

## **The changes in the insurance sector in Taiwan after the Epidemic**

The impact of the Epidemic is worldwide, and most of the evolutions of the Epidemic in every country are the same. The only difference is the order of occurrence in every country. Furthermore, the government's policy against the Epidemic is dramatically different from each other, and the policy itself is dynamic as well. As a result, the infection rate and the fatality rate of the Epidemic in every country are divergences. Let's see the major changes in the insurance sector in Taiwan after the Epidemic.

First of all, the Epidemic accelerates the development of Fintech in Taiwan. To avoid physical contact, The Financial Supervisory Commission R.O.C(Taiwan), the supervisor in Taiwan, took several temporary adjustments as responses. Moreover, The Financial Supervisory Commission R.O.C(Taiwan) is optimistic about the insurance companies applying new platforms such as LINE or APPs instead of the traditional way to sell insurance contracts. The insurance company can sell insurance contracts through its APP after getting approval from The Financial Supervisory Commission R.O.C(Taiwan).

Secondly, the management rules of insurance salespersons in Taiwan specify that when signing life insurance contracts, the insurance salesperson shall be "personally present" and witness the customer "sign in person". To lower the impacts of the Epidemic and avoid physical contact, The Financial Supervisory Commission R.O.C(Taiwan) launched the interim principles related to in-person meetings, signing, and writing operations when the Central Epidemic Command Center in Taiwan announced that the Level 3 alert for the Epidemic in May 2021. Therefore, people can buy insurance contracts safer and easier.

Let's compare the first-year premium after the impact of the Epidemic. The first-year premium in 2020 in Taiwan is 30.9 billion US dollars (the exchange rate is 1 US dollar to 29.7 NTD), compare to 42.9 billion US dollars in 2019, which declined by 28%.

Although the premium bounced back to 35.3 billion US dollars in 2021, it still dropped by 18% compared to 2019. Indeed, the Epidemic had a severe influence on the insurance sector in Taiwan.

Recently, due to the variation of the Epidemic, the confirmed cases in Taiwan increased dramatically to over 10 thousand in one day for the first time in late April 2022 and reached almost 100 thousand in May 2022. The insurance company who sold pandemic insurance face massive claims from policyholders. For example, one can claim 3,367 US dollars when he is quarantined and diagnosed, and the premium is only 96 US dollars. Almost all Insurance companies need to increase their capital to cover the claims from pandemic insurance. It reminds us that the pricing of the new risk should be taken more seriously because we don't know what's going on for the next day.