

2018

Annual Report



財團法人金融消費評議中心
Financial Ombudsman Institution



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Message from the Chairperson



The Financial Ombudsman Institution (FOI) is an alternative dispute resolution scheme established in accordance with the Financial Consumer Protection Act (FCPA). Since its establishment on 2 January 2012, 7 years ago, its key missions have been as follows: 1. Handle financial consumer disputes and achieve quick resolutions of these disputes; and 2. Implement financial education and awareness programs to effectively avert the occurrence of financial consumer disputes.

From January 2, 2011 to December 31, 2018, the FOI assisted with processing approximately 32,000 complaints and handling around 14,000 ombudsman cases, with a resolution rate of over 60 percent. It also organized around 642 awareness events for the financial services enterprises and financial consumers, with total attendance at these events exceeding 73,000 people. In addition, it produced awareness videos and materials, and it actively publicized knowledge and concepts through various media channels such as electronic media and emerging media. Such efforts have demonstrated the FOI's effectiveness in alternative dispute resolution and in providing a publicly accountable scheme that specifically serves to resolve financial consumer disputes so as to protect the rights and interests of financial consumers.

The FOI will continue to actively resolve financial consumer disputes, to fulfill the quality of services, and to strengthen financial education and awareness programs. Key tasks going forward include:

Improving services for financial consumers: Since April 2018, the FOI has integrated the financial services helplines of the competent regulatory authority to set up one-stop service to provide more direct and rapid advisory and complaint services for financial consumers. In addition, the FOI is located in Taipei to enhance its financial consumer advisory services, so the FOI is expanding its advisory services to new locations outside the Greater Taipei area. Since 2018, it has been stationing colleagues in Yunlin County, Taichung, Kaohsiung and Taoyuan. In the future, it will expand the number of advisory service locations according to its manpower situation, and will enthusiastically protect of the rights and interests of financial consumers. **Providing off-site mediation services:** Since March 2018, the FOI has arranged mediation proceedings for ombudsman cases in Taichung and Kaohsiung, which will in turn strengthen financial consumers' trust in these proceedings and save time and costs for the financial consumers. **Diverse education and awareness programs:** Because financial products are becoming increasingly diverse and ever more complex, different financial consumers may have different issues. To effectively prevent financial consumer disputes, the FOI distinguishes financial consumers from various target groups, such as indigenous people, new immigrants, women, and the elderly, according to their characteristics, to carry out awareness activities, so that various target groups can understand the relevant financial knowledge and, when facing financial consumer disputes, know how to seek correct solutions.

In addition, the merging of finance and technology is an irreversible trend. The enhancement of information disclosure and transparency and avoidance of information asymmetry is a topic deserving serious study in consumer protection efforts. With the trend toward technological innovation and digital finance, the protection of the personal data of financial consumers also demands particular attention. We must strengthen consumers' understanding of digital financial services and stress important concepts such as personal data protection and information transparency and openness, so as to remind consumers that with convenience comes risk and a need to maintain a healthy wariness. The Financial Technology Development and Innovative Experimentation Act was announced in 2018, and disputes from innovative financial experiments covered by the Act will be our work in the future. Indeed, the financial products of the future will become ever more complex in step with continuous technological innovation. An important challenge for the FOI in the future will be to effectively keep a finger on the pulse of related technological developments so as to provide financial consumers with professional advice and to quickly and effectively resolve disputes.

Finally, the FOI will continue to implement the objectives of the FCPA and resolve financial consumer disputes fairly, reasonably, and effectively to protect the rights and interests of financial consumers. The FOI will also continue our education and awareness efforts to effectively prevent financial consumer disputes from occurring, thereby reinforcing the confidence of financial consumers in markets and promoting sound development of financial markets.

Chairperson

Mang-Chih Lee

Message from the Ombudsman Committee Chair and President



The Financial Ombudsman Institution (FOI) was established with the purposes of protecting the rights and interests of financial consumers; resolving financial consumer disputes fairly, reasonably, and effectively; and offering financial consumers an alternative dispute resolution scheme for handling disputes. Under the Financial Consumer Protection Act (FCPA), the two major statutory missions of the FOI are to handle financial consumer disputes and to conduct financial education and awareness programs.

In handling financial consumer disputes, our financial ombudsman scheme has the following features:

1. Professionalism

The FOI's Ombudsman Committee comprises scholars, practitioners, and impartial persons with relevant expertise or professional experience in banking, insurance, securities and futures, who render impartial and independent ombudsman decisions in keeping with the principles of fairness and reasonableness.

2. Efficiency

In principle, an ombudsman decision should be reached within 3 months of the application to institute an ombudsman case. The FOI resolves around 1,900 financial consumer disputes (including mediations and ombudsman cases) per year, closing cases in an average of just around 43 days, which is faster than the courts. This saves financial consumers' considerable time in dealing with disputes.

3. Certain Amount

Ombudsman decisions on cases involving investment-type products or services of NT\$1 million or less and non-investment type products or services of NT\$100,000 or less are binding on the financial services enterprise. The consumer, on the other hand, has full discretion to decide whether to accept the ombudsman decision. This system affords an extra measure of protection for the rights and interests of financial consumers.

In conducting education and awareness programs, the FOI has, since its establishment, set as its main objectives the promotion of the FCPA and the dispute resolution scheme. To meet these objectives, it has conducted a range of awareness programs aimed at consumers and financial services enterprises, and it has also held related conferences and seminars in cooperation with community groups, institutions, and schools. The FOI has used digital media, outdoor activities, and other diverse channels to build financial literacy among the public so as to effectively prevent financial consumer disputes.

The ever-increasing complexity of financial products today has made the FOI's role increasingly important. The FOI will strive to integrate consumer service resources, enhance our dispute resolution services in the early stages of the complaint and mediation procedures, and improve the quality of the ombudsman service. The FOI will also strive to select case studies that are close to the concerns of various target audiences so that the content of education and awareness materials will resonate strongly with financial consumers. The FOI will also strengthen our awareness programs for women, indigenous people, the elderly, and people in rural areas. In addition, the FOI will raise discussions of new types of cases and cases involving material deficiencies to enhance the breadth and depth of awareness.

The Financial Technology Development and Innovative Experimentation Act was announced on January 31, 2018, and was implemented on April 30 of the same year. Handling disputes from innovative financial experiments under the Act will further enhance the new functions and challenges of the FOI and will be a principal focus of our work in the future.

Looking forward, I sincerely anticipate that the FOI will continue to improve on our operational efficiency and quality. Under the leadership of our Chairperson, Grace Mang-Chih Lee, all my colleagues will collaborate to start a new page in the annals of the FOI.

Ombudsman Committee Chair and President



Origin of the FOI

The financial products and services that financial consumers purchase from financial services enterprises are becoming increasingly diverse and ever more complex and specialized. This has resulted in a real asymmetry between financial consumers and financial services enterprises in terms of financial strength, information, and expertise. In the event of a financial consumer dispute, the consumer may find that seeking a remedy through litigation is not worth the cost in time and money. For this reason, it is necessary to provide financial consumers with a professional dispute resolution scheme other than litigation that is fair, reasonable, quick, and effective.

In the past, financial consumer disputes in Taiwan were handled by the competent regulatory authority, industry associations, or financial industry self-regulatory organizations. There was no single, integrated entity with statutory authorization to handle financial consumer disputes, so it was necessary to enact a special law for the handling of civil disputes involving financial products and services.

To protect the interests of financial consumers, to fairly, reasonably, professionally, and quickly handle financial consumer disputes, to reinforce the confidence of financial consumers in the markets, and to promote sound development of the financial markets, the Financial Supervisory Commission (FSC) drafted the Financial Consumer Protection Act (FCPA) and related sub-laws. In doing so, the FSC took into reference the operational scheme of the United Kingdom's Financial Services and Markets Act, the FOS of the UK, and Singapore's Financial Industry Disputes Resolution Centre Ltd (FIDReC), as well as related domestic legislation.

The FOI was established pursuant to the FCPA with funding from the government. It formally began operating on 2 January 2012 as a scheme with the specific duties of handling financial consumer disputes and strengthening financial consumer protection. It aims to achieve the legislative purposes of protecting the interests of financial consumers, reinforcing the confidence of financial consumers in the financial markets, and promoting the sound development of the financial markets.



2018 Major Events

Date		Events
Month	Day	
Jan	17	The 3 rd - term 5 th Board of Directors and Supervisors Meeting.
Feb	21	The 3 rd - term 6 th Board of Directors and Supervisors Meeting.
Mar	15	2018 Financial Consumer Dispute Case Study Seminar – Life Insurance, Banking, and Securities and Futures Sessions, Taipei.
Mar	21	The 3 rd - term 7 th Board of Directors and Supervisors Meeting.
Mar	29	2018 Financial Consumer Dispute Case Study Seminar – Property & Casualty Insurance Session, Taipei.
Apr	18	The 3 rd - term 8 th Board of Directors and Supervisors Meeting.
Apr	21	The mediation center of the Chinese Arbitration Association (CAA) Seminar on the Communication and Negotiation Skills and Mediation Theory Operation.
Apr	26	2018 Financial Consumer Dispute Case Study Seminar – Insurance, Banking, and Securities and Futures Sessions, Taichung.
May	2	2017 Annual Insurance Associations Communication Platform Advisory Meeting.
May	16	The 3 rd - term 9 th Board of Directors and Supervisors Meeting.
May	17	2018 Financial Consumer Dispute Case Study Seminar – Insurance, Banking, and Securities and Futures Sessions, Kaohsiung.
Jun	20	The 3 rd - term 10 th Board of Directors and Supervisors Meeting.
Jul	1	FOI cooperation with the Yunlin County Government Consumer Service Center to pilot the " Off-site Advisory " service.
Jul	18	The 3 rd - term 11 th Board of Directors and Supervisors Meeting.
Aug	10	2018 Seminar on the FCPA and Case Introduction (3 hours) – Insurance Session, Kaohsiung.
Aug	15	The 3 rd - term 12 th Board of Directors and Supervisors Meeting.
Aug	17	2018 Seminar on the FCPA and Case Introduction (3 hours) – Insurance Session, Taichung.

Date		Events
Month	Day	
Sep	11–12	2018 National Seminar for Consumer Ombudsmen Officers, focusing on financial consumer dispute case studies.
Sep	13	2018 Knowledge of Finance A+ Lecture Circuit – DaLin Elementary School Session, Chiayi.
Sep	19	The 3 rd -term 13 th Board of Directors and Supervisors Meeting.
Sep	20	2018 Knowledge of Finance A+ Lecture Circuit – Hengchun Primary School Session, Pingtung.
Sep	21	2018 Seminar on the FCPA and Case Introduction (3 hours) – Banking, and Securities and Futures Sessions, Kaohsiung.
Sep	27	2018 Knowledge of Finance A+ Lecture Circuit-Her-Ping Elementary School, Pingtung.
Sep	28	2018 Seminar on the FCPA and Case Introduction (3 hours) – Insurance session, Kaohsiung.
Sep	29	2018 Financial Consumers Seminar on "The Ombudsman school to practice martial arts, you will pass" – Taipei session.
Oct	6	2018 Financial Consumers Seminar on " The Ombudsman school to practice martial arts, you will pass " – Taichung session.
Oct	7	2018 Knowledge of Finance A+ Lecture Circuit – Health and Welfare Department Southern Region Children's Home session, Kaohsiung.
Oct	20	2018 Financial Consumers Seminar on " The Ombudsman school to practice martial arts, you will pass " – New Taipei City session.
Oct	17	The 3 rd -term 14 th Board of Directors and Supervisors Meeting.
Oct	31	2018 Seminar on the FCPA and Case Introduction (3 hours) – Property & Casualty Insurance, and Life Insurance Sessions, Taipei.
Nov	3	2018 Financial Consumers Seminar on " The Ombudsman school to practice martial arts, you will pass " – Taipei session.
Nov	10	2018 Financial Consumers Seminar on " The Ombudsman school to practice martial arts, you will pass " – Kaohsiung session.
Nov	14	2018 Seminar on the FCPA and Case Introduction (3 hours) - Banking Session, Kaohsiung.
Nov	21	The 3 rd -term 15 th Board of Directors and Supervisors Meeting.
Dec	19	The 3 rd -term 16 th Board of Directors and Supervisors Meeting.

Directors and Supervisors



1. Board of Directors

The FOI operates under the supervision of a Board of Directors. Board members are appointed by the FSC from amongst scholars, practitioners, and other impartial persons with expertise in financial services. Pursuant to the FCPA, no director or member of the Board of Directors shall intervene in the process of an individual ombudsman case. Currently, the Board of Directors comprises 9 directors.

2. Supervisors

The supervisors are appointed by the FSC from amongst scholars, practitioners, and other impartial persons with expertise in financial services. Pursuant to the provisions of the FCPA, no supervisor shall intervene in the process of an individual ombudsman case. Currently, the FOI has 2 supervisors.



Board of Directors and Supervisors

Title	Name	Present Position
Chairperson	Lee, Mang-Chih	Chairperson, Financial Ombudsman Institution
Director	Shaw, Jy-Juinn	Chairman, Insurance Anti-Fraud Institute
Director	Lin, Chih-Chieh	Distinguished Professor, School of Law, National Chiao Tung University
Director	Tsai, Li-Ling	Deputy Director-General, Securities and Futures Bureau, FSC
Director	Shih, Chiung-Hwa	Director General, Insurance Bureau, FSC
Director	Hsu, Cheng-Hsien	Professor, Department of Law, National Chengchi University
Director	Tong, Chen-Chang	Chief Secretary, Banking Bureau, FSC
Director	Chen, Yeh-Ning	Professor, Department of Finance, National Taiwan University
Director	Tzeng, Yu-Chiung	Former Chairperson, Taiwan Insurance Institute
Supervisor	Hsu, Tsui-Wen	Director General, Department of Legal Affairs, FSC
Supervisor	Liu, Chi-Chun	Professor, Department of Accounting, National Taiwan University

Ombudsman Committee Members





Ombudsman Committee Members

The FOI has established an Ombudsman Committee in accordance with the FCPA. All members are selected from amongst scholars, practitioners, and other impartial persons with relevant expertise or professional experience, and all are appointed after their nominations have been approved by the FSC. Ombudsmen are divided into three groups according to their expertise, namely, banking, insurance, and securities and futures. The Committee currently comprises 19 Committee members, one of whom is the Committee Chair.

Name	Present Position
Cho, Chun-Hsiung	Ombudsman Committee Chair, Financial Ombudsman Institution
Chang, Trisha	Associate Partner, Lee and Li, Attorneys-at-Law
Chen, Jing-Twen	Professor, Department of Insurance & Financial Management, Takming University of Science and Technology
Chuang, Yung-Cheng	Professor, Department of Law, Soochow University
Horng, Tsann-Nan	Former Secretary General, The Life Insurance Association of the Republic of China
Kung, Shang-Chih	Dean, Office of Academic Affairs; Professor, Graduate Institute of Business, Fu Jen Catholic University
Lin, Kuo-Bin	Chairman, Taiwan Insurance Guaranty Fund Professor, Department of Law, National Taipei University
Lin, Kuo-Chuan	Professor, College of Law, National Chengchi University
Liu, Ching-Fang	Director General, Department of Consumer Protection, The Executive Yuan

Name	Present Position
Liu, Shang-Jyh	Dean, School of Law, National Chiao Tung University
Lo, Chun-Wei	Professor, Department of Law, National Chung Cheng University
Peng, Jin-Lung	Chairman and Associate Professor, Department of Risk Management and Insurance, National Chengchi University
Su, Chin-Hsia	Managing Partner, Beacon International, Attorneys At Law
Tsen, Miao-Huei	Chairman and Associate Professor, Department of Insurance, Tamkang University
Tseng, Wang-Ruu	Dean and Professor, College of Law, National Taiwan University
Wang, Hsin-Chun	Professor, College of Law, National Taiwan University
Wu, Chung-Jau	Professor, College of Law, National Taiwan University
Wu, Jiin-Yu	Professor, College of Law, National Chengchi University
Yeh, Chi-Chou	Professor, College of Law, National Chengchi University

1. The Ombudsman Committee Member Yang, Shwu-Wen (Distinguished Professor, College of Law, National Chengchi University) resigned on May 15, 2019.

Organization



Organization



Responsibilities of Departments and Divisions

Department	Responsibilities
Dispute Resolution Department	<ol style="list-style-type: none">1. Coordinate with financial services enterprises to handle complaint matters.2. Handle the mediation of financial consumer disputes.3. Assist the Ombudsman Committee with managing various review and preparatory matters for dispute resolution cases.4. Produce and compose various dispute resolution-related documents.5. Handle the submission of ombudsman decisions and case files to the district court with jurisdiction in the locality where the office of the ombudsman body is located for the court's approval.



Department	Responsibilities
Education and Planning Department	<ol style="list-style-type: none"> 1. Handle financial education training and awareness matters. 2. Handle financial education research and promotion matters. 3. Handle matters related to international business cooperation and exchanges. 4. Offer financial consumers advisory services on matters related to disputes.



● Financial consumer awareness lecture

Department	Responsibilities
Administration Department	<ol style="list-style-type: none"> 1. Manage and allocate investments in the fund. 2. Collect annual fees and service fees. 3. Handle personnel, information technology, general affairs, procurement, documents, finance, accounting, and general administrative matters.

金融消費評議中心

守護您的金融消費權益

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專業

擁有由具備相關專業學養的學者、專家及公正人士所組成的評議委員會



免費

申請免費



迅速

辦理每件爭議案件的時間，原則上 90 天內就會作成評議決定。

評議委員會



諮詢顧問



Workforce Structure

1. Personnel structure

The Chairperson is the representative of the FOI. The organization has an Ombudsman Committee Chair and President. As of the end of December 2018, the FOI had 64 employees (27 men and 37 women), including 30 persons in the Dispute Resolution Department, 19 persons in the Education and Planning Department, and 13 persons in the Administration Department. The average age of all FOI employees is 40.

2. Employees' professional expertise

Amongst the FOI employees, 1 holds a doctoral degree, 21 hold master's degrees, 38 hold bachelor's degrees, and 4 hold other diplomas or certificates. Most FOI staff have backgrounds in law or finance, or they hold certificates in the following professions:

- (1) **Lawyers:** 12 staff members are admitted to the Taiwan Bar.
- (2) **Banking:** 5 persons are certified Financial Planners, 7 have passed Bank Internal Controller examinations, 3 have passed Foreign Exchange Personnel Professional examinations, and 7 have passed Bank Lending Personnel examinations.
- (3) **Insurance:** 3 persons are certified Life Insurance Assessors, and 6 are certified Life Insurance Claim Adjusters.
- (4) **Securities and futures:** 1 person has passed the Certified Securities Investment Analyst (CSIA) examination, 2 have passed Senior Securities Specialist examinations, and 4 have passed Futures Specialist examinations.
- (5) **General:** The FOI has 1 Certified Financial Planner (CFP) and 2 Certified Internal Auditors (CIA).

3. Personnel training

In 2018, to promote the quality and expertise of employees and to increase work efficiency, the FOI held training sessions or provided opportunities to attend offsite training courses.

Operation Report

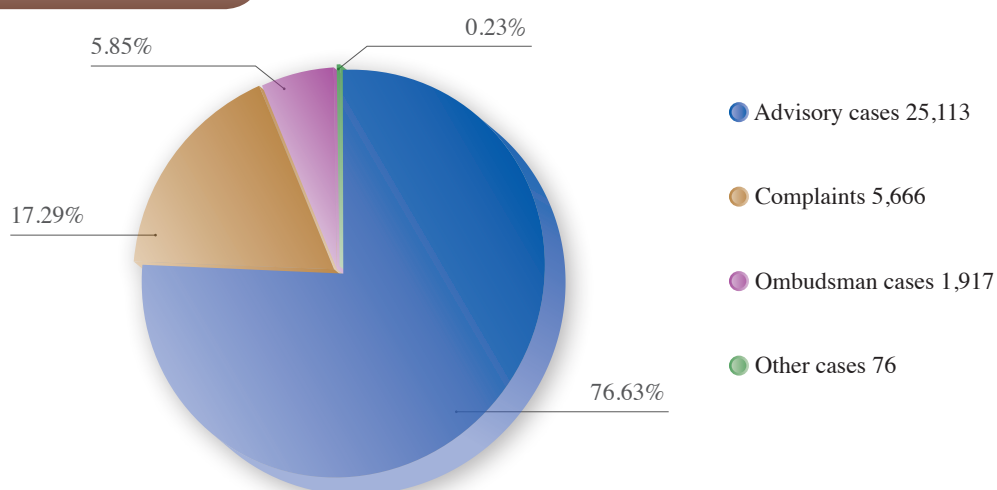


Dispute Resolution

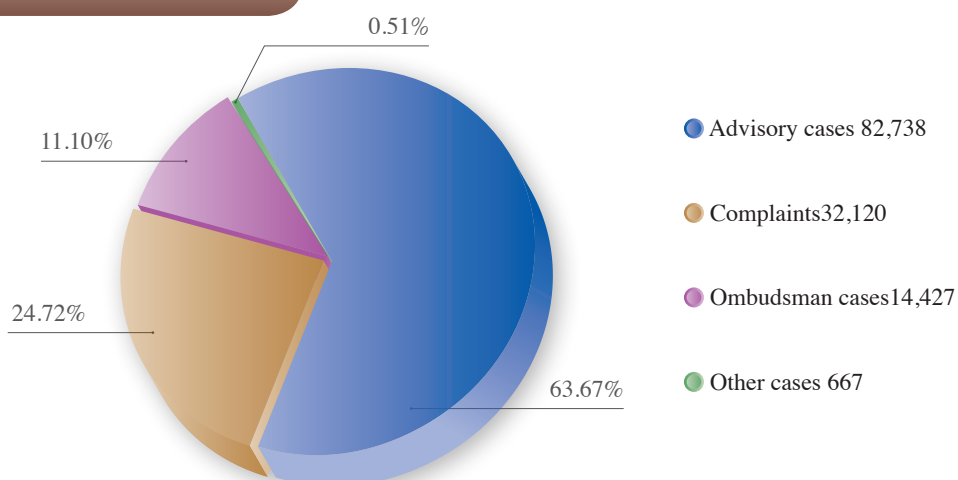
Statistics on financial consumer service disputes

From 2 January 2012 to 31 December 2018, the FOI handled a total of 129,952 requests for assistance in handling disputes (including advisory cases, complaints, ombudsman cases, and others). Amongst these cases were 32,120 complaints and 14,427 ombudsman cases.

Cases handled, 2018

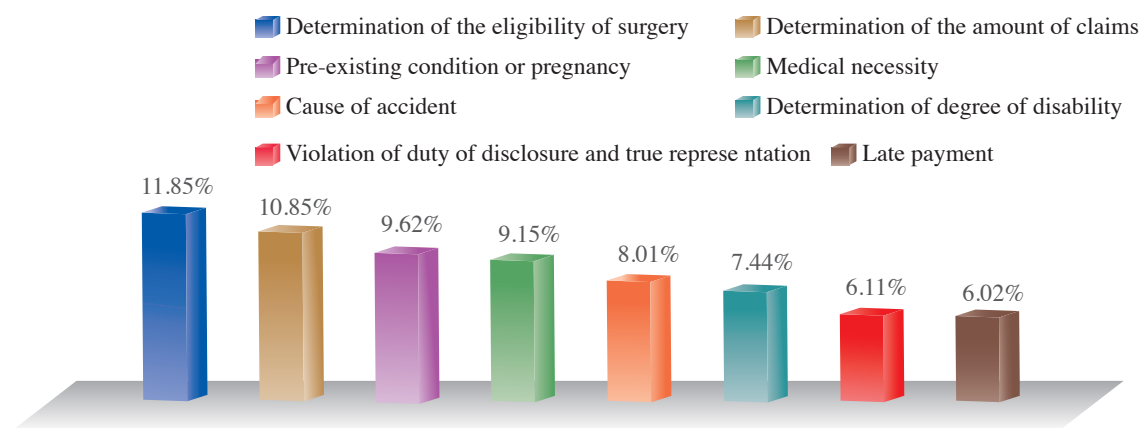


Cases handled, 2012–2018

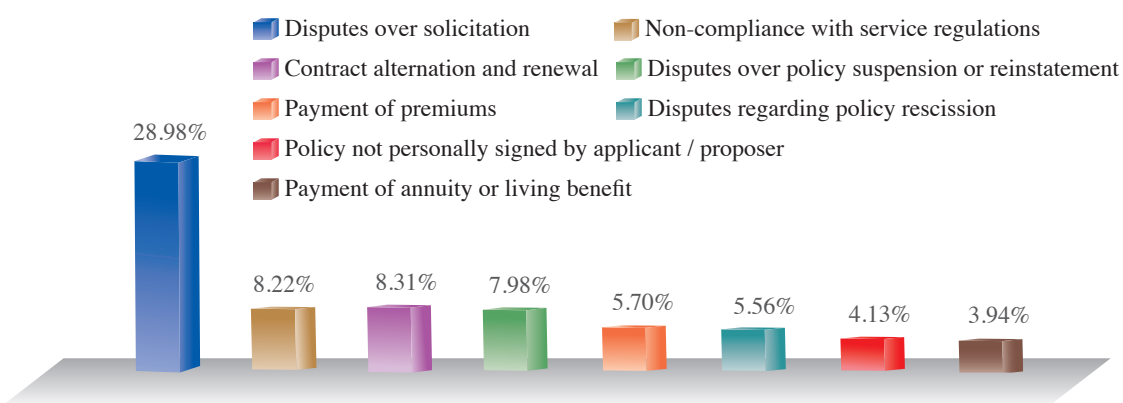


Major types of disputes involved in complaints and ombudsman cases filed in 2018

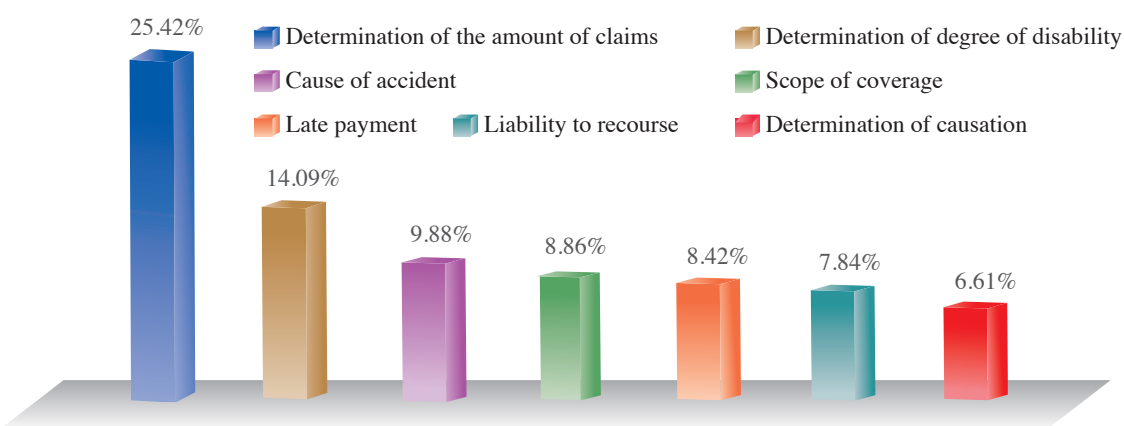
Life Insurance—claim related



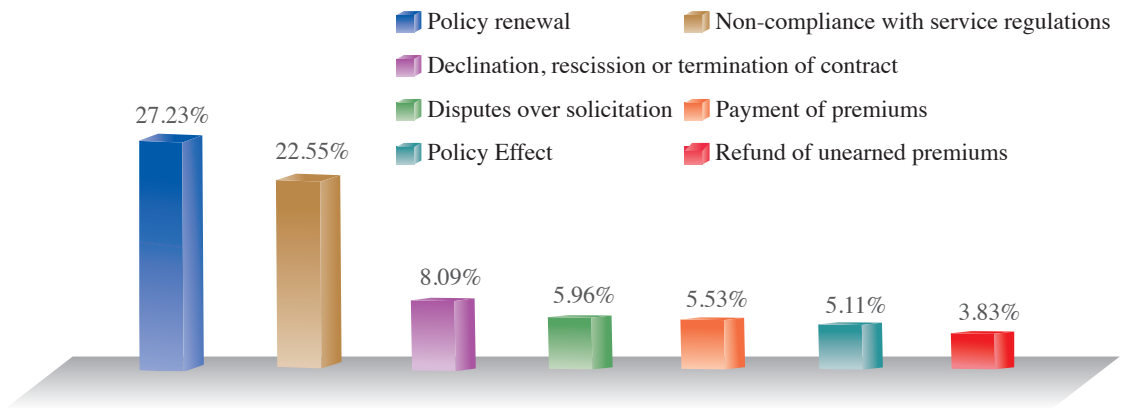
Life Insurance—non-claim related



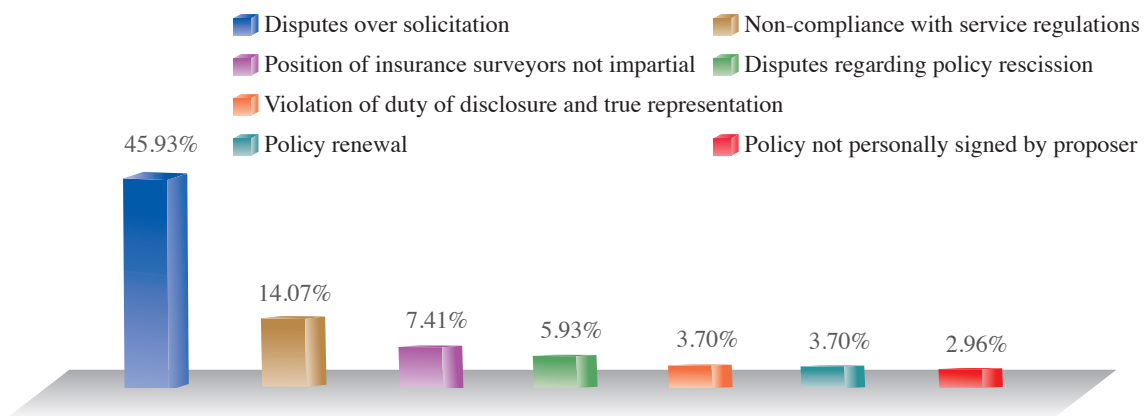
Property & Casualty Insurance—claim related



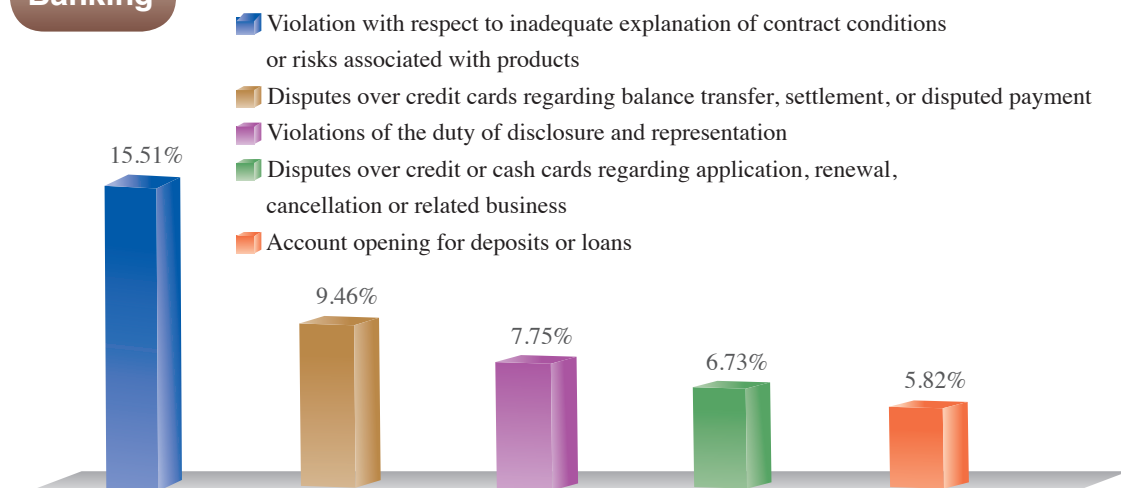
Property & Casualty Insurance—non-claim related



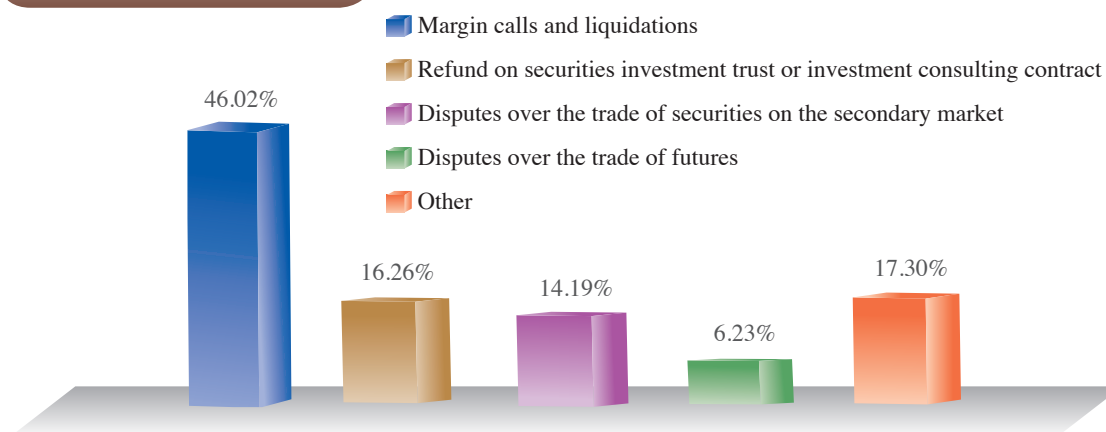
Insurance Intermediaries



Banking

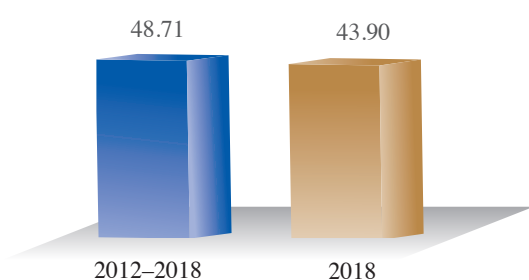


Securities and Futures

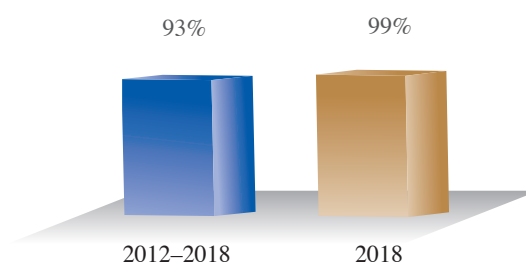


In 2018, it took an average of 43.90 days to close an ombudsman case, less than the average of 48.71 days from 2012 to 2018. Moreover, 99% of ombudsman cases were closed within 3 months, more than the average of 93% from 2012 to 2018. Since 2013, no cases have taken longer than 5 months to close.

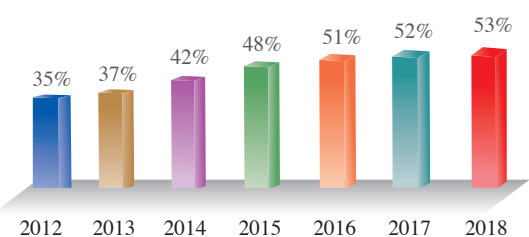
Average days required to close a case



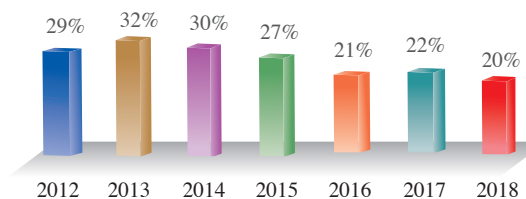
Percentages of ombudsman cases closed within 3 months



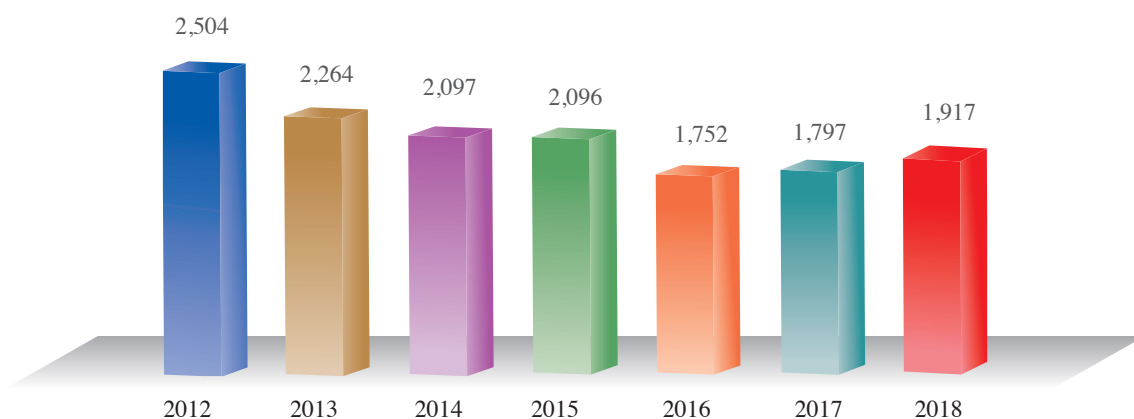
Rates of dispute resolution at the complaint stage



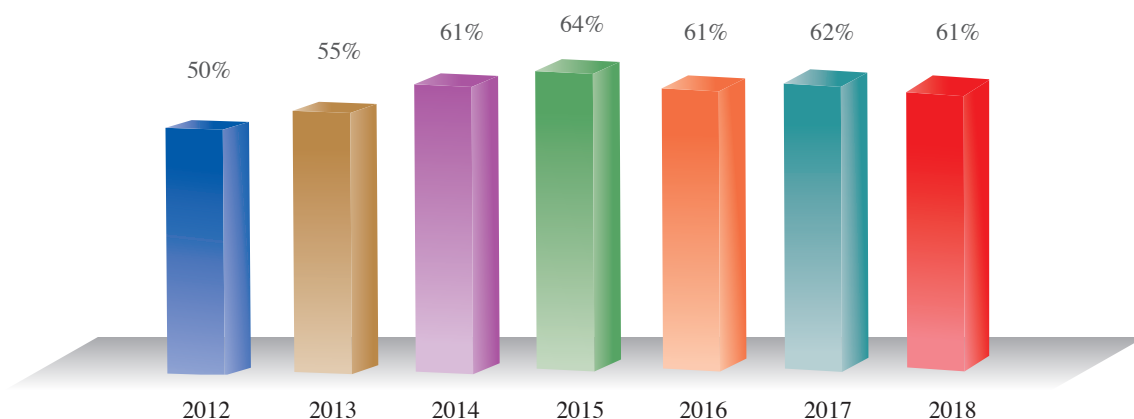
Percentages of complaints continuing to ombudsman proceedings



Numbers of cases handled by ombudsman service



Rates of FOI's dispute resolution



The above figures show that the dispute resolution rate at the complaint stage¹ has risen considerably from year to year, and the percentage of complaints which fail to reach a resolution at the complaint stage and proceed to ombudsman service² has decreased significantly every year since 2013. The number of cases handled by the ombudsman service has also decreased year by year. This shows that considerable success is being achieved in the efforts to mitigate financial consumer disputes at the source or in the early stage. Overall, the FOI had a dispute resolution rate³ of 61% in 2018 for all complaints and ombudsman cases stemming from financial consumer disputes, and it has maintained a dispute resolution rate averaging or exceeding 50% since 2012. These figures demonstrate that the FOI resolves financial consumer disputes and protects the interests of financial consumers effectively.

¹ Rate of dispute resolution at complaint stage = Resolved complaints/Closed complaints

² Percentage of complaints continuing to ombudsman proceedings = Complaints continuing to ombudsman proceedings/ Closed complaints

³ Rate of FOI's dispute resolution = (Resolved complaints + Resolved ombudsman cases) / [(Closed complaints – Complaints continuing to ombudsman proceedings) + (Closed ombudsman cases – Not entertained cases)]

How to Avoid Financial Consumer Disputes

The Financial Ombudsman Institution (FOI) is responsible for handling financial consumer disputes, and it also has the mission of conducting financial education and awareness programs. An important issue for the FOI, therefore, is determining how to ensure that financial services enterprises and financial consumers all have a full and correct understanding of financial consumption principles and the rights and obligations that arise in connection with financial consumption relationships, to effectively avert the occurrence of financial consumer disputes. The FOI compiles information on the common types of financial consumer disputes to remind financial consumers about things they should pay attention to when questions or disputes arise about financial consumption. It also reminds financial services enterprises to do their utmost to prevent recurrence of the same types of financial consumer disputes. When such disputes do occur, the FOI advocates their early resolution at the complaint or mediation stage to save time and costs for both the financial consumers and the financial services enterprises.

Insurance

Disputes over solicitation

1. Be aware that an insurance sales agent who intends to offer investment-linked insurance products must first pass the Qualification Examination for Investment-Linked Insurance Sales Agents and register with the appropriate insurance association before the sales agent may engage in such business.
2. Do not fall for the myths of interest rates or comparisons when purchasing insurance products.
3. It is important, when purchasing insurance products, to choose appropriate products based on your own financial ability and actual needs to cover the various risks that you may face. You should fully understand the content of a product and the product documents before you sign anything. Never sign a blank application form or blank document. Also, when you buy any personal life, health, injury or annuity insurance product with a term of 2 years or longer, if you discover that the policy you have obtained does not fit your needs, you must exercise your right to cancel the policy within 10 days counting from the day after you receive the policy.

Medical necessity

1. The purposes of commercial insurance and the National Health Insurance (NHI), which is a social insurance are different. Whether you seek medical treatment under the NHI or as a private consumer is not the only standard for determining whether insurance benefits will be paid. Insurance is a contract based on the utmost good faith. An insured is entitled to make an insurance claim only if the insured has been positively diagnosed by a physician as requiring hospitalization for medical diagnosis or treatment, the formal hospitalization procedures have been carried out, and the insured has actually received inpatient diagnosis and treatment.
2. A physician's diagnosis requiring hospitalization will be considered valid only if equally qualified physicians would typically make a diagnosis requiring hospitalization under the same circumstances.

3. If a patient is already fit for discharge and recuperation at home, consideration should not be given to further hospitalization simply because the patient has purchased commercial insurance.

Determination of the amount of claims

1. The policy provisions, insurance application form, endorsements, and any other documents containing related stipulations are all integral parts of the insurance contract. Thus, when you receive the policy, in addition to reading the first page and content summaries, be sure also to review all of the policy provisions and double-check that the policy meets the needs for which you are buying the insurance.
2. The insurance products sold by different insurance companies are not entirely the same. Even the same types of products sold by a given insurance company may differ in the benefits included and their calculation. If you have any question about the amount of a claim, it is recommended that you ask the insurance company for clarification first.

Pre-existing condition

1. The health insurance products sold by different insurance companies may differ somewhat in waiting periods and in insurance payment items. When buying such insurance, you should choose a product that meets your personal needs. If you have any questions about a product you are considering, be absolutely sure to ask the sales agent or the insurance company for clarification. If there is any issue of whether an insured had a pre-existing condition at the time of entering into an insurance contract, as addressed in Article 127 of the Insurance Act, if such a condition can be confirmed by the insured's medical records or a certificate of diagnosis, or if there were already externally visible symptoms and the insured has no objective grounds for claiming ignorance of the condition, these factors will be important considerations in arriving at a final determination of whether there was a pre-existing condition.
2. Whether benefits will be paid for a claim for illness will depend on when the illness began. Failure to list an illness in the health disclosures in the application form does not necessarily mean that benefits will be paid.

Banking

Violation with respect to inadequate explanation of contract conditions or risks associated with products

1. Before buying any financial product, it is essential that you fully understand the content, terms and conditions, and associated risks of the product you are considering. If you do not fully understand these the first time they are explained by the salesperson, it is recommended that you ask the salesperson for further explanations. To enable salespersons to accurately assess financial consumers' risk profiles and introduce financial products that are suitable for them, it is essential, when filling out forms related to suitability, that you answer the questions completely and accurately based on your own needs, risk tolerance, financial condition, investment experience, educational background, and so forth.



2. When considering financial products, it is essential that you carefully read the risk statements or disclosures for the products, especially the parts related to the maximum possible loss, such as your personal responsibility for profit or loss, lack of principal protection, or the maximum possible loss being the loss of the entire investment principal. If you are unable to accept the maximum possible loss, please think very carefully about the purchase.

Violations of the duty of disclosure and representation

1. A multitude of financial products are available on the market. Before buying a product, you should familiarize yourself with its characteristics. You should also choose only products that are suitable for you, based on factors such as your personal needs, purposes, and financial plans. If you have any questions about a financial product that you are considering or about a salesperson's description of the product, you should keep asking questions until you are confident that you fully understand the product, especially with regard to matters such as the product content, interest rates, fees, and risks. During the purchase process, you should always make sure you thoroughly understand the content of any document that needs to be signed before you sign it. Never sign any document that you do not fully understand or any blank document.
2. In addition to paying careful attention to a financial product's fees and return on investment, you should also regularly look at changes in the value of your investments, and flexibly adjust your investment portfolio and asset allocation based on your personal financial planning and the information you gather on your investments. When considering the purchase of a fund with back-end expenses, do not look only at whether a fee is charged at the time of purchase and neglect to consider what expenses will be deducted from the net asset value of the fund, as those expenses will increase the cost you actually bear and reduce your return on investment.

Disputes over credit cards regarding balance transfer, settlement, or disputed payment

1. A credit card should function as a substitute for cash payment. It is not a lending tool. Please be very careful about using the credit card's functions with revolving interest, and prudently examine your own financial situation. To avoid the occurrence of disputes, pay close attention to the rules regarding the use of your credit card, and pay attention to the rules for installment payments, explanations of bonus points and cash rebates, incentives, and changes and cancellations of related rights and interests.
2. If you have any questions about a technology-based payment instrument, then before applying for use of the instrument, you should first become familiar with any risks associated with the instrument, such as credit card bundle arrangements, payment security mechanisms, and so forth, and only then make your decision about whether to use the instrument.

Securities and Futures

Margin calls and liquidations

1. Futures trading is highly leveraged trading that uses small amounts of money to invest multiple times the original amount. High leverage can amplify gains, but it can also amplify losses. Futures traders should pay close attention to trading rules and risks when engaging in futures trading. When a futures trader opens an account, it is required that a qualified associated person advise the trader of the nature of the various kinds of futures, the terms of trading, and the potential risks involved. The trader furthermore should carefully read the content of the brokerage contract and the risk disclosure statement to protect their rights and interests. Futures brokerage contracts include provisions allowing the futures commission merchant to forcibly liquidate a trader's positions, and traders should pay close attention to the relevant provisions when trading. In particular, on any day when there is high volatility in the market, a trader should take the initiative to keep a close eye on the margin maintenance rate of their account and whether it reaches the margin call level to avoid forced liquidation of their positions, which could adversely affect their interests.
2. A trader should pay constant attention to changes in the market with respect to the positions that the trader holds and to the equity in the trader's account. When the market moves adversely to the trader's position and the trader receives a margin call, the trader should top up the margin to the initial margin level by the deadline stipulated in the brokerage contract. If the trader fails to top up the margin by the deadline, the trader will face liquidation of their positions and will not be allowed to place new orders.

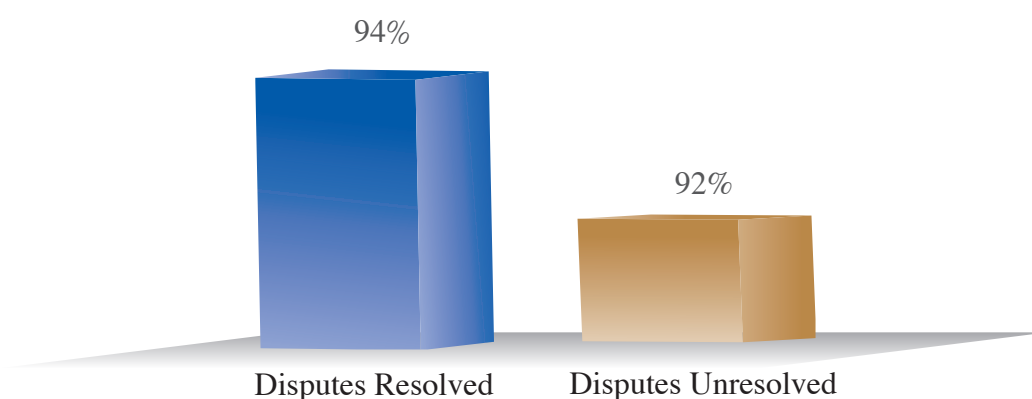
Disputes over the trade of securities on the secondary market

1. When a trader authorizes any other person to trade stocks on the trader's behalf, the trader must issue a written authorization. Do not readily believe anyone's claims about their performance in investing for others and be persuaded to hand over assets for discretionary investment by others. Brokerage trading personnel are only allowed to place orders for trading of stocks based on the instructions in the customer's order. If brokerage personnel engage in discretionary trading in violation of regulations, they may lose their license, the brokerage's business may be suspended and criminal penalties and liability for civil damages may be incurred.
2. To prevent traders from being cheated or scammed, and to avoid related investment disputes, when opening securities accounts, traders should familiarize themselves with the trade report form and the means by which the monthly reconciliation statements are sent. When trading stocks, the trader should pay constant attention to whether they have received on time the trade reports sent by the company and should check any balance against the content of the reconciliation statements. Traders should store electronic transaction passwords and electronic transaction certificates in a safe. To avoid damage to your rights and interests, never share or deliver passwords or certificates to others.

Findings of financial consumer satisfaction survey

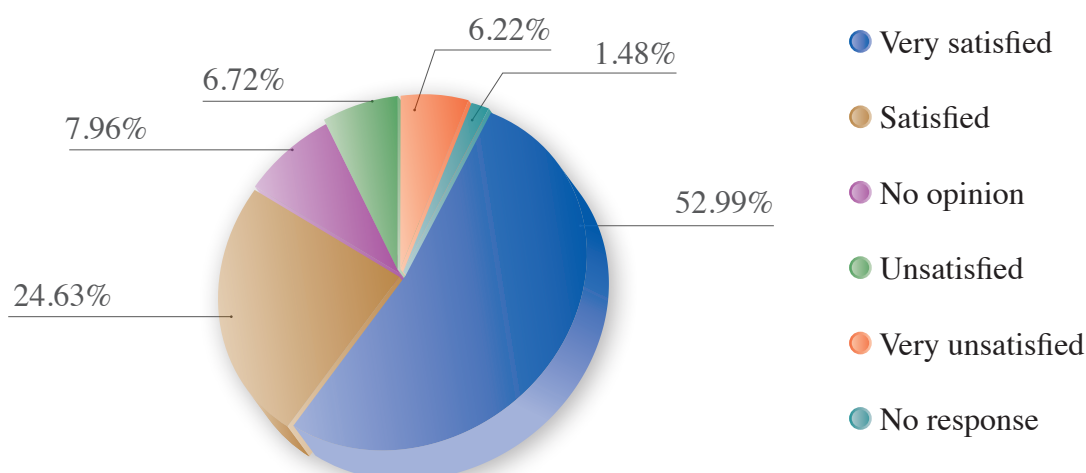
Since its establishment on 2 January 2012, the FOI has conducted random-sample telephone surveys and questionnaires regarding complaints and ombudsman cases to understand whether the services it provides meet the needs of applicants, and also to analyze the level of applicant satisfaction with the FOI. The survey findings serve as a reference for the FOI in its efforts to improve service quality.

Percentages of applicants "satisfied" or "very satisfied" with service in case-handling of complaints in 2018



To further improve the quality of service, starting from April 2014, the FOI distributed service satisfaction questionnaires along with each ombudsman decision by mail. In 2018, 78% of the applicants indicated that overall, they were either "satisfied" or "very satisfied" with the ombudsman service. The following figures show the levels of satisfaction with ombudsman procedures in 2018 with respect to different criteria:

Overall satisfaction with ombudsman procedures in 2018



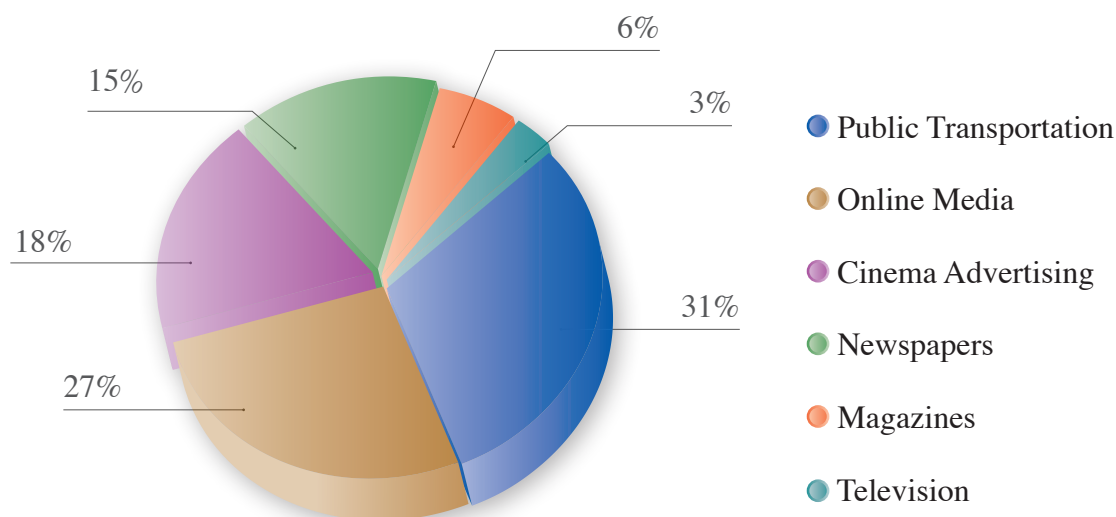


Education and Awareness

The FOI conducts education and awareness programs primarily directed at financial services enterprises and their staffs and at financial consumers. It also engages in cooperation and information exchanges with international organizations involved in ADRs. Educating consumers includes helping them acquire proper knowledge of financial matters and the understanding of financial consumption that will enable them to proactively protect their own interests. The FOI also provides guidance to financial services enterprises to assist them with legal compliance and proper attention to their own management. It provides the enterprises with guidance and instructions on common types of disputes, giving them a clear direction to follow when drafting or revising their own business practices so as to enhance the quality of services provided. Furthermore, the FOI works to strengthen external communication and coordination with various parties. It actively engages in cooperation and exchanges of experience with various groups and institutions, and it undertakes broad-based education and awareness programs, using a variety of channels and combining the resources of related organizations in the public and private sectors. Additionally, it implements the policy and strategy of the fair dealing principles established in each financial services industry and also holds courses on the fair dealing principles for financial services personnel.

In terms of international cooperation, every year the FOI participates in international platforms and discussion forums related to financial ombudsman service, financial education, and specialized financial realms such as insurance law. Through these activities, the FOI shares and exchanges experiences with its counterparts abroad, and it promotes Taiwan's positive image and international visibility in the financial consumer protection field. The FOI formally became a member of the International Network of Financial Services Ombudsman Schemes (INFO) in 2012 and also a regular member of the International Network on Financial Education (INFE) in 2014. The FOI also has an international area on the official website. It provides to the public the contents of relevant reports on participation in international conferences and visits to foreign institutions over the years.

1. 2018 Media, advertising, and awareness campaign



2. Education and awareness activities

The FOI held 146 awareness activities in 2018, attracting a total attendance of 13,640.

Target	Category	Sessions	Attendees
Financial Services Enterprise	Financial consumer dispute case study seminars	7	1,000
	Courses on the fair dealing principles for the financial services enterprises	39	3,879
	Activities to promote awareness of the FCPA	1	68
Subtotal		47	4,947
Financial Consumers	Community colleges (including community learning programs and community organizations and groups)	12	838
	Campus lecture circuit	36	1,317
	Financial consumer awareness lectures	28	3,464
	Knowledge of Finance A+ lecture circuit	11	1,995
	Local mediation committees seminars	11	1,034
	Financial consumer dispute case study seminar for Consumer Ombudsmen Officers	1	45
Subtotal		99	8,693
Total		146	13,640

3. Consumer Service Operations

The advisory services offered by the FOI are aimed at assisting financial consumers to clarify the direction of their questions and speed up the resolution of their disputes. In this initial advisory stage, financial consumers gain an in-depth understanding of their cases and take the first steps in communicating with the financial services enterprise, setting them on track, with the help of the FOI, to smoothly resolve their disputes.

(1) Types of services offered and numbers of cases

Service type	Service counters	Consumer Helplines (including 1998)	Written advice	Total
Number of cases	556	24,589	1,626	26,771 ¹

(2) Service counter satisfaction survey results

Number of service counter visits	Number of questionnaires issued	Rate	Level of satisfaction
556 ²	68	12%	98% ³

¹ Types of cases include advisory, complaints, and applications for ombudsman service.

² The statistic for service counter advice was calculated by actual service counter visits, and includes simple advisory services, legal advisory services, complaints, and applications for ombudsman service.

³ The level of satisfaction was calculated by the percentage of financial consumers who visited the service counter and selected “very satisfied” or “satisfied” on the questionnaire that was distributed to them.



Future Perspectives

1. Bolster our mediation functions

To resolve financial consumer disputes at the early stage, the FOI will arrange appropriately for Ombudsmen Committee members to attend the mediation proceedings of ombudsman cases. This will enhance the level of professionalism and public accountability associated with the mediation suggestions the FOI provides, which will in turn strengthen the involved parties' trust in the mediation process. At the same time, the FOI will also begin to hold mediation proceedings in various locations to improve the services provided to financial consumers in central and southern Taiwan.

2. Handle disputes related to the group insurance of students at schools at senior secondary level or below and young children at educare service institutions, agricultural insurance, and the development of financial technology and innovative experimentation in accordance with the law

In accordance with Article 21 of the Group Insurance of Students at Schools at Senior Secondary Level or Below and Young Children at Educare Service Institutions Act, Article 21 of the draft of the Agricultural Insurance Act, and Article 24 of the Financial Technology Development and Innovative Experimentation Act, the FOI will provide fair, quick, and effective handling of civil disputes arising from the above acts to effectively resolve the financial consumer disputes in its function as an institution for ADR.

3. Popularize financial literacy and education, and broaden the effects of our financial education and awareness efforts

The FOI will strengthen a thematic awareness campaign, and the types of disputes over the years will be compiled into various types of awareness topics. In the future, it will focus on these awareness objects and enhance the depth of various awareness campaigns. The FOI will also regularly share both commonly-seen and new types of disputes with enterprises, and it will plan and hold courses on the fair dealing principles for financial services personnel. At the same time, it will establish channels of communication and increase the impact of its awareness efforts. It will also actively seek opportunities for cooperation with local government protection officials and mediators to broaden the target population and scope of its education and awareness campaigns.

4. Through personal one-stop service, offer financial consumers a more convenient option for advisory services

The FOI has integrated the financial services helplines of the competent regulatory authority, and it will provide a personal one-stop service to offer financial consumers advisory and complaint services. It will also plan to expand the advisory service in various locations for financial consumers, according to its manpower situation.

5. Strengthen international connections

The FOI will actively participate in conferences and activities held by the International Network of Financial Services Ombudsman Schemes (INFO), the International Network on Financial Education (INFE), and other international organizations to promote professional exchange and international cooperation.

6. Cultivate and promote human resources

To keep pace with the changing times, the FOI will continuously cultivate human resources and provide a positive learning environment and resources so that employees and the FOI can progress and grow together.

Financial Statements

FINANCIAL OMBUDSMAN INSTITUTION BALANCE SHEET December 31, 2018 and 2017

(In New Taiwan Dollars)

ASSETS	December 31, 2018		December 31, 2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 759,815,481	63	\$ 590,385,848	48
Debt investments with no active market - current	393,190,700	32	169,973,955	14
Trade receivables from unrelated parties	15,800	-	-	-
Other receivables	14,362,378	1	9,449,541	1
Prepayments	4,433,487	-	3,626,022	-
Total Current Assets	1,171,817,846	96	773,435,366	63
NONCURRENT ASSETS				
Available-for-sale Financial assets - non-current	7,550,000	1	8,215,000	1
Debt investment with no active market - non- current	13,368,563	1	416,419,565	34
Property, plant and equipment	8,723,484	1	7,774,020	1
Prepaid equipment	4,127,470	-	3,546,940	-
Other intangible assets	6,529,502	1	7,110,495	1
Deposit-out	2,818,188	-	2,818,188	-
Total Non-current Assets	43,117,207	4	445,884,208	37
TOTAL ASSETS	\$ 1,214,935,053	100	\$ 1,219,319,574	100
LIABILITIES, FUNDS AND SURPLUSES				
CURRENT LIABILITIES				
Other Payables	\$ 21,305,546	2	\$ 22,286,160	2
Unearned Receipts	16,364,120	1	-	-
Other Current Liabilities	169,981	-	328,823	-
Total Current Liabilities	37,839,647	3	22,614,983	2
NONCURRENT LIABILITIES				
Net Defined benefit liability	29,768,446	3	26,251,599	2
Deposit-in	918,650	-	819,730	-
Total Non-current Liabilities	30,687,096	3	27,071,329	2
Total Liabilities	68,526,743	6	49,686,312	4
FUND AND SURPLUSES				
Fund	1,000,000,000	82	1,000,000,000	82
Retained Surpluses	144,996,223	12	167,556,175	14
Unrealized gain or losses on available-for-sale Financial assets	1,412,087	-	2,077,087	-
Total Funds and Surpluses	1,146,408,310	94	1,169,633,262	96
TOTAL LIABILITIES, FUNDS AND SURPLUSES	\$ 1,214,935,053	100	\$ 1,219,319,574	100



FINANCIAL OMBUDSMAN INSTITUTION INCOME STATEMENT For the year ended December 31, 2018 and 2017

(In New Taiwan Dollars)

	Year2018		Year2017	
	Amount	%	Amount	%
REVENUES				
Annual fee income	\$ 73,401,992	63	\$ 87,903,178	62
Service fee income	43,879,463	37	52,879,140	38
Other service fee income	160,383	-	137,145	-
Net operating revenues	117,441,838	100	140,919,463	100
Operating expenses	(129,802,082)	(111)	(130,708,793)	(93)
NON-OPERATING INCOME AND EXPENSES				
Interest income	11,999,984	10	11,948,487	9
Loss on disposal of property, plant and equipment	-	-	(28,757)	-
Other revenues	360,260	1	429,552	-
Total non-operating income and expenses	12,360,244	11	12,349,282	9
SURPLUS FOR THE YEAR (Pre-taxed)	-	-	22,559,952	16
INCOME TAX EXPENSE	-	-	-	-
SURPLUS FOR THE YEAR (After-taxed)	\$ -	-	\$ 22,559,952	16

Above financial statements were audited by Deloitte & Touche, whilst, approved by the 19th joint meeting of the 3rd-term Board of Directors and Supervisors of the FOI.



A thin, dark grey line graphic on a light beige background. It starts with a small dot at the bottom, goes up vertically, then curves to the right, then up again, ending with a small dot at the top.

FOI

2018 Annual Report



財團法人金融消費評議中心
Financial Ombudsman Institution



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