

The Updates of TREIF

Nora Chang

Taiwan Residential Earthquake Insurance Fund

October 25-26, 2011

TREIF



Contents

- The increase of TREIP Policy Limit
- The Alteration of the Definition of “Earthquake” Peril
- The Modification of TREIP Risk Assuming and Transfer Structure
- Amendment of Rules and Regulations
- Claim Handling Mechanism
- The Update of Key Figures of Business and Finance
- Development of TREIF-ERA Model
- TREIP 10th Anniversary



The increase of TREIF Policy Limit

With effective from January 1, 2012

- ◆ Maximum Policy Sum Insured
 - ◆ From NT\$1,200,000 (US\$40,000)
 - ◆ Increased to NT\$1,500,000 (US\$50,000)
- ◆ Contingent Living Expenses
 - ◆ From NT\$180,000 (US\$6,000)
 - ◆ Increased to NT\$200,000 (US\$6,700)
- ◆ Annual Flat Premium
 - ◆ NT\$1,350 (US\$45) - remain unchanged

(The above modifications based on the results run by our in-house TREIF-ERA Risk model.)

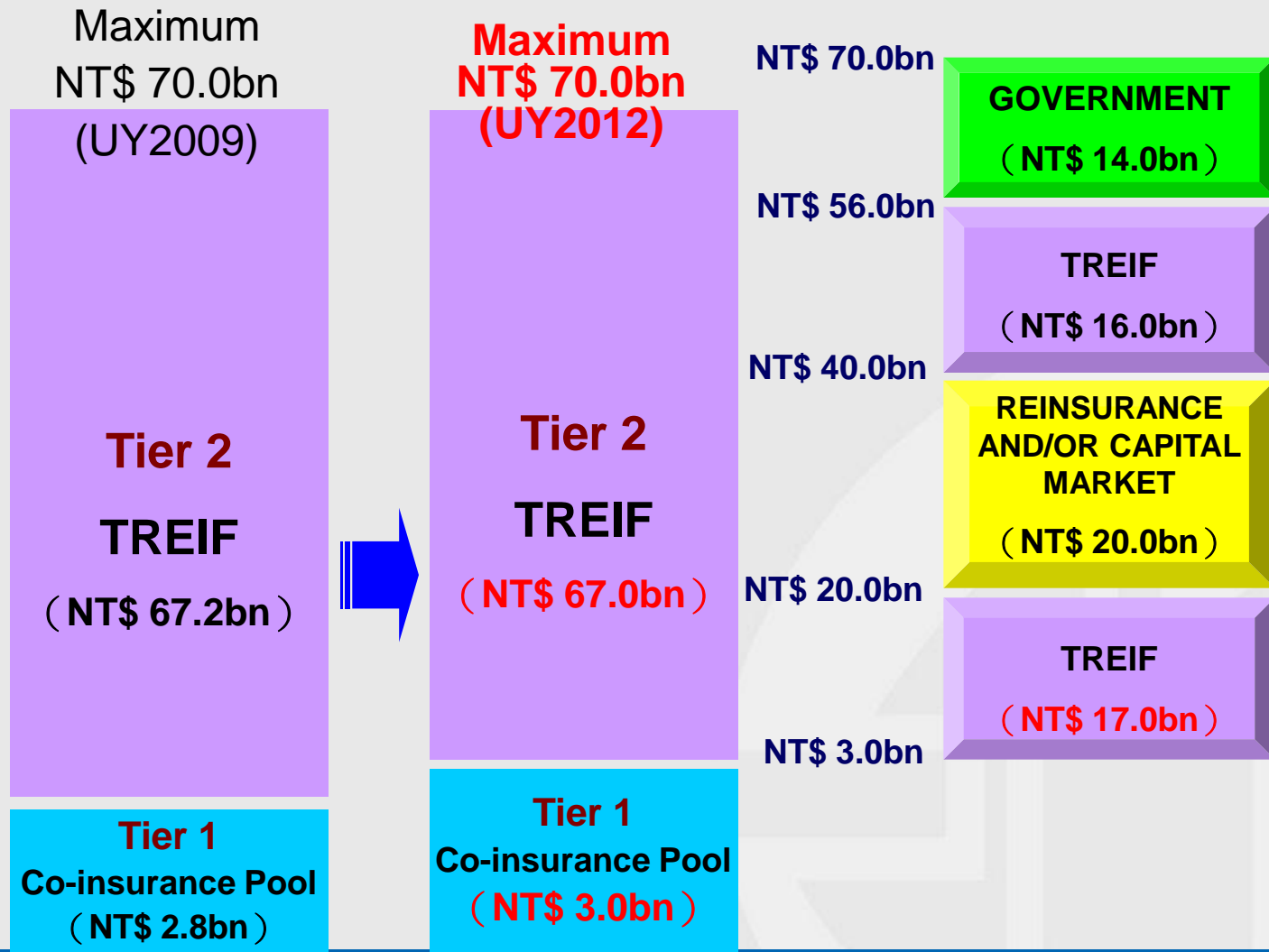


The Alteration of the Definition of “Earthquake” Peril

- ◆ Perils Insured
 - ◆ Earthquake shock
 - ◆ Fire or explosion caused by earthquake
 - ◆ Landslide, subsidence, earth movement, rupture caused by earthquake
 - ◆ Tsunami, tidal waves or flood caused by earthquake
- ◆ Definition of “Earthquake” Peril
 - ◆ From “for the Earthquake detected and recorded by Central Weather Bureau in Taiwan”
 - ◆ Altered to “for the Earthquake detected and recorded by national earthquake-related authorities or Institutions in Taiwan or the other countries ”

(The purpose for the alteration is to expand the peril insured of tsunami caused by overseas long-range earthquakes.)

The Modification of TREIF Risk Assuming and Transfer Structure



Amendment of Policy and Regulations

◆ Amending

- ◆ Policy terms and conditions
- ◆ Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance

(Based on the above-mentioned alteration of TREIF Scheme.)

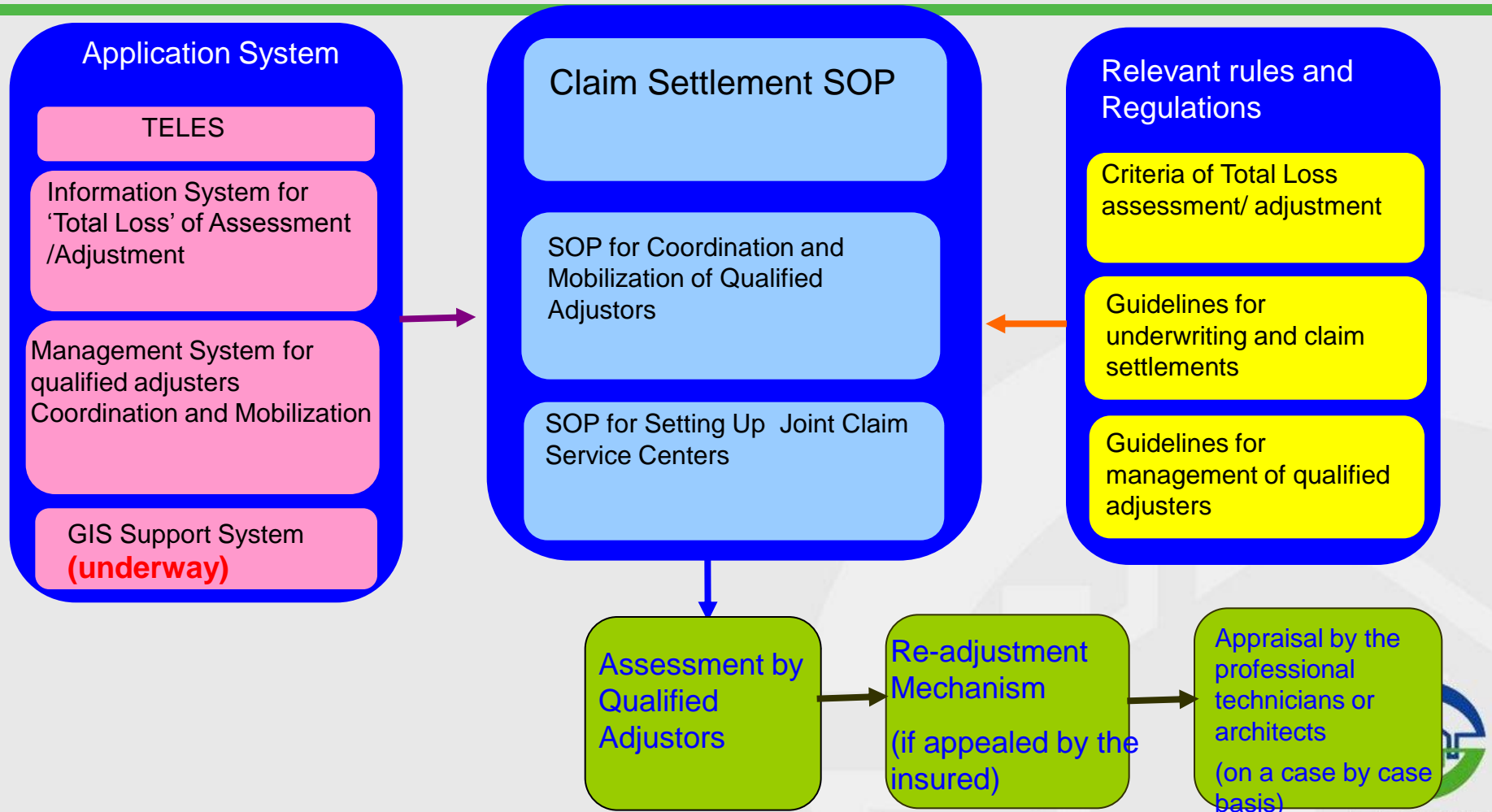
◆ Amending and enhancing

- ◆ Claim Handling Mechanism



Claim Handling Mechanism

reviewed and improved



A three-phase assessment process

The Update of Key Figures of Business and Finance

Important indexes (2011.09.30)

- ◆ Policies in force
 - ◆ **2,372,795 policies**
- ◆ Take-up Rate
 - ◆ **29.06% (out of 8,166,245 national households)**
- ◆ Cumulative liability
 - ◆ **NT\$3,218 billion (US\$107.3 billion)**
- ◆ Accumulated special reserve
 - ◆ **NT\$13.7 billion (US\$ 457million)**
- ◆ Accumulated Claim payout (from April 1, 2002)
 - ◆ Number of Cases: **7**
 - ◆ Total amount: **NT\$ 6.22 million (US\$ 207,000)**



Development of TREIF-ERA Model

- ◆ Purpose of developing TREIF-ERA Model
 - ◆ Enhancing the autonomy and the credibility of the earthquake risk assessment conducted by TREIF
 - ◆ Facilitating the development of risk spreading mechanism, insured amount, premium rate, claim settlement criteria, and reinsurance placement for the scheme



TREIF-ERA Model

- ◆ Compare TREIF-ERA with RMS Model
 - ◆ The modeling result as of December 31,2010

RMS

Return Period (Years)	Exceedance Probability (%)	OEP
1,000	0.10%	134.9 bn
599	0.17%	117.0 bn
500	0.20%	104.0 bn
400	0.25%	93.7 bn
250	0.40%	71.0 bn
200	0.50%	60.0 bn
100	1.00%	30.0 bn
50	2.00%	12.7 bn
25	4.00%	5.1 bn
20	5.00%	3.7 bn
10	10.00%	0.7 bn

TREIF-ERA

Return Period (Years)	Exceedance Probability (%)	OEP
1,000	0.10%	113.0 bn
599	0.17%	80.1 bn
500	0.20%	70.3 bn
400	0.25%	62.3 bn
250	0.40%	53.2 bn
200	0.50%	48.9 bn
100	1.00%	26.8 bn
50	2.00%	14.9 bn
25	4.00%	6.5 bn
20	5.00%	4.7 bn
10	10.00%	1.5 bn

TREIF 10th Anniversary

- ◆ The activities held by TREIF
 - ◆ Commemorative publication / album
(scheduled in Jan - Mar 2012)
 - ◆ Special public promotion and education activities
(scheduled in Apr - May 2012)
 - ◆ International conference / seminar
(scheduled in Sep - Oct 2012)



安穩 · 安全 · 安定 · 安心
Steady · Safe · Stable · Secure

Thank you very much for your listening!

