7,691)	(2,997)
Accident insurance	(19,322)	(3,148)	5,736	10,780	5,280	(674)
Health insurance	(3,971)	(1,512)	1,760	1,579	(59)	(2,203)
Compulsory automobile liability insurance	(98,385)	(1,157)	-	88,277	503	(10,762)
Total	\$ (1,001,217)	122,133	164,944	558,464	(172,807)	(328,483)

(Continued)

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

For the nine months ended September 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	\$ (1,498,626)	258,895	146,698	116,814	863,443	(112,776)
Marine insurance	(158,546)	2,695	11,951	17,764	(28,648)	(154,784)
Land and air insurance	(74,812)	9,076	8,542	1,593	(27,969)	(83,570)
Liability insurance	(360,462)	8,109	119,827	204,619	(22,845)	(50,752)
Surety insurance	(7,160)	767	415	3,330	1,055	(1,593)
Other property insurance	(895,094)	163,099	204,390	289,857	29,746	(208,002)
Accident insurance	(58,033)	553	16,083	27,055	(3,317)	(17,659)
Health insurance	(905)	(1,892)	285	2,761	85	334
Compulsory automobile liability insurance	(288,574)	(3,670)	-	265,307	(9,335)	(36,272)
Total	\$ (3,342,212)	437,632	508,191	929,100	802,215	(665,074)

For the nine months ended September 30, 2023

Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (1,142,763)	243,357	124,929	261,677	(14,608)	(527,408)
Marine insurance	(87,652)	(40,432)	8,086	90,825	(42,740)	(71,913)
Land and air insurance	(92,992)	28,270	8,846	17,226	(7,620)	(46,270)
Liability insurance	(360,735)	(13,960)	92,228	204,937	12,031	(65,499)
Surety insurance	(6,401)	927	574	210	11	(4,679)
Other property insurance	(756,708)	129,653	191,514	396,258	78,801	39,518
Accident insurance	(73,865)	7,655	19,294	37,082	13,394	3,560
Health insurance	(5,621)	(3,250)	1,831	7,633	89	682
Compulsory automobile liability insurance	(295,143)	(3,083)	-	265,684	6,444	(26,098)
Total	\$ (2,821,880)	349,137	447,302	1,281,532	45,802	(698,107)

(t) Disclosure of insurance contract risk

Except for the following disclosure, there were no significant changes in the Company's objectives, policies, procedures and methods used to manage the risk management of insurance contracts and the credit risk, liquidity risk and market risk of insurance contracts for the nine months ended September 30, 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 nine months ended September 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	\$ 2,089,659	63.43 %	17,102	4,705
Marine insurance	234,566	62.82 %	2,299	740
Land and air insurance	92,139	69.89 %	887	230
Liability insurance	2,927,030	67.05 %	27,841	24,317
Surety insurance	21,506	72.74 %	189	125
Other property insurance	3,743,603	64.18 %	33,460	26,140
Accident insurance	851,187	70.61 %	8,097	7,522
Health insurance	93,596	81.91 %	892	864
Compulsory automobile liability insurance	915,407	No applicable	No applicable	No applicable

Item	For the nine months ended September 30, 2023			
	Written premium	Expected rate of loss	Effect of profit or loss on 1% movement of expected rate of loss	
			Before reinsurance	After reinsurance
Fire insurance	\$ 1,753,479	63.76 %	13,840	4,846
Marine insurance	169,726	62.80 %	2,026	745
Land and air insurance	107,083	70.42 %	796	148
Liability insurance	2,664,986	66.72 %	25,832	22,085
Surety insurance	20,175	72.85 %	166	111
Other property insurance	3,317,518	64.35 %	30,359	24,088
Accident insurance	789,145	75.35 %	7,968	7,306
Health insurance	65,774	79.04 %	705	616
Compulsory automobile liability insurance	927,149	No applicable	No applicable	No applicable

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 45.88% and 48.75% for the nine months ended September 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 nine months ended September 30,			
	2024		2023	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 1,117,896	10.19 %	909,295	9.26 %
Marine cargo insurance	190,919	1.74 %	139,905	1.43 %
Hull, fishing vessel and aviation insurance	134,052	1.22 %	134,944	1.37 %
Voluntary automobile insurance	5,032,316	45.88 %	4,785,277	48.75 %
Compulsory automobile liability insurance	915,407	8.34 %	927,149	9.45 %
Liability insurance	620,237	5.65 %	469,904	4.79 %
Engineering and nuclear insurance	885,015	8.07 %	621,464	6.33 %
Surety and credit insurance	21,506	0.20 %	20,174	0.21 %
Other property insurance	41,206	0.38 %	49,894	0.51 %
Accident insurance	851,187	7.76 %	789,145	8.04 %
Typhoon, flood and earthquake insurance	969,658	8.84 %	843,667	8.60 %
Personal and commercial all-risk insurance	91,746	0.84 %	56,103	0.57 %
Health insurance	93,596	0.85 %	65,774	0.67 %
Overseas ceded-in reinsurance	3,952	0.04 %	2,340	0.02 %
Total	<u>\$ 10,968,693</u>	<u>100.00 %</u>	<u>9,815,035</u>	<u>100.00 %</u>

(Continued)

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

b) Percentage of retained premium

In term of retained business, the voluntary automobile insurance which is the highest proportion accounts for 58.09% and 58.61% for the nine months ended September 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 nine months ended September 30,			
	2024		2023	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 372,056	4.88 %	359,448	5.14 %
Marine cargo insurance	88,583	1.16 %	92,841	1.33 %
Hull, fishing vessel and aviation insurance	4,739	0.06 %	3,323	0.05 %
Voluntary automobile insurance	4,429,871	58.09 %	4,098,990	58.61 %
Compulsory automobile liability insurance	626,833	8.22 %	632,006	9.04 %
Liability insurance	495,935	6.50 %	352,267	5.04 %
Engineering and nuclear insurance	383,434	5.03 %	326,483	4.67 %
Surety and credit insurance	14,346	0.19 %	13,773	0.19 %
Other property insurance	32,428	0.42 %	37,544	0.54 %
Accident insurance	793,154	10.40 %	715,280	10.23 %
Typhoon, flood and earthquake insurance	216,872	2.84 %	252,996	3.62 %
Personal and commercial all-risk insurance	73,296	0.96 %	49,915	0.71 %
Health insurance	92,691	1.22 %	60,153	0.86 %
Overseas ceded-in reinsurance	2,243	0.03 %	(1,864)	(0.03)%
Total	\$ 7,626,481	100.00 %	6,993,155	100.00 %

(Continued)

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

3) Claims trend

For the nine months ended September 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	4,117,631
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	5,654,240	
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	6,588,146		
4	44,119,750	3,530,087	4,331,187	3,997,617	4,714,228	4,775,424	4,899,446	5,108,380			
5	44,096,384	3,505,206	4,348,353	3,972,187	4,711,259	4,745,935	4,901,332				
6	44,060,407	3,518,795	4,300,980	3,971,299	4,695,182	4,750,184					
7	44,414,834	3,501,489	4,301,352	3,969,391	4,694,636						
8	44,033,300	3,502,875	4,305,090	3,948,050							
9	44,029,607	3,500,708	4,304,031								
10	44,018,689	3,500,644									
11	43,982,274										
Estimates	43,982,274	3,500,644	4,304,031	3,948,050	4,694,636	4,750,184	4,901,332	5,108,380	6,588,146	5,654,240	4,117,631
Actual	43,980,429	3,498,323	4,290,531	3,943,319	4,677,585	4,731,611	4,824,860	5,002,153	6,175,722	4,438,004	1,938,166
Subtotal	1,845	2,321	13,500	4,731	17,051	18,573	76,472	106,227	412,424	1,216,236	2,179,465
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	1,845	2,321	13,500	4,731	17,051	18,573	76,472	106,227	412,424	1,216,236	2,179,465

For the nine months ended September 30, 2023

Occurrence year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1	41,020,376	3,019,920	3,505,019	4,231,875	3,846,573	4,548,623	4,201,280	4,120,597	4,742,416	6,043,107	3,811,649
2	41,163,055	3,216,949	3,615,016	4,483,260	4,058,010	4,804,267	4,901,074	4,890,228	5,292,664	6,699,516	
3	41,088,170	3,161,079	3,557,644	4,338,968	3,989,815	4,784,261	4,774,671	4,886,780	5,126,125		
4	41,025,302	3,151,586	3,530,087	4,331,187	3,997,617	4,714,228	4,775,424	4,897,523			
5	40,968,164	3,151,839	3,505,206	4,348,353	3,972,187	4,711,259	4,749,480				
6	40,944,545	3,130,980	3,518,795	4,300,980	3,971,299	4,689,473					
7	40,929,427	3,155,004	3,501,489	4,301,352	3,970,192						
8	41,259,830	3,128,978	3,502,875	4,305,123							
9	40,904,322	3,127,878	3,502,583								
10	40,901,729	3,134,486									
11	40,885,255										
Estimates	40,885,255	3,134,486	3,502,583	4,305,123	3,970,192	4,689,473	4,749,480	4,897,523	5,126,125	6,699,516	3,811,649
Actual	40,844,506	3,132,955	3,498,261	4,291,516	3,937,962	4,669,446	4,722,333	4,798,675	4,858,630	5,647,822	2,040,832
Subtotal	40,749	1,531	4,322	13,607	32,230	20,027	27,147	98,848	267,495	1,051,694	1,770,817
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	40,749	1,531	4,322	13,607	32,230	20,027	27,147	98,848	267,495	1,051,694	1,770,817

(Continued)

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

(ii) Credit risk of insurance contracts

1) Credit risk

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

As of September 30, 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 September 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 nine months ended September 30, 2024 and 2023, the reinsurance premium expenses (reversal) for unauthorized reinsurance in the Company amounted to \$0 and \$(79), respectively.
- d) The principal summary of amounts and component items of unauthorized reinsurance reserve in the Company were as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Unearned premium reserve	\$ -	1	1
Claims recoverable from reinsurers of paid claims overdue in nine months	-	3	-
Claims recoverable from reinsurers reported but unpaid	92	1,645	1,676
Total unauthorized reinsurance reserve	<u>\$ 92</u>	<u>1,649</u>	<u>1,677</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:

	September 30, 2024	December 31, 2023	September 30, 2023
Cash and cash equivalents	\$ 4,246,014	3,479,186	3,870,173
Receivables	951,629	555,987	842,962
Financial assets at fair value through profit or loss	1,862,327	1,721,519	1,341,883
Financial assets at fair value through other comprehensive income	2,586,420	2,351,075	2,229,656
Financial assets at amortized cost	2,712,210	2,562,498	2,561,239
Other financial assets	2,252,200	1,872,700	1,712,800
Reinsurance contract assets	457,075	526,976	556,727
Other assets	567,892	577,534	575,145
Total	\$ <u>15,635,767</u>	<u>13,647,475</u>	<u>13,690,585</u>

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

As of September 30, 2024, December 31 and September 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:

	September 30, 2024				Total
	Not overdue	Overdue under 90 days	Overdue for 91-270 days	Overdue 271 over days	
Notes receivable:					
Expected credit loss rate	0.05%	100%	100%	100%	
Carrying amount	\$ 282,117	-	-	-	282,117
Expected credit loss amount	150	-	-	-	150
Premiums receivable:					
Expected credit loss rate	0.66%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 417,642	85,712	38,465	1,120	542,939
Expected credit loss amount	2,772	3,177	2,026	1,120	9,095
Other receivables:					
Carrying amount	\$ 136,122	2,583	3,463	39,224	181,392
Expected credit loss amount	1,442	1,445	3,463	39,224	45,574
	December 31, 2023				Total
	Not overdue	Overdue under 90 days	Overdue for 91-270 days	Overdue 271 over days	
Notes receivable:					
Expected credit loss rate	0.06%	100%	100%	100%	
Carrying amount	\$ 259,513	-	-	-	259,513
Expected credit loss amount	149	-	-	-	149
Premiums receivable:					
Expected credit loss rate	1.79%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 114,451	27,026	22,887	1,129	165,493
Expected credit loss amount	2,051	1,124	1,319	1,129	5,623
Other receivables:					
Carrying amount	\$ 137,501	2,506	3,379	36,293	179,679
Expected credit loss amount	1,734	1,520	3,379	36,293	42,926

(Continued)

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

	September 30, 2023				Total
	Not overdue	Overdue under 90 days	Overdue for 91- 270 days	Overdue 271 over days	
Notes receivable:					
Expected credit loss rate	0.06%	100%	100%	100%	
Carrying amount	\$ 311,202	93	-	-	311,295
Expected credit loss amount	195	93	-	-	288
Premiums receivable:					
Expected credit loss rate	0.76%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 284,525	95,184	35,082	1,121	415,912
Expected credit loss amount	2,162	4,053	2,099	1,121	9,435
Other receivables:					
Carrying amount	\$ 126,279	2,132	3,354	35,351	167,116
Expected credit loss amount	1,612	1,321	3,354	35,351	41,638

3) The movement in loss allowance

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

	For the nine months ended September 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)	The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	
Beginning balance	\$ -	-	-	-	-	-
New financial assets acquired	78	-	-	78	-	78
Ending balance	\$ 78	-	-	78	-	78

(Continued)

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

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

For the nine months ended September 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	222	79	-	301	-	301
Ending balance	<u>\$ 1,945</u>	<u>2,938</u>	<u>-</u>	<u>4,883</u>	<u>-</u>	<u>4,883</u>

For the nine months ended September 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	643	4,088	-	4,731	-	4,731
Ending balance	<u>\$ 1,749</u>	<u>4,088</u>	<u>-</u>	<u>5,837</u>	<u>-</u>	<u>5,837</u>

4) The information of credit quality

September 30, 2024											
stage1				stage2							
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total	stage3	Allowance impairment loss	Total
Financial assets at fair value through other comprehensive income - debt instruments	\$ 469,888	-	-	469,888	-	-	-	-	-	-	469,888
Financial assets at amortized cost (including statutory deposit)	2,944,351	-	-	2,944,351	170,000	-	-	170,000	-	4,883	3,109,468
Total	<u>\$ 3,414,239</u>	<u>-</u>	<u>-</u>	<u>3,414,239</u>	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>-</u>	<u>4,883</u>	<u>3,579,356</u>

December 31, 2023											
stage1				stage2							
	Low-risk	Moderate- risk	High-risk	Total	Low-risk	Moderate- risk	High-risk	Total	stage3	Allowance impairment loss	Total
Financial assets at amortized cost (including statutory deposit)	\$ 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

	September 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)	\$ 2,794,819	-	-	2,794,819	170,000	-	-	170,000	-	5,837	2,958,982

(ii) Liquidity risk

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

	September 30, 2024					
	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
Payables						
Claims payable	\$ 26,257	26,257	24,902	94	133	1,128
Commissions payable	262,407	262,407	262,407	-	-	-
Due to ceding companies	791,490	791,490	719,181	54,791	11,809	5,709
Other payables	367,824	367,824	197,311	156,502	14,000	11
Lease liabilities	15,543	15,905	4,116	4,531	1,251	6,007
Other liabilities						
Guarantee deposits received	10,011	10,011	89	152	124	9,646
Total	\$ 1,473,532	1,473,894	1,208,006	216,070	27,317	22,501
	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
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	\$ 1,262,858	1,263,161	1,216,365	30,622	3,418	12,756

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

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

(iii) Foreign currency risk

1) Exposure about foreign currency risk

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 19,761	4,836	3,444
EUR	84	103	109
JPY	35	59	59
HKD	30	34	34
KRW	-	4	35
CNY	37	44	44
GBP	34	37	38
THB	10	45	9
<u>Non-Monetary items</u>			
USD	4,625	-	-
<u>Financial liability</u>			
<u>Monetary items</u>			
USD	4,987	2,891	3,209
KRW	-	-	14

(Continued)

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

Important rate:

	Rates		
	September 30, 2024	December 31, 2023	September 30, 2023
USD	\$ 31.65	30.71	32.27
EUR	35.38	33.98	33.91
JPY	0.2223	0.2172	0.2162
HKD	4.08	3.93	4.12
KRW	0.0243	0.0239	0.0240
CNY	4.52	4.33	4.42
GBP	42.43	39.15	39.23
THB	0.9868	0.9017	0.8822

2) Sensitivity analysis

As of September 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:

	September 30, 2024	September 30, 2023
USD(increases 1%)	\$ 4,912	61
EUR(increases 1%)	24	30
HKD(increases 1%)	1	1
CNY(increases 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 September 30, 2024 and 2023.

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

(iv) Interest rate risk

1) Summary

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

	Carrying Amount		
	September 30, 2024	December 31, 2023	September 30, 2023
Variable interest rate instrument:			
Term deposit	\$ <u>1,348,000</u>	<u>1,339,000</u>	<u>1,296,000</u>

2) Sensitivity Analysis of variable interest rate financial instruments

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

	September 30, 2024	December 31, 2023	September 30, 2023
Increase 10 basis points	\$ 1,348	1,339	1,296
Decrease 10 basis points	(1,348)	(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.

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

ii) Level 2

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

iii) Level 3

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

2) Based on fair value measurement

a) Hierarchy information of fair value

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

		September 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	\$ 407,390	407,390	-	-	
Real estate investment trust beneficiary certificates	303,332	303,332	-	-	
Stocks	1,151,605	1,151,605	-	-	
Financial assets at fair value through other comprehensive income					
Stocks	2,116,532	2,101,874	-	14,658	
Bonds	469,888	-	469,888	-	
		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	

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

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

b) Valuation techniques of fair value measurement

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

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

c) Transfer between Level 1 and Level 2

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

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

Name	For the nine months ended September 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	-	-	-	-	-	-	14,658

Name	For the nine months ended September 30, 2023							Balance at the end of the year
	Balance at the beginning of the year	Gains and losses on valuation		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	-	(168)	-	-	-	-	15,008

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

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

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

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

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

- 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 before tax</u>	
	<u>Favorable</u>	<u>Unfavorable</u>
September 30, 2024		
Financial assets fair value through other comprehensive income	\$ <u>147</u>	<u>(147)</u>
December 31, 2023		
Financial assets fair value through other comprehensive income	\$ <u>147</u>	<u>(147)</u>
September 30, 2023		
Financial assets fair value through other comprehensive income	\$ <u>150</u>	<u>(150)</u>

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

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

(vi) Financial instruments not measured at fair value

1) Fair value information

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

<u>Item</u>	<u>Carrying amount</u>	<u>Fair value</u>
September 30, 2024		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	\$ 3,109,468	3,080,651
Investment Property	873,883	1,886,325
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
September 30, 2023		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	2,958,982	2,941,570
Investment Property	848,086	1,566,565

2) Fair value information

<u>Item</u>	<u>September 30, 2024</u>			
	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Financial assets at amortized cost (included statutory deposits)	\$ 3,080,651	-	3,080,651	-
Investment property	1,886,325	-	-	1,886,325

(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
September 30, 2023				
Item	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at amortized cost (included statutory deposits)	\$ 2,941,570	-	2,941,570	-
Investment property	1,566,565	-	-	1,566,565

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 nine months ended September 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 September 30, 2024, December 31 and September 30, 2023, were as follows:

<u>September 30, 2024</u>	<u>Asset securitization products-REITS</u>
Assets possessed by the Company	
— Financial assets at fair value through profit or loss	\$ <u>303,332</u>
Total assets possessed by the company	\$ <u><u>303,332</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

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

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

- (iii) The Company did not provide any financial support for the asset securitization products not included in the financial statements for the nine months ended September 30, 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
Porker Co., Ltd.	Substantive related party
Chaopin Food Co., Ltd.	Substantive related party
Jinping Development Co., Ltd.	Substantive related party
Duozi Duosun Duofuqi Co., Ltd.	Substantive related party
Zuocheng Law Firm	Substantive related party
All directors, supervisors, managers, chairman of the board, general managers are the Company's related parties.	

(c) Compensation of key management personnel

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 14,023	10,285	40,458	30,458
Short-term employee benefits-paid leave	55	72	1,395	1,346
Post-employment benefits	301	272	900	815
Total	<u>\$ 14,379</u>	<u>10,629</u>	<u>42,753</u>	<u>32,619</u>

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

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

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

1) Written premium

	<u>For the three months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Amount</u>	<u>Amount</u>
Written premium		
Other related parties	\$ 14,081	3,712
Key management personnel	<u>146</u>	<u>162</u>
Total	<u>\$ 14,227</u>	<u>3,874</u>

	<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Amount</u>	<u>Amount</u>
Written premium		
Other related parties	\$ 18,804	15,302
Key management personnel	<u>614</u>	<u>684</u>
Total	<u>\$ 19,418</u>	<u>15,986</u>

2) Account receivables

	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>
Premiums receivable:			
Other related parties	\$ 4,133	420	4,018
Key management personnel	<u>57</u>	<u>5</u>	<u>43</u>
Total	<u>\$ 4,190</u>	<u>425</u>	<u>4,061</u>

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

3) Prepaid expenses

	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
<u>Related parties</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
Other related parties	<u>\$ -</u>	<u>2</u>	<u>2</u>

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

<u>Related parties</u>	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other related parties	<u>\$ 1,060</u>	<u>719</u>	<u>5,998</u>	<u>1,464</u>

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

(8) Pledged assets:

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

Pledged Assets	September 30, 2024	December 31, 2023	September 30, 2023	Purpose of pledge
Other financial assets - Time deposit	\$ 47,000	47,000	47,000	Guarantee for the insurance business
Financial assets at amortized cost	397,258	397,621	397,743	Guarantee for operating business, suit, and contract performance
Total	\$ 444,258	444,621	444,743	

(9) Commitments and contingencies:

- (a) The Company had several significant insurance lawsuits and was required to pay indemnities of \$147,439, of which approximately \$109,465 were reinsured. The remain had been accrued. These cases have not been resolved with District Court of Appeal as of September 30, 2024.
- (b) In order to improve computer equipment and IT systems, the Company is in contract with several IT companies. As of September 30, 2024, there is \$58,435 unpaid.

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

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

Function	For the three months ended September 30,					
	2024			2023		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Nature						
Employees Benefits:						
Salaries	98,515	216,019	314,534	94,793	202,330	297,123
Labor and health insurance	-	21,466	21,466	-	20,737	20,737
Pension	-	10,596	10,596	-	10,716	10,716
Remuneration of directors	-	4,213	4,213	-	3,195	3,195
Others	-	13,864	13,864	-	11,852	11,852
Depreciation	1,214	12,496	13,710	1,203	11,696	12,899
Amortization	-	9,404	9,404	-	6,387	6,387

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

Nature	For the nine months ended September 30,					
	2024			2023		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits:						
Salaries	319,344	632,259	951,603	293,153	583,190	876,343
Labor and health insurance	-	67,664	67,664	-	65,467	65,467
Pension	-	31,128	31,128	-	32,097	32,097
Remuneration of directors	-	12,377	12,377	-	9,871	9,871
Others	-	38,729	38,729	-	35,877	35,877
Depreciation	3,704	34,614	38,318	3,609	35,671	39,280
Amortization	-	25,574	25,574	-	18,034	18,034

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

For the three months ended September 30, 2024						
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	\$ 227,522	75,802	95,470	207,854	(1,060)	208,914
Non-compulsory insurance	3,282,824	40,582	1,024,300	2,299,106	20,516	2,278,590
Total	\$ 3,510,346	116,384	1,119,770	2,506,960	19,456	2,487,504

For the three months ended September 30, 2023						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 232,579	75,913	98,385	210,107	(624)	210,731
Non-compulsory insurance	2,947,914	29,820	902,832	2,074,902	(28,076)	2,102,978
Total	\$ 3,180,493	105,733	1,001,217	2,285,009	(28,700)	2,313,709

For the nine months ended September 30, 2024						
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	\$ 688,422	226,985	288,574	626,833	(2,340)	629,173
Non-compulsory insurance	9,927,511	125,775	3,053,638	6,999,648	536,896	6,462,752
Total	\$ 10,615,933	352,760	3,342,212	7,626,481	534,556	7,091,925

(Continued)

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

For the nine months ended September 30, 2023						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 700,219	226,930	295,143	632,006	(2,493)	634,499
Non-compulsory insurance	8,758,026	129,860	2,526,737	6,361,149	367,843	5,993,306
Total	<u>\$ 9,458,245</u>	<u>356,790</u>	<u>2,821,880</u>	<u>6,993,155</u>	<u>365,350</u>	<u>6,627,805</u>

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

For the three months ended September 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	\$ 161,114	74,963	95,894	140,183
Non-compulsory insurance	1,175,781	32,150	204,507	1,003,424
Total	<u>\$ 1,336,895</u>	<u>107,113</u>	<u>300,401</u>	<u>1,143,607</u>

For the three months ended September 30, 2023				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 145,033	74,946	88,277	131,702
Non-compulsory insurance	1,497,909	18,670	470,187	1,046,392
Total	<u>\$ 1,642,942</u>	<u>93,616</u>	<u>558,464</u>	<u>1,178,094</u>

For the nine months ended September 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	\$ 445,032	220,615	265,307	400,340
Non-compulsory insurance	3,590,063	50,761	663,793	2,977,031
Total	<u>\$ 4,035,095</u>	<u>271,376</u>	<u>929,100</u>	<u>3,377,371</u>

For the nine months ended September 30, 2023				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 444,118	215,831	265,684	394,265
Non-compulsory insurance	4,226,879	33,946	1,015,848	3,244,977
Total	<u>\$ 4,670,997</u>	<u>249,777</u>	<u>1,281,532</u>	<u>3,639,242</u>

(Continued)

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

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

For the nine months ended September 30, 2024

Type	Beginning	Provision	Recovery	Ending	Note
Unearned premium reserve					
Compulsory automobile liability insurance	\$ 389,897	383,367	389,897	383,367	
Compulsory motorcycle liability insurance	126,834	126,822	126,834	126,822	
Compulsory mini electric two-wheel vehicle liability insurance	2,289	2,821	2,289	2,821	
Special reserve					
Compulsory automobile liability insurance	(185,237)	24,957	-	(160,280)	
Compulsory motorcycle liability insurance	320,178	17,986	-	338,164	
Compulsory mini electric two-wheel vehicle liability insurance	318	198	-	516	
Claim reserve					
Compulsory automobile liability insurance	621,470	604,729	621,470	604,729	
Compulsory motorcycle liability insurance	167,415	171,355	167,415	171,355	
Compulsory mini electric two-wheel vehicle liability insurance	614	1,270	614	1,270	
Total	\$ 1,443,778	1,333,505	1,308,519	1,468,764	

(Continued)

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

For the nine months ended September 30, 2023

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

(Continued)

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

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

(i) Balance sheet of compulsory automobile liability insurance:

Items	Amount		Items	Amount	
	September 30, 2024	September 30, 2023		September 30, 2024	September 30, 2023
<u>Asset</u>			<u>Liabilities</u>		
Cash and cash in bank	\$ 889,284	838,513	Claims payable	\$ 554	575
Notes receivable	5,930	6,951	Due to reinsurers and ceding companies	61,351	63,263
Premiums receivable	6,281	6,813	Unearned premium reserve	513,010	522,636
Claim recoverable from reinsures	47,435	45,372	Claims reserve	777,354	753,966
Due from reinsurers and ceding companies	50,035	50,067	Special reserve	178,400	133,299
Ceded unearned premium reserve	208,681	214,507			
Ceded claims reserve	322,848	311,409			
Temporary payments	175	107			
Total assets	\$ 1,530,669	1,473,739	Total liabilities	\$ 1,530,669	1,473,739

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

Item	For the nine months ended September 30,	
	2024	2023
Operating revenue	423,366	427,195
Pure premium	480,933	491,878
Reinsurance premium	226,985	226,930
Premium	707,918	718,808
Less: Reinsurance expense	(288,574)	(295,143)
Net change in unearned premium reserve	2,340	2,493
Retained earned premium	421,684	426,158
Interest income	1,682	1,037
Operating costs	440,671	444,462
Insurance claim payment	445,032	444,118
Reinsurance claim payment	220,615	215,831
Less: Claim recovered from reinsurers	(265,307)	(265,684)
Retained claim payment	400,340	394,265
Net change in claim reserve	(2,810)	7,086
Net change in special reserve	43,141	43,111

(Continued)

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

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

<u>Assets</u>	September 30, 2024		<u>Total</u>
	<u>Within 12 months</u>	<u>Over 12 months</u>	
Cash and cash equivalents	\$ 4,246,014	-	4,246,014
Receivables	951,629	-	951,629
Current tax assets	7,234	-	7,234
Financial assets at fair value through profit or loss	1,862,327	-	1,862,327
Financial assets at fair value through other comprehensive income	-	2,586,420	2,586,420
Financial assets at amortized cost	-	2,712,210	2,712,210
Other financial assets	2,252,200	-	2,252,200
Right-of-use assets	-	15,375	15,375
Investment property	-	873,883	873,883
Reinsurance assets	4,595,299	794,988	5,390,287
Property and equipment	-	1,470,023	1,470,023
Intangible assets	-	201,414	201,414
Other assets	47,000	562,896	609,896
Total assets	<u>\$ 13,961,703</u>	<u>9,217,209</u>	<u>23,178,912</u>

<u>Liabilities</u>	September 30, 2024		<u>Total</u>
	<u>Within 12 months</u>	<u>Over 12 months</u>	
Accounts payable	\$ 1,441,130	6,848	1,447,978
Current tax liabilities	96,666	-	96,666
Insurance liabilities	13,062,581	1,428,229	14,490,810
Provisions	-	98,674	98,674
Lease liabilities	9,654	5,889	15,543
Deferred tax liabilities	-	63,920	63,920
Other liabilities	19,303	9,646	28,949
Total liabilities	<u>\$ 14,629,334</u>	<u>1,613,206</u>	<u>16,242,540</u>

(Continued)

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

<u>Assets</u>	December 31, 2023		<u>Total</u>
	<u>Within 12 months</u>	<u>Over 12 months</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>Total</u>
	<u>Within 12 months</u>	<u>Over 12 months</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>	September 30, 2023		
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,870,173	-	3,870,173
Receivables	842,962	-	842,962
Current tax assets	7,234	-	7,234
Financial assets at fair value through profit or loss	1,341,883	-	1,341,883
Financial assets at fair value through other comprehensive income	-	2,229,656	2,229,656
Financial assets at amortized cost	-	2,561,239	2,561,239
Other financial assets	1,262,800	450,000	1,712,800
Right-of-use assets	-	19,364	19,364
Investment property	-	848,086	848,086
Reinsurance assets	1,837,310	2,708,322	4,545,632
Property and equipment	-	1,279,926	1,279,926
Intangible assets	-	161,048	161,048
Other assets	-	721,175	721,175
Total assets	\$ <u>9,162,362</u>	<u>10,978,816</u>	<u>20,141,178</u>

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

(Continued)

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

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

For the nine months ended September 30, 2024 and 2023, the influence for not applying the notification on net income, liabilities, and equity of the Company resulted in an decrease of \$13,440, an increase of \$48,496, a increase of \$13,440, a decrease of \$48,496, an decrease of \$13,440, an increase of \$48,496, respectively. The influence on the Company for not applying the notification resulted in the EPS (NT dollars) by an decrease of \$0.06 and an increase of \$0.22, respectively.

(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.

(Continued)

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

(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.

(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.