

Accumulation of Various Reserves

As of the end of 2024, TREIF's cumulative special reserve was NT\$42.467billion, net unearned premium reserve was NT\$1.899billion, reserve adjustment was NT\$1.09billion, and credit risk reserve was NT\$649million. Total reserves reached NT\$46.105billion, up by 6.23% in comparison with NT\$43.403billion in 2023. At the end of each year, the entire balance of the total amount of pure premium received by the TREIF after deduction of premium allocated to the coinsurance pool, premiums ceded to the domestic and overseas reinsurance and capital markets, and net retained indemnities, as well as the entire balance of the management fee income after minus the costs and expenses, shall be set aside as a special reserve. The goal is to quickly buildup the special reserve and have sufficient funds for claims payouts in the event of an earthquake. The loading for residential earthquake insurance is 15% of the insurance premiums, of which 1.5% is allocated to the TREIF as a reserve adjustment for risk spread on reinsurance or capital market. Meanwhile, 1% is allocated to the TREIF for credit risk reserve to cover losses from breach of contract by policy issuers, coinsurance pool members, reinsurers and reinsurance brokers.

Table: Accumulation of Various Reserves

Unit: NT\$1,000

| Year | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------|------------|------------|------------|------------|------------|
| Special Reserve | 32,113,115 | 34,795,818 | 37,485,222 | 40,105,977 | 42,467,447 |
| Unearned Premium Reserve | 1,577,227 | 1,608,990 | 1,645,952 | 1,686,668 | 1,898,825 |
| Reserve Adjustment | 805,455 | 872,857 | 942,094 | 1,012,732 | 1,090,250 |
| Credit Risk Reserves | 459,422 | 504,356 | 550,514 | 597,606 | 649,284 |
| Total | 34,955,219 | 37,782,021 | 40,623,782 | 43,402,983 | 46,105,806 |
| Growth Rate | 9.06% | 8.09% | 7.52% | 6.84% | 6.23% |

Chart: Accumulation of Various Reserves

Unit: NT\$1,000

