CENTRAL REINSURANCE CORPORATION

FINANCIAL STATEMENTS AND REVIEW REPORT

OF INDEPENDENT ACCOUNTANTS

MARCH 31, 2018 AND 2017

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

PWCR18000019

To Central Reinsurance Corporation

Introduction

We have reviewed the accompanying balance sheets of Central Reinsurance Corporation (the "Company") as at March 31, 2018 and 2017, and the related statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as at March 31, 2018 and 2017, and of its financial performance and its cash flows for the three-month periods then ended in accordance with "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

CENTRAL REINSURANCE CORPORATION
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2018 and 2017 are reviewed, not audited)

			March 31, 2018		December 31, 2017		March 31, 2017	
	ASSETS	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
11000	**Cash and cash equivalents**	6(1)	$ 15,521,756	42	$ 16,772,180	46	$ 15,255,707	44
12000	**Accounts receivable**	6(2)	446,109	1	281,681	1	236,089	1
14110	**Financial assets at fair value through profit or loss**	6(3) and 12(7)	5,978,633	16	872,011	2	1,388,441	4
14120	**Available-for-sale financial assets**	12(7)	-	-	5,419,337	15	5,886,628	17
14145	**Financial assets at amortized cost**	6(4)	7,756,546	21	-	-	-	-
14160	**Investments in debt instrument without active market**	12(7)	-	-	4,532,786	12	4,570,131	13
14170	**Held-to-maturity financial assets**	12(7)	-	-	2,456,248	7	1,332,174	4
14180	**Other financial assets**	6(5)	671,722	2	684,362	2	240,574	1
14200	**Investment property, net**	6(7)	451,801	1	452,411	1	454,007	1
15000	**Reinsurance contract assets**	6(8)	4,614,403	12	3,726,066	10	4,056,351	12
16000	**Property and equipment, net**	6(11)	208,012	1	206,745	1	210,278	-
17000	**Intangible assets**		596	-	922	-	2,075	-
17800	**Deferred income tax assets**		104,215	-	70,832	-	82,549	-
18000	**Other assets**		1,411,760	4	1,034,840	3	1,092,014	3
	TOTAL ASSETS		$ 37,165,553	100	$ 36,510,421	100	$ 34,807,018	100
	LIABILITIES AND EQUITY							
21000	**Accounts payable**	6(12)	$ 528,519	2	$ 409,870	1	$ 459,776	1
21700	**Current income tax liabilities**		316,754	1	217,574	1	145,050	1
23200	**Financial liabilities at fair value through profit or loss**	6(3)	23,413	-	13,290	-	8,552	-
24000	**Insurance liabilities**	6(8)	24,665,198	66	24,430,514	67	24,250,997	70
27000	**Provisions**		20,290	-	21,013	-	2,740	-
28000	**Deferred income tax liabilities**		89,135	-	130,378	-	47,858	-
25000	**Other liabilities**		52,098	-	36,310	-	43,800	-
	TOTAL LIABILITIES		25,695,407	69	25,258,949	69	24,958,773	72
30000	**EQUITY**							
31000	**Capital**							
31100	Common stock	6(14)	5,622,750	15	5,622,750	15	5,622,750	16
32000	**Capital reserve**		300,000	1	300,000	1	300,000	1
33000	**Retained earnings**							
33100	Legal reserve		1,754,742	5	1,754,742	5	1,601,584	4
33200	Special reserve	6(16)	1,827,712	5	1,827,712	5	1,434,161	4
33300	Undistributed earnings		1,735,884	4	1,360,777	4	1,064,269	3
34000	**Other equity interest**		229,058	1	385,491	1	(174,519)	-
	TOTAL EQUITY		11,470,146	31	11,251,472	31	9,848,245	28
	TOTAL LIABILITIES AND EQUITY		$ 37,165,553	100	$ 36,510,421	100	$ 34,807,018	100

The accompanying notes are an integral part of these financial statements.

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

	Items	Notes	Three months periods ended March 31 2018 AMOUNT	%	2017 AMOUNT	%
41000	**Operating revenues**					
41100	Gross premiums written		$ 4,336,343	112	$ 3,874,489	110
51100	Less: Reinsurance premiums ceded		(427,680)	(11)	(278,555)	(8)
51310	Net change in unearned premium reserve	6(8)	(350,319)	(9)	(260,000)	(7)
41130	**Retention earned premiums**		3,558,344	92	3,335,934	95
41300	Reinsurance commission revenue		83,649	2	71,048	2
41400	Overriding commission revenue		2,950	-	3,042	-
41500	**Net gain from investment**					
41510	Interest income		76,101	2	62,598	2
41521	Gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss	12(7)	27,184	1	357,537	10
41522	Realized gain or loss on available-for-sale financial assets	12(7)	-	-	(29,530)	(1)
41550	Foreign exchange gain (loss)		(105,886)	(3)	(277,647)	(8)
41570	Gain (loss) on investment property	6(7)	6,133	-	6,382	-
41585	Expected credit impairment and reversal profit from investments	6(4)	(106)	-	-	-
41600	Gain (loss) upon reclassification of applying overlay approach	6(3)	238,405	6	-	-
	Total net gain from investment		241,831	6	119,340	3
41800	Other operating revenues		4,162	-	1,337	-
	Total operating revenues		3,890,936	100	3,530,701	100
51000	**Operating costs**					
51200	Reinsurance claims paid		(2,411,008)	(62)	(1,750,209)	(50)
41200	Less: Reinsurance claims recovery		98,533	2	99,302	3
51260	**Retention reinsurance claims paid**		(2,312,475)	(60)	(1,650,907)	(47)
51300	Net changes in other insurance liabilities	6(8)	310,519	8	(353,324)	(10)
51500	Reinsurance commission expenses		(1,281,183)	(33)	(1,136,248)	(32)
51800	Other operating costs		(27)	-	(10)	-
	Total operating costs		(3,283,166)	(85)	(3,140,489)	(89)
58000	**Operating expenses**					
58100	Selling expenses		(57,378)	(1)	(54,348)	(1)
58200	Administration expenses		(34,258)	(1)	(33,604)	(1)
58300	Training expenses		(171)	-	(76)	-
	Total operating expenses		(91,807)	(2)	(88,028)	(2)
	Net operating income		515,963	13	302,184	9
62000	**Income from continuing operations before tax**		515,963	13	302,184	9
63000	Income tax expense	6(17)	(71,910)	(2)	(36,625)	(1)
64000	**Income from continuing operations after tax**		444,053	11	265,559	8
66000	**Net income**		$ 444,053	11	$ 265,559	8

(Continued)

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

			Three months periods ended March 31			
			2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%
83000	**Other comprehensive income**					
83200	**Items may be reclassified to profit or loss subsequently**					
83210	Exchange differences on translation of foreign financial statements		($ 40,648)	(1)	($ 62,865)	(2)
83220	Unrealized gain or loss on available-for-sale financial assets	12(7)	-	-	160,688	4
83295	Other comprehensive income (loss) upon reclassification of applying overlay approach	6(3)	(238,405)	(6)	-	-
83280	Income tax relating to items that may be reclassified	6(17)	47,267	1	(14,346)	-
	Total other comprehensive income (loss) for the period (after tax)		(231,786)	(6)	83,477	2
85000	**Total comprehensive income for the period**		$ 212,267	5	$ 349,036	10
	Earnings per share					
97500	**Basic and Diluted (in NT dollars)**		$ 0.79		$ 0.47	

The accompanying notes are an integral part of these financial statements.

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

			Retained Earnings			Other Equity Interest			
	Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gain or Loss on Available-For-Sale Financial Assets	Other Comprehensive Income (Loss) Upon Reclassification of Applying Overlay Approach	Total equity
Three-month period ended March 31, 2017									
Balance at January 1, 2017	$5,622,750	$ 300,000	$1,601,584	$1,434,161	$ 798,710	($ 9,158)	($ 248,838)	$ -	$ 9,499,209
Net income for the period	-	-	-	-	265,559	-	-	-	265,559
Other comprehensive income (loss) for the period	-	-	-	-	-	(52,177)	135,654	-	83,477
Balance at March 31, 2017	$5,622,750	$ 300,000	$1,601,584	$1,434,161	$1,064,269	($ 61,335)	($ 113,184)	$ -	$ 9,848,245
Three-month period ended March 31, 2018									
Balance at January 1, 2018	$5,622,750	$ 300,000	$1,754,742	$1,827,712	$1,360,777	($ 83,984)	$ 469,475	$ -	$ 11,251,472
Effect of adopting IFRS 9 retrospectively	-	-	-	-	(68,946)	-	(469,475)	544,828	6,407
Balance, January 1, 2018 after adjustments	5,622,750	300,000	1,754,742	1,827,712	1,291,831	(83,984)	-	544,828	11,257,879
Net income for the period	-	-	-	-	444,053	-	-	-	444,053
Other comprehensive income (loss) for the period	-	-	-	-	-	(32,519)	-	(199,267)	(231,786)
Balance at March 31, 2018	$5,622,750	$ 300,000	$1,754,742	$1,827,712	$1,735,884	($ 116,503)	$ -	$ 345,561	$ 11,470,146

The accompanying notes are an integral part of these financial statements.

CENTRAL REINSURANCE CORPORATION
STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Three-month periods ended March 31 2018	Three-month periods ended March 31 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	$ 515,963	$ 302,184
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation	2,202	2,213
Amortization	326	405
Net change in reserves	37,778	606,220
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	104,641	(49,000)
Expected credit impairment on investments	106	-
Net loss (gain) on available-for-sale financial assets	-	39,602
Interest income	(79,969)	(66,364)
Dividend income	(3,521)	(10,140)
Gain upon reclassification of applying overlay approach	(238,405)	-
Unrealized foreign exchange loss	28,003	183,843
Changes in operating assets and liabilities		
Changes in operating assets		
Accounts receivable	(154,772)	(108,421)
Financial assets at fair value through profit or loss	(233,743)	(583,211)
Other financial assets	12,640	(34,315)
Reinsurance contract assets	(691,431)	(381,958)
Available-for-sale financial assets	-	210,571
Held-to-maturity financial assets	-	(614,050)
Financial assets at amortized cost	(382,320)	-
Investments in debt instrument without active market	-	(47,535)
Other assets	(389,478)	(15,690)
Changes in operating liabilities		
Accounts payable	118,649	142,636
Provisions	(723)	(402)
Other liabilities	15,788	18,458
Cash outflow generated from operations	(1,338,266)	(404,954)
Interest received	81,317	65,408
Dividend received	1,423	8,084
Income tax paid	(3,830)	(2,354)
Net cash flows used in operating activities	(1,259,356)	(333,816)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(2,859)	(3,667)
Net cash flows used in investing activities	(2,859)	(3,667)
Effects of exchange rate changes	11,791	4,481
Net decrease in cash and cash equivalents	(1,250,424)	(333,002)
Cash and cash equivalents at beginning of period	16,772,180	15,588,709
Cash and cash equivalents at end of period	$ 15,521,756	$ 15,255,707

The accompanying notes are an integral part of these financial statements.

CENTRAL REINSURANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, unless otherwise stated)
(Unaudited)

1. HISTORY AND ORGANISATION

Central Reinsurance Corporation (the “Company”) was originally a state-owned enterprise, incorporated on October 31, 1968, and provides a broad range of property and life inward and outward reinsurance services. The Company’s shares of stock have been traded on the Taiwan Stock Exchange since July 6, 2000. On July 9, 2002, the Ministry of Finance (MOF), the major shareholder of the Company, privatized the Company in accordance with rules of privatization of government-owned enterprises, effective on July 11, 2002. In addition, the Company has obtained the certificate for establishment and business license for its offshore insurance branch, and commenced its operation on January 1, 2016. Evergreen International Corporation holds 35.13% equity interest in the Company and has the ability to control the Company. Evergreen International Corporation is the Company’s parent company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These financial statements were reported to the Board of Directors and issued on May 9, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 2, ‘Classification and measurement of share-based payment transactions’	January 1, 2018
Amendments to IFRS 4, ‘Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts’	January 1, 2018
IFRS 9, ‘Financial instruments’	January 1, 2018
IFRS 15, ‘Revenue from contracts with customers’	January 1, 2018
Amendments to IFRS 15, ‘Clarifications to IFRS 15, Revenue from contracts with customers’	January 1, 2018
Amendments to IAS 7, ‘Disclosure initiative’	January 1, 2017
Amendments to IAS 12, ‘Recognition of deferred tax assets for unrealised losses’	January 1, 2017
Amendments to IAS 40, ‘Transfers of investment property’	January 1, 2018

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

A. Amendments to IFRS 4, 'Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts'

To address concerns regarding the different effective dates of IFRS 9, 'Financial instruments', and IFRS 17, 'Insurance contract', which may result in different bases for measuring assets and liabilities, this amendment allows insurers who meet specific requirements as set out in IFRS 4, 'Insurance contract' to adopt temporary exemption from IFRS 9, 'Financial instruments', or to use overlay approach under IFRS 9, 'Financial instruments' alternatively.

B. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset at amortized cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for accounts receivable that do not contain a significant financing component.

(c) The amended general hedge accounting requirements align hedge accounting more closely with an entity's risk management strategy. Risk components and a group of items of non-financial items can be designated as hedged items. The standard relaxes the requirements for hedge effectiveness, removing the 80-125% bright line, while its risk management objective remains unchanged, an entity shall rebalance the hedged item or the hedging instrument for the purpose of maintaining the hedge ratio.

In adopting International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (collectively referred herein as the "IFRSs") as endorsed by the FSC effective from 2018, the Company applied the modified retrospective approach under IFRS 9 from January 1, 2018, with the practical expedients permitted under the statement. The significant effects of applying the standard as of January 1, 2018 are provided in Note 12 (7).

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

A. Amendments to IFRS 9, 'Prepayment features with negative compensation'

The amendments introduce changes to certain extent in determining whether the prepayable financial assets fall under contractual cash flows that are solely payments of principal and interest (SPPI). The SPPI condition is satisfied when the prepayment includes reasonable compensation (even if it is negative compensation) for contract termination prior to the expiration date. The amendments further clarify that when a financial liability is modified without this resulting in derecognition, the difference arising between the original contractual cash flows and the modified contractual cash flows discounted at the original effective interest rate is recognized in profit or loss.

B. IFRS 16, ‘Leases’

IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognize a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Company reported to the Board of Directors in the first quarter of 2018 that the effect of IFRS 16 application is insignificant. The Company will adopt the modified retrospective transitional provisions of IFRS 16 ‘Lease’, and classify the effects on the lease contract of lessee to January 1, 2019 in accordance with IFRS 16.

C. IFRS 17, ‘Insurance Contracts’

IFRS 17, ‘Insurance Contracts’ replaces IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. The standard applies to insurance contracts (including reinsurance contracts) issued, to reinsurance contracts held and to investment contracts with discretionary participation features issued, provided the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations shall be separated from the insurance contracts. An entity shall, at initial recognition, disaggregate a portfolio into three groups of contracts: onerous, no significant risk of becoming onerous, and remaining contracts. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin (‘CSM’) representing the unearned profit of the contract. An entity may apply a simplified measurement approach (the premium allocation approach) to some insurance contracts. An entity recognizes the profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately. Entities are required to present separately insurance revenue, insurance service expenses and insurance finance income or expenses and to disclose information about amounts, judgements and risks arising from insurance contracts.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These financial statements are prepared by the Company in accordance with the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises” and IAS 34, ‘Interim Financial Reporting’ as endorsed by the FSC.

(2) Basis of preparation

A. The Company does not have a subsidiary, and the Company's financial statements are separate financial statements composed of balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows, and relevant notes.

B. Except for the following items, these financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income/available-for-sale financial assets measured at fair value.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

(d) Various insurance liabilities and reinsurance reserve assets recognized in accordance with specific statutory requirements and regulations relevant to insurance enterprises.

C. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

D. In adopting IFRS 9 effective January 1, 2018, the Company has elected to apply overlay modified retrospective approach whereby the cumulative impact of the adoption was recognized as retained earnings or other equity as of January 1, 2018 and the financial statements and notes for the year ended December 31, 2017 and the three-month period ended March 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 and the three-month period ended March 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39') and related financial reporting interpretations. Please refer to Note 12 (7) for details of significant accounting policies.

(3) Foreign currency translation

A. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in New Taiwan Dollars ("NTD"), which is the Company's functional and presentation currency.

(a) Transactions denominated in foreign currencies are translated into functional currency at the spot exchange rates prevailing at the transaction date. The translation differences upon actual payment are recognized in current profit or loss.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the reporting date. Exchange differences arising upon re-translation at the reporting date are recognized in current profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) Except for aforementioned non-monetary assets denominated in foreign currencies held at fair value through profit or loss, foreign exchange gains or losses that arise from investing activities are recognized under net gain (loss) from investment in the statement of comprehensive income. Other foreign exchange gains or losses that do not arise from investing activities are recognized under other operating revenues or other operating costs.

B. The financial position and financial performance of offshore insurance branch that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the spot exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at spot exchange rates of the trade date; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(4) Cash equivalents

A. The statement of cash flows is prepared on the basis of cash and cash equivalents.

B. Cash equivalents refer to short-term, highly liquid investments that are:

(a)Readily convertible to known amount of cash; and

(b)Subject to an insignificant risk of changes in value.

C. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income. A financial asset is eligible for designation for the overlay approach if, and only if, the following criteria are met:

(a) It is measured at fair value through profit or loss applying IFRS 9 but would not have been measured at fair value through profit or loss in its entirety applying IAS 39; and

(b) It is not held in respect of an activity that is unconnected with contracts within the scope of IFRS 4.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

E. The Company values the difference of reclassification amounts of financial assets at fair value through profit or loss and fair value through other comprehensive income for the financial assets applying overlay approach, using:

(a) The amount reported in profit or loss for the designated financial assets applying overlay approach under IFRS 9; and

(b) The amount that would have been reported in profit or loss for the designated financial assets if IAS 39 had been applied.

(6) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

(7) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognized as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost based on the contract terms.

(8) Impairment of financial assets

For financial assets at amortized cost such as accounts receivable, other financial assets and refundable deposits under other assets, etc., at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.

(9) Investment property

A. An investment property is stated initially at its cost including related transaction costs; measured subsequently using the cost model and stated at cost less accumulated depreciation and accumulated impairment loss. Subsequent costs of major renewals and betterments are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

B. The Company uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions can be sold separately, the own-use portion is accounted for in accordance with IAS 16, "Property, Plant and Equipment". However, property held either to earn rental income or for capital appreciation or for both is subject to IAS 40, "Investment Property". If part of property cannot be individually sold, and owner-occupied property is insignificant, it is accounted for as investment property.

C. An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. When assets are derecognized, the cost and the accumulated depreciation at the time of sale or retirement are written off. Gain or loss on sale of the investment property, rental income, and relevant payment shall be recognized in gain or loss on investment property under net gain from investment. Except for land, property is depreciated on a straight-line basis over its estimated useful life of 3 to 60 years. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change.

(10) Lease

The Company's lease contracts are all operating leases, where substantially all risks and rewards of ownership of the assets remain with the lessor. If the Company is a lessor, assets involved in operating lease are recognized under "investment property". If the Company is a lessee, leased assets will not be recognized in the balance sheet. Payments that the Company receives or charges under the operating lease are recognized as "gain or loss on investment property" and "operating expenses".

(11) Reinsurance contract assets

Reinsurance contract assets include due from reinsurers and ceding companies, ceded unearned premium reserve, ceded claims reserve, ceded premium deficiency reserve, ceded liability reserve and ceded liability adequacy reserve. Each of the reinsurance contract assets should be in compliance with relevant regulation and policy of "Regulation Governing Financial and Business Operations of Professional Reinsurance Enterprises" and "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises".

(12) Impairment on reinsurance contract assets

Regular evaluation on reinsurance assets should be made to evaluate if there is any impairment. When 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 that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer, the Company should reduce its carrying amount accordingly and recognize impairment loss.

(13) Property and equipment

A. Property and equipment are stated initially at its cost including related transaction costs, measured subsequently using the cost model and stated at cost less accumulated depreciation and accumulated impairment loss. Reserve for land revaluation increment tax set aside for revaluation over the current land value is recognized as deferred income tax liabilities. Subsequent costs of major renewals and betterments are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

B. Depreciation is computed using straight-line method over the estimated service lives as follows: buildings and equipment, 3 to 60 years; computer equipment, 3 to 6 years; transportation equipment, 3 to 10 years; and miscellaneous equipment, 3 to 10 years.

C. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change.

D. When an asset is retired or disposed, the cost plus revaluation increment, if any, and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is credited or charged to non-operating income and expenses during the financial period in which they are incurred.

(14) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized. Impairment loss and gain on reversal of impairment loss for investment property are recognized under operating revenue. Impairment loss and gain on reversal of impairment loss for property and equipment are recognized in non-operating income and expenses.

(15) Loss allowance

A. Loss allowance for accounts receivable, other financial assets and refundable deposits under other assets should be assessed and recognized in accordance with IFRS 9 and the "Guidelines for Handling Assessment of Assets, Loans Overdue, Delinquent Accounts Receivable on Demand by Insurance Enterprises".

B. Loss allowance for reinsurance contract assets should be assessed and recognized in accordance with IFRS 4 and the "Guidelines for Handling Assessment of Assets, Loans Overdue, Delinquent Accounts Receivable on Demand by Insurance Enterprises".

(16) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, financial liabilities at fair value through profit or loss are measured at fair value plus transaction costs. The Company subsequently measures the financial liabilities at fair value, and recognizes the gain or loss in profit or loss.

(17) Derecognition of financial assets and financial liabilities

The Company derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(18) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(19) Classification of reinsurance contracts

Classification of reinsurance contracts should be made in compliance with IFRS 4, “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. A contract with no significant insurance risk being transferred is not classified as an insurance contract and is recognized by deposit accounting.

A contract that falls within the definition of insurance contract on the initial recognition will still be deemed as insurance contract before its maturity.

(20) Insurance liabilities

The reserves related to Compulsory Automobile Liability Insurance are determined in accordance with “Regulations for Management of the Reserve of Compulsory Automobile Liability Insurance”.

The equalization reserve related to residential earthquake insurance is determined in accordance with “Regulations Governing Implementation of the Residential Earthquake Risk Spreading Mechanism”.

The reserve related to nuclear insurance is determined in accordance with “Regulations Governing the Setting Aside of Nuclear Insurance Liability Reserves”.

The reserves excluding the reserve listed above were determined in accordance with “Regulations Governing Financial and Business Operations of Professional Reinsurance Enterprises ” and “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises” to calculate unearned premium reserve, claims reserve, premium deficiency reserve, liability reserve, liability adequacy reserve and other reserve of inward reinsurance business.

According to “Directions for Strengthening Special Reserve by Reinsurance Enterprises”, “Directions for Strengthening Co-insurance Reserve of Residential Earthquake Insurance” and “Regulations for Reserving Nuclear Energy Insurance Reserve by Non-Life Insurance Enterprises” dated December 28, 2012, subsequent equalization reserve recognized under liabilities by December 31, 2012 should still be recognized under liabilities. Starting from January 1, 2013, the additional provision for equalization reserve less income tax should be recognized as special reserve under equity after annual closing and should not be distributed without approval. The release of the equalization reserve shall be made through equalization reserve under liabilities first. If such reserves are insufficient for release, then the deficiency shall be released through special reserves under equity based on its net amount after tax in accordance with IAS 12.

Among the reserves above, except for unearned premium reserve for long-term fire insurance which was calculated at a rate of 7.8% based on the coefficient table of unearned premium reserve for long-term fire insurance, the other reserves were not calculated by discounting.

(21) Liability adequacy test

When the estimated future cash flow of insurance contracts recognized as insurance liability at book value is insufficient, the entire deficiency is recognized in current loss in accordance with the requirement of the Actuarial Institution of Republic of China.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurement arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts should be recognized in profit or loss of the following year.

(23) Income tax

A. The income tax expense (benefit) for the period comprises current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. Income tax on undistributed earnings is recorded as expense in the year when the stockholders approve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each reporting period, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current income tax assets against current income tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

G. If a change in tax rate is enacted or substantively enacted in an interim period, the Company recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to common stock on the effective date of new shares issuance.

(25) Reinsurance revenues

Income from reinsurance business refers to various premiums earned from reinsurance operations, including those that meet the requirements in IFRS 4 and can be recognized as income. The Company's estimates for reinsurance premium income are assessed based on estimated premiums of reinsurance contracts, information provided by ceding companies, and historical trends. Reinsurance related revenues are recognized on the accrual basis.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Reinsurance premiums

The Company's estimated reinsurance revenue is based on the ceding company's annual forecasted reinsurance information and then the Company calculates the revenue proportion to be recognized in each quarter based on previous experience of actual statements. Thereafter, when actual statements are received each quarter, original estimates are reversed and actual statements are accrued. The reason for differences between actual statements and estimated amounts is evaluated to adjust the estimated revenues of remaining period, accordingly.

B. Claims reserve (under insurance liabilities)

Aside from statutorily required insurances, the Company estimates the ultimate loss ratio and provisions claims reserve based on assessment factors such as information provided by the ceding company, claim development factors, contract type, insurance risk characteristics, market information, and judgement for the experience of claims and underwriting. Any change in the methodology and assumptions used in calculating the ultimate loss ratio would significantly affect the amount of claims reserve. A part of claims reserve is recognized using the case-by-case estimation method for Reported-But-Not-Paid cases while the remaining is provisioned for Incurred-But-Not-Reported claims.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2018	December 31, 2017	March 31, 2017
Cash:			
Petty cash	$ 122	$ 123	$ 116
Checking accounts	5,660	13,197	4,332
Demand deposits	4,711,411	5,344,122	4,687,520
Cash equivalents:			
Time deposits	10,804,563	11,414,738	10,563,739
	$ 15,521,756	$ 16,772,180	$ 15,255,707

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

C. According to Regulations for Management of the Reserve of Compulsory Automobile Liability Insurance, the deposits which the Company deposited in the financial institutions are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Demand deposits	$ 103,546	$ 292,976	$ 884,645
Time deposits	3,528,286	3,625,285	3,206,035
	$ 3,631,832	$ 3,918,261	$ 4,090,680

D. Certain time deposits of the Company did not meet the definition of cash equivalents and are presented in other financial assets. Please see Note 6 (5).

(2) Accounts receivable

	March 31, 2018	December 31, 2017	March 31, 2017
Notes receivable	$ 3,139	$ 3,361	$ 6,542
Other receivables	443,047	278,320	229,547
Total	446,186	281,681	236,089
Less: Loss allowance	(77)	-	-
Net amount	$ 446,109	$ 281,681	$ 236,089

A. As at March 31, 2018, the age of accounts receivable was less than six months on posting date basis. Loss allowance was $77, and the maximum exposure to credit risk of accounts receivable was $446,109. Information relating to credit risk and movements of loss allowance is provided in Note 13 (1).

B. As of December 31 and March 31, 2017, the credit quality and ageing analysis information:

(a) As of December 31 and March 31, 2017, the credit quality information of accounts receivable that are neither past due nor impaired was in the following categories based on the payment records:

	December 31, 2017	March 31, 2017
Good	$ 281,681	$ 235,865
Delayed previously	-	-
	$ 281,681	$ 235,865

Accounts receivable that are neither past due nor impaired are accounted for in accordance with the "Guidelines for Handling Assessment of Assets, Loans Overdue, and Delinquent Accounts Receivable on Demand by Insurance Enterprises". The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(b) The balances and ageing analysis of accounts receivable that were past due but not impaired are as follows:

	December 31, 2017	March 31, 2017
Over a month, under three months	$ -	$ 224

i. For the ageing of accounts receivable above, notes receivable are classified by maturity date and other receivables are classified by the date for recognition except that repayment date shall be stipulated according to the contract.

ii. The overdue accounts receivable above indicate those that were due but not paid. Except for notes receivable that were overdue and transferred to overdue accounts, other receivables were transferred to overdue accounts in three months after they were due.

(c) The Company does not have any accounts receivable that were impaired.

(d) The Company does not hold any collateral as security.

(3) Financial assets and financial liabilities at fair value through profit or loss

	March 31, 2018
Financial assets mandatorily measured at fair value through profit or loss	
Domestic items:	
Listed and over-the-counter common stocks	$ 1,964,923
Listed and over-the-counter preferred stocks	14,232
Securitized real estate products	322,843
Open-end funds	75,000
Mandatory convertible corporate bonds	500,000
Derivatives	17,458
Foreign items:	
Listed and over-the-counter common stocks	2,505,072
Open-end funds	120,384
Index funds	120,578
Derivatives	2,444
	5,642,934
Valuation adjustment	335,699
	$ 5,978,633

	March 31, 2018
Financial liabilities held for trading	
Non-hedging derivatives	$ 23,413

A. The non-hedging derivative instruments transaction and contract information are as follow:

	March 31, 2018	
Derivative instruments	Contract amount (Notional principal)	Contract period
FX swap contracts	$ 7,199,056	2017.04.25~2018.07.11
Forward foreign exchange contracts	1,343,656	2018.01.31~2018.09.10
Futures	294,823	2018.02.22~2018.06.15

Note: Contract amount is translated into thousands of New Taiwan dollars using the exchange rates prevailing at the end of the period.

(a) FX swap contracts

The Company entered into FX swap contracts with financial institutions to hedge risk on its foreign investments arising from variations in the exchange rate. However, these FX swap contracts are not accounted for under hedge accounting.

(b) Forward foreign exchange contracts

The Company entered into forward foreign exchange contracts with financial institutions to hedge risk on its foreign investments arising from variations in the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(c) Futures

The Company holds Taiwan stock index futures and S&P 500 Mini futures. As of March 31, 2018, the related margins were $420,970.

B. The Company has no financial assets at fair value through profit or loss pledged to others.

C. Information relating to credit risk is provided in Note 13 (1).

D. Information on December 31 and March 31, 2017 is provided in Note 12 (7).

E. In adopting IFRS 9 effective January 1, 2018, the Company has elected to apply overlay approach and recognized gain or loss for designated financial assets in accordance with IFRS 4.

(a) The designated financial assets applying overlay approach that are connected with insurance contracts are as follows:

		March 31, 2018
Financial assets at fair value through profit or loss		
Domestic items:		
Listed and over-the-counter common stocks	$	1,512,980
Listed and over-the-counter preferred stocks		14,232
Open-end funds		75,000
Foreign items:		
Listed and over-the-counter common stocks		1,932,451
Open-end funds		120,384
Index funds		120,578
		3,775,625
Valuation adjustment		393,139
	$	4,168,764

(b) Reclassified amounts of the designated financial assets applying overlay approach at fair value through profit and loss and fair value through comprehensive income are listed below:

		Three-month period ended March 31, 2018
Loss under IFRS 9	($	95,384)
Less: Gain under IAS 39		143,021
Loss on reclassification applying overlay approach	($	238,405)
Effect of deferred income tax	$	39,138

(4) Financial assets at amortized cost

		March 31, 2018
Domestic items:		
Securitized financial asset products	$	300,000
Corporate bonds		1,253,363
Financial bonds		201,060
Government bonds		949,748
Foreign items:		
Securitized financial asset products		727,811
Corporate bonds		2,188,460
Financial bonds		2,689,290
Government bonds		344,614
		8,654,346
Less: Loss allowance	(	2,889)
Less: Statutory deposits	(	894,911)
	$	7,756,546

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

		Three-month period ended March 31, 2018
Interest income	$	49,941
Impairment loss	(	106)
	$	49,835

B. As at March 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company was $8,651,457.

C. Under the Insurance Act, the Company is required to deposit an amount equal to 15% of its paid-in capital. As of March 31, 2018, the Company provided government bonds with a par value of $850,000 as statutory deposit.

D. Information relating to credit risk is provided in Note 13 (1).

E. Information on December 31 and March 31, 2017 is provided in Note 12 (7).

(5) Other financial assets

		March 31, 2018		December 31, 2017		March 31, 2017
Time deposits	$	671,722	$	684,362	$	240,574

A. The Company transacts with financial institutions all with high credit quality, so it expects that the probability of counterparty default is remote.

B. The Company has no other financial assets pledged to others.

C. Information relating to credit risk is provided in Note 13 (1).

(6) Structured entities

A. In accordance with the regulations of IFRS 12, 'Disclosure of interests in other entities', information about the interests in structured entities that are not controlled by the Company is as follows:

March 31, 2018

Type of structured entities	Book value	Nature
Securitized real estate products	$ 432,278	The beneficial securities were issued by trustee to provide investor gain on transaction, rent and value increment of real estate market.
Securitized financial asset products	1,027,737	The risks and rewards associated with the assets of the structured entity were passed on to investors through issuing bonds.
Total	$ 1,460,015	

December 31, 2017

Type of structured entities	Book value	Nature
Securitized real estate products	$ 524,734	The beneficial securities were issued by trustee to provide investor gain on transaction, rent and value increment of real estate market.
Securitized financial asset products	1,043,642	The risks and rewards associated with the assets of the structured entity were passed on to investors through issuing bonds.
Total	$ 1,568,376	

March 31, 2017

Type of structured entities	Book value	Nature
Securitized real estate products	$ 811,102	The beneficial securities were issued by trustee to provide investor gain on transaction, rent and value increment of real estate market.
Securitized financial asset products	1,141,109	The risks and rewards associated with the assets of the structured entity were passed on to investors through issuing bonds.
Total	$ 1,952,211	

The structured entities that are not controlled by the Company are held for the purpose of generating investment income.

B. As of March 31, 2018, the structured entities that are not controlled by the Company are accounted for as financial assets at fair value through profit or loss and financial assets at amortized cost. As of December 31 and March 31, 2017, the structured entities that are not controlled by the Company are accounted for as available-for-sale financial assets and investments in debt instrument without active market. The entity's maximum exposure is the carrying amount of assets held. The investment position is restricted by contract terms and conditions of issue and exposes the corresponding market risk. The Company has considered risk management approach of relevant market. Please see Note 12 (7) F and 13 (1).

(7) Investment property

	Land	Building	Total
At January 1, 2018			
Cost	$ 411,606	$ 85,888	$ 497,494
Accumulated depreciation	-	(45,083)	(45,083)
	$ 411,606	$ 40,805	$ 452,411
2018			
At January 1	$ 411,606	$ 40,805	$ 452,411
Depreciation	-	(610)	(610)
At March 31	$ 411,606	$ 40,195	$ 451,801
At March 31, 2018			
Cost	$ 411,606	$ 85,888	$ 497,494
Accumulated depreciation	-	(45,693)	(45,693)
	$ 411,606	$ 40,195	$ 451,801

	Land	Building	Total
At January 1, 2017			
Cost	$ 411,606	$ 85,590	$ 497,196
Accumulated depreciation	-	(42,558)	(42,558)
	$ 411,606	$ 43,032	$ 454,638
2017			
At January 1	$ 411,606	$ 43,032	$ 454,638
Depreciation	-	(631)	(631)
At March 31	$ 411,606	$ 42,401	$ 454,007
At March 31, 2017			
Cost	$ 411,606	$ 85,590	$ 497,196
Accumulated depreciation	-	(43,189)	(43,189)
	$ 411,606	$ 42,401	$ 454,007

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are as follows:

	Three-month period ended March 31,2018	Three-month period ended March 31,2017
Rental revenue from the lease of the investment property	$ 6,837	$ 7,295
Direct operating expenses arising from the investment property that generated rental income in the period	704	913

B. The Company leases investment properties to others under non-cancellable operating lease agreements. The lease terms are between 1 and 3 years, and the lessees enjoy preferential right to lease at the end of the lease period. The future aggregate lease payments receivable under leases contracted but not yet due are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Due in one year	$ 19,255	$ 20,081	$ 21,320
Due after one year through three years	12,934	14,780	12,474
	$ 32,189	$ 34,861	$ 33,794

C. The fair value of investment property held by the Company is estimated by an accredited external independent appraiser under "Regulations on Real Estate Appraisal" using valuation techniques of both the income approach and comparison approach, based on observable active market prices and the characteristics, locations and conditions of each asset on the measurement date - March 31, 2018, December 31, 2017 and March 31, 2017. The fair values of investment property for the aforementioned measurement dates were $1,215,163, $1,215,163 and $1,220,126, which is categorized as Level 3 within the fair value hierarchy. Key assumptions of income approach are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Capitalization rate	0.96%~1.60%	0.96%~1.60%	0.96%~1.60%

D. The above assets were not pledged to others as collateral.

(8) <u>Reinsurance contract assets and insurance liabilities</u>

A. Details of reinsurance contract assets are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Due from reinsurers and ceding companies	$ 3,093,820	$ 2,401,351	$ 2,591,863
Due from reinsurers and ceding companies-overdue	41,599	42,722	39,876
Reinsurance reserve assets			
Ceded unearned premium reserve	507,146	326,161	420,539
Ceded claims reserve	714,205	701,110	835,786
Ceded liability reserve	307,342	301,684	219,130
Ceded premium deficiency reserve	2,347	5,179	1,298
	4,666,459	3,778,207	4,108,492
Less: Loss allowance	(52,056)	-	-
Less: Allowance for doubtful accounts	-	(52,141)	(52,141)
	$ 4,614,403	$ 3,726,066	$ 4,056,351

(a) The credit quality information of reinsurance contract assets that are neither past due nor impaired is as follows, and the evaluation of credit rating was conducted according to the ultimate reinsurers:

	March 31, 2018	December 31, 2017	March 31, 2017
Group 1	$ 16,781	$ 16,451	$ 16,259
Group 2	832,162	770,207	1,711,641
Group 3	3,229,015	2,496,966	1,571,345
Group 4	60,198	96,879	54,460
Group 5	8,754	5,700	5,775
Group 6	298,904	252,239	617,015
	$ 4,445,814	$ 3,638,442	$ 3,976,495

Group 1: S&P AAA or equivalents.

Group 2: Over S&P AA- or equivalents.

Group 3: Over S&P A- or equivalents.

Group 4: Over S&P BBB- or equivalents.

Group 5: Under S&P BBB- or equivalents.

Group 6: without credit rating etc.

Note: Reinsurances undertaken without a credit rating are primarily from domestic insurance companies.

(b) The balances and ageing analysis of reinsurance contract assets that were past due but not impaired and impaired are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
31 to 90 days	$ 128,890	$ 92,139	$ 54,259
91 to 180 days	58,323	11,821	36,126
181 to 270 days	2,062	154	6,226
Over 271 days	31,370	35,651	35,386
	$ 220,645	$ 139,765	$ 131,997

i. The ages of due from reinsurance and ceding companies, except for the estimated reinsurance receivables or payables on closing date, are classified by its booking date.

ii. The overdue due from reinsurance and ceding companies above indicate the ultimate reinsurers that were due but not paid and were transferred to overdue accounts in nine months after they were due.

(c) Movement analysis on the Company's provision for impairment of reinsurance contract assets is as follows:

	2018	2017
At January 1 (Note)	$ 52,079	$ 52,141
Write-off of bad debts	(8)	-
Transferred into loss allowance for accounts receivable	(15)	-
At March 31	$ 52,056	$ 52,141

Note: The balance excludes accounts receivable of $62 reclassified in initial application of IFRS9. Please refer to Note 12 (7) C for details.

(d) The Company does not hold any collateral as security.

B. Details of insurance liabilities are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Unearned premium reserve	$ 5,799,358	$ 5,270,076	$ 5,442,546
Claims reserve	14,742,493	14,668,663	14,612,731
Liability reserve	307,342	301,684	219,130
Equalization reserve	3,772,610	4,150,282	3,941,483
Premium deficiency reserve	43,395	39,809	35,107
	$ 24,665,198	$ 24,430,514	$ 24,250,997

C. Movements of ceded unearned premium reserve and unearned premium reserve are as follows:

	2018	2017
Ceded unearned premium reserve		
At January 1	$ 326,161	$ 357,086
Provision	507,437	421,321
Recovery	(326,317)	(356,880)
Exchange differences on translation of foreign financial statements	(135)	(988)
At March 31	$ 507,146	$ 420,539

Unearned premium reserve	2018	2017
At January 1	$ 5,270,076	$ 5,126,197
Provision	5,805,337	5,448,733
Recovery	(5,273,898)	(5,124,292)
Exchange differences on translation of foreign financial statements	(2,157)	(8,092)
At March 31	$ 5,799,358	$ 5,442,546

D. Details and movements of ceded claims reserve and claims reserve are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Ceded claims reserve			
Outstanding losses	$ 297,700	$ 302,776	$ 360,420
Incurred but not reported losses	416,505	398,334	475,366
	$ 714,205	$ 701,110	$ 835,786

	March 31, 2018	December 31, 2017	March 31, 2017
Claims reserve			
Outstanding losses	$ 4,778,385	$ 4,891,209	$ 4,905,825
Incurred but not reported losses	9,964,108	9,777,454	9,706,906
	$ 14,742,493	$ 14,668,663	$ 14,612,731

	2018	2017
Ceded claims reserve		
At January 1	$ 701,110	$ 837,442
Provision	714,205	835,786
Recovery	(701,110)	(837,442)
At March 31	$ 714,205	$ 835,786

	2018	2017
Claims reserve		
At January 1	$ 14,668,663	$ 14,353,439
Provision	14,742,493	14,612,731
Recovery	(14,668,663)	(14,353,439)
At March 31	$ 14,742,493	$ 14,612,731

E. Movements of ceded liability reserve and liability reserve are as follows:

	2018				2017			
	Foreign currency amount (in thousands)	Currency	Exchange rate	NTD (in thousands)	Foreign currency amount (in thousands)	Currency	Exchange rate	NTD (in thousands)
Ceded liability reserve								
At January 1	$ 65,911	CNY	4.577	$ 301,684	$ 49,496	CNY	4.645	$ 229,893
Provision	380			6,505	327			(10,197)
Recovery	(184)			(847)	(125)			(566)
At March 31	$ 66,107	CNY	4.649	$ 307,342	$ 49,698	CNY	4.409	$ 219,130

	2018				2017			
	Foreign currency amount (in thousands)	Currency	Exchange rate	NTD (in thousands)	Foreign currency amount (in thousands)	Currency	Exchange rate	NTD (in thousands)
Liability reserve								
At January 1	$ 65,911	CNY	4.577	$ 301,684	$ 49,496	CNY	4.645	$ 229,893
Provision	380			6,505	327			(10,197)
Recovery	(184)			(847)	(125)			(566)
At March 31	$ 66,107	CNY	4.649	$ 307,342	$ 49,698	CNY	4.409	$ 219,130

The provisions above include the effects of foreign exchange gains and losses.

F. Equalization reserves

(a) Details of equalization reserves are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Equalization reserve for statutory insurance	$ 1,191,533	$ 1,569,205	$ 1,360,405
Reserve for fluctuation of risk	2,055,295	2,055,295	2,055,296
Reserve for extraordinary business losses	525,782	525,782	525,782
	$ 3,772,610	$ 4,150,282	$ 3,941,483

(b) Movement of equalization reserves is as follows:

	2018	2017
At January 1	$ 4,150,282	$ 3,855,222
Provision	(377,672)	86,261
Recovery	-	-
At March 31	$ 3,772,610	$ 3,941,483

(c) According to Jin-Kuan-Bao-Tsai Order No. 10102517491, "Directions for Strengthening Special Reserve by Reinsurance Enterprises", Jin-Kuan-Bao-Chan Order No. 10102531541, "Directions for Strengthening Co-insurance Reserve of Residential Earthquake Insurance" and Jin-Kuan-Bao-Tsai Order No. 10102517091, "Regulations for Reserving Nuclear Energy Insurance Reserve by Non-Life Insurance Enterprises" dated December 28, 2012, the Company's accounts applicable or not applicable for the reserve for the three-month periods ended March 31, 2018 and 2017, are as follows:

	Three-month period ended March 31, 2018			
	Net income	Earnings per share (in dollars)	Total liabilities	Total equity
Applicable	$ 444,053	$ 0.79	$ 25,695,407	$ 11,470,146
Not applicable	444,053	0.79	23,478,077	13,687,476
Effect	$ -	$ -	($ 2,217,330)	$ 2,217,330

	Three-month period ended March 31, 2017			
	Net income	Earnings per share (in dollars)	Total liabilities	Total equity
Applicable	$ 265,559	$ 0.47	$ 24,958,773	$ 9,848,245
Not applicable	265,559	0.47	22,658,293	12,148,725
Effect	$ -	$ -	($ 2,300,480)	$ 2,300,480

G. Movements of ceded premium deficiency reserve and premium deficiency reserve are as follows:

	2018	2017
Ceded premium deficiency reserve		
At January 1	$ 5,179	$ 2,193
Provision	2,347	1,298
Recovery	(5,179)	(2,193)
At March 31	$ 2,347	$ 1,298

	2018	2017
Premium deficiency reserve		
At January 1	$ 39,809	$ 29,887
Provision	43,395	35,107
Recovery	(39,809)	(29,887)
At March 31	$ 43,395	$ 35,107

H. The Company's future cash flows of insurance liabilities (excluding equalization reserve) are as follows:

March 31, 2018	Due in one year	Due after one year	Total
Insurance liabilities			
Unearned premium reserve	$ 2,526,079	$ 1,753,234	$ 4,279,313
Claims reserve	7,453,986	5,173,468	12,627,454
Liability reserve	-	307,342	307,342
Premium deficiency reserve	25,616	17,779	43,395

Note: Insurance liabilities exclude statutory insurance (total amount of compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance is $3,635,084).

December 31, 2017	Due in one year	Due after one year	Total
Insurance liabilities			
Unearned premium reserve	$ 2,247,556	$ 1,518,456	$ 3,766,012
Claims reserve	7,482,088	5,054,923	12,537,011
Liability reserve	-	301,684	301,684
Premium deficiency reserve	23,758	16,051	39,809

Note: Insurance liabilities exclude statutory insurance (total amount of compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance is $3,635,716).

March 31, 2017	Due in one year	Due after one year	Total
Insurance liabilities			
Unearned premium reserve	$ 2,375,632	$ 1,604,985	$ 3,980,617
Claims reserve	7,478,124	5,052,245	12,530,369
Liability reserve	-	219,130	219,130
Premium deficiency reserve	20,952	14,155	35,107

Note: Insurance liabilities exclude statutory insurance (total amount of compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance is $3,544,291).

(9) Reserves for unqualified reinsurance

A. Summary of unqualified reinsurance contracts are set forth as follows:

The Company entered into contracts with insurance companies and insurance brokers as follows: The scope of reinsurance is the same as the Company's insurance contracts.

Insurance companies / Insurance brokers	Type of contract
WALSUN INSURANCE LTD.	Fire insurance, marine cargo insurance, inland marine insurance, marine hull insurance, automobile insurance, casualty insurance and engineering insurance
OIC RUN-OFF LIMITED(FORMERLY ORION)	Aviation insurance
SOMPO JAPAN INSURANCE COMPANY (ASIA) PTE LTD	Aviation insurance
AXA REINSURANCE COMPANY-FRANCE	Aviation insurance
BEST RE (L) LIMITED	Fire insurance and casualty insurance
SWISS RE FRANKONA RUCKVERSICHERUNGS-AG GERMANY	Aviation insurance
GLACIER REINSURANCE A.G.	Aviation insurance
ALLIANZ MARINE & AVIATION VERSICHERUNGS AG	Aviation insurance
GROUPAMA ASSURANCES & SERVICES	Aviation insurance
GROUPAMA TRANSPORT, LE HAVRE	Aviation insurance
LE CONTINENT IARD	Aviation insurance
MAPFRE INDUSTRIAL SOCIEDAD ANONIMA DE SEG SA	Aviation insurance
TOKIO MARINE GLOBAL RE ASIA LTD. (KUALA LUMPUR OFFICE)	Aviation insurance, marine cargo insurance and engineering insurance
MILLI REASURANS T. A. S. SINGAPORE BRANCH	Fire insurance, engineering insurance and marine hull insurance
WILSON RE LIMITED	Casualty insurance
M.B. BODA REINSURANCE BROKERS PVT. LTD.	Fire insurance
COSMOS SERVICES CO., LTD.	Fire insurance
INTERLINK INSURANCE & REINSURANCE BROKERS PVT. LTD.	Fire insurance
J B BODA INSURANCE SERVICES (L) BHD	Fire insurance
GUY CARPENTER & COMPANY LTD.	Fire insurance
CATHAY INSURANCE (BERMUDA) CO., LTD.	Personal accident insurance

B. As of March 31, 2018, December 31, 2017 and March 31, 2017, the Company had no unqualified reinsurance premiums ceded.

C. Reserve for unqualified reinsurance as of March 31, 2018, December 31, 2017 and March 31, 2017 were $5,500, $5,567 and $6,952, respectively.

(10) Offsetting financial assets and financial liabilities

A. The Company has derivative assets that do not meet the offsetting criteria in paragraph 42 of IAS 32. However, the Company has transactions that are or are similar to net settled master netting arrangements. If one party breaches the contract (in the case of default and insolvency or bankruptcy), the counterparty can choose to use net settlement. The related amount of offsetting shall not exceed the gross amounts of recognized financial assets and liabilities.

B. The related information of financial assets and financial liabilities that can be settled under agreements of net settled master netting arrangements or similar arrangements are as follows:

(a) Financial assets

Description	Gross amounts of recognized financial assets	Financial instruments not set off in the balance sheet	Net amount
March 31, 2018			
Derivatives	$ 19,902	$ 13,843	$ 6,059
December 31, 2017			
Derivatives	$ 41,030	$ 13,290	$ 27,740
March 31, 2017			
Derivatives	$ 57,391	$ 7,327	$ 50,064

Note: The above-mentioned items are all accounted as financial assets at fair value through profit or loss.

(b) Financial liabilities

Description	Gross amounts of recognized financial liabilities	Financial instruments not set off in the balance sheet	Net amount
March 31, 2018			
Derivatives	$ 23,413	$ 13,843	$ 9,570
December 31, 2017			
Derivatives	$ 13,290	$ 13,290	$ -
March 31, 2017			
Derivatives	$ 8,552	$ 7,327	$ 1, 225

Note: The above-mentioned items are all accounted as financial liabilities at fair value through profit or loss.

(11) Property and equipment

	Land	Building	Computer equipment	Transportation equipment	Miscellaneous equipment	Prepayments for equipment	Total
At January 1, 2018							
Cost	$ 180,796	$ 90,105	$ 19,770	$ 4,861	$ 3,656	$ 664	$ 299,852
Accumulated depreciation	-	(72,224)	(13,957)	(4,053)	(2,873)	-	(93,107)
	$ 180,796	$ 17,881	$ 5,813	$ 808	$ 783	$ 664	$ 206,745
2018							
At January 1	$ 180,796	$ 17,881	$ 5,813	$ 808	$ 783	$ 664	$ 206,745
Additions	-	-	1,532	-	-	1,327	2,859
Depreciation	-	(776)	(681)	(81)	(54)	-	(1,592)
At March 31	$ 180,796	$ 17,105	$ 6,664	$ 727	$ 729	$ 1,991	$ 208,012
At March 31, 2018							
Cost	$ 180,796	$ 90,105	$ 21,302	$ 4,861	$ 3,656	$ 1,991	$ 302,711
Accumulated depreciation	-	(73,000)	(14,638)	(4,134)	(2,927)	-	(94,699)
	$ 180,796	$ 17,105	$ 6,664	$ 727	$ 729	$ 1,991	$ 208,012

	Land	Building	Computer equipment	Transportation equipment	Miscellaneous equipment	Total
At January 1, 2017						
Cost	$ 180,796	$ 89,414	$ 17,302	$ 4,923	$ 3,689	$ 296,124
Accumulated depreciation	-	(68,973)	(12,224)	(3,791)	(2,943)	(87,931)
	$ 180,796	$ 20,441	$ 5,078	$ 1,132	$ 746	$ 208,193
2017						
At January 1	$ 180,796	$ 20,441	$ 5,078	$ 1,132	$ 746	$ 208,193
Additions	-	191	3,476	-	-	3,667
Depreciation	-	(818)	(635)	(81)	(48)	(1,582)
At March 31	$ 180,796	$ 19,814	$ 7,919	$ 1,051	$ 698	$ 210,278
At March 31, 2017						
Cost	$ 180,796	$ 89,605	$ 20,778	$ 4,923	$ 3,689	$ 299,791
Accumulated depreciation	-	(69,791)	(12,859)	(3,872)	(2,991)	(89,513)
	$ 180,796	$ 19,814	$ 7,919	$ 1,051	$ 698	$ 210,278

The above assets were not pledged to others as collateral.

(12) Accounts payable

	March 31, 2018	December 31, 2017	March 31, 2017
Due to reinsurers and ceding companies	$ 347,220	$ 197,899	$ 325,186
Other payables	181,299	211,971	134,590
	$ 528,519	$ 409,870	$ 459,776

(13) Employee benefits

A. Defined benefit obligation

(a) The Company has established a defined benefit pension plan in accordance with the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 8% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit once or in installments.

(b) For the aforementioned pension plan, the Company recognized pension costs of $317 and $633 for the three-month periods ended March 31, 2018 and 2017, respectively.

(c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2018 amounts to $4,111.

B. Defined contribution plan

(a) Effective July 1, 2005, under the defined contribution plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance in accordance with the Labor Pension Act.

(b) The pension costs under the above-mentioned pension plan of the Company for the three-month periods ended March 31, 2018 and 2017 were $1,644 and $1,629, respectively.

(14) Common stock

As of March 31, 2018 and 2017, the Company's authorized capital were $6,000,000, and the paid-in capital were $5,622,750, with a par value of $10 (in dollars) per share.

(15) Capital reserve

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. However, according to Jin-Kuan-Bao-Tsai Letter No. 10202501991, for the purpose of strengthening the solvency and operation, insurance companies having no deficit should submit relevant documents demonstrating the financial soundness and steady operation of their companies to FSC for approval before the stockholders' meeting if they propose to use legal reserve provided under Article 145-1 of Insurance Act and capital surplus to issue cash to shareholders in proportion to their share ownership in accordance with Article 241 of the R.O.C. Company Act.

(16) Retained earnings

A. Limitation on distribution of retained earnings and dividend policy

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 20% of the remaining amount shall be set aside as legal reserve. Afterwards, the Company shall recognize or reverse special reserve in accordance with regulations, and accumulated unappropriated earnings of the prior period. Appropriation of the remainder shall be proposed by the Board of Directors and resolved by the stockholders.

The Company's dividends are distributed in the form of cash dividends and stock dividends, in a coordinated way, among which, the cash dividends shall account for at least 50% of the total dividends distributed.

Pursuant to the R.O.C. Insurance Act, legal reserve shall be set aside until the total amount reaches the total capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital. In addition, procedures for those requiring approval from competent authorities to use legal reserve for issuance of cash in accordance with Jin-Kuan-Bao-Tsai Letter No. 10202501991 are set out in Note 6 (15).

Under the Integrated Income Tax System, ROC, tax credits allocated to stockholders are based on the balance of Imputation Credit Account on the dividend distribution date.

B. Special reserve

	March 31, 2018	December 31, 2017	March 31, 2017
Equalization reserve	$ 1,565,887	$ 1,565,887	$ 1,307,604
Unrealized revaluation increment	126,557	126,557	126,557
Deduction of other equity	131,439	131,439	-
Employees' education and training	3,829	3,829	-
	$ 1,827,712	$ 1,827,712	$ 1,434,161

(a) According to regulations, the Company should set aside special reserve equal to the deducted amount of the equity from earnings after tax of the current year and the unappropriated earnings of the prior period. For the deducted amount from the equity accumulated from prior periods, an equal amount of special reserve should be set aside from unappropriated earnings of the prior period and is not to be distributed. If there is a reversal of deducted amount of equity, earnings may be distributed based on the reversal. For the year 2016, the other equity item of the Company had the debit balance of $131,439, which has been set aside as special reserve under equity as approved by the stockholders in 2017.

(b) For the years 2017 and 2016, the provision for equalization reserve amounting to $258,283 and $239,638, respectively, had been recognized as special reserve under equity upon annual resolution and is not available for distribution.

(c) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Kuan-Zheng-Fa Order No. 1010012865, dated April 6, 2012 and Jin-Kuan-Bao-Tsai Order No. 10102508861, dated June 5, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. The Company had transferred the amount of $126,557 of unrealized gain from real estate value-added to special reserve under equity.

(d) In accordance with the regulations of Jin-Kuan-Bao-Tsai Order No. 10502066461 promulgated on July 13, 2016, upon appropriating the earnings of 2016 through 2018, the Company shall provision 0.5% of income after tax as special reserve. And starting from the subsequent year of the provision of such special reserve, special reserve as mentioned above may be reversed in an amount equal to expenditures that were for employees' education and training and for the protection of employees' interest. The Company had transferred the amount of $3,829 for expenditures that were for employees' education and training and for the protection of employees' interest to special reserve under equity as approved by the stockholders in 2016.

C. On May 31, 2017, the distribution of earnings for 2016 resolved by stockholders was $281,138 (cash dividend of $0.5 (in dollars) per share). On March 21, 2018, the Board of Directors proposed that total stock dividends for the distribution of earnings for 2017 was $281,138 (stock dividend of $0.5 (in dollars) per share) and total cash dividends was $562,275 (cash dividend of $1 (in dollars) per share.

Detailed information on earnings appropriation resolved by the Board of Directors and ratified at the stockholders' meeting is posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

D. For information relating to employees' compensation and directors' remuneration, please see Note 6 (18).

(17) Income tax

A. Components of income tax expense:

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Current income tax:		
Current income tax on profits for the period	$ 103,012	$ 66,013
Adjustments in respect of prior years	-	64
Deferred income tax:		
Origination and reversal of temporary difference	(22,670)	(29,452)
Impact of change in tax rate	(8,432)	-
Income tax expense	$ 71,910	$ 36,625

B. The income tax relating to components of other comprehensive income are as follows:

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Exchange differences on translation of foreign financial statements	($ 8,129)	($ 10,688)
Other comprehensive income upon reclassification of applying overlay approach	(39,138)	-
Changes in fair value of available-for-sale financial assets	-	25,034
	($ 47,267)	$ 14,346

C. The Company's income tax returns have been assessed and approved by the Tax Authority up to 2015.

D. In accordance with the amendment to Income Tax Act R.O.C. that became effective on February 7, 2018, the corporate tax rate increased from 17% to 20%. The Company has adjusted to this tax rate starting from year 2018.

(18) Employee benefits expense, depreciation and amortization

Employee benefits expense, depreciation and amortization by function are as follows:

Function / Expense	Three-month period ended March 31, 2018		Three-month period ended March 31, 2017	
	Operating Costs	Operating Expenses	Operating Costs	Operating Expenses
Employee benefits expense	$ -	$ 54,172	$ -	$ 52,006
Salaries	-	46,231	-	44,673
Employees' insurance	-	3,864	-	3,230
Pension	-	1,961	-	2,262
Other employee benefits expense (Note 1)	-	2,116	-	1,841
Depreciation (Note 2)	610	1,592	631	1,582
Amortization	-	326	-	405

As of March 31, 2018 and 2017, the Company had 137 and 136 employees, respectively.

Note 1:Other employee benefits expense include employees' welfare and training expenses.

Note 2:The depreciation, which is classified as operating cost, is accounted for as deduction to gain on investment property.

A. According to the Company's Articles of Incorporation, after covering accumulated deficits with current year earnings, the remainder, if any, shall provision employees' compensation of no less than 0.5% and directors' remunerations of no more than 1%.

B. The Company's estimated employees' compensation of $3,905 and $2,104 for the three-month periods ended March 31, 2018 and 2017, respectively, were determined from earnings and the distribution in the past on a pro-rata basis, which fell within the scope of the Company's Articles of Incorporation's requirements. The Company's estimated directors' remuneration for the three-month periods ended March 31, 2018 and 2017 were $825 and $675, respectively. The estimates, which fell within the scope of the Company's Articles of Incorporation's requirements, were determined from earnings and the past distribution experiences during the tenure of directors. The aforementioned amounts were recognized in salary expenses.

The 2017 employees' compensation of $14,304 and directors' remuneration of $3,900 as approved by the Board of Directors of the Company were in agreement with the amounts recognized in the 2017 financial statements, and employees' compensation and directors' remuneration are distributed in the form of cash.

Information about the appropriation of employees' compensation and directors' remuneration by the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and their relationship with the Company

Names of related parties	Relationship with the Company
Evergreen International Corporation	Parent company
Evergreen Insurance Company Limited	Other related parties
Directors, general managers, vice general managers, etc.	Key management of the Company

(2) Significant related party transactions and balances

A. Due from reinsurers and ceding companies (shown under reinsurance contract assets)

	March 31, 2018	December 31, 2017	March 31, 2017
Other related parties	$ 1,321	$ 309	$ 1,462

B. Other payables (shown under accounts payable)

	March 31, 2018	December 31, 2017	March 31, 2017
Parent	$ 1,176	$ 1,219	$ 2,102

C. Operating revenues and operating costs

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Other related parties		
Gross premiums written	$ 6,828	($ 2,203)
Reinsurance premiums ceded	123	846
Reinsurance commission expenses	1,083	(971)
Reinsurance commission revenue	-	(20)
Reinsurance claims paid	1,096	3,832
Reinsurance claims recovery	3	20

The differences of prices and conditions between related parties and non-related parties were not significant.

D. Operating expenses

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Parent		
System service charge, fees paid to stock transfer agent and printing expenses, etc.	$ 3,526	$ 3,337

(3) Key management compensation

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Salaries and other short-term employee benefits	$ 6,861	$ 7,560
Post-employment benefits	112	169
	$ 6,973	$ 7,729

8. PLEDGED ASSETS

Please see Note 6 (4).

9. COMMITMENTS

None.

10. SIGNIFICANT ACCIDENTAL LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Fair value information

A. The fair value of the Company's financial instruments not measured at fair value is provided in Note 12 (1) K. The fair value of the Company's investment property measured at cost model is provided in Note 6 (7).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an on-going basis. The fair value of the Company's investment in listed and over-the-counter stocks, beneficiary certificates and convertible corporate bonds is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in off-the-run government bonds, corporate bonds, financial bonds and derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in part of investments in debt instrument, mandatory convertible corporate bonds without active market and investment property is included in Level 3.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at March 31, 2018, December 31, 2017 and March 31, 2017 is as follows:

March 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Listed and over-the-counter common stocks	$ 4,885,029	$ -	$ -	$ 4,885,029
Listed and over-the-counter preferred stocks	-	23,182	-	23,182
Securitized real estate products	432,278	-	-	432,278
Mandatory convertible corporate bonds	-	-	318,419	318,419
Index funds	109,333	-	-	109,333
Open-end funds	190,490	-	-	190,490
Derivative financial instruments				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
FX swap contracts	$ -	$ 17,010	$ -	$ 17,010
Forward foreign exchange contracts	-	447	-	447
Futures	-	2,445	-	2,445
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
FX swap contracts	-	14,709	-	14,709
Forward foreign exchange contracts	-	7,359	-	7,359
Futures	-	1,345	-	1,345

December 31, 2017	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Listed and over-the-counter common stocks	$ 503,195	$ -	$ -	$ 503,195
Financial assets designated as at fair value through profit or loss on initial recognition				
Mandatory convertible corporate bonds	-	-	327,786	327,786
Available-for-sale financial assets				
Securitized real estate products	524,734	-	-	524,734
Index funds	245,574	-	-	245,574
Government bonds	-	783,984	-	783,984
Listed and over-the-counter common stocks	3,917,715	-	-	3,917,715
Listed and over-the-counter preferred stocks	-	23,348	-	23,348
Open-end funds	256,027	-	-	256,027
Corporate bonds	-	145,757	-	145,757
Derivative financial instruments				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
FX swap contracts	$ -	$ 29,528	$ -	$ 29,528
Forward foreign exchange contracts	-	11,502	-	11,502
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
FX swap contracts	-	1,282	-	1,282
Forward foreign exchange contracts	-	12,008	-	12,008

March 31, 2017	Level 1	Level 2	Level 3	Total
Non-derivative financial instruments				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Listed and over-the-counter common stocks	$ 879,924	$ -	$ -	$ 879,924
Index funds	28,721	-	-	28,721
Financial assets designated as at fair value through profit or loss on initial recognition				
Mandatory convertible corporate bonds	-	-	422,405	422,405
Available-for-sale financial assets				-
Securitized real estate products	811,102	-	-	811,102
Index funds	273,102	-	-	273,102
Government bonds	-	789,733	-	789,733
Listed and over-the-counter common stocks	3,937,290	-	-	3,937,290
Listed and over-the-counter preferred stocks	-	23,595	-	23,595
Open-end funds	386,119	-	-	386,119
Corporate bonds	-	145,960	-	145,960
Derivative financial instruments				
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
FX swap contracts	$ -	$ 47,235	$ -	$ 47,235
Forward foreign exchange contracts	-	10,156	-	10,156
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
FX swap contracts	-	6,433	-	6,433
Forward foreign exchange contracts	-	2,119	-	2,119

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

Listed shares	Index funds	Convertible bond	Real estate securitization products	Open-end funds
Closing price	Closing price	Closing price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market and swap contracts, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitized instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions. The effect of unobservable inputs to the valuation of financial instruments is provided in Note 12 (1) I.

(e) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques. Forward exchange contracts are usually valued based on the current forward exchange rate.

(f) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial instruments at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(g) The Company takes into account adjustments for credit risks to measure the fair value of financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

E. For the three-month periods ended March 31, 2018 and 2017, there were no transfer between Level 1 and Level 2.

F. The following table presents the changes in level 3 instruments for the three-month periods ended March 31, 2018 and 2017:

	Three-month period ended March 31, 2018							
		Gain or loss on valuation		Acquired in the period		Disposed of in the period		
	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Buy or issuance	Transfers into level 3	Sell, disposal or settle	Transfers out from level 3	Ending balance
Non-Derivative financial instruments								
Financial assets at fair value through profit or loss								
Financial assets mandatorily measured at fair value through profit or loss	$ 327,786	($ 9,367)	$ -	$ -	$ -	$ -	$ -	$ 318,419

	Three-month period ended March 31, 2017							
		Gain or loss on valuation		Acquired in the period		Disposed of in the period		
	Opening balance	Recognized in profit or loss	Recognized in other comprehensive income	Buy or issuance	Transfers into level 3	Sell, disposal or settle	Transfers out from level 3	Ending balance
Non-Derivative financial instruments								
Financial assets at fair value through profit or loss								
Financial assets designated as at fair value through profit or loss on initial recognition	$ 431,568	($ 9,163)	$ -	$ -	$ -	$ -	$ -	$ 422,405

Gain or loss on valuation recognized in profit or loss arising from the assets held for the three-month periods ended March 31, 2018 and 2017 was ($9,367) and ($9,163), respectively.

G. For the three-month periods ended March 31, 2018 and 2017, there were no transfer into or out from Level 3.

H. Financial segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value. Financial segment set up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRS.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss					
Domestic mandatory convertible corporate bonds (Note)	$ 318,419	The binary tree stock discount model of convertible bonds	Liquidity premium	2.66%	Liquidity premium lower, fair value higher

	Fair value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Financial assets designated as at fair value through profit or loss on initial recognition					
Domestic mandatory convertible corporate bonds (Note)	$ 327,786	The binary tree stock discount model of convertible bonds	Liquidity premium	3.19%	Liquidity premium lower, fair value higher

	Fair value at March 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Financial assets designated as at fair value through profit or loss on initial recognition					
Domestic mandatory convertible corporate bonds (Note)	$ 422,405	The binary tree stock discount model of convertible bonds	Liquidity premium	3.10%	Liquidity premium lower, fair value higher

Note: Items that affect the fair value measurement of mandatory convertible corporate bonds include observable stock prices.

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value; however, different valuation model or input could result in different valuation result. Specifically, if the valuation input of financial instrument classified in Level 3 such as market interest rates increase or decrease by 50 basis points, the effects on profit and loss in the period are as follows:

	March 31, 2018		March 31, 2017	
	Change in fair value recognized in profit and loss		Change in fair value recognized in profit and loss	
	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$ 1,290	($ 1,272)	$ -	$ -
Financial assets designated as at fair value through profit or loss on initial recognition	-	-	3,292	(3,235)

K. Fair value of the financial instruments not measured at fair value

Except for the financial instruments below and investment property, the carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable, other financial assets and accounts payable) are approximate to their fair values.

	March 31, 2018			
		Fair value		
Non-derivative financial instruments	Book value	Level 1	Level 2	Level 3
Financial assets at amortized cost	$8,651,457	$ -	$7,520,627	$1,003,044

	December 31, 2017				March 31, 2017			
		Fair value				Fair value		
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
Non-derivative financial instruments								
Investments in debt instruments without active market	$4,532,786	$ -	$3,325,652	$1,181,373	$4,570,131	$ -	$3,553,884	$ 980,789
Held-to-maturity financial assets	2,885,915	-	2,873,146	-	1,767,967	-	1,754,851	-

The different levels that the inputs to valuation techniques are used to measure fair value of financial instruments have been defined in Note 12 (1) B, and the methods and assumptions are as follows:

If recent transaction prices or market maker quotes are available, the fair value is based on such information. If there is no quoted market price available, the fair value is determined by using valuation techniques and calculated as the present value of the estimated cash flows.

(2) Assets and liabilities recoverable or payable within or over 12 months from the reporting date are as follows:

	March 31, 2018			December 31, 2017		
Assets	Book value	Within 12 months	Over 12 months	Book value	Within 12 months	Over 12 months
Cash and cash equivalents	$ 15,521,756	$ 15,521,756	$ -	$ 16,772,180	$ 16,772,180	$ -
Accounts receivable	446,109	446,109	-	281,681	281,681	-
Financial assets at fair value through profit or loss	5,978,633	5,660,215	318,418	872,011	544,225	327,786
Available-for-sale financial assets	-	-	-	5,419,337	4,967,398	451,939
Financial assets at amortized cost	7,756,546	1,133,512	6,623,034	-	-	-
Investments in debt instruments without active market	-	-	-	4,532,786	897,202	3,635,584
Held-to-maturity financial assets	-	-	-	2,456,248	501,838	1,954,410
Other financial assets	671,722	671,722	-	684,362	639,362	45,000
Investment property	451,801	-	451,801	452,411	-	452,411
Reinsurance contract assets	4,614,403	3,900,198	714,205	3,726,066	3,024,956	701,110
Property and equipment	208,012	-	208,012	206,745	-	206,745
Intangible assets	596	-	596	922	-	922
Other assets	1,411,760	431,113	980,647	1,034,840	8,524	1,026,316
Liabilities						
Accounts payable	$ 528,519	$ 528,518	$ 1	$ 409,870	$ 409,869	$ 1
Current income tax liabilities	316,754	316,754	-	217,574	217,574	-
Financial liabilities at fair value through profit or loss	23,413	23,413	-	13,290	13,290	-
Insurance liabilities	24,665,198	13,640,765	11,024,433	24,430,514	13,389,118	11,041,396
Provisions	20,290	-	20,290	21,013	-	21,013
Other liabilities	52,098	49,843	2,255	36,310	34,044	2,266

	March 31, 2017		
Assets	Book value	Within 12 months	Over 12 months
Cash and cash equivalents	$ 15,255,707	$ 15,255,707	$ -
Accounts receivable	236,089	236,089	-
Financial assets at fair value through profit or loss	1,388,441	966,036	422,405
Available-for-sale financial assets	5,886,628	5,431,208	455,420
Investments in debt instruments without active market	4,570,131	786,097	3,784,034
Held-to-maturity financial assets	1,332,174	427,919	904,255
Other financial assets	240,574	240,574	-
Investment property	454,007	-	454,007
Reinsurance contract assets	4,056,351	3,220,565	835,786
Property and equipment	210,278	-	210,278
Intangible assets	2,075	-	2,075
Other assets	1,092,014	14,502	1,077,512
Liabilities			
Accounts payable	$ 459,776	$ 459,237	$ 539
Current income tax liabilities	145,050	145,050	-
Financial liabilities at fair value through profit or loss	8,552	8,552	-
Insurance liabilities	24,250,997	13,418,999	10,831,998
Provisions	2,740	-	2,740
Other liabilities	43,800	40,612	3,188

(3) Calculation of retention earned premiums are shown below:

	Three-month period ended March 31, 2018				
Category of insurance	Gross premiums written (1)	Reinsurance premiums ceded (2)	Retention premiums (3)=(1)-(2)	Net change in unearned premium reserve (4)	Retention earned premiums (5)=(3)-(4)
Non-Compulsory insurance	$ 3,689,518	$ 427,680	$ 3,261,838	$ 335,802	$ 2,926,036
Compulsory insurance	646,825	-	646,825	14,517	632,308
	$ 4,336,343	$ 427,680	$ 3,908,663	$ 350,319	$ 3,558,344

	Three-month period ended March 31, 2017				
Category of insurance	Gross premiums written (1)	Reinsurance premiums ceded (2)	Retention premiums (3)=(1)-(2)	Net change in unearned premium reserve (4)	Retention earned premiums (5)=(3)-(4)
Non-Compulsory insurance	$ 3,258,758	$ 278,555	$ 2,980,203	$ 261,740	$ 2,718,463
Compulsory insurance	615,731	-	615,731	(1,740)	617,471
	$ 3,874,489	$ 278,555	$ 3,595,934	$ 260,000	$ 3,335,934

(4) Calculation of retention reinsurance claims paid are shown below:

	Three-month period ended March 31, 2018		
Category of insurance	Reinsurance claims paid (1)	Reinsurance claims recovery (2)	Retention reinsurance claims paid (3)=(1)-(2)
Non-Compulsory insurance	$ 1,378,710	$ 98,533	$ 1,280,177
Compulsory insurance	1,032,298	-	1,032,298
	$ 2,411,008	$ 98,533	$ 2,312,475

	Three-month period ended March 31, 2017		
Category of insurance	Reinsurance claims paid (1)	Reinsurance claims recovery (2)	Retention reinsurance claims paid (3)=(1)-(2)
Non-Compulsory insurance	$ 1,211,292	$ 99,302	$ 1,111,990
Compulsory insurance	538,917	-	538,917
	$ 1,750,209	$ 99,302	$ 1,650,907

(5) Balance sheets for compulsory automobile liability insurance are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Assets			
Cash and cash equivalents	$ 4,194,032	$ 4,580,461	$ 4,292,480
Due from reinsurers and ceding companies	418,201	413,678	400,381
	$ 4,612,233	$ 4,994,139	$ 4,692,861
Liabilities			
Unearned premium reserve	$ 1,499,080	$ 1,484,563	$ 1,441,373
Claims reserve	2,112,206	2,130,957	2,081,668
Equalization reserve	1,000,947	1,378,619	1,169,820
	$ 4,612,233	$ 4,994,139	$ 4,692,861

Note: As of March 31, 2018, December 31, 2017 and March 31, 2017, certain time deposits, which amounted to $562,200, $662,200 and $201,800 included above as cash and cash equivalents of compulsory automobile liability insurance did not meet the definition of cash equivalents, consequently they are presented under other financial assets.

(6) Details of revenues and costs for compulsory automobile liability insurance are as follows:

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Operating revenues		
Reinsurance premiums	$ 646,825	$ 615,731
Net change in unearned premium reserve	(14,517)	1,740
Retention earned premiums	632,308	617,471
Interest income	3,567	2,804
	$ 635,875	$ 620,275
Operating costs		
Reinsurance claims paid	$ 1,032,298	$ 538,917
Net change in claims reserve	(18,751)	(4,903)
Net change in equalization reserve	(377,672)	86,261
	$ 635,875	$ 620,275

(7) Effects on initial application of IFRS 9

A. Summaries of adopting significant accounting policies in the first quarter of 2017:

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

i. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

(i) Hybrid (combined) contracts; or

(ii)They eliminate or significantly reduce a measurement or recognition inconsistency; or

(iii)They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

ii.On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

iii.Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

iv.Gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss recognized in the statement of comprehensive income includes gain or loss arising from transactions, dividend and bonus, interest income, and evaluation at fair value on balance sheet date.

(b) Available-for-sale financial assets

i. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

ii. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.

iii. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. The cumulative gain or loss should be reclassified from equity to profit or loss when financial assets are derecognized.

iv. The realized gain or loss on available-for-sale financial assets recognized in the statement of comprehensive income includes gain or loss arising from transactions as well as dividend and bonus except interest income.

(c) Investments in debt instruments without active market

i. Investments in debt instruments without active market are loans and receivables not originated by the entity. They are bond investments with fixed or determinable payments that are not quoted in an active market, and also meet all of the following conditions:

(i) Not designated on initial recognition as at fair value through profit or loss;

(ii) Not designated on initial recognition as available-for-sale;

(iii) Not for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

ii. On a regular way purchase or sale basis, investments in debt instruments without active market are recognized and derecognized using trade date accounting.

iii. Investments in debt instruments without active market are initially recognized at fair value on the trade date plus transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Amortization of a premium or a discount on such assets is recognized in profit or loss.

iv. The realized gain or loss on investments in debt instruments without active market recognized in the statement of comprehensive income includes gain or loss arising from transactions except interest income.

(d) Held-to-maturity financial assets

i. Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Company has the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables and those that are designated as at fair value through profit or loss or as available-for-sale on initial recognition.

ii. On a regular way purchase or sale basis, held-to-maturity financial assets are recognized and derecognized using trade date accounting.

iii. Held-to-maturity financial assets are initially recognized at fair value on the trade date plus transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Amortization of a premium or a discount on such assets is recognized in profit or loss.

iv.The realized gain or loss on held-to-maturity financial assets recognized in the statement of comprehensive income includes gain or loss arising from transactions except interest income.

(e) Derivative financial instruments

A derivative financial instrument is initially recognized and subsequently measured at fair value. Any changes in the fair value are recognized in profit or loss. The gain or loss relating to derivative financial instrument is recognized in the statement of comprehensive income within "gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss".

(f) Impairment of financial assets

i. The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

ii.The criteria that the Company uses to determine whether there is objective evidence of an impairment loss are as follows:

(i) Significant financial difficulty of the issuer or debtor;

(ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii)The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(iv)It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(v)The disappearance of an active market for that financial asset because of financial difficulties;

(vi)Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(vii)Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

(viii)A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

iii. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(i) Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(ii) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from "other comprehensive income" to "profit or loss". If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(g) Allowance for doubtful accounts

Accounts receivable, due from reinsurers and ceding companies under reinsurance contract assets, refundable deposits and funds held by other insurance companies under other assets, and other rights may be transferred to overdue accounts booked in accordance with IAS 39, "Financial Instruments: Recognition and Measurement", IFRS 4, "Insurance Contracts" and the "Guidelines for Handling Assessment of Assets, Loans Overdue, Delinquent Accounts Receivable on Demand by Insurance Enterprises", and the Company shall also recognize appropriate allowance for doubtful accounts with consideration of impairment losses and unrecoverable amounts.

B. The reconciliations of carrying amount of financial assets transfered from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

				Held-to-maturity	Debt instrument without active market			Effects	
	Accounts receivable	Measured at fair value through profit or loss	Available-for-sale	Measured at amortized cost	Measured at amortized cost	Deferred income tax assets	Total	Retained earnings	Other equity
At December 31, 2017(IAS 39)(Note 1)	$ 281,681	$ 872,011	$ 5,897,139	$ 2,885,915	$ 4,532,786	$ -	$ 14,469,532	$ -	$ -
Transferred into measured at fair value through profit or loss	-	4,967,398	(4,967,398)	-	-	-	-	-	-
Transferred into measured at amortized cost	-	-	(929,741)	5,462,527	(4,532,786)	-	-	-	-
Fair value adjustment	-	-	-	12,931	-	(3,910)	9,021	(66,332)	75,353
Impairment loss adjustment	-	-	-	(2,783)	-	169	(2,614)	(2,614)	-
Others (Note 2)	(62)	-	-	-	-	-	(62)	-	-
At January 1, 2018(IFRS 9)(Note 1)	$ 281,619	$ 5,839,409	$ -	$ 8,358,590	$ -	($ 3,741)	$ 14,475,877	($ 68,946)	$ 75,353

(Note 1)The amounts include statutory deposits.

(Note 2)The loss allowance for bond interest receivable was reclassified from reinsurance contract assets to accounts receivable.

(a) Under IAS 39, because the cash flows of debt instruments, which were classified as: available-for-sale financial assets, held-to-maturity financial assets and debt instruments without active market, amounting to $929,741(including loss on valuation $12,931), $2,885,915 and $4,532,786, respectively, met the condition that it is intended to settle the principal and interest on the outstanding principal balance, they were reclassified as "financial assets at amortized cost" amounting to $8,361,373, decreased deferred income tax assets and increased other equity interest in the amounts of $3,910 and $9,021 on initial application of IFRS 9.

(b) Under IAS 39, the equity instruments, which were classified as: available-for-sale financial assets, amounting to $4,967,398, were reclassified as “financial assets at fair value through profit or loss (equity instruments)” amounting to $4,967,398 under IFRS 9. In addition, other equity interest was increased by $66,332 and retained earnings was decreased by $66,332 for the equity instruments that did not apply overlay approach.

(c) A part of the financial assets at fair value through profit or loss amounting to $872,011 are investments in mandatory convertible bond amounting to $327,786 and was classified as financial assets at fair value through profit or loss under IAS 39. Because the objective of the Company's business model is achieved by selling the bond investments, they were reclassified as "financial assets mandatorily measured at fair value through profit or loss" under IFRS 9.

C. The reconcilation of loss allowance from December 31, 2017 , as these are impaired under IAS 39, to January 1, 2018, as these are expected to be impaired under IFRS 9, are as follows:

	Accounts receivable (bond interest receivable)	Available-for-sale	Held-to-maturity Measured at amortized cost	Debt instrument without active markets Measured at amortized cost	Total
At December 31, 2017(IAS 39)	$ -	$ -	$ -	$ -	$ -
Loss allowance adjustments	-	-	1,100	1,683	2,783
Others(Note)	62	-	-	-	62
At January 1, 2018(IFRS 9)	$ 62	$ -	$ 1,100	$ 1,683	$ 2,845

(Note)The loss allowance for bond interest receivable was reclassified from reinsurance contract assets to accounts receivable.

D. The fair value of financial assets at amortized cost reclassified under IFRS 9 and were previously classified as available-for-sale financial assets under IAS 39 was $905,689 on March 31, 2018. If these assets were not reclassified as "financial assets at amortized cost", the Company will recognize the loss on changes in fair value on other comprehensive income of $24,052 for the three-month period ended March 31, 2018.

E. Details of important accounts as of December 31 and March 31, 2017, are as follows:

(a) Financial assets and financial liabilities at fair value through profit or loss

	December 31, 2017	March 31, 2017
Financial assets held for trading		
Domestic listed and over-the-counter stocks	$ 292,038	$ 223,113
Foreign listed stocks	195,066	655,478
Foreign index funds	-	41,854
Derivatives	41,030	57,391
	528,134	977,836
Valuation adjustment of financial assets held for trading	16,091	(11,800)
	544,225	966,036
Financial assets designated as at fair value through profit or loss on initial recognition		
Domestic mandatory convertible corporate bonds	500,000	500,000
	500,000	500,000
Valuation adjustment of financial assets designated as at fair value through profit or loss on initial recognition	(172,214)	(77,595)
	327,786	422,405
	$ 872,011	$ 1,388,441

	December 31, 2017	March 31, 2017
Financial liabilities held for trading		
Derivatives	$ 13,290	$ 8,552

i. The Company's gain or loss on financial asset or financial liability at fair value through profit or loss are as follows:

	Three-month period ended March 31, 2017
Financial instruments held for trading	$ 362,422
Financial instruments designated as at fair value through profit or loss on initial recognition	(4,885)
	$ 357,537

ii. The credit rating levels of the counterparties of the Company's debt instrument investments are provided in Note 12 (7) F.

iii. The non-hedging derivative instruments transaction and contract information are as follows:

	December 31, 2017		March 31, 2017	
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract amount (Notional principal)	Contract period
FX swap contracts	$ 6,329,315	2017.04.25~ 2018.07.05	$ 5,884,342	2016.07.11~ 2018.01.05
Forward foreign exchange contracts	2,889,910	2017.09.28~ 2018.02.27	1,961,478	2017.02.22~ 2017.05.23

Note: Contract amount is translated into thousands of New Taiwan dollars using the exchange rates prevailing at the end of the period.

(i) FX swap contracts

The Company entered into FX swap contracts with financial institutions to hedge risk on its foreign investments arising from variations in the exchange rate. However, these FX swap contracts are not accounted for under hedge accounting.

(ii) Forward foreign exchange contracts

The Company entered into forward foreign exchange contracts with financial institutions to hedge risk on its foreign investments arising from variations in the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(iii) Futures

As of December 31, 2017 and March 31, 2017, all futures contracts were settled, and the related margins were $49,320 and $100,043, respectively.

iv. The Company has no financial assets at fair value through profit or loss pledged to others.

(b) Available-for-sale financial assets

	December 31, 2017	March 31, 2017
Domestic items:		
Listed and over-the-counter common stocks	$ 1,449,361	$ 2,042,284
Listed and over-the-counter preferred stocks	14,232	14,232
Securitized real estate products	408,084	590,059
Government bonds	523,916	529,444
Open-end funds	75,000	15,000
Index funds	-	48,294
Foreign items:		
Listed and over-the-counter common stocks	2,040,766	2,142,404
Open-end funds	181,064	387,527
Government bonds	265,184	269,236
Corporate bonds	153,572	156,466
Index funds	233,678	298,395
	5,344,857	6,493,341
Valuation adjustment of available-for-sale financial assets	552,282	(126,440)
Less: Statutory deposits	(477,802)	(480,273)
	$ 5,419,337	$ 5,886,628

i. The credit rating levels of the counterparties of the Company's debt instrument investments are provided in Note 12 (7) F.

ii. Under the Insurance Act, the Company is required to deposit an amount equal to 15% of its paid-in capital. As of December 31, 2017 and March 31, 2017, the Company provided government bonds with a par value of $850,000 as statutory deposit, which have been respectively listed under available-for-sale financial assets and held-to-maturity financial assets.

iii. Changes in unrealized gain or loss on available-for-sale financial assets under other comprehensive income are as follows:

	2017
At January 1	($ 248,838)
Recognized directly in other comprehensive income	121,086
Reclassified to profit or loss	39,602
Effect of deferred income tax	(25,034)
At March 31	($ 113,184)

(c) Investments in debt instruments without active market

	December 31, 2017	March 31, 2017
Domestic items:		
Securitized financial asset products	$ 300,000	$ 300,000
Corporate bonds	603,427	400,267
Financial bonds	-	501,969
Foreign items:		
Securitized financial asset products	743,642	841,109
Corporate bonds	809,789	762,501
Financial bonds	2,075,928	1,764,285
	$ 4,532,786	$ 4,570,131

i. The Company recognized interest income of $33,478 from amortization costs through profit or loss for the three-month period ended March 31, 2017.

ii. The credit rating levels of the counterparties of the Company's debt instrument investments are provided in Note 12 (7) F.

iii. No investments in debt instruments without active market held by the Company were pledged to others.

(d) Held-to-maturity financial assets

	December 31, 2017	March 31, 2017
Domestic items:		
Corporate bonds	$ 750,376	$ 551,386
Financial bonds	201,462	251,389
Government bonds	429,667	435,793
Foreign items:		
Corporate bonds	811,641	61,302
Financial bonds	604,859	378,883
Government bonds	87,910	89,214
	2,885,915	1,767,967
Less: Statutory deposits	(429,667)	(435,793)
	$ 2,456,248	$ 1,332,174

i. The Company recognized interest income of $3,942 from amortization costs through profit or loss for the three-month period ended March 31, 2017.

ii. The credit rating levels of the counterparties of the Company's debt instrument investments are provided in Note 12 (7) F.

iii. Held-to-maturity financial assets held by the Company were pledged to others in Note 12 (7) E.

F. As of December 31 and March 31, 2017, the credit quality information of financial instruments is as follows:

	Assets are neither past due nor impaired								
	Credit rating								
	S&P AAA or equivalents	Over S&P AA- or equivalents	Over S&P A- or equivalents	Over S&P BBB- or equivalents	Over S&P BB- or equivalents	Without credit rating etc.	Impaired assets	Impairment reserve	Total
December 31, 2017									
Financial assets at fair value through profit or loss	$ -	$ -	$ -	$ -	$ 327,786	$ -	$ -	$ -	$ 327,786
Available-for-sale financial assets	395,753	533,988	-	-	-	-	-	-	929,741
Investments in debt instruments without active market	743,642	1,026,781	2,359,131	403,232	-	-	-	-	4,532,786
Held-to-maturity financial assets	231,338	711,846	1,492,731	450,000	-	-	-	-	2,885,915
	$ 1,370,733	$ 2,272,615	$ 3,851,862	$ 853,232	$ 327,786	$ -	$ -	$ -	$ 8,676,228
March 31, 2017									
Financial assets at fair value through profit or loss	$ -	$ -	$ -	$ -	$ 422,405	$ -	$ -	$ -	$ 422,405
Available-for-sale financial assets	398,806	536,887	-	-	-	-	-	-	935,693
Investments in debt instruments without active market	841,109	1,190,049	2,137,375	401,598	-	-	-	-	4,570,131
Held-to-maturity financial assets	89,214	875,978	502,433	300,342	-	-	-	-	1,767,967
	$ 1,329,129	$ 2,602,914	$ 2,639,808	$ 701,940	$ 422,405	$ -	$ -	$ -	$ 7,696,196

13. RISK MANAGEMENT

The Company has established risk management policy and procedure being the highest directive of promoting enterprise risk management, to efficiently identify, assess, respond and monitor all the risks assumed and to ensure that all risks are within the limitations as planned. Reasonable consideration relationship between risk and reward has been taken into account to maximize the value of equity, maintain the capital adequacy and solvency capability and strengthen the long-term operations of business. The Company has also set up risk management committee which is in charge of executing risk management decisions made by the Board of Directors, as well as independent risk management unit which is responsible for executive affairs in daily monitoring, assessment and evaluation of risks.

With regard to the overall risk management of various circumstances, the Company implemented "Risk Managing Mechanism" covering market, credit, liquidity, operation, insurance, asset and liability, emerging market, money laundering, terrorist financing and other risks. In addition, in order to better improve the strategic risk management efficiency, risk quantitative module, finance of risk variance are put to use to analyze various businesses and calculate Value at Risk (VaR) and Risk-adjusted Return of Capital (RAROC). In addition, the Company sets up risk capacity and risk bearing as the basis for risk management, and promoting the computerization of various risk modules to continually strengthen the efficiency of risk management at the same time.

(1) Financial instruments

A. Financial risk management policies

Except for derivatives held by the Company, the Company's financial instruments mainly comprise cash and cash equivalents, and all kinds of investments. The Company utilizes those instruments to achieve adjustments to operating cash flows. The Company holds other financial assets and liabilities as well, such as notes receivable from operating activities, due from (to) reinsurers and ceding companies, reinsurance receivables (payables), other accounts receivable, and other accounts payable.

The Company undertakes derivative financial instruments such as futures, forward foreign exchange contracts and FX swap contracts to hedge fair value risk arising from fluctuations in stock prices and exchange rates.

B. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

To hedge cash flow fair value risk arising from fluctuations in exchange rates, the Company undertakes derivative financial instruments such as FX swap contracts and forward foreign exchange contracts to hedge recognized assets and liabilities denominated in foreign currencies.

The Company estimates that the conditions of the hedge instruments and the hedged items are the same, thus maximizing the hedging effectiveness.

(i)The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD, the Offshore Insurance Branch's currency: USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value
Assets			
Monetary items			
CAD	3,912	22.574	$ 88,304
CNY	453,389	4.649	2,107,879
EUR	7,398	35.887	265,491
GBP	663	40.812	27,052
HKD	130,657	3.710	484,753
ILS	2,343	8.338	19,539
JPY	994,569	0.274	272,505
KRW	1,587,364	0.027	43,460
THB	22,485	0.934	20,999
USD	236,576	29.120	6,889,094
Non-monetary items			
CNY	250,990	4.649	1,166,890
HKD	310,234	3.710	1,151,004
JPY	802,544	0.274	219,891
USD	15,371	29.120	447,607
Liabilities			
Monetary items			
CNY	118,931	4.649	552,930
EUR	960	35.887	34,441
HKD	16,081	3.710	59,661
IDR	14,999,962	0.002	31,811
INR	317,814	0.447	141,993
JPY	509,673	0.274	139,647
KRW	4,243,247	0.027	116,172
SGD	1,713	22.204	38,044
USD	74,327	29.120	2,164,415

	December 31, 2017		
	Foreign currency amount (in thousands)	Exchange rate	Book value
Assets			
Monetary items			
CAD	3,301	23.798	$ 78,563
CNY	524,058	4.577	2,398,689
EUR	3,385	35.707	120,858
HKD	279,306	3.819	1,066,732
JPY	719,723	0.265	190,750
USD	197,601	29.848	5,897,997
Non-monetary items			
CNY	272,864	4.577	1,248,937
HKD	323,226	3.819	1,234,471
USD	20,879	29.848	623,192
Liabilities			
Monetary items			
CNY	124,747	4.577	570,983
HKD	22,497	3.819	85,920
INR	345,460	0.467	161,359
JPY	428,049	0.265	113,447
KRW	4,880,140	0.028	136,467
USD	65,940	29.848	1,968,192

	March 31, 2017		
	Foreign currency amount (in thousands)	Exchange rate	Book value
Assets			
Monetary items			
CNY	449,101	4.409	$ 1,980,194
EUR	3,095	32.441	100,407
GBP	577	37.820	21,830
HKD	33,617	3.904	131,256
IDR	10,034,759	0.002	22,859
JPY	739,489	0.271	200,564
KRW	1,944,616	0.027	52,745
USD	133,579	30.336	4,052,254
Non-monetary items			
CAD	2,553	22.751	58,073
CNY	248,393	4.409	1,095,222
HKD	361,753	3.904	1,412,466
JPY	1,683,651	0.271	456,640
USD	14,518	30.336	440,410
Liabilities			
Monetary items			
CNY	113,159	4.409	498,945
EUR	647	32.441	21,000
GBP	368	37.820	13,925
HKD	4,849	3.904	18,932
IDR	13,991,719	0.002	31,858
INR	128,576	0.468	60,142
JPY	534,370	0.271	144,932
KRW	5,535,569	0.027	150,143
MYR	2,220	6.858	15,224
SGD	1,926	21.710	41,812
USD	48,039	30.336	1,457,321

(ii) Sensitivity analysis of foreign exchange risk for monetary financial assets and liabilities listed in the table below is performed for reasonably possible changes in foreign exchange rates with other conditions held constant and without considering foreign exchange derivatives for hedge, showing the effect on profit or loss before tax.

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Foreign currencies to NTD appreciate by 1%	$ 71,055	$ 39,898
Foreign currencies to NTD depreciate by 1%	(71,055)	(39,898)

ii. Price risk

(i) The values of financial instruments may be changed by economic situations, industrial circumstances, market capital flows and government monetary policies. To hedge market value risk exposures, the Company adopts diversified assets allocation strategy taking into account the current trends of financial markets to flexibly adjust assets portfolio under the provisions of Article 146 (1) ~ (8) of the Insurance Act, regulating the limits of funds utilization ratios and accordingly, disperse the market value risk.

(ii)The Company adopts the FX swap contracts and forward foreign exchange contracts to hedge exchange rate fluctuations risk on foreign-currency denominated assets. As the gain (loss) arising from exchange rate changes will mostly offset against the loss (gain) on hedged objectives, the Company estimates no material market value risk would arise. The Company is exposed to price risk because of investments in Taiwan Stock Index Futures, which have fair value in the active market. The Company sets limits to control the transaction volume and stop-loss amount of derivatives to reduce its market risk.

(iii)The Company's investments comprise equity securities and REITs, etc. Their fair value would change due to the change of the prices of equity securities. If the prices of these equity securities and REITs had increased/decreased by 1% with all other variables held constant, the effects on profit and loss and equity in the three-month periods ended March 31, 2018 and 2017 are as follows:

	March 31, 2018		
	Changes in variables	Changes in profit or loss before tax	Changes in other comprehensive income (before tax)
Financial assets at fair value through profit or loss	increased/ decreased by 1%	$ 14,715	$ 41,688

	March 31, 2017		
	Changes in variables	Changes in profit or loss before tax	Changes in other comprehensive income (before tax)
Financial assets at fair value through profit or loss	increased/ decreased by 1%	$ 9,086	$ -
Available-for-sale financial assets	increased/ decreased by 1%	-	54,312

iii. Interest rate risk

Sensitivity analysis of interest rate risk listed in the table below is performed for reasonably possible changes in interest rate with other conditions held constant, showing the effect on profit or loss before tax and other comprehensive income before tax. Measurement of interest rate risk only takes into consideration the duration but does not include convexity. Relevant effects may differ from the actual values, but the differences are not significant.

	March 31, 2018		
	Changes in variables	Changes in profit or loss	Changes in other comprehensive income
Financial assets at fair value through profit or loss	Increase/decrease 50 basis points	Decrease $1,272/Increase $1,290	-

	December 31, 2017		
	Changes in variables	Changes in profit or loss	Changes in other comprehensive income
Financial assets at fair value through profit or loss	Increase/decrease 50 basis points	Decrease $1,709/Increase $1,734	-
Available-for-sale financial assets	Increase/decrease 50 basis points	-	Decrease $22,838/Increase $22,838

	March 31, 2017		
	Changes in variables	Changes in profit or loss	Changes in other comprehensive income
Financial assets at fair value through profit or loss	Increase/decrease 50 basis points	Decrease $3,235/Increase $3,292	-
Available-for-sale financial assets	Increase/decrease 50 basis points	-	Decrease $26,015/Increase $26,015

(b) Credit risk

i. When investing in financial instruments, the Company will encounter the risks that the transaction counterparties may default on contracts and the custodians may incur operating difficulties. The Company utilizes funds and makes investments in accordance with the Article 146 of Insurance Act and relevant laws, and conducts transactions only with counterparties with good credit ratings, or ensures that financial instruments are issued or guaranteed by reputable financial institutions, or acquires adequate collaterals. The Insurance Act also puts a limit to the transaction amount on an individual counterparty. Accordingly, the maximum loss to the Company is the total amount of all book value.

ii. The Company utilizes funds and makes investments in financial instruments except for short-term notes and bills, time deposits, demand deposits and cash equivalents in accordance with the Article 146 of Insurance Act and related laws, and sets limits to control the investment volume with an individual institution. Therefore, the Company has lower significant concentrations of credit risk. As for the management of credit risk of debt instruments, the Company identifies the credit risk by its rating provided by external institutions, credit quality, conditions of locations and risk of counterparties. For credit ratings of counterparties, the Company strictly complies with the Article 146 of Insurance Act, the relevant legal interpretations and the Company's internal regulations on risk control. The counterparties of bond investments are those financial institutions and companies with a certain degree of credit rating.

iii. The Company undertakes FX swap contracts and forward foreign exchange contracts only with high-credit-quality financial institutions. If the counterparties of Taiwan Stock Index Futures default, the futures brokers will be liable for the losses incurred on the default. Accordingly, the Company estimates no material credit risk would arise.

iv. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations, including financial assets at amortized cost, accounts receivable, other financial assets and refundable deposits under other assets.

v. Assessment of a significant increase in credit risk since initial recognition

The Company takes into account the following key indicators to assess whether there has been a significant increase in credit risk after initial recognition at the reporting date for the financial assets applying the impairment requirement of IFRS 9, including:

(i) Financial instruments

a. External rating is downgraded 2 notches and under non-investment grade (BB+\Ba1); or

b. The decline in market value (against to the cost) exceeds 30%.

(ii) Accounts receivable

The number of past-due days is over one month but less than three months unless the contractual terms specify it.

(iii) Other financial assets and refundable deposits under other assets

Not for specific contracts, those that have expired but not returned over one month but less than three months.

vi.Definition of default and credit impaired financial asset

The Company determines a financial asset to be credit impaired and default if it qualifies one or more of following conditions:

(i)Quantitative indicators:

a. The bond is rated default grade on base date.

b. A default occurs in the repayment of principal or interest under the stipulated term of issuance or the repayment is later over 3 months than when contractually dues unless the financial asset is characterized by an unfixed repayment date.

(ii)Qualitative indicators: The issuer enters bankruptcy or reorganization that significantly affects its business.

vii.Measurement of expected credit loss

(i)Methodology and assumptions used

a. Debt instruments (including bond interest receivable)

The Company recognizes the impairment provision for 12 months expected credit losses (ECLs) if there has not been a significant increase in credit risk since initial recognition and recognizes the impairment provision for the lifetime expected credit losses if such credit risk has increased since initial recognition.

The ECLs are measured by multiplying the following 12-month or lifetime expected losses (EL) by exposure at default (EAD). 12-month or lifetime EL is calculated by multiplying probability of default (PD) by loss given default (LGD).

The Company uses Moody's assessment which takes into consideration of forecasts on PD and LGD.

The Company's EAD is financial assets at amortized cost plus accrued interest.

b. Accounts receivable (excluding bond interest receivable), other financial assets and refundable deposits under other assets (excluding statutory deposits)

The Company considers historical information in relation to incurred losses and adjusted future loss rate when appropriate to reflect the significant changes in past events, current conditions and forecasts of future economic conditions. If a significant default event occurred during the reporting year, the incurred losses will be included when calculating the future loss rate.

(ii)The loss allowance in 12 months, the book value and the maximum exposure to credit risk of bond interest receivable and debt instruments at amortized cost are as follows:

	March 31, 2018	
	12 Months	
Bond interest receivable		
Expected Loss rate		
Group 1		0%
Group 2		0.0000%-0.0345%
Group 3		0.0232%-0.1171%
Group 4		0.0809%-0.1557%
Group 5		0.4421%
Total book value	$	94,627
Loss allowance	($	77)
The maximum exposure to credit risk	$	94,550
Debt instruments at amortized cost		
Expected Loss rate		
Group 1		0%
Group 2		0.0000%-0.0345%
Group 3		0.0232%-0.1171%
Group 4		0.0809%-0.1557%
Total book value	$	8,654,346
Loss allowance	($	2,889)
The maximum exposure to credit risk	$	8,651,457

Group 1: S&P AAA or equivalents.

Group 2: Over S&P AA- or equivalents.

Group 3: Over S&P A- or equivalents.

Group 4: Over S&P BBB- or equivalents.

Group 5: Under S&P BBB- or equivalents.

(iii)As of March 31, 2018, accounts receivable (excluding bond interest receivable), other financial assets and refundable deposits under other assets were not past due. The Company did not recognize loss allowance given its low credit risk. The book value and the maximum exposure to credit risk are as follows:

	March 31, 2018			
	Total book value		The maximum exposure to credit risk	
Accounts receivable (excluding bond interest receivable)	$	351,559	$	351,559
Other financial assets		671,722		671,722
Refundable deposits under other assets		442,247		442,247

viii.Movements of the loss allowance for bond interest receivable are as follows:

	2018
	12 Months
At January 1	$ 62
From loss allowance for reinsurance contract assets	15
At March 31	$ 77

The loss allowance for bond interest receivable was reclassified from reinsurance contract assets to accounts receivable. Please refer to Note 6 (8) for details.

ix.The following credit risk information for the accounts receivable – bond interest receivable and investments in debt instruments at amortized cost are rated in 12-month period as at March 31, 2018:

	March 31, 2018
	12 Months
Bond interest receivable	
Group 1	$ 3,877
Group 2	26,956
Group 3	47,124
Group 4	5,245
Group 5	11,425
	$ 94,627
Financial assets at amortized cost	
Group 1	1,502,121
Group 2	2,471,252
Group 3	3,827,931
Group 4	853,042
	$ 8,654,346

Group 1: S&P AAA or equivalents.
Group 2: Over S&P AA- or equivalents.
Group 3: Over S&P A- or equivalents.
Group 4: Over S&P BBB- or equivalents.
Group 5: Under S&P BBB- or equivalents.

x. Movements in 12-month loss allowance for investments in debt instruments at amortized cost as at March 31, 2018 are as follows:

	2018
	12 Months
At January 1	$ 2,783
Provision	106
At March 31	$ 2,889

xi. Write-off policy

The Company writes-off the financial assets partially or entirely to the extent of the amount which cannot be reasonably expected to be recovered. The indicators for reasonably expected to be unrecoverable include:

(i) The recourse procedures has ceased.

(ii) The debtor's assets or income is evaluated to be insufficient to repay outstanding payments.

(c) Liquidity risk

i. The Company uses time deposits to adequately adjust its cash flows. When conducting investment evaluation, the Company will take into account the liquidity of financial instruments in secondary markets and may allocate some funds to lower-liquidity but higher-yield-rate financial instruments on condition that the risk is controlled. Even if those financial instruments are sold in the short-term, there is a less likelihood that liquidity risk would arise due to the selling price being significantly lower than the fair value. However, those financial instruments are not intended to be sold in the short-term.

ii. The notional principal of FX swap contracts and forward foreign exchange contracts is normally used as a calculation basis of receivables and payables for these transactions, and is not the actual settlement amount. The actual settlement amount is usually lower than the notional principal. The Company has paid margins in advance before undertaking Taiwan Stock Index Futures transactions, and daily evaluates the unsettled futures positions. In case additional margins have to be paid later on, the Company has sufficient working capital to fulfill its payment obligations. Accordingly, the Company estimates no material cash flow risk would arise.

iii. The table below analyzes the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

(i) Non-derivative financial liabilities

March 31, 2018	Due in one year	Due after one year through three years	Total
Accounts payable	$ 528,518	$ 1	$ 528,519
Deposits-in (under other liabilities)	2,597	2,255	4,852

December 31, 2017	Due in one year	Due after one year through three years	Total
Accounts payable	$ 409,869	$ 1	$ 409,870
Deposits-in (under other liabilities)	2,586	2,266	4,852

March 31, 2017	Due in one year	Due after one year through three years	Total
Accounts payable	$ 459,237	$ 539	$ 459,776
Deposits-in (under other liabilities)	1,677	3,188	4,865

(ii) Net-settled derivative financial liabilities

March 31, 2018		Due in three months		Due after three months through one year		Total
FX swap contracts	$	4,420	$	10,289	$	14,709
Forward foreign exchange contracts		5,826		1,533		7,359
Futures		1,345		-		1,345

December 31, 2017		Due in three months		Due after three months through one year		Total
FX swap contracts	$	976	$	306	$	1,282
Forward foreign exchange contracts		12,008		-		12,008

March 31, 2017		Due in three months		Due after three months through one year		Total
FX swap contracts	$	6,433	$	-	$	6,433
Forward foreign exchange contracts		2,119		-		2,119

(2) Risk management of insurance contracts

All insurance contracts assumed by the Company, after assessment, were considered risks transferred by reinsurance. Risk management and procedures are summarized below:

A. Measurement and management of insurance risk:

Insurance risk occurs when loss frequency, severity, timing and other possible risk factors are far from past experience. For example, natural and man-made catastrophes risk may occur randomly and thus actual claims may be more than expected.

The Company follows underwriting and risk management related guidelines to assume reinsurance business. The Company's internal quantitative model, external monitoring model, internal control system and other related systems are developed to ensure insurance risks are efficiently identified, measured, steered and monitored.

(a) Underwriting policy

The reinsurance portfolio of the Company consists of various types of reinsurance and businesses from different countries and territories. The insurance types include life insurance, property and casualty insurance and others which are in compliance with regulatory requirement. The Company's core markets are in Asia.

(b) Retrocession strategy

In consideration of financial strength, capacity and the operation strategies, the Company arranges retrocession to increase the capacity, diversify risks, mitigate retained risk and increase business competitiveness. Furthermore, the Company has purchased catastrophe cover to minimize the exposure to catastrophe loss which may greatly impact the Company’s financial performance. Stringent evaluation of the reputation and credit rating of the reinsurer is taken into account when the Company arranges a retrocession contract.

Although the Company adopts various prescribed methods to control insurance risk, given the random and unpredictable nature of insured incidents, deviation may occur between the actual result and the expectation derived from historical experience.

B. Concentration of insurance risk

Premium income and retention premium income ratio based on the business type are as follows:

Type \ Year	Three-month period ended March 31, 2018		Three-month period ended March 31, 2017	
	Reinsurance premiums	Retention premiums	Reinsurance premiums	Retention premiums
Domestic inward property reinsurance business	70.11%	68.40%	69.24%	67.93%
Domestic inward life reinsurance business	16.94%	18.42%	21.01%	22.04%
Subtotal-Domestic inward reinsurance business	87.05%	86.82%	90.25%	89.97%
Foreign inward reinsurance business	12.95%	13.18%	9.75%	10.03%
Total	100.00%	100.00%	100.00%	100.00%

C. Sensitivity analysis of insurance risk

The retention earned premium income of the Company (excluding the compulsory automobile liability insurance business) for the three-month periods ended March 31, 2018 and 2017 were $2,926,036 and $2,718,463, respectively. If the change of combined ratio of the Company is 1%, the estimated effect on gains and losses of underwriting for the three-month periods ended March 31, 2018 and 2017 would be approximately $29,260 and $27,185, respectively.

D. Loss development pattern

(a) As of March 31, 2018, the following table indicates the loss development pattern of the Company's inward business:

Year of underwriting	2013	2014	2015	2016	2017	Three-month period ended March 31, 2018	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 5,222,485	$ 4,482,819	$ 5,067,741	$ 4,823,223	$ 4,676,211	$ 700,395	
After the first year	9,666,215	7,292,566	7,521,055	7,371,808	5,697,932		
After the second year	9,033,742	6,837,791	7,049,813	7,195,485			
After the third year	8,812,908	6,618,827	7,009,097				
After the fourth year	8,732,883	6,596,871					
After the fifth year	8,731,076						
Accumulated estimated claim amount	8,731,076	6,596,871	7,009,097	7,195,485	5,697,932	700,395	$ 35,930,856
Accumulated claim payment	(8,015,063)	(5,857,098)	(5,696,416)	(5,170,645)	(1,470,046)	135,141	(26,074,127)
Accumulated unpaid claim	716,013	739,773	1,312,681	2,024,840	4,227,886	835,536	9,856,729
Add: accumulated unpaid claim before 2012							2,770,725
Subtotal							12,627,454
Provision for statutory insurance claims reserve (Note)	-	2,972	186,819	648,877	926,176	350,195	2,115,039
Recognition in balance sheet (under claims reserve of insurance liabilities)							$ 14,742,493

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

(b) As of March 31, 2018, the following table indicates the loss development pattern of the Company's retention business:

Year of underwriting	2013	2014	2015	2016	2017	Three-month period ended March 31, 2018	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 4,924,699	$ 4,218,773	$ 4,796,487	$ 4,501,311	$ 4,427,596	$ 660,533	
After the first year	9,076,191	6,809,108	7,012,164	6,787,551	5,345,152		
After the second year	8,505,546	6,420,151	6,605,203	6,629,890			
After the third year	8,296,211	6,214,332	6,568,045				
After the fourth year	8,215,613	6,192,698					
After the fifth year	8,212,627						
Accumulated estimated claim amount	8,212,627	6,192,698	6,568,045	6,629,890	5,345,152	660,533	$ 33,608,945
Accumulated claim payment	(7,516,071)	(5,482,787)	(5,302,073)	(4,754,910)	(1,392,045)	130,998	(24,316,888)
Accumulated unpaid claim	696,556	709,911	1,265,972	1,874,980	3,953,107	791,531	9,292,057
Add: accumulated unpaid claim before 2012							2,621,192
Subtotal							11,913,249
Provision for statutory insurance claims reserve (Note)	-	2,972	186,819	648,877	926,176	350,195	2,115,039
Recognition in balance sheet							$ 14,028,288

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

(c) As of December 31, 2017, the following table indicates the loss development pattern of the Company's inward business:

Year of underwriting	2012	2013	2014	2015	2016	2017	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 4,333,245	$ 5,222,485	$ 4,482,819	$ 5,067,741	$ 4,823,223	$ 4,676,211	
After the first year	7,341,226	9,666,215	7,292,566	7,521,055	7,371,808		
After the second year	7,077,263	9,033,742	6,837,791	7,049,813			
After the third year	6,703,107	8,812,908	6,618,827				
After the fourth year	6,486,307	8,732,883					
After the fifth year	6,420,054						
Accumulated estimated claim amount	6,420,054	8,732,883	6,618,827	7,049,813	7,371,808	4,676,211	$ 40,869,596
Accumulated claim payment	(5,895,290)	(8,002,460)	(5,835,729)	(5,564,829)	(4,719,541)	(615,464)	(30,633,313)
Accumulated unpaid claim	524,764	730,423	783,098	1,484,984	2,652,267	4,060,747	10,236,283
Add: accumulated unpaid claim before 2011							2,300,728
Subtotal							12,537,011
Provision for statutory insurance claims reserve (Note)	-	-	39,306	301,981	958,448	831,917	2,131,652
Recognition in balance sheet (under claims reserve of insurance liabilities)							$ 14,668,663

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

(d) As of December 31, 2017, the following table indicates the loss development pattern of the Company's retention business:

Year of underwriting	2012	2013	2014	2015	2016	2017	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 4,062,535	$ 4,924,699	$ 4,218,773	$ 4,796,487	$ 4,501,311	$ 4,427,596	
After the first year	6,797,370	9,076,191	6,809,108	7,012,164	6,787,551		
After the second year	6,596,777	8,505,546	6,420,151	6,605,203			
After the third year	6,262,364	8,296,211	6,214,332				
After the fourth year	6,048,963	8,215,613					
After the fifth year	5,984,878						
Accumulated estimated claim amount	5,984,878	8,215,613	6,214,332	6,605,203	6,787,551	4,427,596	$ 38,235,173
Accumulated claim payment	(5,481,925)	(7,504,053)	(5,462,548)	(5,179,433)	(4,341,019)	(589,692)	(28,558,670)
Accumulated unpaid claim	502,953	711,560	751,784	1,425,770	2,446,532	3,837,904	9,676,503
Add: accumulated unpaid claim before 2011							2,159,398
Subtotal							11,835,901
Provision for statutory insurance claims reserve (Note)	-	-	39,306	301,981	958,448	831,917	2,131,652
Recognition in balance sheet							$ 13,967,553

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

(e) As of March 31, 2017, the following table indicates the loss development pattern of the Company's inward business:

Year of underwriting	2012	2013	2014	2015	2016	Three-month period ended March 31, 2017	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 4,333,245	$ 5,222,485	$ 4,482,819	$ 5,067,741	$ 4,823,223	$ 575,871	
After the first year	7,341,226	9,666,215	7,292,566	7,521,055	5,991,318		
After the second year	7,077,263	9,033,742	6,837,791	7,438,004			
After the third year	6,703,107	8,812,908	6,721,250				
After the fourth year	6,486,307	8,784,789					
After the fifth year	6,462,720						
Accumulated estimated claim amount	6,462,720	8,784,789	6,721,250	7,438,004	5,991,318	575,871	$ 35,973,952
Accumulated claim payment	(5,867,117)	(7,868,813)	(5,705,709)	(4,944,642)	(1,539,725)	10,362	(25,915,644)
Accumulated unpaid claim	595,603	915,976	1,015,541	2,493,362	4,451,593	586,233	10,058,308
Add: accumulated unpaid claim before 2011							2,472,062
Subtotal							12,530,370
Provision for statutory insurance claims reserve (Note)	-	133	186,029	713,087	967,753	215,359	2,082,361
Recognition in balance sheet (under claims reserve of insurance liabilities)							$ 14,612,731

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

(f) As of March 31, 2017, the following table indicates the loss development pattern of the Company's retention business:

Year of underwriting	2012	2013	2014	2015	2016	Three-month period ended March 31, 2017	Total
Non-statutory insurance							
Accumulated estimated claim amount							
At the end of the year	$ 4,062,535	$ 4,924,699	$ 4,218,773	$ 4,796,487	$ 4,501,311	$ 557,294	
After the first year	6,797,370	9,076,191	6,809,108	7,012,164	5,558,821		
After the second year	6,596,777	8,505,546	6,420,151	6,944,392			
After the third year	6,262,364	8,296,211	6,312,017				
After the fourth year	6,048,963	8,269,128					
After the fifth year	6,027,477						
Accumulated estimated claim amount	6,027,477	8,269,128	6,312,017	6,944,392	5,558,821	557,294	$ 33,669,129
Accumulated claim payment	(5,455,520)	(7,449,813)	(5,344,555)	(4,600,978)	(1,433,153)	10,330	(24,273,689)
Accumulated unpaid claim	571,957	819,315	967,462	2,343,414	4,125,668	567,624	9,395,440
Add: accumulated unpaid claim before 2011							2,299,144
Subtotal							11,694,584
Provision for statutory insurance claims reserve (Note)	-	133	186,029	713,087	967,753	215,359	2,082,361
Recognition in balance sheet							$ 13,776,945

Note: Statutory insurance includes compulsory automobile liability insurance, residential earthquake insurance and nuclear insurance.

14. THE OBJECTIVE, POLICY AND PROCEDURE OF CAPITAL MANAGEMENT

The Company’s primary objectives when managing capital are to safeguard capital adequacy and solvency of the Company in order to support the Company’s sustainable development and continuously create interests for shareholder.

In practice, Taiwan insurance enterprises usually measure whether the capital is adequate by using the capital adequacy ratio. Pursuant to Article 143-4 of Insurance Act, an insurance enterprise's ratio of self-owned capital to risk-based capital may not be lower than 200%. The Company calculates the capital adequacy ratio every six months in accordance with “Regulations Governing Capital Adequacy of Insurance Companies” to ensure that it can continuously meet the statutory capital requirement.

In accordance with “Regulations Governing Capital Adequacy of Insurance Companies”, capital adequacy ratio is calculated as self-owned capital divided by risk-based capital. Self-owned capital is the total capital approved by the competent authority, which includes recognized owners' equity and other adjustment items as regulated by the competent authority; risk-based capital is the total capital calculated based on the extent of risk that an insurance enterprise assumes in its actual operations. Capital adequacy ratios of the Company as of December 31, 2017 and 2016 were all above 300% and in compliance with regulation.

15. OTHER DISCLOSURES

(1) Information of significant transactions

A. Acquisition of real estate in excess of $300,000 or 20% of the paid-in capital: None.

B. Disposals of real estate in excess of $300,000 or 20% of the paid-in capital: None.

C. Related party transactions in excess of $100,000 or 20% of the paid-in capital: None.

D. Accounts receivable from related parties in excess of $100,000 or 20% of the paid-in capital: None.

E. Derivative business transactions: Please see Note 6 (3).

F. Business and significant transactions between the parent company and subsidiaries, and those between subsidiaries: None.

(2) Information related to long-term investments

None.

(3) Investments in Mainland China and business transactions

None.

16. SEGMENT INFORMATION

The Company operates business only in reinsurance services. The Company allocates resources and assesses performance of the Company as a whole, and has identified that the Company has only one reportable operating segment.

17. BORROWINGS RESULTED FROM PAYMENT OF CLAIMS

None.

18. ACQUISITION, CONSTRUCTION, IDLELIZATION AND SALES OF MAIN OPERATING ASSETS AND REAL ESTATE INVESTMENTS

None.

19. IMPORTANT LAWSUITS IN PROGRESS OR ADJUDICATED

None.

20. IMPORTANT CONTRACTS SIGNED, DISCHARGED BY PERFORMANCE, AGREEMENT, OR BREACHED

Aside from regular contracts related to the insurance business, the Company had no important contracts signed, discharged by performance, agreement, or breached.

21. INVESTMENT ITEMS AND INVESTMENT CEILINGS WITH THE INVESTMENT FUNDS BEING HANDLED AND MANAGED BY THE SECURITIES INVESTMENT TRUST COMPANIES OR SECURITIES INVESTMENT CONSULTING COMPANIES

None.

22. ADJUSTMENT OF ORGANISATION AND SIGNIFICANT CHANGE OR REFORM OF MANAGEMENT MECHANISM

None.

23. EFFECTS OF SIGNIFICANT CHANGES IN GOVERNMENT LAWS

None.