

CENTRAL REINSURANCE CORPORATION

Procedures for Use of the Company's funds in Special Projects, Public Utilities and Social Welfare Enterprises

Article 1 Purpose

The Procedures are formulated to set up the procedures for use of the Company's fund in special projects, public utilities and social welfare enterprises, as well as to enhance the risk management and to ascertain public disclosure.

Article 2 Accordance

The Procedures are set forth in accordance with the "Regulations Governing Use of Insurer's Fund in Special Projects, Public Utilities and Social Welfare Enterprises" (the Regulations) published by the Financial Supervisory Commission (FSC).

Article 3 The Scope and Limitation of Investment in Special Projects

Use of the Company's funds for special projects, public utilities and social welfare enterprises shall be set forth in accordance with Article 2 to Article 5 of the Regulations.

Investments in funeral facilities in accordance with the Procedures shall be restricted in the facilities which their management agencies shall be evaluated by municipal or county (city) competent authority and receive a grade of above "B".

Article 4 The Limitation of Investment Amount

For risk control purpose, the investment amount of special projects, public utilities and social welfare enterprises shall be set forth in accordance with Article 7 of the Regulations.

Article 5 The Total Amount Invested in One and the Same Entity Exceeds Half of the Paid-In Capital or Half of the Total Outstanding Voting Shares of Such Invested Entity

If the total amount of the Company invested in one and the same invested entity exceeds half of the paid-in capital or half of the total outstanding voting shares of

such invested entity, the Subparagraph 1 to 4, Subparagraph 6 and Subparagraph 7 of Paragraph 1 of Article 8 of the Regulations shall be complied with.

The Company shall comply with Article 11 of the “Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises” to disclose the audit report for the implementation of investment improvement plans listed in Subparagraph 4 of Paragraph 1 of Article 8 of the Regulations as well as the complete audit report of the invested entity listed in Article 12 to the public under the notes which shall be made under the information disclosure website. The aforesaid disclosure information shall be updated within ten days after submission to the board of directors.

Article 6 Evaluation and Operating Procedures

The evaluation procedures of investing in special projects, public utilities and social welfare enterprises shall include the evaluation and operating matters listed in Paragraph 1 of Article 9 of the Regulations.

Article 7 Risk-Based Capital Ratio

The Company engaging in the investment set forth in preceding Paragraph, the risk-based capital ratio in the most recent period should comply with the provisions of Paragraph 1 of Article 143-4 of the Insurance Act.

Article 8 Circumstances that the Company May Invest in Special Projects or Public Utilities or Social Welfare Enterprises Directly without Getting the Approval of the Competent Authority

Except for the invested entity is a limited partnership enterprise, the board of directors may delegate the Chairman to decide the investments in special projects or public utilities or social welfare enterprises in accordance with the provisions of Paragraph 1 of Article 10 of the Regulations without going through the application procedure, and have the decisions subsequently submitted to and ratified by the board of directors meeting. Then the Company shall submit the documents set forth in Article 6 to the competent authority for subsequent review.

Except for the invested entity is a limited partnership enterprise, if the invested entity is the entity regulated by the “Act for Promotion of Private Participation in Infrastructure Projects” and the investment amount and conditions are met with the

Paragraph 3 of Article 10 of the Regulations, the Company can invest in such entity under the board of directors' resolution. Thereafter, the Company shall submit the documents set forth in Article 6 to the competent authority for subsequent review.

Except for the preceding two circumstances and where the Company has been approved by the competent authority to invest in a limited partnership enterprise in accordance with the provisions of Article 5 and Article 9 of the Regulations, and the Company's participation in cash capital increase of the invested enterprise does not exceed its original investment ratio, the Company shall submit the documents set forth in Article 6 to the board of directors for resolution and the competent authority for approval before investments.

Article 9 Segregation of Duties

The division of duties in regard to an investment in special project or public utilities or social welfare enterprises is as follows, and each unit's personnel may not serve concurrently in other units:

1. The Investment Department: To execute and control transactions, and to evaluate the counterparty and the performance of transactions.
2. The Accounting Department: To be responsible for the relative accounting treatment.
3. The Finance Department: To control the risk, and be responsible for the settlement and custody operation.

Article 10 The Determination Procedures of Trading Terms

With the exception of such development and construction projects, loans and investments which are in line with the government policies, the Investment Department shall conduct market assessment and analysis to elaborate the trading terms (decision and reference of price) with counterparties for investments in special project, public utilities and social welfare enterprises. Transactions shall be approved in accordance with the table governing the delegation of authority and responsibility and shall follow the provisions of the operating procedures of acquisition and disposal of assets.

Article 11 Internal Control System

When the Company invests in special project, public utilities and social welfare enterprises, the Investment Department shall submit investment or after loan management report every year to track the operation of invested entity and to analyze the return of investment based on duration, as a basis for performance evaluation.

Article 12 Internal Audit System

If the total amount of the Company invested in one and the same invested entity exceeds half of the paid-in capital or half of the total outstanding voting shares of such invested entity, the internal audit unit shall conduct an on-site audit on the invested entity once every six months and shall track the invested entity on the violation or abnormality mentioned in the audit report or self-assessment report periodically. If any illegal activity or major violation is detected, the Company shall immediately inform the invested entity and prepare a tracking report. The completed audit and tracking report shall be submitted to the latest meeting of the board of directors.

The audit and tracking report prescribed in previous Paragraph shall be signed by the general manager, the general auditor, and the compliance officer of the headquarter of the Company. The content of the audit report shall at least include the provisions of Paragraph 2 of Article 8 of the Regulations.

Article 13 Designated Senior Management Personnel Shall Report the Performance to the Board of Directors Periodically

Designated senior management personnel shall report the performance of special project, public utilities and social welfare enterprises to the board of directors every year.

Article 14 Effectiveness

The Procedures, as well as the amendment thereof, shall be submitted to the Audit Committee for approval, the Board of Directors for resolution to become effective, and to the competent authority for reference and to shareholders' meeting.

The History of “Procedures for Use of the Company's funds in Special Projects, Public Utilities and Social Welfare Enterprises”

1. The Procedures was made on April 23, 2008.
2. The 1st amendment was made on June 13, 2008.
3. The 2nd amendment was made on March 23, 2011.
4. The 3rd amendment was made on March 25, 2013.
5. The 4th amendment was made on August 20, 2014.
6. The 5th amendment was made on May 27, 2015.
7. The 6th amendment was made on April 27, 2016.
8. The 7th amendment was made on October 27, 2016.