

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

**With Independent Auditors' Report  
For the Years Ended December 31, 2024 and 2023**

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

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## Independent Auditors' Report

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

### Opinion

We have audited the financial statements of Union Insurance Co., LTD. ("the Company"), which comprise the balance sheets as of December 31, 2024 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

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

#### Assessment of insurance liability

Please refer to Note 4(o) "Insurance liabilities" for the related accounting policy for the years ended December 31, 2024, Note 5 for accounting assumptions and estimation uncertainty of insurance liability for the years ended December 31, 2024, and Note 6(n) for details of the assessment of insurance liability.

#### Description of key audit matter:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Notes to Readers**

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 11, 2025

#### **Notes to Readers**

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

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(English Translation of Financial Statements Originally Issued in Chinese)

**UNION INSURANCE CO., LTD.**

**Balance Sheets**

**December 31, 2024 and 2023**

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

		<b>December 31, 2024</b>		<b>December 31, 2023</b>				<b>December 31, 2024</b>		<b>December 31, 2023</b>	
<b>Assets</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Liabilities and Equity</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
11000	Cash and cash equivalents (note 6(a))	\$ 3,132,839	14	3,479,186	17	21000	Accounts payable (note 6(b) and (c))	\$ 1,463,821	7	1,234,591	6
12000	Receivables (note 6(b))	653,103	3	555,987	3	21700	Current tax liabilities	180,909	1	94,885	-
12600	Current tax assets	11,911	-	7,234	-	24000	Insurance liabilities (note 6(n))	14,097,745	61	12,297,598	62
14110	Financial assets at fair value through profit or loss (note 6(f))	2,541,497	11	1,721,519	9	27000	Provisions(note 6(l))	69,727	-	98,816	1
14190	Financial assets at fair value through other comprehensive income (note 6(f))	2,878,010	12	2,351,075	12	23800	Lease liabilities (note 6(j))	13,351	-	17,929	-
14145	Financial assets at amortized cost (note 6(f))	3,063,738	13	2,562,498	13	28000	Deferred tax liabilities (note 6(o))	63,920	-	63,920	-
14180	Other financial assets, net (note 6(f))	2,515,758	11	1,872,700	10	25000	Other liabilities	<u>26,148</u>	<u>-</u>	<u>19,669</u>	<u>-</u>
16700	Right-of-use assets (note 6(i))	13,211	-	17,733	-	<b>Total liabilities</b>		<u>15,915,621</u>	<u>69</u>	<u>13,827,408</u>	<u>69</u>
14200	Investment property (note 6(g))	862,333	4	1,047,509	5	<b>Equity</b>					
15000	Reinsurance assets (note 6(c))	5,327,368	23	4,202,406	21	31100	Ordinary share (note 6(p))	2,236,080	10	2,236,080	11
16000	Property and equipment (note 6(h))	1,486,826	6	1,287,364	6	33100	Legal reserve (note 6(p))	1,022,451	4	1,004,854	5
17000	Intangible assets	213,969	1	165,170	1	33200	Special reserve (note 6(n) and (p))	3,378,295	14	3,094,152	16
18000	Other assets	530,034	2	657,674	3	33300	Unappropriated retained earnings (note 6(p))	726,574	3	(256,606)	(1)
						34000	Other equity(note 6(p))	<u>(48,424)</u>	<u>-</u>	<u>22,167</u>	<u>-</u>
						<b>Total equity</b>		<u>7,314,976</u>	<u>31</u>	<u>6,100,647</u>	<u>31</u>
<b>Total assets</b>		<u><u>\$ 23,230,597</u></u>	<u><u>100</u></u>	<u><u>19,928,055</u></u>	<u><u>100</u></u>	<b>Total liabilities and equity</b>		<u><u>\$ 23,230,597</u></u>	<u><u>100</u></u>	<u><u>19,928,055</u></u>	<u><u>100</u></u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

## UNION INSURANCE CO., LTD.

## Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		2024		2023		Change %
		Amount	%	Amount	%	
41000	<b>Operating revenue:</b>					
41110	Written premium	\$ 13,656,072	124	12,280,790	121	11
41120	Reinsurance premium	461,415	4	455,275	4	1
41100	Premium	14,117,487	128	12,736,065	125	
51100	Less: Reinsurance expense	4,187,538	38	3,533,680	35	19
51310	Net change in unearned premiums reserve	336,440	3	236,828	2	42
41130	Retained earned premium	9,593,509	87	8,965,557	88	
41300	Reinsurance commission received	721,427	7	570,682	6	26
41500	Net income (loss) from investments					
41510	Interest income	161,485	2	129,927	1	24
41521	Gains (losses) on financial assets at fair value through profit or loss	367,014	3	365,860	4	-
41527	Realized gains (losses) on financial assets at fair value through other comprehensive income	97,480	1	90,790	1	7
41550	Foreign exchange gains (losses), investments	22,808	-	1,066	-	2,040
41570	Gains (losses) on investment property	44,229	-	38,426	-	15
41585	Expected credit losses or reversal of expected credit losses of investments (note 6(f))	1,096	-	(3,476)	-	132
41595	Impairment losses or reversal of impairment losses on other investments (Note 6(g))	(10,350)	-	-	-	-
41800	Other operating income	17,649	-	18,681	-	(6)
	<b>Total operating revenue</b>	<u>11,016,347</u>	<u>100</u>	<u>10,177,513</u>	<u>100</u>	
51000	<b>Operating costs:</b>					
51200	Insurance claim payment	6,018,441	54	6,627,072	65	(9)
41200	Less: Claims recovered from reinsurers	1,373,402	12	1,762,084	17	(22)
51260	Retained claim payment	4,645,039	42	4,864,988	48	
51300	Net change in other insurance liability (note 6(n))					
51320	Net change in claim reserve	546,362	5	224,208	2	144
51340	Net change in special claim reserve	(68,807)	-	40,005	-	(272)
51350	Net change in premium deficiency reserve	(1,465)	-	(394,485)	(3)	100
51500	Commission expense	2,062,850	19	1,930,951	19	7
51800	Other operating costs	25,650	-	30,450	-	(16)
51700	Finance costs	9,488	-	7,265	-	31
	<b>Total operating costs</b>	<u>7,219,117</u>	<u>66</u>	<u>6,703,382</u>	<u>66</u>	
58000	<b>Operating expenses:</b>					
58100	General expenses	1,874,857	17	1,747,106	17	7
58200	Administrative expenses	466,125	4	404,646	4	15
58300	Staff training expenses	1,837	-	1,465	-	25
58400	Expected credit losses or reversal of expected credit losses of non-investments (note 6(b))	15,701	-	18,819	-	(17)
	<b>Total operating expenses</b>	<u>2,358,520</u>	<u>21</u>	<u>2,172,036</u>	<u>21</u>	
	<b>Operating income</b>	<u>1,438,710</u>	<u>13</u>	<u>1,302,095</u>	<u>13</u>	10
	<b>Non-operating income and expenses:</b>					
59100	Gains (losses) on disposals of property and equipment	7,455	-	-	-	-
59900	Other non-operating income and expenses, net	19,294	-	7,514	-	157
	<b>Total non-operating income and expenses</b>	<u>26,749</u>	<u>-</u>	<u>7,514</u>	<u>-</u>	
62000	<b>Net income before income tax</b>	1,465,459	13	1,309,609	13	12
63000	Less: Income tax expenses (note 6(o))	243,936	2	109,263	1	123
	<b>Net Income</b>	<u>1,221,523</u>	<u>11</u>	<u>1,200,346</u>	<u>12</u>	2
83000	<b>Other comprehensive income:</b>					
83100	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
83110	Gains (losses) on remeasurements of defined benefit plans (note 6(l))	28,903	-	7,247	-	299
83190	Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	(35,651)	-	88,201	1	(140)
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>(6,748)</u>	<u>-</u>	<u>95,448</u>	<u>1</u>	(107)
83200	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
83290	Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(446)	-	-	-	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>(446)</u>	<u>-</u>	<u>-</u>	<u>-</u>	-
83000	<b>Other comprehensive income (after tax)</b>	<u>(7,194)</u>	<u>-</u>	<u>95,448</u>	<u>1</u>	(108)
	<b>Total comprehensive income</b>	<u>\$ 1,214,329</u>	<u>11</u>	<u>1,295,794</u>	<u>13</u>	(6)
97500	<b>Basic earnings per share (NT dollars) (note 6(q))</b>	<u>\$ 5.46</u>		<u>5.37</u>		
98500	<b>Diluted earnings per share (NT dollars) (note 6(q))</b>	<u>\$ 5.44</u>		<u>5.37</u>		

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**UNION INSURANCE CO., LTD.****Statements of Changes in Equity****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Share capital	Retained earnings			Other equity	
	Ordinary shares	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity
<b>Balance at January 1, 2023</b>	\$ 2,236,080	1,004,854	2,750,537	(1,120,584)	(66,034)	4,804,853
Net Income	-	-	-	1,200,346	-	1,200,346
Other comprehensive income	-	-	-	7,247	88,201	95,448
Total comprehensive income	-	-	-	1,207,593	88,201	1,295,794
Appropriation and distribution of retained earnings:						
Special reserve on appropriated-net change in special claim reserve	-	-	344,588	(344,588)	-	-
Special reserve on reversal-employee training and transferring plan	-	-	(973)	973	-	-
Balance at December 31, 2023	2,236,080	1,004,854	3,094,152	(256,606)	22,167	6,100,647
Net Income	-	-	-	1,221,523	-	1,221,523
Other comprehensive income	-	-	-	28,903	(36,097)	(7,194)
Total comprehensive income	-	-	-	1,250,426	(36,097)	1,214,329
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	17,597	-	(17,597)	-	-
Special reserve on appropriated-net change in special claim reserve	-	-	285,315	(285,315)	-	-
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)	-
<b>Balance at December 31, 2024</b>	<b>\$ 2,236,080</b>	<b>1,022,451</b>	<b>3,378,295</b>	<b>726,574</b>	<b>(48,424)</b>	<b>7,314,976</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**UNION INSURANCE CO., LTD.****Statements of Cash Flows****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	2024	2023
<b>Cash flows from (used in) operating activities:</b>		
Net income before income tax	\$ 1,465,459	1,309,609
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	52,050	51,953
Amortization expense	35,151	25,320
Net gain on financial assets or liabilities at fair value through profit or loss	(363,255)	(345,727)
Interest expense	9,488	7,265
Interest income	(161,485)	(129,927)
Dividend income	(129,322)	(110,923)
Net change in insurance liabilities	1,802,142	175,386
Net change in other provisions	(186)	(4,050)
(Reversal of expected credit losses) expected credit losses of investments	(1,096)	3,476
Expected credit losses of non-investments	15,701	18,819
Gain on disposal of property and equipment	(7,455)	-
Gain on disposal of intangible assets	(2,698)	-
Impairment loss on non-financial assets	10,350	-
Others	-	9
<b>Total adjustments to reconcile profit (loss)</b>	<u>1,259,385</u>	<u>(308,399)</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease in notes receivable	16,138	21,530
(Increase) decrease in premiums receivable	(67,233)	24,287
Increase in other receivables	(42,531)	(8,951)
Increase in financial assets at fair value through profit or loss	(456,723)	(573,315)
Increase in financial assets at fair value through other comprehensive income	(563,159)	(122,198)
(Increase) decrease in financial assets at amortized cost	(500,000)	200,000
Increase in other financial assets	(643,058)	(249,825)
(Increase) decrease in reinsurance assets	(1,134,891)	35,136
Decrease in other assets	60,835	83,071
<b>Total changes in operating assets</b>	<u>(3,330,622)</u>	<u>(590,265)</u>
<b>Changes in operating liabilities:</b>		
Increase in other payable	229,230	67,286
Increase in other liabilities	6,479	301
<b>Total changes in operating liabilities</b>	<u>235,709</u>	<u>67,587</u>
Cash (outflow) inflow generated from operations	(370,069)	478,532
Interest received	153,560	148,873
Dividends received	128,453	110,432
Interest paid	(9,488)	(7,265)
Income taxes paid	(162,589)	(14,378)
<b>Net Cash flows from operating activities</b>	<u>(260,133)</u>	<u>716,194</u>
<b>Cash flows from (used in) investing activities:</b>		
Increase in prepayments	(1,433)	(29,043)
Acquisition of property and equipment	(47,392)	(23,820)
Proceeds from disposal of property and equipment	11,140	-
Acquisition of intangible assets	(36,021)	(32,444)
Proceeds from disposal of intangible assets	4,137	-
Acquisition of investment properties	-	(202,631)
<b>Net cash flows used in investing activities</b>	<u>(69,569)</u>	<u>(287,938)</u>
<b>Cash flows from (used in) financing activities:</b>		
Payment of lease liabilities	(16,645)	(16,360)
<b>Net cash flows used in financing activities</b>	<u>(16,645)</u>	<u>(16,360)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(346,347)	411,896
<b>Cash and cash equivalents at beginning of period</b>	3,479,186	3,067,290
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,132,839</u>	<u>3,479,186</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**UNION INSURANCE CO., LTD.**

**Notes to the Financial Statements**

**For the years ended December 31, 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 March 11, 2025.

**(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 Accounting Standards endorsed 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:

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

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**UNION INSURANCE CO., LTD.**  
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<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
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"> <li>● reduce costs by simplifying some requirements in the Standard;</li> <li>● make financial performance easier to explain; and</li> <li>● ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time.</li> </ul>	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “	<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)

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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"> <li>● 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.</li> <li>● 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.</li> <li>● 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.</li> </ul>	January 1, 2027

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

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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
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

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

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

**(a) Statement of compliance**

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Companies and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC).

**(b) Basis of preparation**

**(i) Basis of measure**

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

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

**(ii) Functional currency and Presentation Currency**

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

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

(c) Foreign currency

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

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

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

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

(e) Cash and cash equivalents

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

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

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

(g) Financial instruments

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

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

(Continued)

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

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

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

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

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

5) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6) Derecognition of financial assets

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

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

(ii) Financial liabilities

1) Other financial liabilities

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

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

(h) Investment property

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

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

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

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

(i) Insurance contracts

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

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

(j) Reinsurance contract assets

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

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

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

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

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Reclassifies the property to investment property

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

(iii) Subsequent cost

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

(iv) Depreciation

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

Land is not depreciated.

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

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

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

(l) Leases

(i) Identifying a lease

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

(Continued)

**UNION INSURANCE CO., LTD.**  
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(ii) As a lessee

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

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

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

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

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

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

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

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

(Continued)

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

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

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

(iii) As a lessor

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

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

(m) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent Expenditure

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

(iii) Amortization

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

(Continued)

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

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

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

(n) Impairment of non-financial assets

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

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

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

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

(o) Insurance liability

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

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

(i) Unearned premiums reserve:

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

(ii) Claim reserve:

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

(Continued)

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(iii) Special reserve:

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

1) Special reserve - catastrophe special reserve

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

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

2) Special reserve - risk volatility special reserve

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

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

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

(Continued)

## UNION INSURANCE CO., LTD.

### Notes to the Financial Statements

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

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

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

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

(Continued)

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

3) Special reserve – travel insurance special reserve

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

4) Compulsory automobile liability insurance

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

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

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

(iv) Premium deficiency reserve

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

(v) Liability adequacy reserve

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

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

(p) Provisions

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

(q) Premium income and acquisition costs

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

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

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

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

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

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

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

(r) The cost of insurance claims

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

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

(Continued)

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

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

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

The loss reserve is not discounted.

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

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

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

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

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

- (t) Employee benefits

- (i) Defined contribution plans

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

- (ii) Defined benefit plans

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

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

(Continued)

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

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

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

(iii) Termination benefits

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

(iv) Short-term employee benefits

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

(u) Income taxes

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

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

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

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

(Continued)

## UNION INSURANCE CO., LTD.

### Notes to the Financial Statements

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

(v) Earnings per share

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

(w) Operating segments

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

(x) Salvage and subrogation

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

(Continued)

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

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

In preparing these consolidated financial statements, management has made judgments and, estimates about the future, including climate-related risks and opportunities, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

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

**Insurance liability**

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

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

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

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

- (a) Cash and cash equivalents

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash on hand	\$ 473	500
Petty cash	13,210	13,010
Cash in bank	2,146,564	2,767,653
Bonds purchased under resale agreements	972,592	698,023
Total	<u><u>\$ 3,132,839</u></u>	<u><u>3,479,186</u></u>

(Continued)

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

(b) Receivables and Payables

(i) Receivables

Item	December 31, 2024	December 31, 2023
Notes receivable	\$ 243,248	259,364
Premiums receivable	223,808	159,870
Other receivables	186,047	136,753
Total	<u>\$ 653,103</u>	<u>555,987</u>

(ii) Payables

Item	December 31, 2024	December 31, 2023
Commission payable	\$ 231,513	196,354
Due to ceding companies	129,732	98,338
Reinsurance premium payable	610,796	484,424
Reinsurance commission payable	1,639	1,207
Insurance claims payable	10,446	10,001
Other payables	479,695	444,267
Total	<u>\$ 1,463,821</u>	<u>1,234,591</u>

(iii) Receivables of insurance contracts

Item	December 31, 2024	December 31, 2023
Notes receivable	\$ 243,375	259,513
Less : Loss allowance	(127)	(149)
Total	<u>\$ 243,248</u>	<u>259,364</u>

(Continued)

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

Item	December 31, 2024	December 31, 2023
Premiums receivable		
Fire insurance	\$ 25,750	23,657
Marine insurance	37,491	22,095
Hull and fishing vessel insurance	3,878	3,005
Other accident insurance	9,488	48,600
Compulsory pure premium	6,735	7,503
Voluntary automobile insurance	8,552	5,992
Compulsory automobile liability insurance	3,323	3,599
Overdue receivables	<u>137,509</u>	<u>51,042</u>
Subtotal	232,726	165,493
Less : Loss allowance	<u>(8,918)</u>	<u>(5,623)</u>
Total	<u><u>\$ 223,808</u></u>	<u><u>159,870</u></u>

(iv) Other receivables

Item	December 31, 2024	December 31, 2023
Other receivables	\$ 231,472	179,679
Less : Loss allowance	<u>(45,425)</u>	<u>(42,926)</u>
Total	<u><u>\$ 186,047</u></u>	<u><u>136,753</u></u>

As of December 31, 2024 and 2023, the overdue receivables in notes receivable, premiums receivable and other receivables were \$182,542 and \$93,220, which provisioned the loss allowance \$54,470 and \$48,698, respectively. The movements of the loss allowance for receivables were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Beginning balance	\$ 48,698	44,355
Loss recognized	<u>5,772</u>	<u>4,343</u>
Ending balance	<u><u>\$ 54,470</u></u>	<u><u>48,698</u></u>

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

	December 31, 2024	December 31, 2023
Under 90 days	\$ 617,677	540,997
91~270 days	48,778	26,266
More than 271 days	41,118	37,422

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

(Continued)

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

(v) Payables of insurance contracts

<b>Item</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Commission payable	\$ <u>231,513</u>	<u>196,354</u>

(c) Reinsurance assets

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Claims recoverable from reinsurers (Note 6(d))	\$ 231,448	237,038
Due from reinsurers and ceding companies — net (Note 6(e))	430,853	289,938
Reinsurance reserve assets (Note 6(n))		
Ceded unearned premiums reserve	2,069,609	1,777,831
Ceded claim reserve	2,587,434	1,885,063
Ceded premium deficiency reserve	<u>8,024</u>	<u>12,536</u>
Total	\$ <u>5,327,368</u>	<u>4,202,406</u>

(d) Claims recoverable from reinsurers

<b>Item</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Fire insurance	\$ 21,863	11,676
Marine insurance	188	2,335
Land and air insurance	26	32
Liability insurance	47,612	62,906
Surety insurance	173	-
Other property insurance	85,540	98,469
Accident insurance	6,664	8,635
Health insurance	273	1,307
Compulsory automobile liability insurance	67,526	51,642
Overdue receivables	1,583	36
Less : Loss allowance	<u>-</u>	<u>-</u>
Total	\$ <u>231,448</u>	<u>237,038</u>

(Continued)

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

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

(i) Receivables of insurance contracts

Item	December 31, 2024	December 31, 2023
Due from ceding companies	\$ 160,892	167,833
Reinsurance premium receivable	61,652	58,428
Reinsurance commission receivable	202,012	63,633
Overdue receivables	<u>30,702</u>	<u>14,495</u>
Subtotal	455,258	304,389
Less : Loss allowance	<u>(24,405)</u>	<u>(14,451)</u>
Total	<u><u>\$ 430,853</u></u>	<u><u>289,938</u></u>

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

	<u>For the years ended December 31,</u> 2024	2023
Beginning balance	\$ 14,451	-
Loss recognized	<u>9,954</u>	<u>14,451</u>
Ending balance	<u><u>\$ 24,405</u></u>	<u><u>14,451</u></u>

(ii) Payables of insurance contracts

Item	December 31, 2024	December 31, 2023
Due to ceding companies	\$ 129,732	98,338
Reinsurance premium payable	610,796	484,424
Reinsurance commission payable	<u>1,639</u>	<u>1,207</u>
Total	<u><u>\$ 742,167</u></u>	<u><u>583,969</u></u>

(f) Financial assets

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

	December 31, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss:		
Beneficiary certificate	\$ 687,181	213,233
Real estate investment trust beneficiary certificate	290,284	321,109
Domestic listed stocks and OTC stocks	1,383,750	1,187,177
Foreign stock	<u>180,282</u>	<u>-</u>
Total	<u><u>\$ 2,541,497</u></u>	<u><u>1,721,519</u></u>

(Continued)

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

Sensitivity analysis - the risk of equity price:

If there is an increase in the securities' price of 1% on the reporting date (assume that all other variables remain the same), the impact on net income before income tax for the years ended December 31, 2024 and 2023 will increase \$25,415 and \$17,215, 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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Debt investments at fair value through other comprehensive income:		
Financial bonds	\$ 164,773	-
Corporate bonds	<u>510,343</u>	<u>-</u>
Subtotal	<u>675,116</u>	<u>-</u>
Equity investments at fair value through other comprehensive income:		
Domestic listed stocks and OTC stocks	\$ 2,188,572	2,336,417
Domestic unlisted stocks	<u>14,322</u>	<u>14,658</u>
Subtotal	<u>2,202,894</u>	<u>2,351,075</u>
Total	<u><b>\$ 2,878,010</b></u>	<u><b>2,351,075</b></u>

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 years ended December 31, 2024 and 2023, the dividends of \$82,133 and \$90,790, respectively, related to equity investments at fair value through other comprehensive income held on the periods then ended, were recognized; the dividend of \$16,451 and \$0, respectively, related to the investments derecognized during the years ended December 31, 2024 and 2023 were recognized.

(Continued)

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

The Company disposed shares designated as measured at fair value through other comprehensive income due to assets allocation, managing and rearranging portfolio. The disposed shares, during the years ended December 31, 2024 and 2023, were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Fair value	<u>\$ 312,841</u>	<u>-</u>
Accumulate gains by disposing	<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 years ended December 31, 2024 and 2023 will increase \$22,029 and \$23,511, 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.
- 4) The Company had assessed the impairment of the debt instruments of financial assets measured at fair value through other comprehensive income for the years ended December 31, 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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Government bonds	\$ 614,233	614,701
Financial bonds	1,700,000	1,300,000
Corporate bonds	<u>1,150,000</u>	<u>1,050,000</u>
Subtotal	3,464,233	2,964,701
Less: Security deposits	(397,136)	(397,621)
Loss allowance	<u>(3,359)</u>	<u>(4,582)</u>
Total	<u>\$ 3,063,738</u>	<u>2,562,498</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.

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

- 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:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Time deposits – initial maturity date over than three months	\$ 2,515,758	1,919,700
Less: Security deposits	-	(47,000)
Total	<u><u>\$ 2,515,758</u></u>	<u><u>1,872,700</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.

- (v) Capital outsourcing information

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
<b>Investment</b>	<b>Amount</b>	<b>Amount</b>
Domestic listed stocks and OTC stocks, bonds, bonds purchased under resale agreements, short term bills, deposits in financial institutions, etc.	<u><u>\$ 1,900,000</u></u>	<u><u>1,700,000</u></u>

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash and cash equivalents	\$ 321,148	658,937
Financial assets at fair value through profit or loss - stocks	886,896	1,060,528
Financial assets at fair value through other comprehensive income - bonds	675,116	-
Total	<u><u>\$ 1,883,160</u></u>	<u><u>1,719,465</u></u>

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

(g) Investment property

The cost, accumulated depreciation, and accumulated impairment loss of the investment property of the Company for the years ended December 31, 2024 and 2023, were as follows:

	<u>Land and improvement</u>	<u>Buildings and construction</u>	<u>Total</u>
<b>Cost or deemed cost:</b>			
<b>Balance at January 1, 2024</b>	\$ 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)
<b>Balance at December 31, 2024</b>	<u>\$ 754,383</u>	<u>226,645</u>	<u>981,028</u>
<b>Balance at January 1, 2023</b>	\$ 727,887	217,104	944,991
Additions	194,546	8,085	202,631
Reclassification to property, plant and equipment	(1,604)	(712)	(2,316)
<b>Balance at December 31, 2023</b>	<u>\$ 920,829</u>	<u>224,477</u>	<u>1,145,306</u>
<b>Accumulated depreciation and impairment loss</b>			
<b>Balance at January 1, 2024</b>	\$ 2,359	95,438	97,797
Depreciation	-	4,904	4,904
Reclassification from property, plant and equipment	-	10,973	10,973
Reclassification to property, plant and equipment	-	(5,329)	(5,329)
Impairment loss	10,350	-	10,350
<b>Balance at December 31, 2024</b>	<u>\$ 12,709</u>	<u>105,986</u>	<u>118,695</u>
<b>Balance at January 1, 2023</b>	\$ 2,359	90,937	93,296
Depreciation	-	4,861	4,861
Reclassification to property, plant and equipment	-	(360)	(360)
<b>Balance at December 31, 2023</b>	<u>\$ 2,359</u>	<u>95,438</u>	<u>97,797</u>
<b>Carrying amount:</b>			
December 31, 2024	<u>\$ 741,674</u>	<u>120,659</u>	<u>862,333</u>
December 31, 2023	<u>\$ 918,470</u>	<u>129,039</u>	<u>1,047,509</u>
<b>Fair value:</b>			
December 31, 2024			<u>\$ 1,938,755</u>
December 31, 2023			<u>\$ 2,058,304</u>

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

(Continued)

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

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

(h) Property, plant and equipment

The cost, accumulated depreciation, and accumulated impairment loss of the property, plant and equipment of the Company for the years ended December 31, 2024 and 2023, were as follows:

	Land	Buildings and construction	Computer equipment	Transportation equipment	Other equipment	Leasehold improvement	Total
<b>Cost:</b>							
<b>Balance at January 1, 2024</b>	\$ 951,838	529,263	191,948	579	56,092	2,930	1,732,650
Additions	-	15,661	20,362	-	6,208	5,161	47,392
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	-	-	(13,583)	-	(3,382)	-	(16,965)
<b>Balance at December 31, 2024</b>	<u>1,116,493</u>	<u>539,357</u>	<u>215,117</u>	<u>579</u>	<u>58,918</u>	<u>8,091</u>	<u>1,938,555</u>
<b>Balance at January 1, 2023</b>	945,824	518,148	192,284	579	55,997	2,004	1,714,836
Additions	4,410	10,403	5,464	-	2,617	926	23,820
Reclassification from investment property	1,604	712	-	-	-	-	2,316
Disposal	-	-	(5,800)	-	(2,522)	-	(8,322)
Scrap	-	-	(13,583)	-	(3,382)	-	(16,965)
<b>Balance at December 31, 2023</b>	<u>951,838</u>	<u>529,263</u>	<u>191,948</u>	<u>579</u>	<u>56,092</u>	<u>2,930</u>	<u>1,732,650</u>
<b>Accumulated depreciation and impairment loss:</b>							
<b>Balance at January 1, 2024</b>	15,196	201,268	176,952	579	49,169	2,122	445,286
Depreciation	-	15,408	11,498	-	3,392	259	30,557
Reclassification from investment property	-	5,329	-	-	-	-	5,329
Reclassification to investment property	-	(10,973)	-	-	-	-	(10,973)
Disposal	-	(1,505)	-	-	-	-	(1,505)
Scrap	-	-	(13,583)	-	(3,382)	-	(16,965)
<b>Balance at December 31, 2024</b>	<u>15,196</u>	<u>209,527</u>	<u>174,867</u>	<u>579</u>	<u>49,179</u>	<u>2,381</u>	<u>451,729</u>
<b>Balance at January 1, 2023</b>	15,196	185,858	171,412	579	47,749	1,774	422,568
Depreciation	-	15,050	11,340	-	3,942	348	30,680
Reclassification from investment property	-	360	-	-	-	-	360
Disposal	-	-	(5,800)	-	(2,522)	-	(8,322)
Scrap	-	-	(13,583)	-	(3,382)	-	(16,965)
<b>Balance at December 31, 2023</b>	<u>15,196</u>	<u>201,268</u>	<u>176,952</u>	<u>579</u>	<u>49,169</u>	<u>2,122</u>	<u>445,286</u>
<b>Carrying amount:</b>							
<b>December 31, 2024</b>	<u>\$ 1,101,297</u>	<u>329,830</u>	<u>40,250</u>	<u>-</u>	<u>9,739</u>	<u>5,710</u>	<u>1,486,826</u>
<b>December 31, 2023</b>	<u>\$ 936,642</u>	<u>327,995</u>	<u>14,996</u>	<u>-</u>	<u>6,923</u>	<u>808</u>	<u>1,287,364</u>

As of December 31, 2024 and 2023, the Company's property, plant and equipment had not been pledged as collateral, and there are no restrictions on the ownership of overseas real estate.

(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	5,931	6,168	12,099
Derecognition	(5,701)	(4,436)	(10,137)
December 31, 2024	<u>\$ 26,427</u>	<u>11,634</u>	<u>38,061</u>
January 1, 2023	\$ 25,844	9,088	34,932
Additions	22,185	814	22,999
Derecognition	(21,832)	-	(21,832)
December 31, 2023	<u>\$ 26,197</u>	<u>9,902</u>	<u>36,099</u>
Depreciation of right-of-use assets:			
January 1, 2024	\$ 11,767	6,599	18,366
Depreciation	12,911	3,678	16,589
Derecognition	(5,669)	(4,436)	(10,105)
December 31, 2024	<u>\$ 19,009</u>	<u>5,841</u>	<u>24,850</u>
January 1, 2023	\$ 19,053	4,083	23,136
Depreciation	13,896	2,516	16,412
Derecognition	(21,182)	-	(21,182)
December 31, 2023	<u>\$ 11,767</u>	<u>6,599</u>	<u>18,366</u>
Carrying amount:			
December 31, 2024	<u>\$ 7,418</u>	<u>5,793</u>	<u>13,211</u>
December 31, 2023	<u>\$ 14,430</u>	<u>3,303</u>	<u>17,733</u>

(j) Lease liabilities

The Company's lease liabilities were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Less than one year	\$ 7,617	13,700
Between one and five years	5,734	4,229
Total	<u>\$ 13,351</u>	<u>17,929</u>

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

(Continued)

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

The amounts recognized in profit or loss were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	\$ <u>397</u>	<u>450</u>

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

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	\$ <u>17,042</u>	<u>16,810</u>

(i) Leases of buildings and construction

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

(ii) Other leases

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

(k) Operating lease

Leases as lessor

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Within a year	\$ 49,285	39,611
One to five years	140,213	114,905
More than five years	89,348	97,566
	<u>\$ 278,846</u>	<u>252,082</u>

Rental incomes from investment properties were \$49,133 and \$43,287 for 2024 and 2023, respectively.

(l) Employee benefits

(i) Defined benefit plans

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Present value of the defined benefit obligations	\$ (468,466)	(473,553)
Fair value of plan assets	398,739	374,737
Net defined benefit (liabilities) assets	<u>\$ (69,727)</u>	<u>(98,816)</u>

(Continued)

# UNION INSURANCE CO., LTD.

## Notes to the Financial Statements

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

### 1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$398,739 and \$374,737 as of December 31, 2024 and 2023, respectively. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

### 2) Movements in present value of the defined benefit obligations

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

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Defined benefit obligation at January 1	\$ 473,553	497,455
Current serviced costs and interest cost	11,558	12,323
Remeasurements of net defined benefit liabilities		
— Actuarial gains or losses arising from changes of demographic assumptions	-	(77)
— Actuarial gains or losses arising from changes of financial assumptions	(1,142)	-
— Actuarial gains or losses arising from experience adjustments	6,766	(3,637)
Benefits paid by the plan	(22,269)	(32,511)
Defined benefit obligation at December 31	<u><u>\$ 468,466</u></u>	<u><u>473,553</u></u>

(Continued)

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

3) Movements of defined benefit plan assets

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

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Fair value of plan assets at January 1	\$ 374,737	387,342
Interest income	4,497	4,648
Remeasurements of net defined benefit liabilities		
— Expected return on plan assets (excluding current interest)	34,527	3,533
Contribution made to the plan	7,247	11,725
Benefit paid by the plan	(22,269)	(32,511)
Fair value of plan assets at December 31	<u><u>\$ 398,739</u></u>	<u><u>374,737</u></u>

4) Expenses recognized in profit or loss

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

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Current service cost	\$ 5,876	6,354
Net interest of net liabilities (assets) for defined benefit obligations	1,185	1,321
	<u><u>\$ 7,061</u></u>	<u><u>7,675</u></u>

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

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2024 and 2023, was as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Accumulated amount at January 1	\$ 144,202	151,449
Recognized during the period	(28,903)	(7,247)
Accumulated amount at December 31	<u><u>\$ 115,299</u></u>	<u><u>144,202</u></u>

(Continued)

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

6) Actuarial assumptions

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

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Discount rate	1.44 %	1.20 %
Expected return on planned assets	1.44 %	1.20 %
Future salary increases	1.50 %	1.50 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one year period after the reporting date is \$7,247. The weighted average lifetime of the defined benefits plans is 3 years.

7) Sensitivity Analysis

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

As of December 31, 2024 and 2023, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows

	<b>Effects to Defined Benefit Obligations</b>	
	<b>Increase</b>	<b>Decrease</b>
December 31, 2024		
Discount rate (change 0.5%)	\$ 9,759	2,193
Future salary increases(change 0.5%)	9,642	2,202
December 31, 2023		
Discount rate (change 0.5%)	21,318	4,030
Future salary increases (change 0.5%)	21,128	4,038

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2024 and 2023.

(Continued)

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

(ii) Defined contribution plan

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

The pension costs of the Company incurred from the contributions to the Bureau of the Labor Insurance amounted to \$34,707 and \$34,819 for the years ended December 31, 2024 and 2023, respectively.

(m) Remunerations to employees and directors

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

For the years ended December 31, 2024 and 2023, the Company estimated its employees remuneration amounting to \$27,000 and \$2,000 ,and remunerations to directors all amounting to \$6,000 and \$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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Unearned premium reserve	\$ 6,926,563	6,300,340
Claims reserve	6,257,864	5,009,156
Special reserve	905,207	974,014
Premium deficiency reserve	8,111	14,088
Total	<b><u>\$ 14,097,745</u></b>	<b><u>12,297,598</u></b>

(Continued)

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

(i) Unearned premium reserve

1) Unearned premium reserve and ceded unearned premium reserves

<b>December 31, 2024</b>				
<b>Item</b>	<b>Unearned premium reserve</b>		<b>Ceded unearned premium reserve</b>	<b>Retained business</b>
	<b>Direct business</b>	<b>Reinsurance ceded in</b>	<b>Reinsurance ceded out</b>	
Fire insurance	\$ 1,051,045	27,916	665,538	413,423
Marine insurance	96,826	524	83,143	14,207
Land and air insurance	33,251	-	31,916	1,335
Liability insurance	1,857,279	14,800	246,792	1,625,287
Surety insurance	11,815	584	6,311	6,088
Other property insurance	2,878,702	63,034	799,343	2,142,393
Accident insurance	364,085	3,284	28,165	339,204
Health insurance	10,895	-	4	10,891
Compulsory automobile liability insurance	347,302	165,221	208,397	304,126
<b>Total</b>	<b>\$ 6,651,200</b>	<b>275,363</b>	<b>2,069,609</b>	<b>4,856,954</b>

  

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

(Continued)

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

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

For the years ended December 31, 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	\$ 934,506	299,880	390,757	843,629	347,302	353,893	165,221	165,127	(6,497)	208,397	212,351	(3,954)	846,172
Non-compulsory insurance	12,721,566	161,535	3,796,781	9,086,320	6,303,898	5,664,649	110,142	114,676	634,715	1,861,212	1,565,480	295,732	8,747,337
Total	<u>\$ 13,656,072</u>	<u>461,415</u>	<u>4,187,538</u>	<u>9,929,949</u>	<u>6,651,200</u>	<u>6,018,542</u>	<u>275,363</u>	<u>279,803</u>	<u>628,218</u>	<u>2,069,609</u>	<u>1,777,831</u>	<u>291,778</u>	<u>9,593,509</u>
For the years ended December 31, 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	\$ 947,041	300,123	398,011	849,153	353,893	362,630	165,127	165,582	(9,192)	212,351	217,590	(5,239)	853,106
Non-compulsory insurance	11,333,749	155,152	3,135,669	8,353,232	5,666,644	5,238,726	114,676	139,899	402,695	1,565,480	1,403,566	161,914	8,112,451
Total	<u>\$ 12,280,790</u>	<u>455,275</u>	<u>3,533,680</u>	<u>9,202,385</u>	<u>6,020,537</u>	<u>5,601,356</u>	<u>279,803</u>	<u>305,481</u>	<u>393,503</u>	<u>1,777,831</u>	<u>1,621,156</u>	<u>156,675</u>	<u>8,965,557</u>

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

For the years ended December 31, 2024		
Item	Unearned premium reserve	Ceded unearned premium reserve
Beginning balance	\$ 6,300,340	1,777,831
Provision	6,926,563	2,069,609
Recovery	(6,300,340)	(1,777,831)
Ending balance	<u>\$ 6,926,563</u>	<u>2,069,609</u>
For the years ended December 31, 2023		
Item	Unearned premium reserve	Ceded unearned premium reserve
Beginning balance	\$ 5,908,746	1,621,156
Provision	6,300,340	1,777,831
Recovery	(5,908,746)	(1,621,156)
Ending balance	<u>\$ 6,300,340</u>	<u>1,777,831</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.

(Continued)

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

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

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

As of December 31, 2024 and 2023, the relevant unearned premium reserve from the business transfer and intangible assets were \$10,055 and \$7,052 and \$12,891 and \$9,047, respectively.

(ii) Special reserve

1) Segmentation of specific assets

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

Special reserve – Compulsory Automobile Liability Insurance

Item	For the years ended December 31,	
	2024	2023
Beginning balance	\$ 135,259	90,188
Provision	40,876	45,071
Ending balance	<u>\$ 176,135</u>	<u>135,259</u>

Special reserve – Non-Compulsory Automobile Liability Insurance

Item	For the years ended December 31, 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
Provision	-	-	-	114,611	214,480	13,544	342,635
Recovery	(5,066)	(104,617)	(109,683)	-	(57,320)	-	(57,320)
Ending balance	<u>\$ 91,348</u>	<u>633,568</u>	<u>724,916</u>	<u>1,106,799</u>	<u>2,223,234</u>	<u>36,119</u>	<u>3,366,152</u>

  

Item	For the years ended December 31, 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
Provision	-	-	-	107,423	241,925	12,261	361,609
Recovery	(5,066)	-	(5,066)	-	(17,021)	-	(17,021)
Ending balance	<u>\$ 96,414</u>	<u>738,185</u>	<u>834,599</u>	<u>992,188</u>	<u>2,066,074</u>	<u>22,575</u>	<u>3,080,837</u>

Note: The liability of special reserve mentioned above means non-compulsory automobile liability insurance reserve had been provisioned before January 1, 2011. In addition, Financial Supervisory Commission, R.O.C. (Taiwan) Jin Guan Bao Cai Zi No.11101405951, which is the base of recovered special reserve for the years ended December 31, 2024 and 2023.

(Continued)

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

2) Special reserve -Other

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

(iii) Claims reserve

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

Item	December 31, 2024			
	Insurance claims payable	Claims reserve		
	Reported to be paid	Reported but unpaid	IBNR	Total
Fire insurance	\$ -	1,581,989	159,851	1,741,840
Marine insurance	-	72,224	65,248	137,472
Land and air insurance	-	11,003	18,386	29,389
Liability insurance	2,264	1,340,287	491,327	1,831,614
Surety insurance	1	28,764	7,931	36,695
Other property insurance	4,462	1,114,409	199,286	1,313,695
Accident insurance	525	60,162	279,384	339,546
Health insurance	123	1,610	15,774	17,384
Compulsory automobile liability insurance	3,071	222,369	587,860	810,229
Total	<u>\$ 10,446</u>	<u>4,432,817</u>	<u>1,825,047</u>	<u>6,257,864</u>

(Continued)

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

<b>December 31, 2023</b>				
<b>Item</b>	<b>Insurance claims payable</b>	<b>Claims reserve</b>		
	<b>Reported to be paid</b>	<b>Reported but unpaid</b>	<b>IBNR</b>	<b>Total</b>
Fire insurance	\$ -	875,130	122,821	997,951
Marine insurance	-	105,349	64,417	169,766
Land and air insurance	-	38,142	18,412	56,554
Liability insurance	3,202	1,255,622	393,882	1,649,504
Surety insurance	1	18,631	5,899	24,530
Other property insurance	5,768	913,895	102,083	1,015,978
Accident insurance	518	78,697	206,307	285,004
Health insurance	100	1,844	18,526	20,370
Compulsory automobile liability insurance	412	196,860	592,639	789,499
<b>Total</b>	<b>\$ 10,001</b>	<b>3,484,170</b>	<b>1,524,986</b>	<b>5,009,156</b>

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

<b>December 31, 2024</b>			
<b>Item</b>	<b>Reported but unpaid</b>	<b>IBNR</b>	<b>Total</b>
Fire insurance	\$ 1,237,853	45,372	1,283,225
Marine insurance	53,745	44,568	98,313
Land and air insurance	4,342	13,098	17,440
Liability insurance	177,773	69,057	246,830
Surety insurance	11,529	2,059	13,588
Other property insurance	475,123	48,176	523,299
Accident insurance	9,592	49,867	59,459
Health insurance	168	3,289	3,457
Compulsory automobile liability insurance	84,237	257,586	341,823
<b>Total</b>	<b>\$ 2,054,362</b>	<b>533,072</b>	<b>2,587,434</b>

(Continued)

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

<b>December 31, 2023</b>			
<b>Item</b>	<b>Reported but unpaid</b>	<b>IBNR</b>	<b>Total</b>
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)
<b>Total</b>	<b>\$ 1,385,661</b>	<b>499,402</b>	<b>1,885,063</b>

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

<b>For the years ended December 31, 2024</b>								
<b>Item</b>	<b>Direct underwrite business</b>		<b>Reinsurance ceded-in</b>		<b>The net change in claims reserve</b>	<b>Reinsurance ceded-out</b>		<b>The net change in ceded claims reserve</b>
	<b>Provision</b>	<b>Recovery</b>	<b>Provision</b>	<b>Recovery</b>		<b>Provision</b>	<b>Recovery</b>	
Fire insurance	\$ 1,498,028	963,732	243,812	34,219	743,889	1,283,225	638,337	644,888
Marine insurance	132,356	164,660	5,116	5,106	(32,294)	98,313	120,963	(22,650)
Land and air insurance	27,925	54,037	1,464	2,517	(27,165)	17,440	45,261	(27,821)
Liability insurance	1,798,916	1,621,996	32,698	27,508	182,110	246,830	241,717	5,113
Surety insurance	34,500	22,545	2,195	1,985	12,165	13,588	10,023	3,565
Other property insurance	1,274,769	995,445	38,926	20,533	297,717	523,299	436,972	86,327
Accident insurance	320,834	269,620	18,712	15,384	54,542	59,459	56,468	2,991
Health insurance	14,929	18,169	2,455	2,201	(2,986)	3,457	3,164	293
Compulsory automobile liability insurance	571,816	555,767	238,413	233,732	20,730	341,823	332,183	9,640
<b>Total</b>	<b>\$ 5,674,073</b>	<b>4,665,971</b>	<b>583,791</b>	<b>343,185</b>	<b>1,248,708</b>	<b>2,587,434</b>	<b>1,885,088</b>	<b>702,346</b>

  

<b>For the years ended December 31, 2023</b>								
<b>Item</b>	<b>Direct underwrite business</b>		<b>Reinsurance ceded-in</b>		<b>The net change in claims reserve</b>	<b>Reinsurance ceded-out</b>		<b>The net change in ceded claims reserve</b>
	<b>Provision</b>	<b>Recovery</b>	<b>Provision</b>	<b>Recovery</b>		<b>Provision</b>	<b>Recovery</b>	
Fire insurance	\$ 963,732	1,114,837	34,219	20,896	(137,782)	638,337	754,480	(116,143)
Marine insurance	164,660	231,149	5,106	3,778	(65,161)	120,963	182,426	(61,463)
Land and air insurance	54,037	61,699	2,517	2,562	(7,707)	45,261	53,134	(7,873)
Liability insurance	1,621,996	1,356,466	27,508	11,278	281,760	241,717	208,099	33,618
Surety insurance	22,545	23,170	1,985	1,541	(181)	10,023	10,073	(50)
Other property insurance	995,445	926,234	20,533	5,633	84,111	436,972	370,602	66,370
Accident insurance	269,620	213,759	15,384	3,851	67,394	56,468	40,204	16,264
Health insurance	18,169	107,469	2,201	2,417	(89,516)	3,164	3,332	(168)
Compulsory automobile liability insurance	555,767	508,369	233,732	232,067	49,063	332,183	304,965	27,218
<b>Total</b>	<b>\$ 4,665,971</b>	<b>4,543,152</b>	<b>343,185</b>	<b>284,023</b>	<b>181,981</b>	<b>1,885,088</b>	<b>1,927,315</b>	<b>(42,227)</b>

(Continued)

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

4) The movements in claims reserve and ceded claims reserve

Item	For the years ended December 31,			
	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	6,257,864	2,587,434	5,009,156	1,885,088
Recovery	(5,009,156)	(1,885,088)	(4,827,175)	(1,927,315)
Impairment loss reversed(recognized)	-	25	-	(25)
Ending balance	<u>\$ 6,257,864</u>	<u>2,587,434</u>	<u>5,009,156</u>	<u>1,885,063</u>

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

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

(iv) Premium deficiency reserve

1) Premium deficiency reserve and ceded premium deficiency reserve

Item	December 31, 2024			
	Premium deficiency reserve		Ceded premium deficiency reserve	Retained business
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	
Fire insurance	\$ 7,972	52	8,024	-
Land and air insurance	87	-	-	87
Total	<u>\$ 8,059</u>	<u>52</u>	<u>8,024</u>	<u>87</u>

  

Item	December 31, 2023			
	Premium deficiency reserve		Ceded premium deficiency reserve	Retained business
	Direct business	Reinsurance ceded-in	Reinsurance ceded-out	
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**

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

For the years ended December 31, 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	\$ 7,972	12,183	52	353	(4,512)	8,024	12,536	(4,512)	-
Marine insurance	-	1,552	-	-	(1,552)	-	-	-	(1,552)
Land and air insurance	87	-	-	-	87	-	-	-	87
Total	<u>\$ 8,059</u>	<u>13,735</u>	<u>52</u>	<u>353</u>	<u>(5,977)</u>	<u>8,024</u>	<u>12,536</u>	<u>(4,512)</u>	<u>(1,465)</u>

  

For the years ended December 31, 2023									
Item	Direct underwrite		Reinsurance ceded-in		The net change in premium deficiency	Reinsurance ceded-out		The net change in premium ceded deficiency	Net deposit of premium deficiency reserve
	Provision	Recover	Provision	Recover		Provision	Recover		
Fire insurance	\$ 12,183	57,717	353	1,551	(46,732)	12,536	57,390	(44,854)	(1,878)
Marine insurance	1,552	1,146	-	-	406	-	-	-	406
Health insurance	-	393,777	-	-	(393,777)	-	764	(764)	(393,013)
Total	<u>\$ 13,735</u>	<u>452,640</u>	<u>353</u>	<u>1,551</u>	<u>(440,103)</u>	<u>12,536</u>	<u>58,154</u>	<u>(45,618)</u>	<u>(394,485)</u>

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

For the years ended December 31, 2024		
Item	Premium deficiency reserve	Ceding premium deficiency reserve
Beginning balance	\$ 14,088	12,536
Provision	8,111	8,024
Recovery	(14,088)	(12,536)
Ending balance	<u>\$ 8,111</u>	<u>8,024</u>

  

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

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

(Continued)

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

(o) Income tax

The components of the Company's income tax for the years ended December 31, 2024 and 2023 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Current period	\$ 248,975	109,263
Adjustments for prior periods	(5,039)	-
Current income tax expenses	<u><u>\$ 243,936</u></u>	<u><u>109,263</u></u>

Reconciliation of income tax and profit before tax for the years ended December 31, 2024 and 2023 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Profit excluding income tax	\$ 1,465,459	1,309,609
Income tax using the Company's domestic tax rate	293,092	261,922
Adjustment items:		
Tax-exempt income	(64,463)	(58,298)
Usage of tax loss carry-forward	-	(112,230)
Prior income tax (over) under estimated	(5,039)	-
Others	20,346	17,869
Income tax expenses (profits)	<u><u>\$ 243,936</u></u>	<u><u>109,263</u></u>

(v) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

	<b>December 31,</b>	<b>December 31,</b>
	<b>2024</b>	<b>2023</b>
Actuarial losses of defined benefit plans	<u><u>\$ 23,060</u></u>	<u><u>28,840</u></u>

2) Recognized deferred tax liabilities

	<b>December 31,</b>	<b>December 31,</b>
	<b>2024</b>	<b>2023</b>
Land value-added tax	<u><u>\$ 63,920</u></u>	<u><u>63,920</u></u>

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

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

(p) Capital and other equity

(i) Share capital

As of December 31, 2024 and 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.

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

(Continued)

# **UNION INSURANCE CO., LTD.**

## **Notes to the Financial Statements**

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 amount of cash dividends on the appropriations of earnings for 2024 had been proposed during the board meeting on March 11, 2025, as follow:

	<b>For the years ended December 31, 2024</b>	
	<b>Allotment per share</b>	<b>Total Amount</b>
Dividends distributed to ordinary shareholders		
Cash	\$ 1.50	<u><u>335,412</u></u>

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

(iii) Other equity (after tax)

	<b>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</b>
January 1, 2024	\$ 22,167
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(36,097)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	<u>(34,494)</u>
December 31, 2024	<u><u>\$ (48,424)</u></u>

(Continued)

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

	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
January 1, 2023	\$ (66,034)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	88,201
December 31, 2023	<u><u>\$ 22,167</u></u>

(q) Earnings per share

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

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Net income attributable to ordinary shareholders of the Company	<u><u>\$ 1,221,523</u></u>	<u><u>1,200,346</u></u>
Weighted average number of ordinary shares (thousands shares)	<u><u>223,608</u></u>	<u><u>223,608</u></u>
<b>Basic earnings per share (NT dollars)</b>	<u><u>\$ 5.46</u></u>	<u><u>5.37</u></u>
<b>Diluted earnings per share</b>		
Net income attributable to ordinary shareholders of the Company	<u><u>\$ 1,221,523</u></u>	<u><u>1,200,346</u></u>
Weighted average number of ordinary shares (thousands shares)	223,608	223,608
Employee share options	<u>874</u>	<u>53</u>
Weighted average number of ordinary shares (Dilutive potential common shares)(thousands shares)	<u><u>224,482</u></u>	<u><u>223,661</u></u>
<b>Diluted earnings per share (NT dollars)</b>	<u><u>\$ 5.44</u></u>	<u><u>5.37</u></u>

(Continued)

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

(r) Disclosure of acquisition cost of insurance contracts

Acquisition cost of insurance contracts

For the years ended December 31, 2024						
Item	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 195,284	-	-	2,070	-	197,354
Marine insurance	25,519	-	-	335	-	25,854
Land and air insurance	9,276	-	-	-	-	9,276
Liability insurance	689,490	-	-	4,274	-	693,764
Surety insurance	3,676	-	-	-	-	3,676
Other property insurance	722,827	-	-	16,346	-	739,173
Accident insurance	237,836	-	-	-	-	237,836
Health insurance	31,806	-	-	-	-	31,806
Compulsory automobile liability insurance	124,111	-	-	-	-	124,111
Total	<u>\$ 2,039,825</u>	<u>-</u>	<u>-</u>	<u>23,025</u>	<u>-</u>	<u>2,062,850</u>
For the years ended December 31, 2023						
Item	Commission expense	Agent fee	Charge	Reinsurance commission expense	Other cost	Total
Fire insurance	\$ 170,147	-	-	1,036	-	171,183
Marine insurance	24,574	-	-	219	-	24,793
Land and air insurance	8,644	-	-	31	-	8,675
Liability insurance	620,250	-	-	3,436	-	623,686
Surety insurance	3,565	-	-	2	-	3,567
Other property insurance	694,646	-	-	12,208	-	706,854
Accident insurance	242,151	-	-	151	-	242,302
Health insurance	25,174	-	-	-	-	25,174
Compulsory automobile liability insurance	124,717	-	-	-	-	124,717
Total	<u>\$ 1,913,868</u>	<u>-</u>	<u>-</u>	<u>17,083</u>	<u>-</u>	<u>1,930,951</u>

(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 years ended December 31, 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	\$ 2,472,927	189,053	195,284	573,909	534,296	980,385
Marine insurance	337,450	18,746	25,519	28,328	(32,304)	297,161
Land and air insurance	99,360	(16,892)	9,276	5,250	(26,112)	127,838
Liability insurance	3,825,507	129,683	689,490	1,890,098	176,920	939,316
Surety insurance	24,783	594	3,676	5,746	11,955	2,812
Other property insurance	4,756,860	314,978	722,827	2,063,763	279,324	1,375,968
Accident insurance	1,081,548	3,319	237,836	407,853	51,214	381,326
Health insurance	123,131	(232)	31,806	28,859	(3,240)	65,938
Compulsory automobile liability insurance	934,506	(6,591)	124,111	609,799	16,049	191,138
Total	<u>\$ 13,656,072</u>	<u>632,658</u>	<u>2,039,825</u>	<u>5,613,605</u>	<u>1,008,102</u>	<u>4,361,882</u>
For the years ended December 31, 2023						
Item	Written premium	The net change in unearned premium reserve	Insurance contract acquisition cost	Claims	The net change in claims reverse	Gain (Loss)
Fire insurance	\$ 1,974,676	131,743	170,147	653,540	(151,105)	1,170,351
Marine insurance	257,419	(7,282)	24,574	152,516	(66,489)	154,100
Land and air insurance	112,850	5,324	8,644	18,702	(7,662)	87,842
Liability insurance	3,506,565	70,441	620,250	1,868,568	265,530	681,776
Surety insurance	23,575	2,025	3,565	711	(625)	17,899
Other property insurance	4,353,575	289,542	694,646	2,238,699	69,211	1,061,477
Accident insurance	1,016,561	(53,218)	242,151	488,055	55,861	283,712
Health insurance	88,528	(10,657)	25,174	275,490	(89,300)	(112,179)
Compulsory automobile liability insurance	947,041	(8,737)	124,717	602,903	47,398	180,760
Total	<u>\$ 12,280,790</u>	<u>419,181</u>	<u>1,913,868</u>	<u>6,299,184</u>	<u>122,819</u>	<u>3,525,738</u>

(Continued)

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

(ii) Reinsurance cost-benefit analysis

For the years ended December 31, 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	\$ 68,595	(7,415)	2,070	76,161	209,593	(211,814)
Marine insurance	5,798	(391)	335	(97)	10	5,941
Land and air insurance	-	-	-	(522)	(1,053)	1,575
Liability insurance	17,618	(14,190)	4,274	25,297	5,190	(2,953)
Surety insurance	1,265	29	-	714	210	312
Other property insurance	61,648	17,918	16,346	13,338	18,393	(4,347)
Accident insurance	6,611	(485)	-	2,973	3,328	795
Health insurance	-	-	-	-	254	(254)
Compulsory automobile liability insurance	299,880	94	-	286,972	4,681	8,133
Total	<u>\$ 461,415</u>	<u>(4,440)</u>	<u>23,025</u>	<u>404,836</u>	<u>240,606</u>	<u>(202,612)</u>
For the years ended December 31, 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	\$ 75,748	(785)	1,036	315	13,323	61,859
Marine insurance	7,295	(355)	219	144	1,328	5,959
Land and air insurance	191	(579)	31	3,418	(45)	(2,634)
Liability insurance	14,689	(38,286)	3,436	18,929	16,230	14,380
Surety insurance	1,233	(15)	2	1,620	444	(818)
Other property insurance	47,578	14,638	12,208	14,719	14,900	(8,887)
Accident insurance	8,418	159	151	2,549	11,533	(5,974)
Health insurance	-	-	-	-	(216)	216
Compulsory automobile liability insurance	300,123	(455)	-	286,194	1,665	12,719
Total	<u>\$ 455,275</u>	<u>(25,678)</u>	<u>17,083</u>	<u>327,888</u>	<u>59,162</u>	<u>76,820</u>

(Continued)

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

(iii) Gain/Loss on reinsurance contracts

For the years ended December 31, 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	\$ (1,834,255)	164,924	200,150	310,723	644,888	(513,570)
Marine insurance	(243,958)	18,019	15,099	18,516	(22,650)	(214,974)
Land and air insurance	(75,899)	(8,984)	8,775	3,790	(27,821)	(100,139)
Liability insurance	(468,908)	(2,841)	184,093	256,533	5,113	(26,010)
Surety insurance	(9,022)	258	1,006	3,583	3,565	(610)
Other property insurance	(1,089,597)	129,130	291,628	378,865	86,327	(203,647)
Accident insurance	(73,952)	(2,829)	20,269	35,190	2,991	(18,331)
Health insurance	(1,190)	(1,945)	407	3,078	293	643
Compulsory automobile liability insurance	(390,757)	(3,954)	-	363,124	9,640	(21,947)
Total	<u>\$ (4,187,538)</u>	<u>291,778</u>	<u>721,427</u>	<u>1,373,402</u>	<u>702,346</u>	<u>(1,098,585)</u>
For the years ended December 31, 2023						
Item	Reinsurance expense	The net change in unearned premium reserve	Reinsurance commission received	Claims recovered from reinsurers	The net change in ceded claims reserve	Ceded out Gain (Loss)
Fire insurance	\$ (1,346,571)	100,522	147,386	394,182	(116,143)	(820,624)
Marine insurance	(160,603)	(10,408)	10,916	97,425	(61,463)	(124,133)
Land and air insurance	(93,820)	5,713	9,044	17,832	(7,873)	(69,104)
Liability insurance	(472,174)	(30,024)	132,582	269,599	33,618	(66,399)
Surety insurance	(8,442)	919	756	210	(50)	(6,607)
Other property insurance	(954,283)	97,939	250,475	563,643	66,370	24,144
Accident insurance	(91,910)	1,524	16,892	48,464	16,264	(8,766)
Health insurance	(7,866)	(4,271)	2,631	8,974	(168)	(700)
Compulsory automobile liability insurance	(398,011)	(5,239)	-	361,755	27,218	(14,277)
Total	<u>\$ (3,533,680)</u>	<u>156,675</u>	<u>570,682</u>	<u>1,762,084</u>	<u>(42,227)</u>	<u>(1,086,466)</u>

(Continued)

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

(t) Disclosure of insurance contract risk

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

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

a) Risk management of framework and organization

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

b) The responsibility of various unit are as follows:

i) The Board of Directors

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

ii) Risk Management Committee

1. In charge of making the risk management policy, framework, organization function, in order to establish the managing quality and quantity standard. To submit regularly the report of the executing the risk management to the Board of Directors, in case providing the necessary improve suggestion.
2. To execute the Board of Directors' decision, and entirely and periodically oversee the development, establishment and executing performance.
3. To assist and oversee various segments' risk management activities.
4. To consider the environment to adjust the types of risk, risk limit allocating and the bearing method.
5. To coordinate interaction and communication of the risk managing function between departments.

iii) Risk Management Department

1. To be responsible for risk monitoring, measuring, evaluating executive layer of routine affairs, which should be independent to the executing right of operating segments.

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## UNION INSURANCE CO., LTD.

### Notes to the Financial Statements

2. Should depend on the type of operating business to execute:
    - To assist and execute the Board setting risk management policies and strategies.
    - Accounting the Company risk appetite set risk tolerance
    - Summarize risk information, coordinated and communicated for carrying out policy and quota of each unit.
    - Risk management report is proposed regularly.
    - Monitor the risk of each operating segments regularly.
    - Assistance of pressure test.
    - Back testing.
    - Others
  3. To deal with the violation of other units by the authorization of the Board of Directors or Risk Management Committee
- iv) Operating segments
1. The responsibilities of operating segments supervisor to execute the risk management are as follows:
    - To be responsible for preparing daily risk report, taking actions.
    - To monitor related information of risk management and report to risk management department regularly.
  2. The responsibilities of operating segments to execute the risk management are as follows:
    - To recognize risk, and to report the information of risk exposure situation.
    - To measure the influence of degree of risk occurred (quality and quantity), and response the accurate solution with passing the risk information.
    - Reviewing the effectiveness of the setting risk tolerance.
    - Monitor risk exposure and measure the risk exceed the tolerance.
    - To assist the risk modelling development, ensuring that the uses and hypothesis of measuring, modeling are rational and consist of the basis.

(Continued)

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

- Ensure the effectiveness of internal control.
- Gather the information which is related to operational risk.

v) Audit department

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

2) Scope and nature of risk reporting or measure system

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

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

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

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

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

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

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

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

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# UNION INSURANCE CO., LTD.

## Notes to the Financial Statements

For the years ended December 31, 2024 and 2023, the amount of the retained risk limit per unit for each type of insurance is disclosed in the following table:

<b>Insurance by Type</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Fire insurance	\$ 500,000	500,000
Hull insurance	100,000	100,000
Fishing vessel insurance	50,000	50,000
Aviation insurance	200,000	200,000
Marine cargo insurance	600,000	600,000
Accident insurance	200,000	200,000
Engineering insurance	500,000	500,000
Casualty insurance	500,000	500,000
Vehicle insurance	30,000	30,000
Automobile liability insurance	120,000	120,000
Other property insurance	300,000	300,000
Health insurance	5,000	5,000
Accident insurance - travel insurance	240,000	240,000

6) The method of assets and liabilities management

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

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

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

(Continued)

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

(ii) Insurance risk information

1) Sensitivity analysis of insurance risk

<b>For the years ended December 31, 2024</b>				
<b>Item</b>	<b>Written premium</b>	<b>Expected rate of loss</b>	<b>Effect of profit or loss on 1% movement of expected rate of loss</b>	
			<b>Before reinsurance</b>	<b>After reinsurance</b>
Fire insurance	\$ 2,541,522	63.55 %	23,619	6,925
Marine insurance	343,248	62.29 %	3,249	990
Land and air insurance	99,360	69.28 %	1,163	314
Liability insurance	3,843,125	67.01 %	37,276	32,559
Surety insurance	26,048	72.72 %	254	167
Other property insurance	4,818,508	64.34 %	44,856	35,251
Accident insurance	1,088,159	72.68 %	10,853	10,085
Health insurance	123,131	81.91 %	1,234	1,202
Compulsory automobile liability insurance	1,234,386	No applicable	No applicable	No applicable

<b>For the years ended December 31, 2023</b>				
<b>Item</b>	<b>Written premium</b>	<b>Expected rate of loss</b>	<b>Effect of profit or loss on 1% movement of expected rate of loss</b>	
			<b>Before reinsurance</b>	<b>After reinsurance</b>
Fire insurance	\$ 2,050,424	64.18 %	19,214	6,753
Marine insurance	264,714	62.17 %	2,723	1,013
Land and air insurance	113,041	69.90 %	1,083	202
Liability insurance	3,521,254	66.72 %	34,891	29,869
Surety insurance	24,808	72.69 %	228	153
Other property insurance	4,401,153	64.35 %	40,970	32,406
Accident insurance	1,024,979	75.21 %	10,780	9,877
Health insurance	88,528	80.27 %	992	870
Compulsory automobile liability insurance	1,247,164	No applicable	No applicable	No applicable

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 Verisk Touchstone (AIR) natural disaster model 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 47.25% and 49.78% for the years ended December 31, 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 years ended December 31,			
	2024		2023	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 1,346,692	9.54 %	1,048,607	8.23 %
Marine cargo insurance	301,476	2.14 %	235,001	1.85 %
Hull, fishing vessel and aviation insurance	139,399	0.99 %	140,598	1.10 %
Voluntary automobile insurance	6,670,341	47.25 %	6,339,474	49.78 %
Compulsory automobile liability insurance	1,234,386	8.74 %	1,247,164	9.79 %
Liability insurance	785,099	5.56 %	622,813	4.89 %
Engineering and nuclear insurance	1,034,560	7.33 %	817,081	6.42 %
Surety and credit insurance	26,048	0.18 %	24,808	0.19 %
Other property insurance	50,800	0.36 %	63,040	0.49 %
Accident insurance	1,088,159	7.71 %	1,024,979	8.05 %
Typhoon, flood and earthquake insurance	1,192,300	8.45 %	1,001,293	7.86 %
Personal and commercial all-risk insurance	120,720	0.85 %	80,138	0.63 %
Health insurance	123,131	0.87 %	88,528	0.70 %
Overseas ceded-in reinsurance	4,376	0.03 %	2,541	0.02 %
Total	<u>\$ 14,117,487</u>	<u>100.00 %</u>	<u>12,736,065</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 59.01% and 59.43% for the years ended December 31, 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 years ended December 31,			
	2024		2023	
	Amount	Percentage	Amount	Percentage
Fire insurance	\$ 455,559	4.59 %	419,816	4.56 %
Marine cargo insurance	117,277	1.18 %	119,137	1.29 %
Hull, fishing vessel and aviation insurance	5,450	0.05 %	4,107	0.04 %
Voluntary automobile insurance	5,859,632	59.01 %	5,468,544	59.43 %
Compulsory automobile liability insurance	843,629	8.50 %	849,153	9.23 %
Liability insurance	628,260	6.33 %	465,516	5.06 %
Engineering and nuclear insurance	476,987	4.80 %	443,490	4.82 %
Surety and credit insurance	17,026	0.17 %	16,366	0.17 %
Other property insurance	40,789	0.41 %	48,613	0.53 %
Accident insurance	1,014,207	10.21 %	933,069	10.14 %
Typhoon, flood and earthquake insurance	249,178	2.51 %	285,757	3.11 %
Personal and commercial all-risk insurance	97,347	0.98 %	69,926	0.76 %
Health insurance	121,941	1.23 %	80,662	0.88 %
Overseas ceded-in reinsurance	2,667	0.03 %	(1,771)	(0.02)%
Total	<u>\$ 9,929,949</u>	<u>100.00 %</u>	<u>9,202,385</u>	<u>100.00 %</u>

(Continued)

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

3) Claims trend

For the year ended December 31, 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	5,639,134
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	5,527,739	
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	6,568,063		
4	44,119,750	3,530,087	4,331,187	3,997,617	4,714,228	4,775,424	4,899,446	5,094,772			
5	44,096,384	3,505,206	4,348,353	3,972,187	4,711,259	4,745,935	4,899,727				
6	44,060,407	3,518,795	4,300,980	3,971,299	4,695,182	4,750,543					
7	44,414,834	3,501,489	4,301,352	3,969,391	4,694,608						
8	44,033,300	3,502,875	4,305,090	3,947,881							
9	44,029,607	3,500,708	4,303,991								
10	44,018,689	3,500,573									
11	43,981,872										
Estimates	43,981,872	3,500,573	4,303,991	3,947,881	4,694,608	4,750,543	4,899,727	5,094,772	6,568,063	5,527,739	5,639,134
Actual	43,980,044	3,498,256	4,290,546	3,943,151	4,677,578	4,736,154	4,827,707	5,023,846	6,199,181	4,691,330	3,046,653
Subtotal	1,828	2,317	13,445	4,730	17,030	14,389	72,020	70,926	368,882	836,409	2,592,481
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	1,828	2,317	13,445	4,730	17,030	14,389	72,020	70,926	368,882	836,409	2,592,481

For the year ended December 31, 2023

Occurrence year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1	41,020,376	3,019,920	3,505,019	4,231,875	3,846,573	4,548,623	4,201,280	4,120,597	4,742,416	6,043,107	5,311,099
2	41,163,055	3,216,949	3,615,016	4,483,260	4,058,010	4,804,267	4,901,074	4,890,228	5,292,664	6,640,880	
3	41,088,170	3,161,079	3,557,644	4,338,968	3,989,815	4,784,261	4,774,671	4,886,780	5,098,963		
4	41,025,302	3,151,586	3,530,087	4,331,187	3,997,617	4,714,228	4,775,424	4,899,446			
5	40,968,164	3,151,839	3,505,206	4,348,353	3,972,187	4,711,259	4,745,935				
6	40,944,545	3,130,980	3,518,795	4,300,980	3,971,299	4,695,182					
7	40,929,427	3,155,004	3,501,489	4,301,352	3,969,391						
8	41,259,830	3,128,978	3,502,875	4,305,090							
9	40,904,322	3,127,878	3,500,708								
10	40,901,729	3,133,487									
11	40,885,203										
Estimates	40,885,203	3,133,487	3,500,708	4,305,090	3,969,391	4,695,182	4,745,935	4,899,446	5,098,963	6,640,880	5,311,099
Actual	40,844,453	3,132,950	3,498,387	4,291,485	3,937,662	4,676,395	4,720,884	4,810,143	4,897,736	5,967,883	3,134,364
Subtotal	40,750	537	2,321	13,605	31,729	18,787	25,051	89,303	201,227	672,997	2,176,735
Reconciliations	-	-	-	-	-	-	-	-	-	-	-
Total amount recognized in balance sheet	40,750	537	2,321	13,605	31,729	18,787	25,051	89,303	201,227	672,997	2,176,735

(Continued)

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

(iii) Credit risk of insurance contracts

1) Credit risk

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

As of December 31, 2024

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

As of December 31, 2023

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

(Continued)

## UNION INSURANCE CO., LTD.

### Notes to the Financial Statements

- c) For the years ended December 31, 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:

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

#### 2) Liquidity risk

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

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

#### 3) Market risk

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

(Continued)

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

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

Maximum credit risk exposure was as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash and cash equivalents	\$ 3,132,839	3,479,186
Receivables	653,103	555,987
Financial assets at fair value through profit or loss	2,541,497	1,721,519
Financial assets at fair value through other comprehensive income	2,878,010	2,351,075
Financial assets at amortized cost	3,063,738	2,562,498
Other financial assets	2,515,758	1,872,700
Reinsurance contract assets	662,301	526,976
Other assets	<u>518,336</u>	<u>577,534</u>
Total	<b><u>\$ 15,965,582</u></b>	<b><u>13,647,475</u></b>

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

As of December 31, 2024 and 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:

December 31, 2024					
	Not overdue	Overdue under 90 days	Overdue for 91-270 days	Overdue 271 over days	Total
Notes receivable:					
Expected credit loss rate	0.05%	100%	100%	100%	
Carrying amount	\$ 243,361	14	-	-	243,375
Expected credit loss amount	113	14	-	-	127
Premiums receivable:					
Expected credit loss rate	2.09%	2%~10%	2%~10%	10%~100%	
Carrying amount	\$ 95,217	90,117	46,137	1,255	232,726
Expected credit loss amount	1,986	3,281	2,396	1,255	8,918
Other receivables:					
Carrying amount	\$ 186,454	2,514	2,641	39,863	231,472
Expected credit loss amount	1,567	1,354	2,641	39,863	45,425
December 31, 2023					
	Not overdue	Overdue under 90 days	Overdue for 91-270 days	Overdue 271 over days	Total
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**

3) The movement in loss allowance

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

	For the year ended December 31, 2024					
					The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	Total
	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)		
Beginning balance	\$ -	-	-	-	-	-
New financial assets acquired	127	-	-	127	-	127
Ending balance	\$ 127	-	-	127	-	127

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

For the year ended December 31, 2024						
					The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	Total
	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)		
Beginning balance	\$ 1,723	2,859	-	4,582	-	4,582
Changes	(5)	(1,218)	-	(1,223)	-	(1,223)
Ending balance	\$ 1,718	1,641	-	3,359	-	3,359

	For the year ended December 31, 2023					
					The provision of impairment in accordance with Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises.	Total
	12-month ECL stage 1	Lifetime ECL (assessed on collective) stage 2	Lifetime ECL (assessed on individual) stage 3	The provision of impairment in accordance with IFRS9 (subtotal)		
Beginning balance	\$ 1,106	-	-	1,106	-	1,106
Changes	617	2,859	-	3,476	-	3,476
Ending balance	\$ 1,723	2,859	-	4,582	-	4,582

(Continued)

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

4) The information of credit quality

	December 31, 2024									
	stage1				stage2				Allowance impairment loss	Total
	Low-risk	Moderate-risk	High-risk	Total	Low-risk	Moderate-risk	High-risk	Total		
Financial assets at fair value through other comprehensive income - debt instruments	\$ 675,116	-	-	675,116	-	-	-	-	-	675,116
Financial assets at amortized cost (including statutory deposit)	3,294,233	-	-	3,294,233	170,000	-	-	170,000	3,359	3,460,874
Total	<u>\$ 3,969,349</u>	<u>-</u>	<u>-</u>	<u>3,969,349</u>	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>3,359</u>	<u>4,135,990</u>

  

	December 31, 2023									
	stage1				stage2				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)	<u>\$ 2,794,701</u>	<u>-</u>	<u>-</u>	<u>2,794,701</u>	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>4,582</u>	<u>2,960,119</u>

(ii) Liquidity risk

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

	December 31, 2024					
	Amount	Contract undiscounted cash amount	Overdue under 3 months	Overdue for 3 - 9 months	Overdue for 9 - 12 months	Overdue over 12 months
<b>Non-derivative financial liabilities</b>						
Payables						
Claims payable	\$ 10,446	10,446	9,051	81	68	1,246
Commissions payable	231,513	231,513	231,513	-	-	-
Due to ceding companies	742,167	742,167	661,730	62,159	5,060	13,218
Other payables	479,695	479,695	446,694	33,001	-	-
Lease liabilities	13,351	13,687	3,326	3,233	1,289	5,839
Other liabilities						
Guarantee deposits received	10,011	10,011	1	276	144	9,590
Total	<u>\$ 1,487,183</u>	<u>1,487,519</u>	<u>1,352,315</u>	<u>98,750</u>	<u>6,561</u>	<u>29,893</u>

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

	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
<b>Non-derivative financial liabilities</b>						
Payables						
Claims payable	\$ 10,001	10,001	8,792	91	4	1,114
Commissions payable	196,354	196,354	196,354	-	-	-
Due to ceding companies	583,969	583,969	564,195	19,468	306	-
Other payables	444,267	444,267	441,933	2,162	81	91
Lease liabilities	17,929	18,232	3,959	7,039	2,939	4,295
Other liabilities						
Guarantee deposits received	10,338	10,338	1,132	1,862	88	7,256
Total	<u>\$ 1,262,858</u>	<u>1,263,161</u>	<u>1,216,365</u>	<u>30,622</u>	<u>3,418</u>	<u>12,756</u>

(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:

	December 31, 2024	December 31, 2023
<b>Financial assets</b>		
<b><u>Monetary items</u></b>		
USD	\$ 25,491	4,836
EUR	99	103
JPY	35	59
HKD	30	34
KRW	4	4
CNY	33	44
GBP	34	37
THB	10	45
<b><u>Non-Monetary items</u></b>		
USD	5,498	-
<b><u>Financial liability</u></b>		
<b><u>Monetary items</u></b>		
USD	2,480	2,891

(Continued)

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

Important rate:

	<b>Rates</b>	
	<b>December 31, 2024</b>	<b>December 31, 2023</b>
USD	\$ 32.79	30.71
EUR	34.14	33.98
JPY	0.2099	0.2172
HKD	4.22	3.93
KRW	0.0225	0.0239
CNY	4.48	4.33
GBP	41.19	39.15
THB	0.9623	0.9017

2) Sensitivity analysis

As of December 31, 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:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
USD(increases 1%)	\$ 7,478	478
EUR(increases 1%)	27	28
HKD(increases 1%)	1	1
CNY(increases 1%)	-	2
GBP(increases 1%)	11	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 December 31, 2024 and 2023.

(iv) Interest rate risk

1) Summary

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

	<b>Carrying Amount</b>	
	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Variable interest rate instrument:		
Term deposit	\$ <u>1,405,000</u>	<u>1,339,000</u>

(Continued)

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

2) Sensitivity Analysis of variable interest rate financial instruments

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

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Increase 10 basis points	\$ 1,405	1,339
Decrease 10 basis points	(1,405)	(1,339)

(v) Fair value and hierarchy information

1) Fair value information

a) General description

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

b) Definition of fair value hierarchy

i) Level 1

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

ii) Level 2

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

iii) Level 3

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

(Continued)

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

2) Based on fair value measurement

a) Hierarchy information of fair value

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

		December 31, 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)
<b>Repeatability fair value measurement</b>				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 687,181	687,181	-	-
Real estate investment trust beneficiary certificates	290,284	290,284	-	-
Stocks	1,564,032	1,564,032	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,202,894	2,188,572	-	14,322
Bonds	675,116	-	675,116	-
		December 31, 2023		
Assets and liabilities	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Repeatability fair value measurement</b>				
<u>Non-derivative financial assets</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 213,233	213,233	-	-
Real estate investment trust beneficiary certificates	321,109	321,109	-	-
Stocks	1,187,177	1,187,177	-	-
Financial assets at fair value through other comprehensive income				
Stocks	2,351,075	2,336,417	-	14,658

b) Valuation techniques of fair value measurement

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

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

(Continued)

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

c) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the years ended December 31, 2024 and 2023.

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

For the year ended December 31, 2024								
Name	Balance at the beginning of the year	Gains and losses on valuation		Increase		Decrease		Balance at the end of the year
		Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issue	Transferred from Level 3	Sale, disposal or settlement	Transferred out Level 3	
Financial assets at fair value through other comprehensive income	\$ 14,658	-	(336)	-	-	-	-	14,322

  

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

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

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

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

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

(Continued)

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

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

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

		<b>Change in fair value recognized in other comprehensive income before tax</b>	
		<b>Favorable</b>	<b>Unfavorable</b>
<b>December 31, 2024</b>			
Financial assets fair value through other comprehensive income	\$	<u><u>143</u></u>	<u><u>(143)</u></u>
<b>December 31, 2023</b>			
Financial assets fair value through other comprehensive income	\$	<u><u>147</u></u>	<u><u>(147)</u></u>

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

- (vi) Financial instruments not measured at fair value

- 1) Fair value information

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

<b>Item</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>December 31, 2024</b>		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	\$ 3,460,874	3,428,695
Investment Property	862,333	1,938,755
<b>December 31, 2023</b>		
Financial assets		
Financial assets at amortized cost (included statutory deposits)	2,960,119	2,938,276
Investment Property	1,047,509	2,058,304

(Continued)

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

2) Fair value information

		<b>December 31, 2024</b>		
		<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
<b>Item</b>	<b>Total</b>			
Financial assets at amortized cost (included statutory deposits)	\$ 3,428,695	-	3,428,695	-
Investment property	1,938,755	-	-	1,938,755
		<b>December 31, 2023</b>		
		<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
<b>Item</b>	<b>Total</b>			
Financial assets at amortized cost (included statutory deposits)	\$ 2,938,276	-	2,938,276	-
Investment property	2,058,304	-	-	2,058,304

3) Valuation techniques

The valuation assumption and methods of financial instruments not measured at fair value is used by the Company were as follows:

- a) The fair value of short-term financial commodity is estimated by the carrying amount of balance sheet. The carrying amount is the reasonable basis to estimate the fair value, because the maturity date of the commodity is near. The method applied on cash and equivalent cash, accounts receivables and accounts payables.
- b) Financial assets at amortized cost (bond investments without active market)
 

If investments assets measured at amortized cost have transaction price or quotes of the market makers, use the recent transaction price and quotes as the basis of estimating fair value. If without market value, discounted cash flow method or the quotes of the counterparties are used to calculate fair value or the quoted prices of the counter party.
- c) The refundable deposits and guarantee deposits have no specific maturity date, as a result, using the carrying amount on the balance sheet as the fair value.
- d) The fair value of investment property is assessed by the market practices.

4) Transfer between Level 1 and Level 2

There were no transfer for the years ended December 31, 2024 and 2023.

(Continued)

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

(v) Financial risk management

(i) Overview

1) Credit risk

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

2) Liquidity risk

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

3) Market risk

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

(ii) The framework of risk management

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

(iii) Credit risk

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

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

(Continued)

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

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

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

(Continued)

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

(iv) Liquidity risk

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

(v) Market risk

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

(w) Capital Management

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

As of December 31, 2024, the method of capital management of the Company remains the same.

(x) Structured entities not included in the financial statements

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

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

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

<u>December 31, 2024</u>	<u>Asset securitization products-REITS</u>
<b>Assets possessed by the Company</b>	
— Financial assets at fair value through profit or loss	\$ 290,284
Total assets possessed by the company	<u><u>\$ 290,284</u></u>

(Continued)

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

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

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

- (iii) The Company did not provide any financial support for the asset securitization products not included in the financial statements for the years ended December 31, 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.

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
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 Construction 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

(Continued)

**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
CTV Charities Aid Foundation	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

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 64,172	51,021
Short-term employee benefits-paid leave	1,223	1,189
Post-employment benefits	1,202	1,104
Total	<b>\$ 66,597</b>	<b>53,314</b>

(Continued)

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

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

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

1) Written premium

	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>Amount</b>	<b>Amount</b>
Written premium		
Other related parties	\$ 19,374	15,865
Key management personnel	823	930
Total	<u>\$ 20,197</u>	<u>16,795</u>

2) Account receivables

	<b>December 31,</b>	<b>December 31,</b>
	<b>2024</b>	<b>2023</b>
Premiums receivable:		
Other related parties	\$ 642	420
Key management personnel	1	5
Total	<u>\$ 643</u>	<u>425</u>

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

3) Prepaid expenses

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

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

<b>Related parties</b>	<b>For the years ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Other related parties	<u>\$ 8,306</u>	<u>3,333</u>

(Continued)

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

**(8) Pledged assets:**

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

<b>Pledged Assets</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>Purpose of pledge</b>
Other financial assets - Time deposit	\$ -	47,000	Guarantee for the insurance business
Financial assets at amortized cost	397,136	397,621	Guarantee for operating business, suit, and contract performance
<b>Total</b>	<b>\$ <u>397,136</u></b>	<b><u>444,621</u></b>	

**(9) Commitments and contingencies:**

- (a) The Company had several significant insurance lawsuits and was required to pay indemnities of \$159,790, of which approximately \$112,925 were reinsured. The remain had been accrued. These cases have not been resolved with District Court of Appeal as of December 31, 2024.
- (b) In order to improve computer equipment and IT systems, the Company is in contract with several IT companies. As of December 31, 2024, there is \$53,928 unpaid.

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

**(11) Subsequent Events: None.**

**(12) Other:**

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

<b>Function</b>	<b>For the years ended December 31,</b>					
	<b>2024</b>			<b>2023</b>		
	<b>Operating costs</b>	<b>Operating expense</b>	<b>Total</b>	<b>Operating costs</b>	<b>Operating expense</b>	<b>Total</b>
Employees Benefits:						
Salaries	416,584	873,859	1,290,443	391,675	801,883	1,193,558
Labor and health insurance	-	89,152	89,152	-	86,370	86,370
Pension	-	41,768	41,768	-	42,494	42,494
Remuneration of directors	-	23,658	23,658	-	17,077	17,077
Others	-	52,837	52,837	-	47,499	47,499
Depreciation	4,904	47,146	52,050	4,861	47,092	51,953
Amortization	-	35,151	35,151	-	25,320	25,320

(Continued)

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

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

For the year ended December 31, 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	\$ 934,506	299,880	390,757	843,629	(2,543)	846,172
Non-compulsory insurance	12,721,566	161,535	3,796,781	9,086,320	338,983	8,747,337
Total	<u>\$ 13,656,072</u>	<u>461,415</u>	<u>4,187,538</u>	<u>9,929,949</u>	<u>336,440</u>	<u>9,593,509</u>

  

For the year ended December 31, 2023						
Item	Premium Revenue (1)	Reinsurance Premium (2)	Reinsurance Expense (3)	Net change in unearned premium reserve (4)=(1)+(2)-(3)	Net change in unearned premium reserve(5)	Retention of earned premium (6)=(4)-(5)
Compulsory insurance	\$ 947,041	300,123	398,011	849,153	(3,953)	853,106
Non-compulsory insurance	11,333,749	155,152	3,135,669	8,353,232	240,781	8,112,451
Total	<u>\$ 12,280,790</u>	<u>455,275</u>	<u>3,533,680</u>	<u>9,202,385</u>	<u>236,828</u>	<u>8,965,557</u>

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

For the year ended December 31, 2024				
Item	Claims (included related expenses) (1)	Reinsurance claims (2)	Claims recovered from reinsurers (3)	Retained claim payment (4)=(1)+(2)-(3)
Compulsory insurance	\$ 609,799	286,972	363,124	533,647
Non-compulsory insurance	5,003,806	117,864	1,010,278	4,111,392
Total	<u>\$ 5,613,605</u>	<u>404,836</u>	<u>1,373,402</u>	<u>4,645,039</u>

  

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

(Continued)

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

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

For the years ended December 31, 2024

Type	Beginning	Provision	Recovery	Ending	Note
<b>Unearned premium reserve</b>					
Compulsory automobile liability insurance	\$ 389,897	382,123	389,897	382,123	
Compulsory motorcycle liability insurance	126,834	126,458	126,834	126,458	
Compulsory mini electric two-wheel vehicle liability insurance	2,289	3,942	2,289	3,942	
<b>Special reserve</b>					
Compulsory automobile liability insurance	(185,237)	14,904	-	(170,333)	
Compulsory motorcycle liability insurance	320,178	25,585	-	345,763	
Compulsory mini electric two-wheel vehicle liability insurance	318	387	-	705	
<b>Claim reserve</b>					
Compulsory automobile liability insurance	621,470	646,446	621,470	646,446	
Compulsory motorcycle liability insurance	167,415	162,046	167,415	162,046	
Compulsory mini electric two-wheel vehicle liability insurance	614	1,737	614	1,737	
<b>Total</b>	<b>\$ 1,443,778</b>	<b>1,363,628</b>	<b>1,308,519</b>	<b>1,498,887</b>	

(Continued)

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

For the years ended December 31, 2023

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

(Continued)

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

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

(i) Balance sheet of compulsory automobile liability insurance:

Items	Amount		Items	Amount	
	December 31, 2024	December 31, 2023		December 31, 2024	December 31, 2023
<u>Asset</u>			<u>Liabilities</u>		
Cash and cash in bank	\$ 890,848	853,379	Claims payable	\$ 3,071	412
Notes receivable	6,079	5,856	Due to reinsurers and ceding companies	69,461	68,883
Premiums receivable	6,735	7,503	Unearned premium reserve	512,523	519,020
Claim recoverable from reinsures	67,526	51,642	Claims reserve	810,229	789,499
Due from reinsurers and ceding companies	49,993	50,070	Special reserve	176,135	135,259
Ceded unearned premium reserve	208,397	212,351			
Ceded claims reserve	341,823	332,183			
Temporary payments	18	89			
Total assets	\$ 1,571,419	1,513,073	Total liabilities	\$ 1,571,419	1,513,073

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

Item	For the years ended December 31,	
	2024	2023
Operating revenue	565,156	570,779
Pure premium	651,233	663,321
Reinsurance premium	299,880	300,123
Premium	951,113	963,444
Less: Reinsurance expense	(390,757)	(398,011)
Net change in unearned premium reserve	2,543	3,953
Retained earned premium	562,899	569,386
Interest income	2,257	1,393
Operating costs	585,613	594,258
Insurance claim payment	609,799	602,903
Reinsurance claim payment	286,972	286,194
Less: Claim recovered from reinsurers	(363,124)	(361,755)
Retained claim payment	533,647	527,342
Net change in claim reserve	11,090	21,845
Net change in special reserve	40,876	45,071

(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:

<b>Assets</b>	<b>December 31, 2024</b>		
	<b>Within 12 months</b>	<b>Over 12 months</b>	<b>Total</b>
Cash and cash equivalents	\$ 3,132,839	-	3,132,839
Receivables	653,103	-	653,103
Current tax assets	11,911	-	11,911
Financial assets at fair value through profit or loss	2,541,497	-	2,541,497
Financial assets at fair value through other comprehensive income	-	2,878,010	2,878,010
Financial assets at amortized cost	-	3,063,738	3,063,738
Other financial assets	2,515,758	-	2,515,758
Right-of-use assets	-	13,211	13,211
Investment property	-	862,333	862,333
Reinsurance assets	4,572,416	754,952	5,327,368
Property and equipment	-	1,486,826	1,486,826
Intangible assets	-	213,969	213,969
Other assets	-	530,034	530,034
<b>Total assets</b>	<b>\$ 13,427,524</b>	<b>9,803,073</b>	<b>23,230,597</b>

  

<b>Liabilities</b>	<b>December 31, 2024</b>		
	<b>Within 12 months</b>	<b>Over 12 months</b>	<b>Total</b>
Accounts payable	\$ 1,449,357	14,464	1,463,821
Current tax liabilities	180,909	-	180,909
Insurance liabilities	12,649,490	1,448,255	14,097,745
Provisions	-	69,727	69,727
Lease liabilities	7,617	5,734	13,351
Deferred tax liabilities	-	63,920	63,920
Other liabilities	16,558	9,590	26,148
<b>Total liabilities</b>	<b>\$ 14,303,931</b>	<b>1,611,690</b>	<b>15,915,621</b>

(Continued)

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

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

  

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

(Continued)

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

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

For the years ended December 31, 2024 and 2023, the influence for not applying the notification on net income, liabilities, and equity of the Company resulted in an decrease of \$28,537, an increase of \$64,519, a increase of \$28,537, a decrease of \$64,519, an decrease of \$28,537, an increase of \$64,519, respectively. The influence on the Company for not applying the notification resulted in the EPS (NT dollars) by an decrease of \$0.13 and an increase of \$0.29, 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

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
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.

**Union Insurance Co., LTD.**

**Statement of cash and cash equivalents**

**December 31, 2024**

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

Items	Description	Amount
<b>Cash:</b>		
Cash on hand		\$ 473
Petty cash		13,210
Demand deposits		1,354,653
Checking deposits		6,066
Foreign currency deposits	Included original currency (in thousands) and exchange rate:	118,388
	USD 3,439 @ 32.7900	
	HKD 30 @ 4.2200	
	GBP 33 @ 41.1900	
	JPY 35 @ 0.2099	
	AUD 21 @ 20.3900	
	EUR 99 @ 34.1400	
	CAD 1 @ 22.8200	
	SGD 6 @ 24.1300	
	THB 10 @ 0.9623	
	CNY 33 @ 4.4800	
Time deposits	Due date from Jan. 05, 2025 to Mar. 23, 2025, interest rate from 1.29% to 4.75%	667,457
<b>Cash equivalents:</b>		
Bonds purchased under resale agreements	Due date from Jan. 02, 2025 to Jan. 17, 2025, interest rate from 1.16% to 1.35%	972,592
Total		<u><u>\$ 3,132,839</u></u>

**Union Insurance Co., LTD.**  
**Statement of notes receivable**  
**December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
<b><u>Non-Related Parties</u></b>			
A company		\$ 24,435	
Others		218,940	Each customer balance is less than 5% of account balance.
Less: Loss allowance		(127)	
Total (net)		<u><u>\$ 243,248</u></u>	

**Statement of premiums receivable**

<u>Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
<b><u>Related Parties</u></b>			
Other related parties		\$ 642	
Key management personnel		1	
<b><u>Non-Related Parties</u></b>			
B company		87,725	
C company		66,200	
Others		78,158	Each customer balance is less than 5% of account balance.
		232,726	
Less: Loss allowance		(8,918)	
Total (net)		<u><u>\$ 223,808</u></u>	

**Union Insurance Co., LTD.**  
**Statement of other receivables**  
**December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Interests receivable	Bond interest	\$ 50,658	
	Time deposit interest	2,169	
	Subtotal	52,827	
Overdue commissions of premium refund receivables		45,018	
Less: Loss allowance for overdue commissions of premium refund receivables		(42,441)	
	Subtotal	2,577	
Other receivables	From credit card	56,044	
	From convenience store	42,928	
	From beneficiary certificate settlement	29,670	
	Others	4,985	Each item amount is less than 5% of account balance.
Less: Loss allowance for other receivables		(2,984)	
	Subtotal	130,643	
Total		<u>\$ 186,047</u>	

**Union Insurance Co., LTD.**

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

**December 31, 2024**

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

Financial assets Name	Description	Shares/ Units	Par Value	Principal Amount	Rate	Acquisition Cost	Fair Value		Change in fair value attributable to change in credit risk	Note
							Unit Price	Total		
<u>Beneficiary certificate</u>										
Others(less than 5%)		-	\$ -	-	-	688,172	-	687,181	-	
<u>Listed stocks and OTC stocks</u>										
Taiwan Semiconductor Manufacturing Co., Ltd.		443,000	10	4,430	-	305,617	1,075.00	476,225	-	
Others(less than 5%)		-	-	-	-	917,415	-	1,087,807	-	
<u>Domestic unlisted stocks</u>										
CHINA REBAR CO., LTD.		5,644,203	10	56,442	-	296,010	-	-	-	
<u>REITs</u>										
Cathay R1		18,911,000	-	-	-	325,074	15.35	290,284	-	
Subtotal						2,532,288		<u>2,541,497</u>		
Add: Valuation adjustment						9,209				
Total (net)						<u>2,541,497</u>				

**Union Insurance Co., LTD.**

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

**December 31, 2024**

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

Financial assets Name	Description	Shares/ Units	Par Value	Principal Amount	Loss Allowance	Allowance Adjustments for Valuation	Acquisition Cost	Fair Value		Note
								Unit Price	Total	
Domestic listed stock and OTC stocks										
Taiwan Cement Corp. 2nd Preferred Shares		2,785,000	\$ 10	27,850	-	(11,302)	141,083	46.60	129,781	
Cathay Financial Holding Co., Ltd. Preferred Stock A		5,000,000	10	50,000	-	5,000	300,000	61.00	305,000	
Cathay Financial Holding Co., Ltd. Preferred Stock B		2,709,011	10	27,090	-	271	162,541	60.10	162,812	
Taishin Financial Holding CO., LTD. Class E Preferred Shares		6,328,000	10	63,280	-	9,062	317,463	51.60	326,525	
CTBC Financial Holding CO., LTD. Preferred Shares C		8,333,000	10	83,330	-	(19,166)	499,980	57.70	480,814	
Chailease Holding CO., LTD. Class A Preferred Shares		2,990,000	10	29,900	-	(6,201)	299,520	98.10	293,319	
Others(less than 5%)		-	-	-	-	(38,704)	529,025	-	490,321	
Subtotal					-	(61,040)	2,249,612		2,188,572	
Domestic unlisted stocks										
Minchali Metal Industry CO., LTD.		1,400,000	10	14,000	-	13,062	1,260	10.23	14,322	
Financial bonds	Due date from Sep. 30, 2027 to Sep. 29, 2028, interests paid twice a year.	-	-	-	(32)	(311)	165,084	-	164,773	
Corporate bonds	Due date from Feb. 6, 2027 to Sep. 1, 2035, interests paid twice a year.	-	-	-	(95)	(262)	510,605	-	510,343	
Subtotal		-	-	-	(127)	(573)	675,689	-	675,116	
Total					(127)	(48,551)	2,926,561		2,878,010	

**Union Insurance Co., LTD.**

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

**December 31, 2024**

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

<b>Bonds Name</b>	<b>Description</b>	<b>Quantity</b>	<b>Par Value</b>	<b>Principal Amount</b>	<b>Rate</b>	<b>Loss Allowance</b>	<b>(Discount) Premium Unamortized</b>	<b>Book Value</b>	<b>Note</b>
Central Government Construction Bonds:									
Bond A2 issued in 2006	Due on 2026.02.24. Interests paid once a year	-	-	50,000	1.875 %	-	(77)	49,923	100% of securities serving
Bond A7 issued in 2006	Due on 2026.11.10. Interests paid once a year	-	-	50,000	2.125 %	-	(37)	49,963	76% of securities serving
Bond A8 issued in 2012	Due on 2042.08.24. Interests paid once a year	-	-	100,000	1.625 %	-	18,512	118,512	97% of securities serving
Bond A9 issued in 2018	Due on 2028.10.17. Interests paid once a year	-	-	100,000	0.875 %	-	720	100,720	
Bond A2 issued in 2022	Due on 2032.02.18. Interests paid once a year	-	-	300,000	0.625 %	-	(4,885)	295,115	65.83% of securities serving
Subtotal				<u>600,000</u>		<u>-</u>	<u>14,233</u>	<u>614,233</u>	
Corporate Bonds:									
NAN SHAN Life Insurance Subordinated Corporate Bonds 2016 1	Cumulative without due date	-	-	300,000	3.500 %	(157)	-	299,843	
SHIN KONG Life Insurance Subordinated Corporate Bonds 2016 1	"	-	-	80,000	3.800 %	(106)	-	79,894	
Mercuries Life Insurance Subordinated Corporate Bonds 2016 1	"	-	-	170,000	3.700 %	(1,641)	-	168,359	
Taiwan Life Insurance Subordinated Corporate Bonds 2017 1	"	-	-	200,000	3.450 %	(105)	-	199,895	
NAN SHAN Life Insurance Subordinated Corporate Bonds 2018 1	"	-	-	100,000	3.300 %	(52)	-	99,948	
SHIN KONG Life Insurance Subordinated Corporate Bonds 2018 1	"	-	-	100,000	3.500 %	(134)	-	99,866	
Far Eastern New Century Corporation 3rd Unsecured Corporate Bond in 2023-Tranche B	Due on 2028.07.27. Interests paid once a year	-	-	100,000	1.670 %	(170)	-	99,830	
TSMC 1st Unsecured Corporate Bond in 2024- Tranche A	Due on 2029.03.15. Interests paid once a year	-	-	100,000	1.640 %	(44)	-	99,956	
Subtotal				<u>1,150,000</u>		<u>(2,409)</u>	<u>-</u>	<u>1,147,591</u>	
Financial Bonds:									
First Commercial Bank Subordinated Financial Bonds issued in 2018 2	Debenture Bonds, non-cumulative without due date	-	-	100,000	2.360 %	(52)	-	99,948	
Hua Nan Commercial Bank Subordinated Financial Bonds issued in 2019 1	"	-	-	200,000	1.950 %	(104)	-	199,896	
Taiwan Cooperative Bank issue of 1st Non-Cumulative Perpetual Subordinated Financial Debentures in 2022	"	-	-	300,000	2.500 %	(156)	-	299,844	
Hua Nan Commercial Bank 1st issuance of unsecured perpetual non-cumulative subordinated financial bonds in 2022	"	-	-	200,000	3.000 %	(104)	-	199,896	
Taiwan Cooperative Bank issue of 2nd Non-Cumulative Perpetual Subordinated Financial Debentures in 2022	"	-	-	300,000	3.000 %	(156)	-	299,844	
The Shanghai Commercial & Savings Bank Ltd. 3rd Perpetual Non-cumulative Unsecured Subordinated Financial Debentures Issue in 2022	"	-	-	200,000	3.250 %	(103)	-	199,897	
The 5th issuance of Unsecured Perpetual Non-cumulative Subordinated Financial Debenture of Mega International Commercial Bank Co., Ltd. in 2024	"	-	-	350,000	3.200 %	(240)	-	349,760	
SinoPac Bank 1st Senior Unsecured Financial Debentures in 2024	Due on 2026.09.26. Interests paid once a year	-	-	50,000	1.730 %	(35)	-	49,965	
Subtotal				<u>1,700,000</u>		<u>(950)</u>	<u>-</u>	<u>1,699,050</u>	
Less: Guarantee for operating business and suit				<u>(382,500)</u>			<u>(14,636)</u>	<u>(397,136)</u>	
Total				<u>\$ 3,067,500</u>		<u>(3,359)</u>	<u>(403)</u>	<u>3,063,738</u>	

**Union Insurance Co., LTD.**  
**Statement of other financial assets**  
**December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Time deposit – initial maturity date over than three months		<u><u>\$ 2,515,758</u></u>	

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

<b>Item</b>	<b>Beginning Balance</b>	<b>Increased</b>	<b>Decreased</b>	<b>Ending Balance</b>	<b>Note</b>
Buildings and constructions	\$ 26,197	5,931	5,701	26,427	
Transportation equipment	9,902	6,168	4,436	11,634	
	<u><u>\$ 36,099</u></u>	<u><u>12,099</u></u>	<u><u>10,137</u></u>	<u><u>38,061</u></u>	

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

<b>Item</b>	<b>Beginning Balance</b>	<b>Increased</b>	<b>Decreased</b>	<b>Ending Balance</b>	<b>Note</b>
Buildings and constructions	\$ 11,767	12,911	5,669	19,009	
Transportation equipment	6,599	3,678	4,436	5,841	
	<u><u>\$ 18,366</u></u>	<u><u>16,589</u></u>	<u><u>10,105</u></u>	<u><u>24,850</u></u>	

**Union Insurance Co., LTD.**  
**Statement of changes in investment property**  
**For the year ended December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

Items	Beginning Balance			Addition			Decrease			Ending Balance			Collateral pledge	Note
	Initial Recognition Amount	Accumulated Changes in Fair Value	Total	Initial Recognition Amount	Accumulated Changes in Fair Value	Total	Initial Recognition Amount	Accumulated Changes in Fair Value	Total	Initial Recognition Amount	Accumulated Changes in Fair Value	Total		
Land and improvement	\$ 920,829	-	920,829	41,440	-	41,440	(207,886)	-	(207,886)	754,383	-	754,383	None	
Buildings and constructions	224,477	-	224,477	20,778	-	20,778	(18,610)	-	(18,610)	226,645	-	226,645	"	
Total	<u>\$ 1,145,306</u>	<u>-</u>	<u>1,145,306</u>	<u>62,218</u>	<u>-</u>	<u>62,218</u>	<u>(226,496)</u>	<u>-</u>	<u>(226,496)</u>	<u>981,028</u>	<u>-</u>	<u>981,028</u>		

**Union Insurance Co., LTD.**

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

**For the year ended December 31, 2024**

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

<b>Items</b>	<b>Beginning Balance</b>	<b>Addition</b>		<b>Decrease</b>		<b>Ending Balance</b>	<b>Note</b>
		<b>Provision</b>	<b>Reclassification</b>	<b>Sold and Scrap</b>	<b>Reclassification</b>		
Buildings and constructions	\$ <u><u>93,480</u></u>	<u><u>4,904</u></u>	<u><u>10,973</u></u>	<u><u>-</u></u>	<u><u>(5,329)</u></u>	<u><u>104,028</u></u>	

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

**Union Insurance Co., LTD.**

**Statement of changes in accumulated impairment of**

**investment property**

**For the year ended December 31, 2024**

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

<b>Items</b>	<b>Beginning Balance</b>	<b>Addition</b>	<b>Decrease</b>	<b>Ending Balance</b>	<b>Note</b>
Land and improvement	\$ 2,359	10,350	-	12,709	
Buildings and constructions	1,958	-	-	1,958	
Total	<u>\$ 4,317</u>	<u>10,350</u>	<u>-</u>	<u>14,667</u>	

**Union Insurance Co., LTD.**

**Statement of claims and payments recoverable from**

**reinsurers**

**December 31, 2024**

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

<b>Items</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Yearly renewable term commercial fire insurance		\$ 7,614	
Domestic transportation insurance		26	
Marine cargo insurance		188	
Personal automobile physical damage insurance		54,236	
Commercial automobile physical damage insurance		3,406	
Personal automobile liability insurance		31,744	
Commercial automobile liability insurance		7,886	
Compulsory personal automobile liability insurance		47,496	
Compulsory commercial automobile liability insurance		10,405	
Compulsory motorcycle liability insurance		9,533	
Compulsory mini electric twowheel vehicle liability insurance		92	
General liability insurance		7,861	
Professional indemnity insurance		121	
Engineering insurance		6,314	
Surety insurance		173	
Credit insurance		(327)	
Other property insurance		976	
Agricultural insurance		17,505	
Accident insurance		6,664	
Commercial earthquake insurance		9,338	
Personal all risks insurance		3,430	
Typhoon and flood insurance		4,911	
Health insurance		273	
Overdue claims recoverable from reinsurers		1,583	
<b>Total</b>		<b>\$ 231,448</b>	

**Union Insurance Co., LTD.**

**Statement of due from and due to reinsurers and  
ceding companies**

**December 31, 2024**

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

<u>Description</u>	<u>Debit</u>	<u>Description</u>	<u>Credit</u>	<u>Note</u>
Alexander Leed Risk Services, Inc.	\$ 42,553	Marsh Ltd., Taiwan Branch	49,874	
Central Reinsurance Corporation.	36,027	Residential earthquake insurance fund	20,995	
Gallagher Insurance Brokers Taiwan	21,866	Arthur J. Gallagher (UK) Limited	12,916	
Aon Taiwan Ltd.	17,189	W&H Insurance Broker Co.,Ltd	8,125	
Elicon Risk Services Ltd	13,550	Howden Specialty Taiwan Limited	7,839	
Guy Carpenter Taiwan Branch	12,535		-	
Foreign exchange gains (losses) and others	<u>17,172</u>	Foreign exchange gains (losses) and others	<u>29,983</u>	Each item amount is less than 5% of account balance
Subtotal	<u>160,892</u>	Subtotal	<u>129,732</u>	
Reinsurance receivable	61,652	Reinsurance payable	610,796	
Reinsurance commission receivable	202,012	Reinsurance commission payable	1,639	
Overdue from ceding companies	30,702			
Loss allowance from ceding company	(24,405)			
Total (net)	<u><u>\$ 430,853</u></u>		<u><u>742,167</u></u>	

**Union Insurance Co., LTD.**

**Statement of change in property and equipment**

**For the year ended December 31, 2024**

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

<b>Items</b>	<b>Beginning Balance</b>	<b>Addition</b>		<b>Decrease</b>		<b>Ending Balance</b>	<b>Collateral or pledge</b>	<b>Note</b>
		<b>Purchase</b>	<b>Reclassification</b>	<b>Sold and Scrap</b>	<b>Reclassification</b>			
Land	\$ 951,838	-	207,886	(1,791)	(41,440)	1,116,493	None	
Buildings and constructions	529,263	15,661	18,610	(3,399)	(20,778)	539,357	"	
Computer equipment	191,948	20,362	16,390	(13,583)	-	215,117	"	
Transportation equipment	579	-	-	-	-	579	"	
Other equipment	56,092	6,208	-	(3,382)	-	58,918	"	
Leasehold improvements	2,930	5,161	-	-	-	8,091	"	
<b>Total</b>	<b>\$ 1,732,650</b>	<b>47,392</b>	<b>242,886</b>	<b>(22,155)</b>	<b>(62,218)</b>	<b>1,938,555</b>		

**Union Insurance Co., LTD.**

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

**For the year ended December 31, 2024**

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

<b>Items</b>	<b>Beginning Balance</b>	<b>Addition</b>		<b>Decrease</b>		<b>Ending Balance</b>	<b>Note</b>
		<b>Provision</b>	<b>Reclassification</b>	<b>Sold and Scrap</b>	<b>Reclassification</b>		
Buildings and constructions	\$ 199,323	15,408	5,329	(1,505)	(10,973)	207,582	Note
Computer equipment	176,952	11,498	-	-	(13,583)	174,867	"
Transportation equipment	579	-	-	-	-	579	"
Other equipment	49,169	3,392	-	-	(3,382)	49,179	"
Leasehold improvements	2,122	259	-	-	-	2,381	"
<b>Total</b>	<b>\$ 428,145</b>	<b>30,557</b>	<b>5,329</b>	<b>(1,505)</b>	<b>(27,938)</b>	<b>434,588</b>	

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

**Union Insurance Co., LTD.**

**Statement of changes in accumulated impairment of**

**property and equipment**

**For the year ended December 31, 2024**

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

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

**Statement of changes in intangible assets**

<b>Items</b>	<b>Beginning Balance</b>	<b>Addition</b>	<b>Decrease</b>	<b>Reclassification</b>	<b>Note</b>
Computer software	\$ 119,101	87,384	(32,368)	174,117	Note 1, 2
Golf club card	37,022	-	(4,222)	32,800	Note 3, 4
Other intangible assets - others	9,047	-	(1,995)	7,052	Note 5
<b>Total</b>	<b>\$ 165,170</b>	<b>87,384</b>	<b>(38,585)</b>	<b>213,969</b>	

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

Note 2: The increase of \$87,384 is addition and transfer from prepayments. The decrease of \$32,368 is amortization expense.

Note 3: The decrease of \$4,222 is amortization and disposal expense.

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

Note 5: In accordance with IFRS 4, the intangible asset recognized was the difference from the fair value of the contractual insurance rights acquired and insurance obligations assumed to a liability measured in accordance with the insurer's accounting policies for insurance contracts that it issues. The subsequent measurement of this asset shall be consistent with the measurement of the related insurance liability.

**Union Insurance Co., LTD.**  
**Statement of other assets**  
**December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Guarantee deposits	Operation	\$ 332,179	
	Performance bond	96,093	
	Membership	49,748	
	Others	40,316	Each item amount is less than 5% of account balance.
	Subtotal	518,336	
Guarantee deposits - overdue payments		20,000	
Less: Allowance for guarantee deposits - overdue payments		(20,000)	
	Subtotal	-	
Suspense payment		6,664	
Others		5,034	Each item amount is less than 5% of account balance.
Total		<u><u>\$ 530,034</u></u>	

**Union Insurance Co., LTD.**

**Statement of insurance and reinsurance indemnity  
payables**

**December 31, 2024**

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

<u>Items</u>	<u>Description</u>	<u>Amount</u>
Personal automobile physical damage insurance		\$ 3,854
Personal automobile liability insurance		1,794
Commercial automobile liability insurance		284
Compulsory personal automobile liability insurance		2,997
Compulsory commercial automobile liability insurance		3
Compulsory motorcycle liability insurance		71
General liability insurance		186
Engineering insurance		3
Surety insurance		1
Other Property Insurance		199
Accident insurance		525
Personal all risks insurance		387
Commercial all risks insurance		19
Health insurance		123
Total		<u>\$ 10,446</u>

Note: All of the above are direct businesses.

**Union Insurance Co., LTD.**  
**Statement of other payables**  
**December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Accrued expenses	Salary compensation and year-end bonus	\$ 354,960	
	Others	34,459	Each item amount is less than 5% of account balance.
	Subtotal	<u>389,419</u>	
Accrued taxes		47,038	
Other		<u>43,238</u>	
Total		<u><u>\$ 479,695</u></u>	

## Union Insurance Co., LTD.

## Statement of changes in unearned premium reserve

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Total:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Yearly renewable term dwelling fire insurance	\$ 72,337	2,128	-	74,465	
Long-term dwelling fire insurance	47,597	(10,031)	-	37,566	
Yearly renewable term commercial fire insurance	349,185	108,446	-	457,631	
Long-term commercial fire insurance	227	(34)	-	193	
Domestic transportation insurance	9,935	(8,723)	-	1,212	
Marine cargo insurance	59,849	11,851	-	71,700	
Hull insurance	6,944	5,572	-	12,516	
Fishing vessel insurance	11,846	977	-	12,823	
Aviation insurance	40,208	(8,169)	-	32,039	
Personal automobile physical damage insurance	1,627,488	86,852	-	1,714,340	
Commercial automobile physical damage insurance	91,048	(6,963)	-	84,085	
Personal automobile liability insurance	1,157,967	98,678	-	1,256,645	
Commercial automobile liability insurance	321,379	(2,646)	-	318,733	
Compulsory personal automobile liability insurance	316,606	(586)	-	316,020	
Compulsory commercial automobile liability insurance	73,291	(7,188)	-	66,103	
Compulsory motorcycle liability insurance	126,834	(376)	-	126,458	
General liability insurance	230,027	29,189	-	259,216	
Professional indemnity insurance	29,601	6,862	-	36,463	
Engineering insurance	837,641	247,424	-	1,085,065	
Nuclear risks insurance	3,209	312	-	3,521	
Surety insurance	11,776	623	-	12,399	
Other property insurance	23,390	(4,547)	-	18,843	
Accident insurance	364,535	2,834	-	367,369	
Commercial earthquake insurance	127,906	21,124	-	149,030	
Personal all risks insurance	26,064	9,818	-	35,882	
Typhoon and flood insurance	151,792	49,345	-	201,137	
Policy-oriented earthquake insurance	150,046	8,665	-	158,711	
Yearly health insurance	11,127	(232)	-	10,895	
Compulsory mini electric two-wheel vehicle liability insurance	2,289	1,653	-	3,942	
Overseas ceded-in reinsurance	18,196	(16,635)	-	1,561	
Total	<u>\$ 6,300,340</u>	<u>626,223</u>	<u>-</u>	<u>6,926,563</u>	

**Overseas Ceded-in Reinsurance**

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Fire insurance	\$ 228	-	-	228	
Hull insurance	356	(45)	-	311	
Other liability insurance	17,612	(16,590)	-	1,022	
Total	<u>\$ 18,196</u>	<u>(16,635)</u>	<u>-</u>	<u>1,561</u>	

## Union Insurance Co., LTD.

## Statement of changes in unearned premium reserve

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Ceded-out:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Long-term dwelling fire insurance	\$ 23,295	(4,563)	-	18,732	
Yearly renewable term commercial fire insurance	196,330	100,903	-	297,233	
Long-term commercial fire insurance	49	(8)	-	41	
Domestic transportation insurance	993	(872)	-	121	
Marine cargo insurance	47,653	11,475	-	59,128	
Hull insurance	6,827	5,689	-	12,516	
Fishing vessel insurance	10,288	900	-	11,188	
Aviation insurance	39,907	(8,112)	-	31,795	
Personal automobile physical damage insurance	253,710	(3,246)	-	250,464	
Commercial automobile physical damage insurance	9,253	(870)	-	8,383	
Personal automobile liability insurance	125,218	3,488	-	128,706	
Commercial automobile liability insurance	32,189	(531)	-	31,658	
Compulsory personal automobile liability insurance	132,211	76	-	132,287	
Compulsory commercial automobile liability insurance	33,306	(4,061)	-	29,245	
Compulsory motorcycle liability insurance	45,866	(825)	-	45,041	
General liability insurance	65,993	9,215	-	75,208	
Professional indemnity insurance	10,075	798	-	10,873	
Engineering insurance	397,314	129,040	-	526,354	
Surety insurance	6,053	258	-	6,311	
Other property insurance	3,620	34	-	3,654	
Accident insurance	30,994	(2,829)	-	28,165	
Commercial earthquake insurance	62,125	20,615	-	82,740	
Personal all risks insurance	6,316	4,172	-	10,488	
Typhoon and flood insurance	87,243	43,621	-	130,864	
Policy-oriented earthquake insurance	131,572	4,356	-	135,928	
Yearly Health insurance	1,949	(1,945)	-	4	
Compulsory mini electric two-wheel vehicle liability insurance	968	856	-	1,824	
Overseas ceded-in reinsurance	16,514	(15,856)	-	658	
Total	<u>\$ 1,777,831</u>	<u>291,778</u>	<u>-</u>	<u>2,069,609</u>	

**Overseas Ceded-in Reinsurance**

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Hull insurance	\$ 356	(45)	-	311	
Other liability insurance	16,158	(15,811)	-	347	
Total	<u>\$ 16,514</u>	<u>(15,856)</u>	<u>-</u>	<u>658</u>	

## Union Insurance Co., LTD.

## Statement of changes in loss reserve

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Total:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Yearly renewable term dwelling fire insurance	\$ 18,828	21,609	-	40,437	
Long-term dwelling fire insurance	973	(947)	-	26	
Yearly renewable term commercial fire insurance	914,544	(166,378)	-	748,166	
Long-term commercial fire insurance	1	1	-	2	
Domestic transportation insurance	4,475	3,152	-	7,627	
Marine cargo insurance	62,010	(8,269)	-	53,741	
Hull insurance	93,795	(19,827)	-	73,968	
Fishing vessel insurance	13,174	(4,264)	-	8,910	
Aviation insurance	50,166	(29,233)	-	20,933	
Personal automobile physical damage insurance	477,493	787	-	478,280	
Commercial automobile physical damage insurance	58,714	11,130	-	69,844	
Personal automobile liability insurance	1,042,039	89,530	-	1,131,569	
Commercial automobile liability insurance	376,033	49,194	-	425,227	
Compulsory personal automobile liability insurance	516,731	26,197	-	542,928	
Compulsory commercial automobile liability insurance	104,739	(1,221)	-	103,518	
Compulsory motorcycle liability insurance	167,415	(5,369)	-	162,046	
Compulsory mini electric two-wheel vehicle liability insurance	614	1,123	-	1,737	
General liability insurance	215,513	43,372	-	258,885	
Professional indemnity insurance	11,797	434	-	12,231	
Engineering insurance	464,658	261,836	-	726,494	
Nuclear risks insurance	1,041	88	-	1,129	
Surety insurance	24,530	12,165	-	36,695	
Other property insurance	9,648	2,046	-	11,694	
Accident insurance	285,004	54,542	-	339,546	
Commercial earthquake insurance	17,321	745,804	-	763,125	
Personal all risks insurance	4,360	21,740	-	26,100	
Typhoon and flood insurance	43,866	143,649	-	187,515	
Policy-Oriented Earthquake Insurance	-	226	-	226	
Health insurance	20,370	(2,986)	-	17,384	
Overseas ceded-in reinsurance	9,304	(1,423)	-	7,881	
Total	\$ 5,009,156	1,248,708	-	6,257,864	

**Overseas Ceded-in Reinsurance**

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Fire insurance	\$ 2,418	(75)	-	2,343	
Marine cargo insurance	86	6	-	92	
Hull insurance	701	60	-	761	
Automobile insurance	38	3	-	41	
Engineering insurance	26	87	-	113	
Aviation insurance	1,913	(1,084)	-	829	
Other liability insurance	4,122	(420)	-	3,702	
Total	\$ 9,304	(1,423)	-	7,881	

## Union Insurance Co., LTD.

## Statement of changes in loss reserve

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Ceded-out:

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Long-term dwelling fire insurance	\$ 5	4	-	9	
Yearly renewable term commercial fire insurance	610,241	(127,354)	-	482,887	
Domestic transportation insurance	314	390	-	704	
Marine cargo insurance	19,727	725	-	20,452	
Hull insurance	90,654	(19,228)	-	71,426	
Fishing vessel insurance	10,582	(4,147)	-	6,435	
Aviation insurance	44,947	(28,211)	-	16,736	
Personal automobile physical damage insurance	97,836	(24,748)	-	73,088	
Commercial automobile physical damage insurance	8,374	171	-	8,545	
Personal automobile liability insurance	127,610	(6,079)	-	121,531	
Commercial automobile liability insurance	41,839	(230)	-	41,609	
Compulsory personal automobile liability insurance	222,873	14,130	-	237,003	
Compulsory commercial automobile liability insurance	46,652	(838)	-	45,814	
Compulsory motorcycle liability insurance	62,397	(4,179)	-	58,218	
Compulsory mini electric two-wheel vehicle liability insurance	261	527	-	788	
General liability insurance	69,801	11,504	-	81,305	
Professional indemnity insurance	2,467	(82)	-	2,385	
Engineering insurance	328,924	106,144	-	435,068	
Surety insurance	10,023	3,565	-	13,588	
Other property insurance	1,251	2,934	-	4,185	
Accident insurance	56,468	2,991	-	59,459	
Commercial earthquake insurance	8,541	721,019	-	729,560	
Personal all risks insurance	587	1,826	-	2,413	
Typhoon and flood insurance	19,488	51,219	-	70,707	
Health insurance	3,164	293	-	3,457	
Overseas Ceded-in Reinsurance Assumed	62	-	-	62	
Less: Accumulated Impairment	(25)	25	-	-	
Total	\$ <u>1,885,063</u>	<u>702,371</u>	<u>-</u>	<u>2,587,434</u>	

**Overseas Ceded-in Reinsurance Assumed**

Insurance	Beginning Balance	Net Change	Other Change	Ending Balance	Note
Fire insurance	\$ <u>62</u>	<u>-</u>	<u>-</u>	<u>62</u>	

**Union Insurance Co., LTD.**

**Statement of changes in special reserves**

**For the year ended December 31, 2024**

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

<b>Items</b>	<b>Beginning Balance</b>	<b>Net Change</b>	<b>Other Change</b>	<b>Ending Balance</b>	<b>Note</b>
Compulsory personal automobile liability insurance	\$ 249,306	16,595	-	265,901	
Compulsory commercial automobile liability insurance	(434,542)	(1,692)	-	(436,234)	
Compulsory motorcycle liability insurance	320,178	25,585	-	345,763	
Compulsory mini electric two-wheel vehicle liability insurance	317	388	-	705	
Nuclear risks insurance	82,796	-	-	82,796	
Commercial earthquake insurance	474,641	(83,069)	-	391,572	
Typhoon and flood insurance	150,051	(26,614)	-	123,437	
Policy-oriented earthquake insurance	127,111	-	-	127,111	
Others(Note)	4,156	-	-	4,156	
<b>Total</b>	<b>\$ 974,014</b>	<b>(68,807)</b>	<b>-</b>	<b>905,207</b>	

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

## Union Insurance Co., LTD.

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

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Items	Beginning Balance	Provision	Recovery	Ending Balance	Note
Yearly renewable term dwelling fire insurance	\$ 86,531	8,704	(4,054)	91,181	
Long-term dwelling fire insurance	7,073	443	(301)	7,215	
Yearly renewable term commercial fire insurance	91,950	18,202	-	110,152	
Long-term commercial fire insurance	1,098	3	(2)	1,099	
Domestic transportation insurance	14,259	2,502	-	16,761	
Marine cargo insurance	99,940	10,593	-	110,533	
Hull insurance	8,208	36	-	8,244	
Fishing vessel insurance	8,428	484	(527)	8,385	
Aviation insurance	2,785	127	-	2,912	
Personal automobile physical damage insurance	579,462	71,557	-	651,019	
Commercial automobile physical damage insurance	7,109	1,211	-	8,320	
Personal automobile liability insurance	219,231	42,771	-	262,002	
Commercial automobile liability insurance	36,516	4,430	-	40,946	
General liability insurance	194,872	47,066	-	241,938	
Professional indemnity insurance	5,780	1,538	-	7,318	
Engineering insurance	172,092	16,962	-	189,054	
Nuclear risks insurance	47,012	2,258	-	49,270	
Surety insurance	10,754	535	-	11,289	
Credit insurance	719	18	(18)	719	
Other property insurance	22,233	1,615	-	23,848	
Accident insurance	368,162	40,478	(37,201)	371,439	
Commercial earthquake insurance	421,907	3,017	-	424,924	
Personal all risks insurance	16,780	734	(13,823)	3,691	
Commercial all risks insurance	8,906	-	-	8,906	
Typhoon and flood insurance	322,726	7,998	-	330,724	
Policy-oriented earthquake insurance	279,734	33,375	-	313,109	
Yearly health insurance	9,189	11,943	-	21,132	
Overseas ceded-in reinsurance	14,806	491	(1,394)	13,903	
Total	<u>\$ 3,058,262</u>	<u>329,091</u>	<u>(57,320)</u>	<u>3,330,033</u>	

Overseas Ceded-in Reinsurance

Items	Beginning Balance	Provision	Recovery	Ending Balance	Note
Fire insurance	\$ 7,607	292	(988)	6,911	
Marine cargo insurance	577	1	-	578	
Hull insurance	1,691	-	-	1,691	
Fishing vessel insurance	1	-	-	1	
Automobile insurance	164	2	-	166	
Engineering insurance	600	-	-	600	
Aviation insurance	979	188	(188)	979	
Other property insurance	59	-	-	59	
Other liability insurance	3,128	8	(218)	2,918	
Total	<u>\$ 14,806</u>	<u>491</u>	<u>(1,394)</u>	<u>13,903</u>	

**Union Insurance Co., LTD.**

**Statement of changes in special reserves (special reserves for  
travel insurance)**

**For the year ended December 31, 2024**

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

<b>Items</b>	<b>Beginning Balance</b>	<b>Provision</b>	<b>Recovery</b>	<b>Ending Balance</b>
Accident insurance	\$ <u>22,575</u>	<u>13,544</u>	<u>-</u>	<u>36,119</u>

Union Insurance Co., LTD.

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

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Insurance	Retained Earned premium	Expected Claim		Retained Claim payment	Special Reserve Provision				
		Expected Probability of Loss	Expected Claim Amount		Provision Rate	Standard Provision	Less than Expected Claim Provision	Effects of Income Tax	Total Provision
Yearly renewable term dwelling fire insurance	\$ 137,699	55.93 %	77,009	32,018	3.00 %	4,131	6,748	(2,175)	8,704
Long-term dwelling fire insurance	5,386	70.40 %	3,792	460	1.00 %	54	500	(111)	443
Yearly renewable term commercial fire insurance	308,271	60.19 %	185,535	136,615	5.00 %	15,414	7,338	(4,550)	18,202
Long-term commercial fire insurance	25	74.00 %	19	-	5.00 %	1	2	-	3
Domestic transportation insurance	30,298	60.73 %	18,401	3,606	3.00 %	909	2,219	(626)	2,502
Marine cargo insurance	94,455	60.67 %	57,308	518	5.00 %	4,723	8,518	(2,648)	10,593
Hull insurance	197	68.40 %	135	(96)	5.00 %	10	35	(9)	36
Fishing vessel insurance	4,278	69.37 %	2,968	359	5.00 %	214	391	(121)	484
Aviation insurance	1,071	72.40 %	775	213	7.00 %	75	84	(32)	127
Personal automobile physical damage insurance	2,878,313	65.64 %	1,889,324	1,484,902	1.00 %	28,783	60,663	(17,889)	71,557
Commercial automobile physical damage insurance	151,356	65.02 %	98,413	113,740	1.00 %	1,514	-	(303)	1,211
Personal automobile liability insurance	2,099,061	65.57 %	1,376,399	1,159,908	1.00 %	20,990	32,474	(10,693)	42,771
Commercial automobile liability insurance	553,821	65.03 %	360,143	385,303	1.00 %	5,538	-	(1,108)	4,430
General liability insurance	842,714	73.35 %	618,109	282,076	1.00 %	8,427	50,405	(11,766)	47,066
Professional indemnity insurance	19,815	67.30 %	13,335	1,840	1.00 %	198	1,724	(384)	1,538
Engineering insurance	352,645	59.30 %	209,119	185,315	5.00 %	17,632	3,571	(4,241)	16,962
Nuclear risks insurance	5,645	- %	-	-	- %	-	2,822	(564)	2,258
Surety insurance	16,827	72.72 %	12,237	11,148	3.00 %	505	164	(134)	535
Credit insurance	-	66.30 %	-	(153)	3.00 %	-	23	(5)	18
Other property insurance	45,371	66.30 %	30,081	25,700	3.00 %	1,361	657	(403)	1,615
Accident insurance	916,102	72.68 %	665,806	424,262	1.57 %	14,366	36,232	(10,120)	40,478
Commercial earthquake insurance	53,873	61.47 %	33,117	113,398	7.00 %	3,771	-	(754)	3,017
Personal all risks insurance	91,702	68.30 %	62,633	89,712	1.00 %	917	-	(183)	734
Commercial all risks insurance	-	65.30 %	-	-	3.00 %	-	-	-	-
Typhoon and flood insurance	142,831	61.75 %	88,204	112,540	7.00 %	9,998	-	(2,000)	7,998
Policy-oriented earthquake insurance	41,934	- %	-	-	- %	-	41,719	(8,344)	33,375
Yearly Health insurance	119,882	81.91 %	98,191	22,645	3.00 %	3,597	11,332	(2,986)	11,943
Overseas ceded-in reinsurance	3,446		2,136	12		135	477	(121)	491
	<u>\$ 8,917,018</u>		<u>5,903,189</u>	<u>4,586,041</u>		<u>143,263</u>	<u>268,098</u>	<u>(82,270)</u>	<u>329,091</u>

Overseas Ceded-in Reinsurance

Insurance	Retained Earned premium	Expected Claim		Retained Claim Payment	Special Reserve Provision				
		Expected Probability of Loss	Expected Claim Amount		Provision Rate	Standard Provision	Less than Expected Claim Provision	Effects of Income Tax	Total Provision
Fire insurance	\$ 2,530	60.19 %	1,523	(68)	5.00 %	126	239	(73)	292
Marine cargo insurance	24	60.67 %	15	12	5.00 %	1	-	-	1
Hull insurance	-	68.40 %	-	64	5.00 %	-	-	-	-
Fishing vessel insurance	-	69.37 %	-	-	5.00 %	-	-	-	-
Automobile insurance	113	65.64 %	74	65	1.00 %	1	1	-	2
Engineering insurance	-	59.30 %	-	1,000	5.00 %	-	-	-	-
Aviation insurance	-	72.40 %	-	(1,568)	7.00 %	-	235	(47)	188
Other property insurance	-	66.30 %	-	-	3.00 %	-	-	-	-
Other liability insurance	779	67.30 %	524	507	1.00 %	7	2	(1)	8
	<u>\$ 3,446</u>		<u>2,136</u>	<u>12</u>		<u>135</u>	<u>477</u>	<u>(121)</u>	<u>491</u>

Union Insurance Co., LTD.

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

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Insurance	Previous Accumulated Special Reserve	Previous Accumulated Special Reserve added Provision	Special Reserve Recovery					Accumulated Special Reserve
			More than Expected Claim Recovery	More than Retained Earned Premium Recovery	Special Reserve Recovered for Serious Accident	Effects of Income Tax	Total Recoverable amount	
Yearly renewable term dwelling fire insurance	\$ 86,531	95,235	-	(5,068)	-	1,014	(4,054)	91,181
Long-term dwelling fire insurance	7,073	7,516	-	(376)	-	75	(301)	7,215
Yearly renewable term commercial fire insurance	91,950	110,152	-	-	-	-	-	110,152
Long-term commercial fire insurance	1,098	1,101	-	(3)	-	1	(2)	1,099
Domestic transportation insurance	14,259	16,761	-	-	-	-	-	16,761
Marine cargo insurance	99,940	110,533	-	-	-	-	-	110,533
Hull insurance	8,208	8,244	-	-	-	-	-	8,244
Fishing vessel insurance	8,428	8,912	-	(659)	-	132	(527)	8,385
Aviation insurance	2,785	2,912	-	-	-	-	-	2,912
Personal automobile physical damage insurance	579,462	651,019	-	-	-	-	-	651,019
Commercial automobile physical damage insurance	7,109	8,320	-	-	-	-	-	8,320
Personal automobile liability insurance	219,231	262,002	-	-	-	-	-	262,002
Commercial automobile liability insurance	36,516	40,946	-	-	-	-	-	40,946
General liability insurance	194,872	241,938	-	-	-	-	-	241,938
Professional indemnity insurance	5,780	7,318	-	-	-	-	-	7,318
Engineering insurance	172,092	189,054	-	-	-	-	-	189,054
Nuclear risks insurance	47,012	49,270	-	-	-	-	-	49,270
Surety insurance	10,754	11,289	-	-	-	-	-	11,289
Credit insurance	719	737	-	(23)	-	5	(18)	719
Other property insurance	22,233	23,848	-	-	-	-	-	23,848
Accident insurance	368,162	408,640	-	(46,501)	-	9,300	(37,201)	371,439
Commercial earthquake insurance	421,907	424,924	-	-	-	-	-	424,924
Personal all risks insurance	16,780	17,514	(17,279)	-	-	3,456	(13,823)	3,691
Commercial all risks insurance	8,906	8,906	-	-	-	-	-	8,906
Typhoon and flood insurance	322,726	330,724	-	-	-	-	-	330,724
Policy-oriented earthquake insurance	279,734	313,109	-	-	-	-	-	313,109
Yearly Health insurance	9,189	21,132	-	-	-	-	-	21,132
Overseas ceded-in reinsurance	14,806	15,297	-	(1,743)	-	349	(1,394)	13,903
	\$ 3,058,262	3,387,353	(17,279)	(54,373)	-	14,332	(57,320)	3,330,033

Overseas Ceded-in Reinsurance

Insurance	Previous Accumulated Special Reserve	Previous Accumulated Special Reserve added Provision	Special Reserve Recovery					Accumulated Special Reserve
			More than Expected Claim Recovery	More than Retained Earned Premium Recovery	Special Reserve Recovered for Serious Accident	Effects of Income Tax	Total Recovery	
Fire insurance	\$ 7,607	7,899	-	(1,235)	-	247	(988)	6,911
Marine cargo insurance	577	578	-	-	-	-	-	578
Hull insurance	1,691	1,691	-	-	-	-	-	1,691
Fishing vessel insurance	1	1	-	-	-	-	-	1
Automobile insurance	164	166	-	-	-	-	-	166
Engineering insurance	600	600	-	-	-	-	-	600
Aviation insurance	979	1,167	-	(235)	-	47	(188)	979
Other property insurance	59	59	-	-	-	-	-	59
Other liability insurance	3,128	3,136	-	(273)	-	55	(218)	2,918
	\$ 14,806	15,297	-	(1,743)	-	349	(1,394)	13,903

**Union Insurance Co., LTD.**

**Statement of changes in premium deficiency reserve**

**For the year ended December 31, 2024**

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

Total:

<b>Insurance</b>	<b>Beginning Balance</b>	<b>Net Change</b>	<b>Other Change</b>	<b>Ending Balance</b>	<b>Note</b>
Yearly renewable term commercial fire insurance	\$ 12,536	(12,536)	-	-	
Hull insurance	1,552	(1,552)	-	-	
Aviation insurance	-	87	-	87	
Commercial earthquake insurance	-	8,024	-	8,024	
<b>Total</b>	<b>\$ 14,088</b>	<b>(5,977)</b>	<b>-</b>	<b>8,111</b>	

Ceded-out:

<b>Insurance</b>	<b>Beginning Balance</b>	<b>Net Change</b>	<b>Other Change</b>	<b>Ending Balance</b>	<b>Note</b>
Yearly renewable term commercial fire insurance	\$ 12,536	(12,536)	-	-	
Commercial earthquake insurance	-	8,024	-	8,024	
<b>Total</b>	<b>\$ 12,536</b>	<b>(4,512)</b>	<b>-</b>	<b>8,024</b>	

**Union Insurance Co., LTD.**  
**Statement of provisions**  
**December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Provisions for employee benefits		\$ <u><u>69,727</u></u>	

**Statement of lease liabilities**

<u>Item</u>	<u>Description</u>	<u>Leasing Term</u>	<u>Discount Rate</u>	<u>Ending Balance</u>	<u>Note</u>
Buildings and constructions		2022.04.01~2028.04.30	1.80%~2.70%	\$ 7,500	
Transportation equipment		2022.01.25~2027.09.29	2.70%~2.99%	5,851	
				\$ <u><u>13,351</u></u>	

**Statement of deferred tax liabilities**

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

**Union Insurance Co., LTD.**  
**Statement of other liabilities**  
**December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Premiums received in advance		\$ 1,452	
Guarantee deposits	Leasehold	9,835	
	Others	176	
Suspense receipts		13,802	
Others		883	Each item amount is less than 5% of account balance
Total		<u>\$ 26,148</u>	

## Union Insurance Co., LTD.

## Statement of retained earned premium income

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Insurance	Written Premium	Reinsurance Premium	Reinsurance Expense	Retained Premium	Provision Method	Net Change in Unearned Premiums Reserve	Retained Earned Premium	Note
Yearly renewable term dwelling fire insurance	\$ 139,826	-	-	139,826	Note	2,127	137,699	
Long-term dwelling fire insurance	(109)	(8)	(36)	(81)	"	(3,472)	3,391	
Yearly renewable term commercial fire insurance	1,193,316	13,667	891,169	315,814	"	7,543	308,271	
Long-term commercial fire insurance	-	-	-	-	"	(25)	25	
Domestic transportation insurance	26,561	-	4,114	22,447	"	(7,851)	30,298	
Marine cargo insurance	271,753	3,162	180,085	94,830	"	375	94,455	
Hull insurance	37,087	-	37,007	80	"	(117)	197	
Fishing vessel insurance	28,610	903	25,157	4,356	"	78	4,278	
Aviation insurance	72,799	-	71,785	1,014	"	(57)	1,071	
Personal automobile physical Damage insurance	3,450,935	-	482,523	2,968,412	"	90,099	2,878,313	
Commercial automobile physical Damage insurance	161,380	-	16,117	145,263	"	(6,093)	151,356	
Personal automobile liability insurance	2,445,220	42	251,010	2,194,252	"	95,191	2,099,061	
Commercial automobile liability insurance	612,761	3	61,059	551,705	"	(2,116)	553,821	
General liability insurance	725,963	17,191	140,774	602,380	"	19,973	582,407	
Professional indemnity insurance	41,563	382	16,065	25,880	"	6,065	19,815	
Engineering insurance	975,238	53,365	557,573	471,030	"	118,385	352,645	
Surety insurance	24,783	1,265	9,022	17,026	"	365	16,661	
Other property insurance - casualty	30,781	-	6,461	24,320	"	(807)	25,127	
Other property insurance- automobile	13,259	-	-	13,259	"	(3,309)	16,568	
Other property insurance- accident	168	-	47	121	"	-	121	
Agricultural insurance	4,379	2,213	3,503	3,089	"	(466)	3,555	
Accident insurance	1,081,548	6,611	73,952	1,014,207	"	5,663	1,008,544	
Commercial earthquake insurance	402,838	3,099	351,557	54,380	"	508	53,872	
Personal all risks insurance	120,720	-	23,373	97,347	"	5,645	91,702	
Typhoon and flood insurance	465,055	3,049	319,549	148,555	"	5,724	142,831	
Health insurance	123,131	-	1,190	121,941	"	1,713	120,228	
Nuclear risks insurance	-	5,957	-	5,957	"	312	5,645	
Policy-oriented earthquake insurance	272,001	46,258	272,016	46,243	"	4,309	41,934	
Overseas ceded-in reinsurance — fire insurance	-	2,530	-	2,530	"	-	2,530	
Overseas ceded-in reinsurance — marine cargo insurance	-	24	-	24	"	-	24	
Overseas ceded-in reinsurance — hull insurance	-	1,709	1,709	-	"	-	-	
Overseas ceded-in reinsurance — automobile insurance	-	113	-	113	"	-	113	
Overseas ceded-in reinsurance — other liability insurance	-	-	-	-	"	(779)	779	
Compulsory personal automobile liability insurance	673,289	191,083	264,575	599,797	"	(663)	600,460	
Compulsory commercial automobile liability insurance	106,999	34,723	58,490	83,232	"	(3,127)	86,359	
Compulsory motorcycle liability insurance	148,823	73,219	65,715	156,327	"	450	155,877	
Compulsory mini electric two-wheel vehicle liability insurance	5,395	855	1,977	4,273	"	797	3,476	
Total	<u>\$ 13,656,072</u>	<u>461,415</u>	<u>4,187,538</u>	<u>9,929,949</u>		<u>336,440</u>	<u>9,593,509</u>	

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

**Union Insurance Co., LTD.**  
**Statement of interest income**  
**For the year ended December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Government bonds, financial bonds, and corporate bonds		\$ 107,932	
Cash in banks		50,866	
Others	Imputed-interest for deposit	2,687	Each item amount is less than 5% of account balance.
Total		<u>\$ 161,485</u>	

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

<b>Items</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Equity instrument	Realized gains (losses)	\$ 182,221	
	Valuation gains (losses)	177,078	
Liability instrument	Realized gains (losses)	49,728	
	Valuation gains (losses)	<u>(42,013)</u>	
		<u>\$ 367,014</u>	

**Union Insurance Co., LTD.**

**Statement of realized gain (loss) on financial assets  
at fair value through other comprehensive income**

**For the year ended December 31, 2024**

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

Items	Amount	Note
Equity instrument:		
Cash dividends	\$ 98,584	
Bonds instrument:		
Realized gain or loss	(1,104)	
Total	<u>\$ 97,480</u>	

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

Items	Description	Amount	Note
Valuation for foreign currency deposits		<u>\$ 22,808</u>	

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

Items	Amount	Note
Rental revenue	\$ 49,133	
Depreciation expense	(4,904)	
Total	<u>\$ 44,229</u>	

**Union Insurance Co., LTD.**  
**Statement of expected credit loss and reversal on**  
**investment**  
**For the year ended December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Impairment Losses</b>	<b>Reversal of Impairment Losses</b>	<b>Note</b>
Financial bonds	\$ 32	7	
Corporate bonds	95	1,216	
	<u>\$ 127</u>	<u>1,223</u>	

**Union Insurance Co., LTD.**

**Statement of other impairment loss and reversal on**

**investment**

**December 31, 2024**

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

<u>Items</u>	<u>Impairment Losses</u>	<u>Reversal of Impairment Losses</u>	<u>Note</u>
Investment property	\$ <u><u>10,350</u></u>	<u><u>-</u></u>	

**Statement of other operating income or cost**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Income:			
Exchange gains — non-investment		\$ 17,649	
Total		<u><u>\$ 17,649</u></u>	
Costs:			
Exchange losses — non-investment		\$ 11,914	
Reserve for industry stability fund		13,672	
Others		<u>64</u>	
Total		<u><u>\$ 25,650</u></u>	

## Union Insurance Co., LTD.

## Statement of retained claims payments

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Insurance	Claim(included related expense)	Reinsurance claim	Claims recovery from reinsurers	Retained claim payment	Note
Yearly renewable term dwelling fire insurance	\$ 10,934	-	-	10,934	
Long-term dwelling fire insurance	2,079	25	738	1,366	
Yearly renewable term commercial fire insurance	381,786	1,121	211,247	171,660	
Domestic transportation insurance	1,045	-	105	940	
Marine cargo insurance	12,189	(7)	2,863	9,319	
Hull insurance	11,416	-	11,414	2	
Fishing vessel insurance	4,723	(102)	4,239	382	
Aviation insurance	4,205	-	3,685	520	
Personal automobile physical damage insurance	1,719,346	-	260,048	1,459,298	
Commercial automobile physical damage insurance	115,738	-	12,615	103,123	
Personal automobile liability insurance	1,206,924	-	139,979	1,066,945	
Commercial automobile liability insurance	375,155	-	37,639	337,516	
General liability insurance	306,250	4,407	58,499	252,158	
Professional indemnity insurance	1,769	-	427	1,342	
Engineering insurance	100,370	9,123	72,168	37,325	
Surety insurance	5,746	714	3,583	2,877	
Credit insurance	(1,069)	(136)	(1,051)	(154)	
Other property insurance — casualty	10,010	(1)	5,185	4,824	
Other property insurance — automobile	15,505	-	-	15,505	
Agricultural insurance	21,882	2,003	17,507	6,378	
Accident insurance	407,853	2,973	35,190	375,636	
Commercial earthquake insurance	141,795	50,000	85,025	106,770	
Personal all risks insurance	81,981	1,233	12,393	70,821	
Typhoon and flood insurance	35,615	86	12,013	23,688	
Health insurance	28,859	-	3,078	25,781	
Nuclear risks insurance	-	136	-	136	
Policy-Oriented Earthquake Insurance	1,700	24,927	1,700	24,927	
Overseas ceded-in reinsurance — fire insurance	-	2	-	2	
Overseas ceded-in reinsurance — marine cargo insurance	-	6	-	6	
Overseas ceded-in reinsurance — hull insurance	-	6	-	6	
Overseas ceded-in reinsurance — automobile insurance	-	63	-	63	
Overseas ceded-in reinsurance — engineering insurance	-	917	-	917	
Overseas ceded-in reinsurance — aviation Insurance	-	(522)	-	(522)	
Overseas ceded-in reinsurance — other liability insurance	-	20,890	19,989	901	
Compulsory personal automobile liability insurance	426,966	188,046	256,709	358,303	
Compulsory commercial automobile liability insurance	91,560	33,538	52,994	72,104	
Compulsory motorcycle liability insurance	90,898	65,014	53,196	102,716	
Compulsory mini electric twowheel vehicle liability insurance	375	374	225	524	
Total	\$ <u>5,613,605</u>	<u>404,836</u>	<u>1,373,402</u>	<u>4,645,039</u>	

**Union Insurance Co., LTD.**  
**Statement of commission expenses**  
**For the year ended December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Commission expense from underwriting:			
Yearly renewable term dwelling fire insurance		\$ 22,855	
Long-term dwelling fire insurance		(43)	
Yearly renewable term commercial fire insurance		90,234	
Domestic transportation insurance		3,989	
Marine cargo insurance		23,137	
Hull insurance		1,384	
Fishing vessel insurance		998	
Aviation insurance		5,287	
Personal automobile physical damage insurance		592,330	
Commercial automobile physical damage insurance		29,570	
Personal automobile liability insurance		423,055	
Commercial automobile liability insurance		111,427	
Compulsory personal automobile liability insurance		106,815	
Compulsory commercial automobile liability insurance		3,648	
Compulsory motorcycle liability insurance		13,333	
General liability insurance		149,198	
Professional indemnity insurance		5,810	
Engineering insurance		64,395	
Surety insurance		3,676	
Other property insurance		6,719	
Agricultural insurance		443	
Accident insurance		237,836	
Commercial earthquake insurance		31,498	
Personal all risks insurance		29,370	
Typhoon and flood insurance		34,967	
Policy-oriented earthquake insurance		15,773	
Health insurance		31,806	
Compulsory mini electric two-wheel vehicle liability insurance		315	
Total		<u>\$ 2,039,825</u>	

**Union Insurance Co., LTD.**  
**Statement of commission expenses**  
**For the year ended December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Items</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Reinsurance commission expense:			
Long-term dwelling fire insurance		\$ (3)	
Yearly renewable term commercial fire insurance		1,052	
Fishing vessel insurance		132	
Personal automobile liability insurance		2	
Commercial automobile liability insurance		1	
General liability insurance		4,267	
Professional indemnity insurance		4	
Engineering insurance		16,009	
Nuclear risks insurance		327	
Commercial earthquake insurance		207	
Typhoon and flood insurance		206	
Policy-oriented earthquake insurance		336	
Reinsurance assumed business		485	
Total		<u>\$ 23,025</u>	

**Union Insurance Co., LTD.**  
**Statement of finance costs**  
**For the year ended December 31, 2024**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Amount</u>
Deferred interest expense	Deferred interest payment due to claim disputation	\$ 9,091	
Interest expense of lease liability		397	
Total		<u>\$ 9,488</u>	

**Statement of general expenses**

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Remarks</u>
Salary expense	Employee salary and year-end bonuses	\$ 640,756	
Taxes	Value-added and stamp tax	332,721	
Entertainment expense		290,014	
Advertisement expense		146,251	
Handling fee		125,585	
Others		339,530	Each item amount is less than 5% of account balance.
Total		<u>\$ 1,874,857</u>	

**Union Insurance Co., LTD.**

**Statement of administrative expenses**

**For the year ended December 31, 2024**

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

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salary expense	Employee salary and year-end bonuses	\$ 256,264	
Professional service expense		61,156	
Amortization expense		31,832	
Others		116,873	Each item amount is less than 5% of account balance.
Total		<u>\$ 466,125</u>	

**Union Insurance Co., LTD.**

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

**For the year ended December 31, 2024 and 2023**

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

Function Nature	2024			2023		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employees Benefits						
Salaries	416,584	873,859	1,290,443	391,675	801,883	1,193,558
Labor and health insurance	-	89,512	89,512	-	86,370	86,370
Pension	-	41,768	41,768	-	42,494	42,494
Remuneration of directors	-	23,658	23,658	-	17,077	17,077
Others	-	52,837	52,837	-	47,499	47,499
Depreciation	4,904	47,146	52,050	4,861	47,092	51,953
Amortization	-	35,151	35,151	-	25,320	25,320

An additional information on the numbers of employees and employee benefits of The Company for 2024 and 2023 were as follow:

	2024	2023
Employees	<u>1,113</u>	<u>1,116</u>
Numbers of directors-non-employees	<u>8</u>	<u>8</u>
Average expense employee benefits	\$ <u>1,334</u>	<u>1,236</u>
Average employee salary expense	\$ <u>1,168</u>	<u>1,077</u>
Adjustment to average employee salaries and wages	<u>8.45 %</u>	
Supervisor's remuneration	<u>-</u>	<u>-</u>

Remuneration policy (includes directors, managers and employees):

(1) Directors and appointed managers:

- (a) It is handled in accordance with the Company's "Salary and Remuneration Committee Organizational Rules", "Performance and Salary and Remuneration Evaluation Methods for Directors and Managers" and "Performance System and Evaluation Mechanism for the Chairman and General Manager".
- (b) Directors:
  - (i) The salary and remuneration of the Company's directors is based on a monthly salary system, and transportation fees are paid based on actual attendance of the board of directors and their respective functional committees.

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

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

**Union Insurance Co., LTD.**

**Statement of non-operating income and expenses**

**For the year ended December 31, 2024**

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

<b>Items</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Gains on disposal of property and equipment		\$ 7,455	
Gains on disposal of intangible assets		2,698	
Recovery claim		16,488	
Miscellaneous income		4,554	
Recovery service expense		(4,446)	
Total		<u>\$ 26,749</u>	

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

**UNION INSURANCE CO., LTD.**

**Other Disclosures in Financial Reports**

**For the Year Ended December 31, 2024**

**Union Insurance Co., LTD.**  
**Review Report of Other Disclosures in Financial Reports**

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

We have entrusted to audit the financial statements of Union Insurance Co., LTD. for the year ended December 31, 2024. Our audit was made in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China, and we issued the audit report thereon on March 11, 2025. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The attached “Other Disclosures in Financial Reports” (Other Disclosures) is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. We have reviewed the information included in the Other Disclosures in accordance with article 25 of Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.

Based on our review, the Other Disclosures in Financial Reports of Union Insurance Co., LTD. for the year ended December 31, 2024, are in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. The financial information disclosed is consistent with the basic financial statements, and does not need any modification.

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

KPMG

Taipei, Taiwan (Republic of China)  
March 11, 2025

**Notes to Readers**

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

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

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

**UNION INSURANCE CO., LTD.**

**Other Disclosures in Financial Reports**

**For the year ended December 31, 2024**

**(1) Information on business conditions**

(a) Significant business matters

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

(In Thousands of New Taiwan Dollars/shares)

Year	2024		2023		2022		2021		2020	
Name of investee	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
China Insurance (Thai) Public Company Limited	-	-	-	-	-	-	-	-	-	-

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

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

1) Acquisition of major assets

(In Thousands of New Taiwan Dollars)

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

2) Disposal of major assets: None

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

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

(Continued)

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

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

1) Remuneration to directors (include independent directors)

(In Thousands of New Taiwan Dollars)																											
Title		Name	Remuneration of directors								Ratio of total remuneration (A+B+C+D) to net income				Relevant remuneration received by directors who are also employees								Ratio of total remuneration (A+B+C+D+E+F+G) to net income				Compensation paid to directors from an invested company other than the Company's subsidiary
			Compensation (A)		Retirement pension (B)		Bonus to directors (C)		Business execution fee (D)						Salary, bonuses, and allowances (E)		Retirement pension (F)		Employees' compensation (G)								
			The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company		All companies in the consolidated		
											Total	Ratio	Total	Ratio					Cash	Stock	Cash	Stock	Total	Ratio	Total	Ratio	
Director	Director of the Board	WANT-WANT Co., Ltd.	12,264	-	-	6,000	-	2,124	-	20,388	1.67 %	-	-	8,638	-	108	-	221	-	-	-	29,355	2.40 %	-	-	None	
	President of the Board	WANT-WANT Co., Ltd. (legal representative,HUNG, CHI-HSIUNG)																									
	Director of the Board	WANT-WANT Co., Ltd. (legal representative,HSU, HAI-LUN)																									
	Director of the Board	WANT-WANT Co., Ltd. (legal representative,LU, JING-YI)																									
	Director of the Board	WANT-WANT Co., Ltd. (legal representative, MA, CHIA-YING)																									
	Director of the Board	WANT-WANT Co., Ltd. (legal representative,HUNG, YUNG-TSUNG)																									
	Director of the Board	WANT-WANT Co., Ltd. (legal representative, LIU, CHIH-MING)																									
Independent Director	Independent Director	WANG, TUNG-LIANG	2,340	-	-	-	-	930	-	3,270	0.27 %	-	-	-	-	-	-	-	-	-	-	3,270	0.27 %	-	-	None	
	Independent Director	LIU, HUANG-CHI																									
	Independent Director	MA, YU-FENG																									

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

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

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

Note2: Employment data of the year 2024.

Note3: Retirement pension contains provision and payment.

Note4: The amount of reward for driver of \$1,620 was exclude.

## Range of remuneration

Range of remuneration paid to directors	Name of directors			
	Total of remuneration (A+B+C+D)		Total of remuneration (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements (H)	The Company	All companies in the consolidated financial statements (I)
Under TWD 1,000,000	Legal representative of WANT-WANT Co., Ltd. : HSU, HAI-LUN ; LU, JING-YI ; MA, CHIA-YING ; HUNG, YUNG-TSUNG ; LIU, CHIH-MING	-	Legal representative of WANT-WANT Co., Ltd. : HSU, HAI-LUN ; LU, JING-YI ; MA, CHIA-YING ; HUNG, YUNG-TSUNG	-
TWD 1,000,000 (included)~ TWD 2,000,000 (excluded)	WANG, TUNG-LIANG ; LIU, HUANG-CHI ; MA, YU-FENG	-	WANG, TUNG-LIANG ; LIU, HUANG-CHI ; MA, YU-FENG	-
TWD 2,000,000 (included)~ TWD 3,500,000 (excluded)	-	-	-	-
TWD 3,500,000 (included)~ TWD 5,000,000 (excluded)	-	-	-	-
TWD 5,000,000 (included)~ TWD 10,000,000 (excluded)	WANT-WANT Co., Ltd.	-	WANT-WANT Co., Ltd. ; Legal representative of WANT-WANT Co., Ltd., : LIU, CHIH-MING	-
TWD10,000,000 (included)~ TWD 15,000,000 (excluded)	Legal representative of WANT-WANT Co., Ltd. : HUNG, CHI-HSIUNG	-	Legal representative of WANT-WANT Co., Ltd., : HUNG, CHI-HSIUNG ;	-
TWD15,000,000 (included)~ TWD 30,000,000 (excluded)	-	-	-	-
TWD30,000,000 (included)~ TWD 50,000,000 (excluded)	-	-	-	-
TWD50,000,000 (included)~ TWD100,000,000 (excluded)	-	-	-	-
Over TWD100,000,000	-	-	-	-
Total	10 people	-	10 people	-

Note: Listing legal director and representative respectively.

2) Remuneration paid to supervisors: None.

(Continued)

## 3) Remuneration paid to president and vice presidents

(In Thousands of New Taiwan Dollars)

(In Thousands of New Taiwan Dollars)																
Title	Name	Salary (A)		Retirement pension (B)		Bonuses, and Allowances (C)		Employees' compensation (D)				Ratio of total remuneration (A+B+C+D) to net income				Compensation paid to president and vice presidents from an invested company other than the Company's subsidiary
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company		All companies in the consolidated		
								Cash	Stock	Cash	Stock	Amount	Ratio	Amount	Ratio	
President	LIU, CHIH-MING	21,424	-	1,202	-	19,039	-	1,275	-	-	-	42,940	3.52 %	-	-	None
Vice President	TSAO, SHENG-KUANG															
Vice President	WU, FU-CHENG															
Vice President	PAN, SHAO-YUN															
Vice President	TSAI, WAN-HUA															
Vice President	HSU, JUI-LIN															
Vice President	YEN, KUO-CHUNG															
Vice President	CHEN, TAI-LUNG															
Vice President	LAI, SUNG-YEN															
Chief Audit Officer	WANG, LI-HUNG															
Chief Compliance Officer	KO, CHING-HUA															

Note1: The amount of reward for driver of \$880 was excluded.

Note2: Retirement pension contains provision and payment.

Note3: Employees' compensation that is predicted to pay this year is calculated by the rate of actual payments in previous years.

(Continued)

## Range of remuneration

Range of remuneration paid to president and vice presidents	Name of president and vice presidents	
	The Company	All companies in the consolidated financial statements (E)
Under TWD 1,000,000		-
TWD 1,000,000 (included)~ TWD 2,000,000 (excluded)		-
TWD 2,000,000 (included)~ TWD 3,500,000 (excluded)	TSAI, WAN-HUA ; YEN, KUO-CHUNG ; CHEN, TAI-LUNG; WANG, LI-HUNG ; KO, CHING-HUA	-
TWD 3,500,000 (included)~ TWD 5,000,000 (excluded)	TSAO, SHENG-KUANG; WU, FU-CHENG; PAN, SHAO-YUN; HSU, JUI-LIN; LAI, SUNG-YEN	-
TWD 5,000,000 (included)~ TWD 10,000,000 (excluded)	LIU, CHIH-MING	-
TWD 10,000,000 (included)~ TWD 15,000,000 (excluded)	-	-
TWD 15,000,000 (included)~ TWD 30,000,000 (excluded)	-	-
TWD 30,000,000 (included)~ TWD 50,000,000 (excluded)	-	-
TWD 50,000,000 (included)~ TWD 100,000,000 (excluded)	-	-
Over TWD 100,000,000	-	-
Total	11 people	-

4) Top 5 managers' remuneration of the listed insurance companies : Not applicable.

(Continued)

## 5) Employees' compensation distributed to managers

(In Thousands of New Taiwan Dollars)

Item	Title	Name	Bonus - in Stock	Bonus - in Cash	Total	Ratio of total amount to net income (%)
Management	President	LIU, CHIH-MING	-	3,368	3,368	0.28 %
	Vice President	TSAO, SHENG-KUANG				
	Vice President	WU, FU-CHENG				
	Vice President	TSAI, WAN-HUA				
	Vice President	PAN, SHAO-YUN				
	Vice President	HSU, JUI-LIN				
	Vice President	YEN, KUO-CHUNG				
	Vice President	CHEN, TAI-LUNG				
	Vice President	LAI, SUNG-YEN				
	Chief Audit Officer	WANG, LI-HUNG				
	Chief Compliance Officer	KO, CHING-HUA				
	Assistant vice president	HUANG, CHIN-PIN				
	Assistant vice president	LAI, TUNG-I				
	Senior Manager	WU, PI-TU				
	Manager	YEN, HSU-NAN				
	Manager	LIN, TSANG-CHING				
	Manager	CHEN, MEI-LING				
	Manager	CHENG, KUO-JUNG				
	Manager	TSENG, MEI-HUI				
	Manager	TSAI, YUAN-HSIEN				
	Assistant vice president	CHANG, SUNG-TSE				
	Senior Manager	LI, HUI-YING				
	Assistant vice president	HSU, CHE-CHANG				
	Senior Manager	TSUI, CHUAN-SHENG				
	Senior Manager	HUNG, KUO-CHUN				
	Assistant vice president	WU, TA-CHUN				
	Senior Manager	LI, WEN-JUI				
	Senior Manager	WU, YI-CHENG				
	Senior Manager	WU, SHU-CHUAN				
	Manager	LIU, SEN-JUNG				
	Manager	TING, YU-SHENG				
	Manager	WU, HSING-KUN				
	Senior Manager	HSU, CHUN-YU				
	Manager	HSU, MIN-YUAN				
	Manager	LIN, HSING-YI				
	Chief Financial Officer	HSUEH, CHANG-HSIAO				
	Chief Accounting Officer	KUO, FEI-WEN				

Note 1: Employment data on December 31, 2024.

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

(Continued)

- 6) Chairmen of the board and presidents rehired as consultants after retirement: None.
- (ii) The Company's chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPA or at an affiliated enterprise: None.
- (c) Labor-management relations
  - (i) Agreements between labor and management and the implementation
    - 1) Employee benefit policies
 

The Company established Employees' Welfare Committee, which is comprised of employees recommend. They hold various of welfare activities in accordance with Rules for Employees' Welfare.
    - 2) Professional development and training
 

The Company provides employees systematic and professional education training in concert with interdisciplinary learning program, multiple training program, and self-learning program.
    - 3) Retirement programs
 

In compliance with the Labor Standards Act and Labor Pension Act, the Company shall make a monthly contribution to the labor pension reserve funds and labor pension funds. The calculation of the defined benefit obligations is performed annually by a qualified actuary with actuarial report to protect the workers' rights and interests.
    - 4) Other major agreements: None.
  - (ii) Loss sustained as a result of labor disputes in the most recent 3 fiscal years: None.
  - (iii) Violation of the Labor Standards Act found during the labor inspection: None.
- (d) Cyber Security Management
  - (i) Implementation of Cyber Security Management
    - 1) Structure of cyber security risk management
 

The Company has established the Cyber Security Management Promotion Committee, which is responsible for the discussion and resolution of matters related to the cyber security management system. The cyber security management promotion committee includes the cyber security executive team, the cyber security audit team and the cyber security incident notification team. The cyber security executive team is responsible for planning, establishment, implementation, maintenance, review and continuously improving the Company's cyber security management system in accordance with the resolutions of the Committee. The cyber security audit team is responsible for evaluating the implementation and compliance of the cyber security management system and conducting audits. The cyber security incident notification team performs cyber incident reporting and business continuity management projects.

## 2) Policy of cyber security

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

### a) Information Security Policy Statement

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

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

(Continued)

b) Information Security Goal

- i) The Company aims to protect the confidentiality, integrity and availability of information assets in order to:
  - 1. Maintain the business continuity of the information platform maintenance process.
  - 2. Protect the information assets related to the information platform maintenance process from improper or illegal use, and stop hackers, viruses, and other intrusive and destructive behaviors.
  - 3. Establish standard operating procedures for information platform maintenance processes to avoid human errors and accidents, as well as to enhance the awareness of information security among employees.
- ii) This policy shall be evaluated at least once a year to reflect the latest developments in relevant laws and regulations, technology and the Company's business, and shall be revised as appropriate.

3) Specific Management Solutions

- a) The Information Security Promotion Committee shall convene a management review meeting at least once a year, and if necessary, an ad hoc meeting.
- b) The minutes of the meeting which the management reviews should include the following:
  - i) Status of implementation of resolutions at the previous management review meeting: Follow-up on the issues resolved at the previous meeting.
  - ii) Changes on internal and external issues related to information security management system: Review on the entire identification results of the organization.
  - iii) Feedback on information security performance, including the following trends:
    - 1. Non-conforming items and corrective measures: Proper handling of information on safety events and improvement operations.
    - 2. Supervision and measurement results.
    - 3. Audit results: Information security internal and external audit results and suggested improvement items.
    - 4. Achievement of information on security objectives: Implementation of status report regarding the information security objectives.
  - iv) Feedback from observers: Suggestions from employees, third parties and other stakeholder groups.
  - v) Risk assessment results and status of risk management plan: Risk assessment and feedback review.
  - vi) Opportunities for continuous improvement: Suggestions for improving information security that can be provided.

(Continued)

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

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

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

(Continued)

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

<b>For the year ended December 31, 2024</b>			
<b>Insurance</b>	<b>Insurance Claim Payment (A)</b>	<b>Claims Recoverable from Reinsurers (B)</b>	<b>Retained Claim Payment (C)=(A)-(B)</b>
Liability insurance	\$ 20,826	20,826	-
Commercial fire insurance	144,477	75,009	69,468
Commercial earthquake insurance	357,111	321,401	35,710
Engineering Insurance	73,700	51,087	22,613
Typhoon and flood Insurance	75,119	35,117	40,002
	<b>\$ 671,233</b>	<b>503,440</b>	<b>167,793</b>
<b>For the year ended December 31, 2023</b>			
<b>Insurance</b>	<b>Insurance Claim Payment (A)</b>	<b>Claims Recoverable from Reinsurers (B)</b>	<b>Retained Claim Payment (C)=(A)-(B)</b>
Commercial fire insurance	\$ 662,838	458,091	204,747
Engineering Insurance	214,124	176,369	37,755
Typhoon and flood Insurance	20,000	10,927	9,073
Fishing vessel insurance	23,088	20,779	2,309
	<b>\$ 920,050</b>	<b>666,166</b>	<b>253,884</b>
<b>For the year ended December 31, 2022</b>			
<b>Insurance</b>	<b>Insurance Claim Payment (A)</b>	<b>Claims Recoverable from Reinsurers (B)</b>	<b>Retained Claim Payment (C)=(A)-(B)</b>
Commercial fire insurance	\$ 678,389	467,639	210,750
Hull insurance	21,460	21,460	-
	<b>\$ 699,849</b>	<b>489,099</b>	<b>210,750</b>

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

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

- (j) Entrust credit rating agency to rating reinsurers

(Continued)

The Company entrusted Taiwan Ratings to make the credit rating in connection with financial condition and issuer. On September 25, 2024, the result of Taiwan Ratings is twAA, and the credit rating vision is stable. On September 25, 2024, the result of Standard & Poor's is A-, and the credit rating vision is stable. On May 29, 2024, the result of A.M. Best Company is A- (Excellent), and the credit rating vision is stable.

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

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

(New Taiwan Dollars/in Thousands of shares)

Item		Year	2024	2023
Market price per share	Highest		38.10	42.00
	Lowest		28.75	14.85
	Average		33.27	23.61
Net worth per share	Before distribution		32.71	27.28
	After distribution		Note 2	Note 1
Earnings per share	Weighted average number of ordinary shares		223,608	223,608
	Earnings per share		5.44	5.37
Dividends per share	Cash dividend		Note 2	Note 1
	Issuance of bonus shares	Stock dividend from retained earnings	-	-
		Stock dividend from capital reserve	-	-
	Accumulated undistributed dividends		-	-
Analysis of return on investment	Price-earnings ratio		6.12	Note 1
	Price-dividend ratio		Note 2	Note 1
	Cash dividend yield		Note 2	Note 1

Note 1: There are accumulated deficits in 2023.

Note2: The earning distribution of 2024 is pending to pass a resolution of the shareholders' meeting.

(Continued)

## (b) Dispersion of ownership

## (i) Common shares

Ordinary Par Value Per Share NT10		As of December 31, 2024		
Class of Shareholding	Number of Shareholders	Shareholding	Percentage	
1 ~ 999	8,932	1,517,479	0.6786 %	
1,000 ~ 5,000	4,780	10,099,267	4.5165 %	
5,001 ~ 10,000	871	6,850,408	3.0636 %	
10,001 ~ 15,000	288	3,635,973	1.6260 %	
15,001 ~ 20,000	183	3,416,316	1.5278 %	
20,001 ~ 30,000	183	4,684,206	2.0948 %	
30,001 ~ 40,000	72	2,608,802	1.1667 %	
40,001 ~ 50,000	60	2,783,123	1.2446 %	
50,001 ~ 100,000	105	7,549,325	3.3761 %	
100,001 ~ 200,000	37	5,018,483	2.2443 %	
200,001 ~ 400,000	23	6,584,830	2.9448 %	
400,001 ~ 600,000	11	5,230,552	2.3392 %	
600,001 ~ 800,000	2	1,341,912	0.6001 %	
800,001 ~ 1,000,000	2	1,967,667	0.8800 %	
1,000,001 or over	10	160,319,657	71.6967 %	
<b>Total</b>	<b>15,559</b>	<b>223,608,000</b>	<b>100.00 %</b>	

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

(c) Net change in shareholding of directors, supervisors, managerial officers, and shareholders with 10% shareholdings or more: None.

(d) Information for shelf registration: Not applicable.

(Continued)

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

(In Thousands of New Taiwan Dollars)

Year		Financial summary for the most recent five years (Note 1)				
		2024	2023	2022	2021	2020
Item						
Cash and cash equivalents		3,132,839	3,479,186	3,067,290	3,648,227	2,386,542
Account receivables		653,103	555,987	615,306	680,984	667,810
Assets classified as held-for-sale		-	-	-	-	-
Financial assets and loans		11,861,336	9,555,301	8,151,571	8,639,744	8,730,438
Reinsurance assets		5,327,368	4,202,406	4,252,018	3,860,017	3,920,832
Property and equipment		1,486,826	1,287,364	1,292,268	1,262,061	1,165,781
Intangible assets		213,969	165,170	113,373	120,574	136,982
Other assets		555,156	682,641	809,785	809,330	736,347
Total assets		23,230,597	19,928,055	18,301,611	19,020,937	17,744,732
Accounts payable		1,463,821	1,234,591	1,167,305	1,237,685	1,256,750
Liabilities related to assets classified as held-for-sale		-	-	-	-	-
Financial liabilities		-	-	-	-	-
Insurance liabilities and reserve for insurance with nature of financial instrument		14,097,745	12,297,598	12,124,121	10,958,474	10,326,662
Provisions		69,727	98,816	110,113	179,077	214,043
Other liabilities		284,328	196,403	95,219	203,928	100,084
Total liabilities	Before distribution	15,915,621	13,827,408	13,496,758	12,579,164	11,897,539
	After distribution	Note 3	Note 3	Note 2	12,802,772	12,076,425
Ordinary share		2,236,080	2,236,080	2,236,080	2,236,080	2,236,080
Capital surplus		-	-	-	-	-
Retained earnings	Before distribution	5,127,320	3,842,400	2,634,807	4,126,209	3,552,655
	After distribution	Note 4	Note 3	Note 2	3,902,601	3,373,769
Other equity interest		(48,424)	22,167	(66,034)	79,484	58,458
Total equity	Before distribution	7,314,976	6,100,647	4,804,853	6,441,773	5,847,193
	After distribution	Note 4	Note 3	Note 2	6,218,165	5,668,307

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

Note 2: There are accumulated deficits in 2022.

Note3: There are accumulated deficits in 2023.

Note4: The earning distribution of 2024 is pending to pass a resolution of the shareholders' meeting.

(Continued)

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

(In Thousands of New Taiwan Dollars)

Item	Year	Financial summary for the most recent five years (Note 1)				
		2024	2023	2022	2021	2020
Operating revenue		11,016,347	10,177,513	8,500,870	8,809,911	8,237,782
Operating cost		7,219,117	6,703,382	7,800,876	6,004,143	5,509,703
Operating expense		2,358,520	2,172,036	2,031,404	2,011,651	2,054,189
Non-operating income and expense		26,749	7,514	8,781	12,144	32,162
Income (loss) before tax		1,465,459	1,309,609	(1,322,629)	806,261	706,052
Net income (loss)		1,221,523	1,200,346	(1,322,207)	696,668	702,097
Other comprehensive income		(7,194)	95,448	(91,105)	76,798	(82,387)
Earnings (loss) per share (Note 2) (in New Taiwan dollars)		5.44	5.37	(5.91)	3.12	3.14

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

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

## (b) Financial ratios analysis

Item	Year	Financial ratios analysis for the most recent five years (Note 1)				
		2024	2023	2022	2021	2020
Business analysis (%)	Rate of change in direct written premiums	11.20	11.54	3.27	4.29	3.96
	Rate of change in claims paid	(10.88)	(2.06)	16.42	(0.36)	(1.38)
	Rate of change in net premiums	7.91	8.92	5.67	8.29	5.45
	Rate of net value	31.49	30.61	26.25	33.87	32.95
Profitability analysis (%)	Return on assets	5.70	6.31	(7.05)	3.81	3.99
	Return on equity	18.21	22.01	(23.51)	11.34	12.47
	Net return on fund	3.67	3.59	(1.84)	3.47	3.24
	Return on investment	3.38	3.31	(1.70)	3.16	2.93
	Net combined ratio	91.51	95.28	109.58	95.49	96.03
	Net expense ratio	37.40	38.52	39.39	41.02	42.17
	Net loss ratio	54.11	56.76	70.19	54.47	53.86
Overall operation analysis (%)	Net premiums to shareholders' equity	135.75	150.84	175.83	124.12	126.27
	Gross premiums to shareholders' equity	192.99	208.77	238.09	172.22	182.00
	Net reinsurance commission to equity	6.88	6.40	7.30	5.13	7.85
	Reserves to equity	192.72	201.58	252.33	170.12	176.61
	Rate of change in equity	19.90	26.97	(25.41)	10.17	7.92
	Expense rate	31.42	32.31	33.47	33.63	34.70

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

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

(Continued)

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

(In Thousands of New Taiwan Dollars)

Item	Year	2024	2023	Difference	
				Amount	%
Cash and cash equivalents		3,132,839	3,479,186	(346,347)	(9.95)
Account Receivables		653,103	555,987	97,116	17.47
Assets classified as held-for-sale		-	-	-	-
Financial assets and loans		11,861,336	9,555,301	2,306,035	24.13
Reinsurance assets		5,327,368	4,202,406	1,124,962	26.77
Property and equipment		1,486,826	1,287,364	199,462	15.49
Intangible assets		213,969	165,170	48,799	29.54
Other assets		555,156	682,641	(127,485)	(18.68)
Total assets		23,230,597	19,928,055	3,302,542	16.57
Accounts payable		1,463,821	1,234,591	229,230	18.57
Liabilities related to assets classified as held-for-sale		-	-	-	-
Financial liabilities		-	-	-	-
Insurance liabilities and reserve for insurance with nature of financial instrument		14,097,745	12,297,598	1,800,147	14.64
Provisions		69,727	98,816	(29,089)	(29.44)
Other liabilities		284,328	196,403	87,925	44.77
Total liabilities		15,915,621	13,827,408	2,088,213	15.10
Capital stock		2,236,080	2,236,080	-	-
Capital surplus		-	-	-	-
Retained earnings		5,127,320	3,842,400	1,284,920	33.44
Other equity interest		(48,424)	22,167	(70,591)	(318.45)
Total equity		7,314,976	6,100,647	1,214,329	19.90

Analysis of change over 20%:

**(i) Financial assets and loans:**

The increase in the current period compared with the previous period was mainly due to capital markets continue to rise.

**(ii) Reinsurance asset:**

The increase in the current period compared with the previous period was mainly due to the earthquake caused multiple claims.

**(iii) Intangible assets:**

The increase in the current period compared with the previous period was mainly due to the system completion and acceptance.

**(iv) Provisions:**

The decrease in the current period compared with the previous period was mainly due to the reduce of net defined benefit liability.

(Continued)

## (v) Other Liabilities:

The increase in the current period compared with the previous period was mainly due to the increase of tax liabilities.

## (vi) Retained earnings:

The increase in the current period compared with the previous period was mainly due to the continued profitability.

## (vii) Other equity interest:

The decrease was mainly due to the increase in unrealized loss on investment sites at fair value through other comprehensive income.

## (b) Financial performance analysis

(In Thousands of New Taiwan Dollars)

Item	Year	2024	2023	Change in amount	Change of rate (%)
Operating revenue		11,016,347	10,177,513	838,834	8.24
Operating cost		7,219,117	6,703,382	515,735	7.69
Operating expense		2,358,520	2,172,036	186,484	8.59
Income from operation		1,438,710	1,302,095	136,615	10.49
Non-operating income and expense		26,749	7,514	19,235	255.99
Profit (loss) from continuing operations before tax		1,465,459	1,309,609	155,850	11.90
Tax expense (income)		243,936	109,263	134,673	123.26
Profit (loss) from continuing operations		1,221,523	1,200,346	21,177	1.76

## Analysis of change over 20%:

## (i) Income from operation, profit (loss) from continuing operations before tax:

The increase in the current period compared with the previous period was mainly due to the growth of the overall property insurance market and the increase in the retention of earned premium.

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

The increase in the current period compared with the previous period was mainly due to the increase in gain on disposal of properties and intangible assets.

## (iii) Tax expense:

The increase in the current period compared with the previous period was mainly due to the increase in net income, which has led to an increase in tax expense.

(Continued)

**(5) CPA information****(a) Information on Accountants' Fees**

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

(In Thousands of New Taiwan Dollars)

Accounting firm	Name of accountant	Audit period	Audit fee	Non-audit fee	Total	Note
KPMG	WU, CHENG-YEN	2024.01.01~	2,740	4,660	7,400	
	TSAI, PEI-JU	2024.12.31				

Non-audit services mainly include tax compliance audit, internal control system project review and project services.

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

Union Insurance Co., LTD.

Chairman: HUNG, CHI-HSIUNG

President: LIU, CHIH-MING

Chief Accounting Officer: KUO, FEI-WEN