



# IGP Country Profile 2021

## Taiwan

Prepared by:

Shin Kong Life Insurance Company, Ltd.



## Preface

This Country Profile has been prepared by **Shin Kong Life Insurance Company, Ltd.** for the International Group Program (IGP).

The International Group Program (IGP) is a network of major life insurance companies (Network Partners) operating throughout the world, who work together to meet the group insurance and pension needs of international corporations and their affiliates, branches, and subsidiaries.

Since 1967, the International Group Program has been an industry leader in the field of international benefits management, serving more multinational companies than any other network. IGP is represented in around 80 countries throughout the world and is known for the flexibility and quality of service we provide to our clients.

Working closely with our headquarters' staff in Boston and our regional offices in Brussels and Singapore, IGP Network Partners offer corporate clients the advantages of experienced local insurance management coupled with the resources of a professionally trained staff that specializes in international employee benefits.

IGP is managed by John Hancock Life Insurance Company (U.S.A.), the U.S. operation of Manulife Financial Corporation, a leading financial services group based in Toronto, Canada. Manulife offers its clients a diverse range of financial protection products and wealth management services. Both Manulife Financial and John Hancock are internationally recognized brands that have stood for financial strength and integrity for more than a century.

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## Your Local Link to IGP in Taiwan: Shin Kong

**Shin Kong Life Insurance Company, Ltd.** was founded in 1963 and provides a range of life, health, and disability products to policyholders through an extensive network that includes branch offices and policyholder service centers located throughout Taiwan.

A member of the Shin Kong Financial Group, Shin Kong is the fourth-largest life insurance company in Taiwan and, with a market share of 6.32%, is the leading underwriter of group life and medical plans in the country. In recognition of its commitment to providing quality service, Shin Kong was awarded ISO 9002 certification in 1998, and won three Taiwan Corporate Sustainability Awards (TCSA) in 2018.

In 2002, the Shin Kong Group officially set up Shin Kong Financial Holding Co., Ltd. (SKFH), bringing together Shin Kong Life Insurance Co., Ltd.; Shin Kong Commercial Bank Co., Ltd.; Shin Kong Securities Co., Ltd.; New Light Asset Management Co., Ltd. and Shin Kong Insurance Brokers Co., Ltd.

By integrating the resources of these affiliates, Shin Kong has been able to develop into an international provider of diversified financial services, uniquely positioned to offer customers a full range of innovative and value-added financial products. In addition, Shin Kong Life and China's HNA Group officially launched Shin Kong & HNA Life Insurance in 2009, further internationalizing the scope of Shin Kong's financial services business.

Shin Kong set up a representative office in Hong Kong in 2000, Beijing in 2001, Shanghai in 2005 and Ha Noi in 2006.

Shin Kong has been an IGP Network Partner since 1976.

### Key Products

#### Life

- Life
- Accidental Death and Disability
- Occupational Hazards Insurance

#### Medical

- Cancer Rider
- Hospital and Surgical
- Medical Reimbursement for Injuries Caused by Accidents
- Outpatient

#### Other

- Group Personal Accident
- Travel Accident

Shin Kong is located on the internet at: <http://www.skl.com.tw>.  
(Information available in English)

## Social Security Benefits and Customary Private Employee Benefits

### Introduction:

Social Security benefits in the Republic of China (ROC) are provided primarily by the following programs:

- **Labor Insurance Program** – provides benefits for old age, death, permanent disability, injury or sickness, medical for occupational accidents and maternity benefits.
- **Labor Pension Fund** – system of individual accounts established in 2005. Mandatory for anyone joining the labor force or changing jobs after July 1, 2005. Voluntary for anyone in the labor force prior to 2005.
- **National Health Insurance (NHI)** – effective March 1, 1995. NHI is a publicly funded and compulsory healthcare program that provides all residents of Taiwan with equal access to healthcare.
- **National Pension Program** – established in 2008 for individuals between the ages of 25 to 65 who are not covered by any other type of public pension plan. Self-employed individuals can participate on a voluntary basis.

The Social Security program also includes Government Employee Insurance (GEI), which became effective in 1958, and Student Group Accident Insurance (SGAI), which took effect in 1976.

In 1999, legislation was passed consolidating the Government Employee Insurance (GEI) with the Insurance for Teaching & Administrative Staff of Private Schools (ITASPS) to form the Government Employee and School Staff Insurance (GESSI).



## Social Security Benefits and Customary Private Employee Benefits

### Social Security Contributions:

EMPLOYER		EMPLOYEE
4.69% of insured's wages (of which the employer contributes 60%, employee 30% and the government 10%).	<b>MEDICAL CARE BENEFITS</b>	4.69% of insured's wages (of which the employer contributes 60%, employee 30% and the government 10%).
<p>National Pension Program: 5.1% of monthly insured amount. Disabled persons pay less.</p> <p>Labor Insurance Program: 2.4% of monthly covered earnings.</p> <p>Mandatory individual Account: 6% of monthly covered earnings.</p>	<b>OLD AGE, DISABILITY &amp; SURVIVORS</b>	<p>National Pension Program: 0%</p> <p>Labor Insurance Program: 8.4% of monthly covered earnings.</p> <p>Mandatory individual Account: 6% of monthly covered earnings.</p>

While most employees are covered by Social Security, private benefit plans are often adopted to supplement the moderate level of Social Security benefits.

<b>LIFE BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b><u>Labor Insurance (LI)</u></b></p> <p>If the insured was working at the time of death, the benefit is 1.55% of his or her average monthly salaries in the highest 60 months x number of years of coverage. Average monthly salary equals the average of the last six months preceding the claim or event.</p> <p>If the insured had contributed for a minimum of 15 years preceding death, but had not claimed Labor Insurance old age benefits, the benefit is 50% of the old-age pension to which he or she was entitled.</p> <p>Individuals insured before January 1, 2009 may choose a lump sum equal to 30 months of the insured's average monthly earnings in the six months preceding the death if the insured contributed for at least two years as follows:</p> <ul style="list-style-type: none"> <li>• 10-month cash benefit if the insured had less than one year of contribution.</li> <li>• 20-month cash benefit if the insured contributed for one - two years.</li> <li>• 30-month case benefit if the insured contributed for two years or more.</li> <li>• 40-month cash benefit if death was work-related.</li> </ul> <p>Upon the death of an insured, a funeral allowance is paid equal to five times the insured's average monthly salary in the six months preceding the death. If there are no eligible survivors, the funeral allowance is equal to ten times the insured's average monthly salary in the six months preceding the death to whom paid for the funeral. The benefit is paid as a lump sum.</p> <p>If the insured's parents, spouse or children die, the funeral allowance is as follows:</p> <ul style="list-style-type: none"> <li>• 3 months cash Death Benefit for parents or spouse.</li> <li>• 2.5 months cash Death Benefit for child whose age at least 12 years old.</li> <li>• 1.5 months cash Death Benefit for child under 12 years old.</li> </ul> <p><b><u>Waiver of Premium:</u></b> - If the insured loses his or her income due to hospital confinement or to a disability that prevents him or her from performing his or her regular occupation, his or her premium will be waived, and the insurance will remain in effect.</p>	<p>Life Insurance is the most popular employee benefit. Group life insurance for employees is commonly found in foreign companies and is also becoming popular with large local companies.</p> <p>The sum insured for most policies is one or two times annual salary. Some policies are based on the employee's position, and all are non-contributory.</p> <p><i>Group Life:</i></p> <p>A lump-sum benefit based upon annual salary or a flat specified amount.</p> <p><i>Group AD&amp;D:</i></p> <p>An accidental death and dismemberment rider is commonly attached to the life policy with the same insured amount.</p> <p>Usually, it provides an accidental death and disability benefit that ranges from 5% to 100% of sum insured depending on the degree of disability.</p> <p>Benefits covering a lesser amount for spouses and children are permitted.</p>

DISABILITY BENEFITS	
Social Security Benefits	Customary Private Employee Benefits
<p><b><u>Labor Insurance (LI)</u></b></p> <p><b>Permanent Disability Benefits (Lump Sum/Pension)</b></p> <p><b>Eligibility:</b> An insured who suffers from injuries or disease, is not expected to get better with continuing treatment and has also been diagnosed by the National Health Insurance Hospital with permanent disabilities.</p> <p>The benefit is calculated according to insured persons' insurance coverage years:</p> <p>1.55% of the average monthly insurance salary is issued for every full year of insurance seniority. (Average Monthly Insurance Salary × Coverage Years × 1.55%).</p> <ul style="list-style-type: none"> <li>• If the amount is less than NT\$4,000, NT\$4,000 shall be granted.</li> <li>• If the insured persons have <b>National Pension Insurance</b> coverage seniority, for every full year of insurance seniority with insurance premium paid, 1.3% of the insurance amount of National Pension Insurance shall be granted: <p>(Monthly Insurance Amount of National Pension Insurance × Coverage Years of Insurance Premium Paid × 1.3%).</p></li> <li>• After combining the Labor Insurance Disability Pension Benefit and National Pension Insurance Disability Pension Benefit, if the amount is less than NT\$4,000, then NT\$4,000 shall be granted.</li> <li>• For those who have suffered from occupational injuries or disabled caused by occupational diseases, a lump-sum payment of 20 months occupational disability compensation shall be granted in addition to the pension.</li> <li>• For those whose insurance coverage year is less than one year, it would be calculated proportionally according to the actual insurance coverage month; for those which is less than 30 days, it shall be calculated as one month.</li> </ul> <p><b>Additional Dependent Allowance</b></p> <p>For those who apply for disability pension benefit and have spouse or dependent children who meet the following qualification, 25% of the amount calculated according to Article 53 shall be granted as dependent allowance for each dependent, a maximum of 50% will be granted.</p>	<p>The full amount insured under the group life plan will be payable if the employee suffers one of the following losses due to accident or disease:</p> <ul style="list-style-type: none"> <li>• Sight in both eyes</li> <li>• Two hands including the wrist joints or two feet including the ankle joints</li> <li>• One hand including the wrist joint and one foot including ankle joint</li> <li>• Sight of one eye and one hand including wrist joint, or the sight of one eye and one foot including the ankle joint</li> <li>• Permanent loss of the ability to speak or to masticate</li> <li>• Permanent and complete loss of function in all four limbs</li> <li>• Impairment of function of the central nervous system or of chest/abdominal organs so that the insured cannot work or hold a job and must rely on the assistance of others even for daily routine activities.</li> </ul>



### Spouse

Those who meet one of the following conditions:

- Spouse aged 55 or above and the marriage relationship with the insured person lasts more than one year. However, if the spouse has no capability of earning a livelihood or raising children as stipulated in the below shall not be limited by this regulation.
- Spouse aged 45 or above, the marriage relationship with the insured person lasts more than one year, and the monthly income of the spouse does not exceed the first grade in Table of Grades of Insurance Salary.

### Children:

Those who meet one of the following conditions (For Adopted children, the adoption relationship shall last for more than 6 months):

- Under age or minor children.
- No capability of earning a livelihood .
- Under the age of 25 and still go to school with monthly income not exceeding the first grade in Table of Grades of Insurance Salary.

### Lump Sum Disability Benefit

For those who suffer from general injuries or are disabled caused by general diseases, the highest disability level is the first level with the highest lump-sum disability benefit of 1,200 days and the lowest level is the fifteenth level with the lowest lump-sum disability benefit of 30 days.

An extra of 50% of the original lump-sum payment shall be granted if the insured persons have occupational injuries or are disabled caused by occupational diseases, which means the highest benefit days would be 1,800 days and lowest benefit days shall be 45 days.

### Maternity (*Female Employees Only*)

One month of average insured salary for sixty days.

- A lump-sum equal to two months of average monthly insurance salary is paid to a female employee. In the case of a multiple birth, the payment is increased proportionally.
- Maternity leave is calculated in accordance with Article 50 of the Labor Standards Act. A female employee shall be granted maternity leave before and after childbirth for a combined period of eight weeks. Leave can start four weeks prior to delivery.
- For female employees who have worked more than six months prior to taking maternity leave, regular wages are paid during the maternity leave; for female

employees who have worked less than six months, half the regular wage is paid during maternity leave.

- Leave of Absence (LOA) for Childbirth:
  - Effective May 1, 2009, if the employee joined the Labor Insurance for more than one year, and the employee's child is younger than three years of age, the employee can apply for Leave of Absence (LOA).
  - Both parents can take LOA with 60% of the average Labor Insurance Monthly Salary from the government for a maximum of six months.

#### Dependent Funeral Allowance:

A cash benefit is paid for the funeral of parents, spouse or children based on the insured's average monthly salary in the six months preceding the death (includes the month of death):

- 3 months' average monthly salary for funeral of parents or spouse
- 2.5 months' average monthly salary for funeral of children age 12 or above
- 1.5 months' average monthly salary for funeral of children less than 12 years of age

<b>SURVIVORS' BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b><u>Labor Insurance (LI)</u></b></p> <p><b>Survivor Allowance</b></p> <p>Eligible survivors in order of priority:</p> <ul style="list-style-type: none"> <li>• Spouse and children</li> <li>• Parents</li> <li>• Grandparents</li> <li>• Grandchildren raised by the insured</li> <li>• Brothers and sisters raised by the insured</li> </ul> <p><b>Qualification:</b></p> <p>The insured persons must have insurance coverage seniority before January 1, 2009 and died while the insurance was still effective and had eligible dependents as listed above.</p> <p>Died due to general diseases or injuries:</p> <ul style="list-style-type: none"> <li>• An insured person whose combined insurance coverage seniority is less than one year is entitled to a ten-month survivor allowance based on the average monthly insurance salary for the six months before the month (included) the insured person died.</li> <li>• An insured person whose combined insurance coverage seniority is more than one year but less than two years, is entitled to a twenty-month survivor allowance based on the average monthly insurance salary for the six months before the month (included) the insured person died.</li> <li>• An insured person whose combined insurance coverage seniority is more than two years is entitled to a thirty-month survivor allowance based on the average monthly insurance salary for the six months before the month (included) the insured person died.</li> </ul> <p>If the death is due to occupational injuries or occupational diseases:</p> <ul style="list-style-type: none"> <li>• The insured is entitled to a forty-month survivor allowance based on the average monthly insurance salary for six months before the month (included) the insured person died, regardless of insurance coverage seniority.</li> </ul> <p><b>Survivors' Pension</b></p> <p><b>Qualifications:</b></p> <ul style="list-style-type: none"> <li>• The insured person dies while the insurance coverage is effective.</li> <li>• The insured person has withdrawn from the insurance coverage and dies while receiving his or her disability or old-age pension.</li> <li>• The insured has more than 15 years of insurance coverage and meets the qualifications for receiving an old-age benefit but dies before receiving it.</li> </ul>	<p><i>Please see <b>Life Benefits</b>.</i></p>

**Requirements for Spouses:**

- Ages 55 or above and was married to the deceased for more than one year, unless the spouse does not have the ability to earn a living.
- Aged 45 or above and has been married to the deceased for more than one year and his or her monthly income does not exceed the guidelines.

**Requirements for Children:**

- Underage
- No ability to earn a living
- Under age 25 and still attending school and monthly income does not exceed the guidelines.
- Adopted children: must have been adopted for more than six months.

Parents and grandparents must be at least 55 years of age and have a monthly salary the does not exceed the guidelines.

**Benefit:**

- If the insured dies during the effective coverage period, for each full year of insurance coverage, 1.55% of the average monthly insurance salary shall be granted.
- The insured dies during the disability pension benefit payment or old-age pension benefit payment period, or the insured has more than 15 years of insurance coverage and met the qualification for claiming an old-age benefit but dies before receiving the old-age benefit: half of the amount calculated according to disability pension or old-age pension payment schedule shall be granted.
- If the amount calculated is less than NT\$3,000, then NT\$3,000 shall be granted.

**Additional Survivor Benefit:**

When there are more than two dependents in the same order for receiving Survivor benefits, an additional payment of 25% is granted for every one additional dependent and the maximum additional benefit is 50%.

**Funeral Grant:**

Five-month funeral grant based on the average monthly insurance salary for six months before the month the insured person died is paid to the person who paid the funeral expenses.

If the dependents of the deceased do not meet the criteria for a survivors' allowance or pension, the benefit would be equal to one month's average monthly salary.



## Social Security Benefits and Customary Private Employee Benefits

### National Pension Program

1.3% of the monthly insurance salary x the number of years of coverage is paid when the insured dies. If the insured was receiving an old-age or disability pension, 50% of that pension of the old-age or disability pension is paid.

### Labor Pension Fund

A lump sum is paid based on the insured's account balance.

<b>MEDICAL BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b><u>National Health Insurance (HHI)</u></b></p> <p>The healthcare system in Taiwan is administered by the National Health Insurance (NHI), and it is compulsory for everyone in Taiwan except for military servicemen. NHI became effective in 1995.</p> <p>NHI is financed by premiums paid by employees and employers. Premiums received by the NHI are used to defray the cost of the insured's medical expenses. Salaries of NHI employees and administrative costs associated with the program are paid by the government.</p> <p><b>Premium Rate</b></p> <p>4.69% of insured's wages (of which the employer contributes 60%, employee 30% and the government 10%).</p> <p>Contributions for employees are calculated based on 4.69% of average monthly earnings according to six classifications and 49 income tiers, multiplied by either 30% or 60%, depending on classification. The result is multiplied by one plus the number of dependents.</p> <p><b>Example for Category 1:</b> Salary Basis x insurance premium rate x contribution ratio x (1 + number of dependents).</p> <p>Contributions for non-wage earning (veterans, non-working spouses, etc.) are based on average monthly premium depending on classification of the insured times 30% or 60%.</p> <p><b>Example for Category 6:</b> Average premium x contribution ratio x number of dependents</p> <p>A maximum of three dependents can be covered.</p> <p>There are minimum and maximum earnings used to calculate contributions.</p> <p><b>Key Benefits:</b></p> <p>Covers insured, spouse, children, parents, grandchildren and grandparents.</p> <ul style="list-style-type: none"> <li>For expenses incurred due to hospitalization for sickness, injury or childbirth, the patient will pay 10% - 30% of his or her expenses, depending on the number of days in hospital confinement. For in-patient care for long-term chronic illness, the patient will pay 5% for the first 30 days up to 30% from day 181 and thereafter.</li> <li>For out-patient expenses due to sickness, injury or maternity and incurred at a clinic or hospital, the patient will pay a co-payment of TWD 50 - TWD 550 and must also pay a registration fee of TWD 100 - TWD 200 as a deductible.</li> </ul>	<p>Group health plans are necessary in order to supplement the inadequacies of the Social Security plan.</p> <p>At present, dental insurance plans are not available.</p> <p>The level of employer-sponsored benefits usually depends upon the classification of an employee's position, with some plans offering the same benefit to all employees. Employee coverage is usually non-contributory, while dependent coverage is usually contributory.</p> <p><b>In-patient Hospitalization</b></p> <p>In-patient hospitalization is the principal benefit for health plans. If hospitalization is due to sickness or accident, the insured is entitled to the following benefits:</p> <ul style="list-style-type: none"> <li>Hospital room and board typically from TWD 1,500 to TWD 3,000 with a limit of 365 days per accident.</li> </ul> <p>The Medical expense of in-hospital services including medications, tests, blood transfusions, consultation fees, etc. are 20 times of daily room and board rate.</p> <ul style="list-style-type: none"> <li>Surgical operation benefits are paid for actual expense, according to the surgery table listed different types of operation multiple between 0.25 to 80 times and multiplied with the daily room and board rates to generate the maximum insured amounts.</li> <li>The critical surgery which met the multiple between 50 to 80, will automatically raise up one-times of the insured amounts.</li> </ul> <p><b>Out-patient Hospitalization</b></p> <p>Few employers provide out-patient coverage for employees as the benefit is included under Social Security. The annual out-patient visits are limited to 30 visits, and reimbursement ranges from TWD 300 to TWD 800 per visit.</p>

- Co-payments will not be required for treatment of major diseases and injuries, preventive health care services, and childbirth.

- Exclusions

Items that will *not* be paid by National Health Insurance include cosmetic surgery, dentures, eyeglasses, wheelchairs, hearing aids, medical treatment for drug abuse, meals, registration fees, ambulance, room charges for single or twin rooms, designated physician charges and special one-month cash benefit paid to female employees only.

### Second Generation National Health Insurance (SGNHI)

SGNHI was implemented on January 1, 2013 to improve the financial standing of the National Health Insurance (NHI) and to address the inequities in premium subsidies. The coverage provided by SGNHI is almost the same as NHI. The main difference is that the base for premium fees includes other income in addition to salaries.

A supplementary premium of 1.91% will be charged on income derived from such sources as interest, professional fees, rent, stock dividends and bonuses as outlined below:

- Annual accumulated bonus/cash rewards with an accumulated amount per year that exceeds four times the insured monthly salary
- Income from part-time jobs
- Income from professional services
- Stock dividends
- Interest income
- Rental income

The schedule of insured wages consists of 48 levels.

The objectives of the SGNHI are to:

- Provide additional revenue to expand the finances of the National Health Insurance
- Improve the quality of medical care
- Improve fairness among premium payers
- Provide flexible financial management
- Improve efficiency

The supplemental premium is payable by the employer and insured.

Employer Contributions are calculated as follows:

(Total Employer Payroll Expense – Total Insured Payroll-Related Expense for Employees) x Supplemental Premium Rate of 1.91%.

Insured's Contribution is calculated as follows:

Relevant Income Amount x Supplemental Premium Rate of 1.91%.

<b>RETIREMENT BENEFITS</b>	
<b>Social Security Benefits</b>	<b>Customary Private Employee Benefits</b>
<p><b><u>Labor Insurance Program</u></b></p> <p>Compulsory and voluntary social insurance schemes financed by employer and employee contributions and taxes.</p> <p>Compulsory scheme covers employees in firms in either the public or private sector with five or more employees and between the ages of 15 and 65. Companies with less than five employees may participate on a voluntary basis.</p> <p><b>Eligibility</b></p> <p>To qualify for old-age benefits from the Labor Insurance Program, the member must have:</p> <ul style="list-style-type: none"> <li>• Attained at least 61 years old and retired or withdrawn from Labor Insurance Coverage. The withdrawal age is gradually increasing by one year every two years until reaching 65 in 2026.</li> <li>• Participated in the Labor Insurance Program for at least 15 years</li> <li>• Worked in dangerous or physically hard labor for more than fifteen years, and who is at least 55 years of age and resigned from work and withdrawn from insurance coverage.</li> </ul> <p><b>Old-Age Benefit</b></p> <p>The insured can choose to receive the benefit as either a lump sum or pension (option 1 or 2, whichever is greater):</p> <p><b>Monthly Pension Options:</b></p> <ol style="list-style-type: none"> <li>1) 0.775% of the insured's average monthly salary in the highest 60 months of coverage x number of years of coverage plus NT\$ 3,000, or</li> <li>2) 1.55% of the insured's average monthly salary in the highest 60 months of coverage x number of years of coverage, whichever is greater.</li> </ol> <p><b>One-Time Lump Sum:</b></p> <p>One month of the insured's average monthly salary in the 36 months prior to retirement is paid for each of year that the insured contributed for the first 15 years, plus two months for each additional year of service beyond the first 15.</p> <p>The maximum benefit is 45 times the labor insurance old-age pension (50 times if working beyond age 60) to which the insured would be entitled.</p> <p><i>The above benefit amounts cannot be changed once the payment is approved and issued by the Bureau of Insurance.</i></p>	<p>While most employees are covered by Social Security, private benefit plans are often adopted to supplement the moderate level of Social Security benefits.</p> <p>In the past, the development of private benefit plans was limited to group life, accident and medical coverage. However, there is a growing need for private retirement plans as well due to the Labor Standards Law (LSL), passed in August of 1984, which requires certain employer groups to provide retirement benefits.</p> <p>The Labor Standards Law currently covers the following occupations and industries: agriculture, forestry, fishing and livestock, mining and quarrying, manufacturing, construction, utilities, transportation and mass media.</p> <p>Retirement benefits are currently paid in the form of lump-sum amounts. Legislation has been proposed for retirement benefits to be paid in monthly annuities instead of lump-sum amounts.</p> <p><b>Retirement Benefits</b></p> <p>The Taiwan Labor Standards Law (LSL) requires employers in covered industries to provide retirement benefits. (LSL has not yet been extended to include the commercial and service sectors, but this is currently under consideration.)</p> <p>The retirement benefit under LSL is equal to one month's average insured wages for each of the first 15 years of service and two months' average insured wages for each year of service in excess of 15 years, up to a maximum of 45 months.</p> <p>Many companies provide a discretionary leaving service benefit in addition to LSL.</p> <p><b>Eligibility</b></p> <ul style="list-style-type: none"> <li>• Normal retirement at age 65</li> <li>• Early retirement at age 55 for people with 15 years of service with the same employer</li> <li>• No age limit if employed 25 years with same employer</li> <li>• No age limit for retirement due to insanity or permanent disability</li> </ul> <p><b>Benefits</b></p> <p>The retirement benefit under LSL is equal to one month's average insured wages for each of the first 15 years of service and two months' average insured wages for each year of service in excess of 15 years, up to a maximum of 45 months.</p>



Deferred Pension:

The pension can be deferred until the insured is age 65. The pension amount will increase by 4% each year until for a maximum of 20%.

Early Pension:

If the insured has 15 years of service, he or she can apply for early retirement up to 5 years before normal retirement age. The pension will be reduced by 4% per year for each year before normal retirement age up to 20%.

National Pension Program

Eligibility

Citizens of Taiwan between the ages of 25 to 65 who are not participating in a social security program.

Old-Age Benefit

Monthly Pension Options:

- 1) 0.65% of the monthly insured amount x number of years of coverage plus NT\$ 3,628, or
- 2) 1.3 % of the monthly insured amount x number of years of coverage plus NT\$ 3,628, or

Monthly Insured Amount = NT\$ 3,628

Labor Pension Fund

All employers are required to deposit 6% (or more) of a worker's monthly wages into an individual labor pension account managed by the Bureau of Labor Insurance, with ownership going to the worker. Workers can voluntarily contribute up to 6% to their pension account.

Eligibility

Age 60, regardless of working or retired; if deceased before reaching 60, family survivors or designated beneficiaries may claim the benefit.

Old-Age Benefit

A monthly payment based on the account balance (accumulated principal and dividends) and average life expectancy.

Many companies provide a discretionary leaving service benefit in addition to LSL.

Insanity, Permanent Disability and Retirement Benefits

Final salary times years of service times a service factor.

Funding

Compulsory funding of the LSL Retirement Benefits came into effect on November 1, 1986. Current restrictions state that employer contributions, which equal a percentage of each employee's monthly salary, must be deposited into a financial institution designated by the government. These funds will then be transmitted to the Central Trust of China (CTC), which manages the assets.

Contribution rates are between 2% and 15% of payroll.

### **Student Group Accident Insurance (SGAI):**

Students who are registered in various public or private schools in Taiwan take part in this insurance scheme.

### **Contributions:**

From July 1, 1996, all benefits and premium in SGAI are negotiable. The Central Government allows local governments to select their life insurance companies and premium rates.

### **Key Benefits:**

Instituted in 1976, Student Group Accident Insurance was designed to mitigate the financial burden on families due to a student's death or as a result of serious illness or injury. This benefit has been integrated into the Social Security System.

The benefits are as follows:

Term Life: TWD 1,000,000 (per student)

Disability: TWD 50,000 – 1,000,000 (depending on the degree of disability)

Medical: TWD 5,000 – 50,000 (per accident - covering hospitalization deposits, special allowances, injury outpatient visits, burns and reconstructive surgery)

Standard medical coverage usually is not offered by SGAI as most students are covered by NHI except if their parents are military service people.

### **Farmers' Insurance (FI)**

All farmers in Taiwan take part in this insurance scheme.

Premium rate: 2.55% of monthly insurance amount. Insured wage ceiling is TWD 10,200.

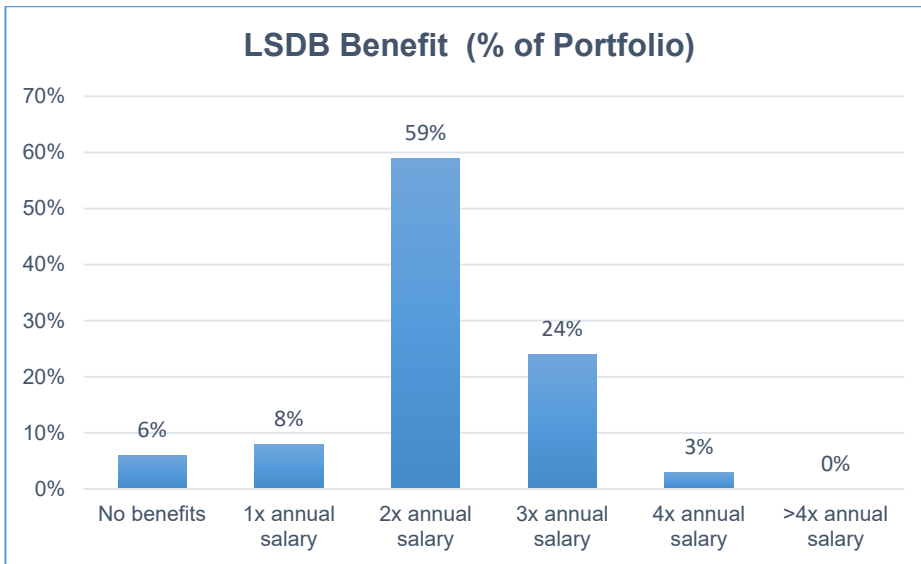
Type of Insurance	Contributions	Benefits
Labor Insurance (LI)	<p><i>Employer:</i></p> <p>Employer contributions for the LI benefits and premiums paid by employers for private group endowment, group life, accident and medical plans are tax-deductible, but not exceeding TWD 2,000 per month/employee.</p> <p>If the premium per employee per month exceeds TWD 2,000, the exceeding portion would be regarded as employee's income, and is therefore taxable.</p>	<p>Labor Insurance (LI) benefits are tax-free.</p> <p>There is no tax payable on private retirement benefits if the employee is classified as a "laborer."</p> <p>All employees covered under LSL (Labor Standards Law) are classified as "laborers." Otherwise, 50% of the benefit is taxable.</p> <p>If the benefit is a lump-sum maturity benefit under a group endowment insurance plan, and if the beneficiary is the employee, it is also tax-free.</p>
	<p><i>Employee:</i></p> <p>Employee contributions for Labor Insurance (LI) or private plans are tax-deductible, up to an annual individual maximum of TWD 24,000 per year.</p>	<p>Death and medical benefits, if insured, are tax-free.</p>

## Benchmarking Information (based on Network Partner's portfolio)

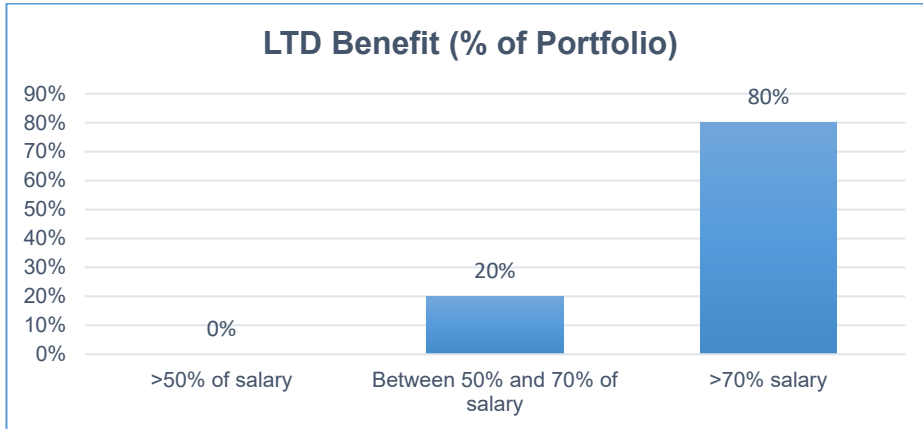
	% of portfolio
<b>Group Life Coverage</b>	
Death benefit	98%
AD&D	100%
Survivor's benefits	0%
Employer contribution only	0%
<b>Disability Coverage</b>	
Long term disability	95%
Short term disability	60%
Employer contribution only	0%
<b>Healthcare Coverage</b>	
Hospitalisation	99%
Dental	0%
Vision	0%
Critical Illness	75%
Employee Assistance programme	0%
Employer contribution only	0%
<b>Retirement Plans</b>	
DC	0%
DC - Employer contribution only	0%
DB	0%
DB - Employer contribution only	0%
<b>Other</b>	
Wellness & Wellbeing Programmes	5%
Flex benefits	0%

Source: Shin Kong, 2021

## Group Term Life Benefits



### Disability Benefits



### Medical Inflation Trend Projection

Year	Expected Medical Inflation %
2019	7%
2020	8%
2021	8%

### Private Life and Health Insurance Benefits - Taiwan

<u>Type of Company</u>	<u>Pharmaceutical</u>	<u>Wearing Apparel</u>	<u>Automotive</u>
<b><u>Group Life Insurance</u></b>			
Eligibility:	All employees	All employees	All managers
Death Benefit:	28 x monthly salary	26 x monthly salary	24 x monthly salary
Accidental Death and Dismemberment:	Equal to death benefit	Equal to death benefit	Equal to death benefit
<b><u>Group Health Insurance</u></b>			
Eligibility:	All employees	All employees	All managers
Daily Hospital Room and Board: (max. 365 days/per disability)	TWD 2,500	TWD 2,500	TWD 2,000
Inpatient Miscellaneous fee:	TWD 50,000	TWD 50,000	TWD 40,000
Inpatient Surgery : (*Subject to surgical schedule with the times of multiple between 0.25 times to 80 times.)	Level 2,500	Level 2,500	Level 2,000
<b><u>Cancer Plan</u></b>			
Daily Allowance:	TWD 2,000		
Surgery:	TWD 60,000		
Daily Allowance for Leaving Hospital (Home Care):	TWD 2,000 (up to 21 days)		
Radiation Treatment:	TWD 2,000		
Cancer Out-Patient:	TWD 2,000 (90 days/year)		

### Private Life and Health Insurance Benefits – Taiwan

<u>Type of Company</u>	<u>Chemical</u>	<u>Information Technology</u>	<u>Products</u>
<b><u>Group Life Insurance</u></b>			
Eligibility:	All employees	All employees	All employees
Death Benefit:	26 x monthly salary	28 x monthly salary	24 x monthly salary
Accidental Death and Dismemberment:	39 x monthly salary	28 x monthly salary	Equal to death benefit
<b><u>Group Health Insurance</u></b>			
Eligibility:	All employees	All employees	All employees
Death Benefit:	28 x monthly salary	26 x monthly salary	24 x monthly salary
Accidental Death and Dismemberment:	Equal to death benefit	Equal to death benefit	Equal to death benefit
<b><u>Group Health Insurance</u></b>			
Eligibility:	All employees between ages 15 and 65 and dependents	All full-time employees	All managers between ages 15 and 65
Daily Hospital Room and Board: (max. 365 days/per disability)	TWD 2,500	TWD 2,500	TWD 2,000
Inpatient Miscellaneous fee:	TWD 50,000	TWD 50,000	TWD 40,000
Inpatient Surgery: (*Subject to surgical schedule with the times of multiple	Level 2,500	Level 2,500	Level 2,000
		between 0.25 times to 80 times.)	
<b><u>Cancer Plan</u></b>			
Daily Allowance:	TWD 2,000		
Surgery:	TWD 60,000		
Daily Allowance for Leaving Hospital (Home Care):	TWD 2,000 (up to 21 days)		
Radiation Treatment:	TWD 2,000		
Cancer Out-Patient:	TWD 2,000 (90 days/year)		

### Private Life and Health Insurance Benefits - Taiwan

<u>Company</u>	<u>Banking</u>	<u>Electronics</u>
<b><u>Group Life Insurance</u></b>		
Eligibility:	All employees	All employees
Death Benefit:	28 x monthly salary	28 x monthly salary
Accidental Death and Dismemberment:	Equal to death benefit	Equal to death benefit
<b><u>Group Health Insurance</u></b>		
Eligibility:	All employees between ages 15 and 65 and dependents	All full-time employees
Daily Hospital Room and Board: (max. 365 days/per disability)	TWD 2,500	TWD 2,500
Inpatient Miscellaneous fee:	TWD 50,000	TWD 50,000
Inpatient Surgery : (*Subject to surgical schedule with the times of multiple between 0.25 times to 80 times.)	Level 2,500	Level 2,500
<b><u>Cancer Plan</u></b>		
Daily Allowance:	TWD 2,000	
Surgery:	TWD 60,000	
Daily Allowance for Leaving Hospital (Home Care):	TWD 2,000 (up to 21 days)	
Radiation Treatment:	TWD 2,000	
Cancer Out-Patient:	TWD 2,000 (90 days/year)	



## Useful Links

Bureau of Labor Insurance

<https://www.bli.gov.tw/en/>

Demographic information

[CIA World Factbook](#)  
<https://www.cia.gov/library/publications/the-world-factbook/>

Macro-Economic indicators

[CIA World Factbook](#)  
<https://www.cia.gov/library/publications/the-world-factbook/>

For more information on  
**Shin Kong**, please visit:

<http://www.skl.com.tw>



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