



INSURE Your Life

Brief Introduction



**Bureau of Labor Insurance,
Ministry of Labor**

TEL : 886-2-2396-1266

WEB : www.bli.gov.tw

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Preface

The first social insurance program in Taiwan— labor insurance – began in 1950. Since its implementation, the statutes governing the labor insurance system have undergone revisions several times in response to social changes and economic development. These amendments have expanded the range of insurance beneficiaries, gradually increased different types of benefits, progressively lowered requirements of benefits payment and brought about greater protection for laborers' work and lives. Labor insurance lifted the curtain on our country's social insurance system. As various social security systems were promoted, the delegated businesses operated by the Bureau of Labor Insurance, Ministry of Labor have increased and diversified. The Bureau of Labor Insurance, Ministry of Labor's organization has thus been increasingly growing in size, providing protection and services for laborers. The following sections will introduce the organizational structure, business profile, and future perspectives of the Bureau of Labor Insurance, Ministry of Labor (hereinafter referred to as BLI).



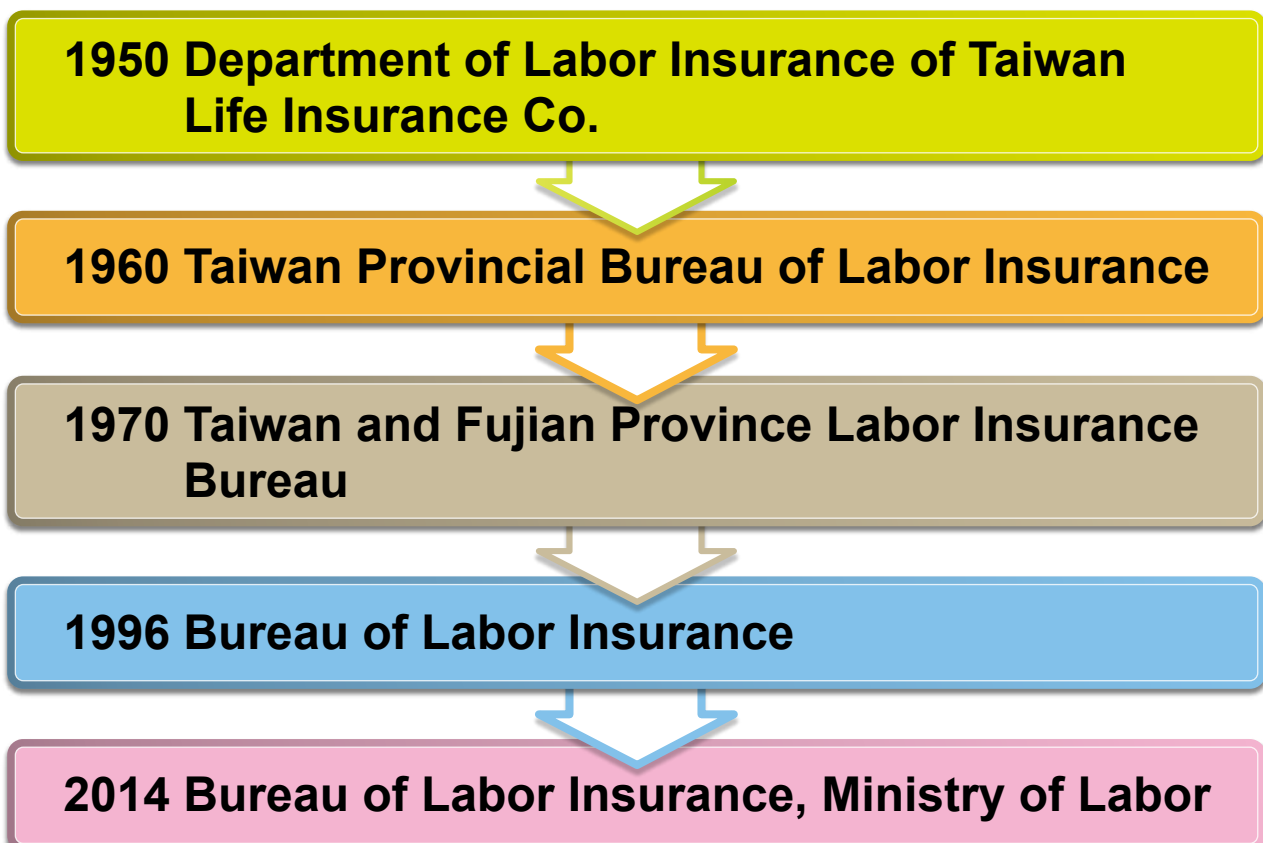
Chapter One

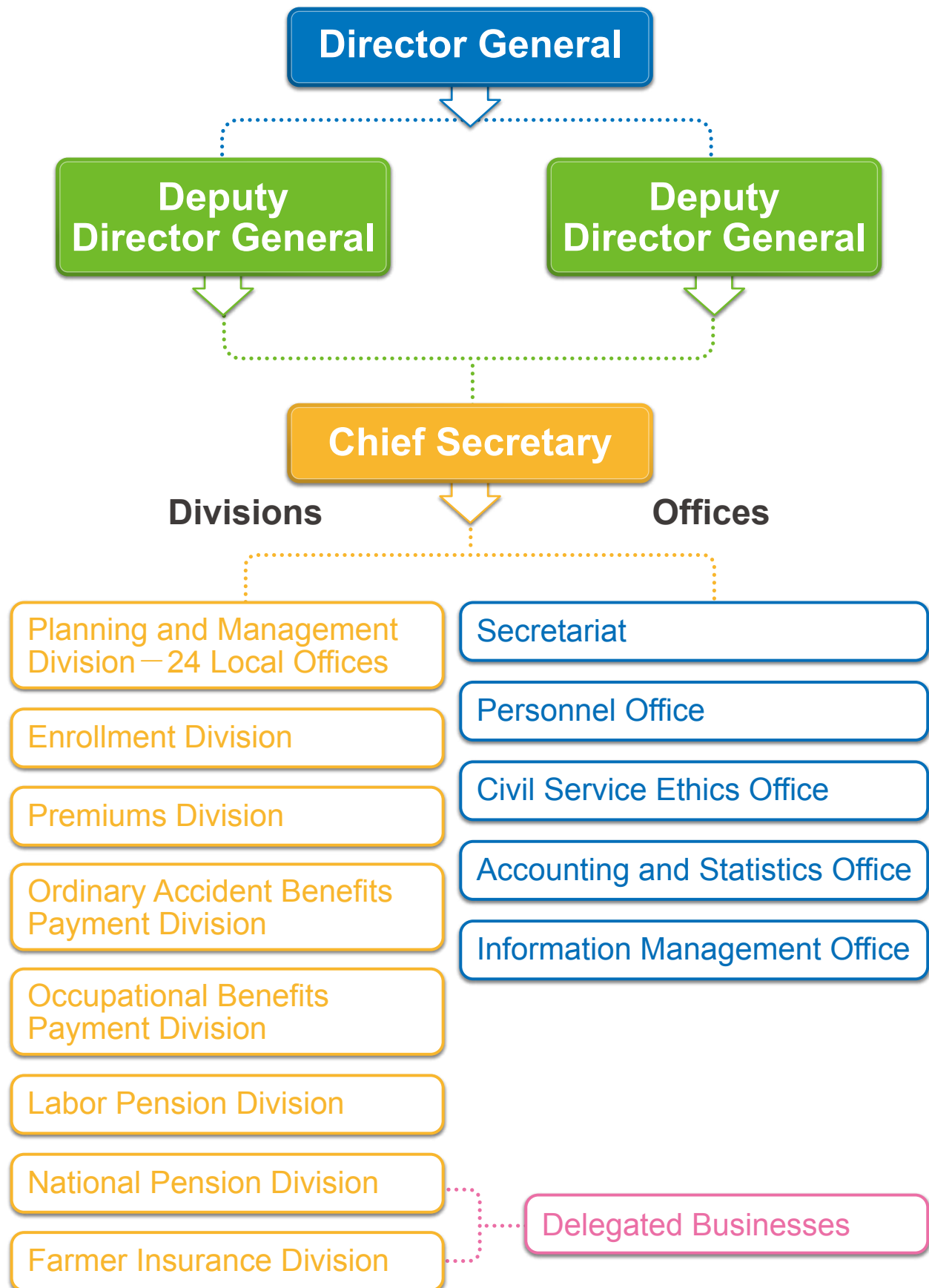
Organization and Businesses

Organization

The labor insurance program began in 1950. During the early stage, the government commissioned the Department of Labor Insurance of Taiwan Life Insurance Co. to handle the whole business. In 1960, the Taiwan Provincial Bureau of Labor Insurance was established to be responsible for the affairs of labor insurance under the enforcement of the Labor Insurance Act. In 1970, the organization was renamed as the Taiwan and Fujian Province Labor Insurance Bureau. In 1996, it was assigned to be under the jurisdiction of the central government and its name was changed to the “Bureau of Labor Insurance”. In 2014, the BLI was revamped into an administrative agency and classified under the Ministry of Labor, and the organization’s name was officially changed to the “Bureau of Labor Insurance, Ministry of Labor”.

In accordance with the Bureau of Labor Insurance, Ministry of Labor Organization Act, the BLI has one Director General, two Deputy Director General, and one Chief Secretary, and according to Organization Directions of the Bureau of Labor Insurance, Ministry of Labor, the BLI consists of the following divisions and offices : the Planning and Management Division, Enrollment Division, Premiums Division, Ordinary Accident Benefits Payment Division, Occupational Accident Benefits Payment Division, Labor Pension Division, National Pension Division, Farmer Insurance Division, Secretariat, Personnel Office, Civil Service Ethics Office, Accounting and Statistics Office, and Information Management Office. Moreover the BLI has formed 24 local offices as supporting units located in Taiwan, Penghu, Kinmen, and Matsu to locally provide relevant services.





Scope and Variety of Businesses

The BLI's primary mission is the handling of labor insurance services; it has also continually been commissioned other social security services. The scope of the BLI's services has been expanded to include social insurance, labor protection, social welfare allowances and so on. The BLI has been commissioned to handle the collection and disbursement of wage arrears payment since November 1986, as well as farmer health insurance, which the Ministry of Interior entrusted to the BLI since July 1989. In June 1995, the Council of Agriculture commissioned the BLI to handle the welfare allowance for elderly farmers program. On April 28, 2002, the BLI was commissioned to handle the subsidies of occupational accident labor protection

(The business has been transferred to the Occupational Safety and Health Administration in 2014). In June 2002, the BLI was commissioned by the Ministry of Interior and the Council of Indigenous Peoples, Executive Yuan to handle the old-age citizens' and indigenes' welfare allowances programs. On January 1, 2003, the BLI began to implement the employment insurance program. On July 1, 2005, it started implementing the new labor pension program. On October 1, 2008, the BLI was commissioned by the Ministry of Interior (From July 2013, the central competent authority changed to the Ministry of Health and Welfare) to implement the national pension program.

1950—Labor insurance program

1986—Wage arrears payment program

1989—Farmer health insurance program

1995—Welfare allowance for elderly farmers program

2002—Occupational accident labor protection program
(The business has been transferred to the Occupational Safety and Health Administration in 2014)

2002—Old-age citizens' and indigenes' welfare allowances programs
(granted until September 30, 2008, the day before the implementation of the national pension program)

2003—Employment insurance program

2005—New labor pension program

2008—National pension program



Chapter Two

Profile of Labor Insurance and Labor Protection Programs

Labor Insurance Program

The labor insurance program was established in March 1950; during the initial stage, it only issued cash benefits. In July 1956, inpatient medical benefits were added, followed by outpatient medical benefits in 1970. In 1979, labor insurance was classified into ordinary accident insurance and occupational accident insurance. On March 1, 1995, the responsibility of providing medical-care benefits of ordinary accident insurance was transferred to the Bureau of National Health Insurance (which was revamped as the National Health Insurance Administration, Ministry of Health and Welfare) after the national health insurance program was established. On January 1, 1999, the business of unemployment benefits of labor insurance was implemented. On January 1, 2003, after the Employment Insurance Law was promulgated, the business of unemployment benefits was separated from the labor insurance program and merged into the employment insurance program.

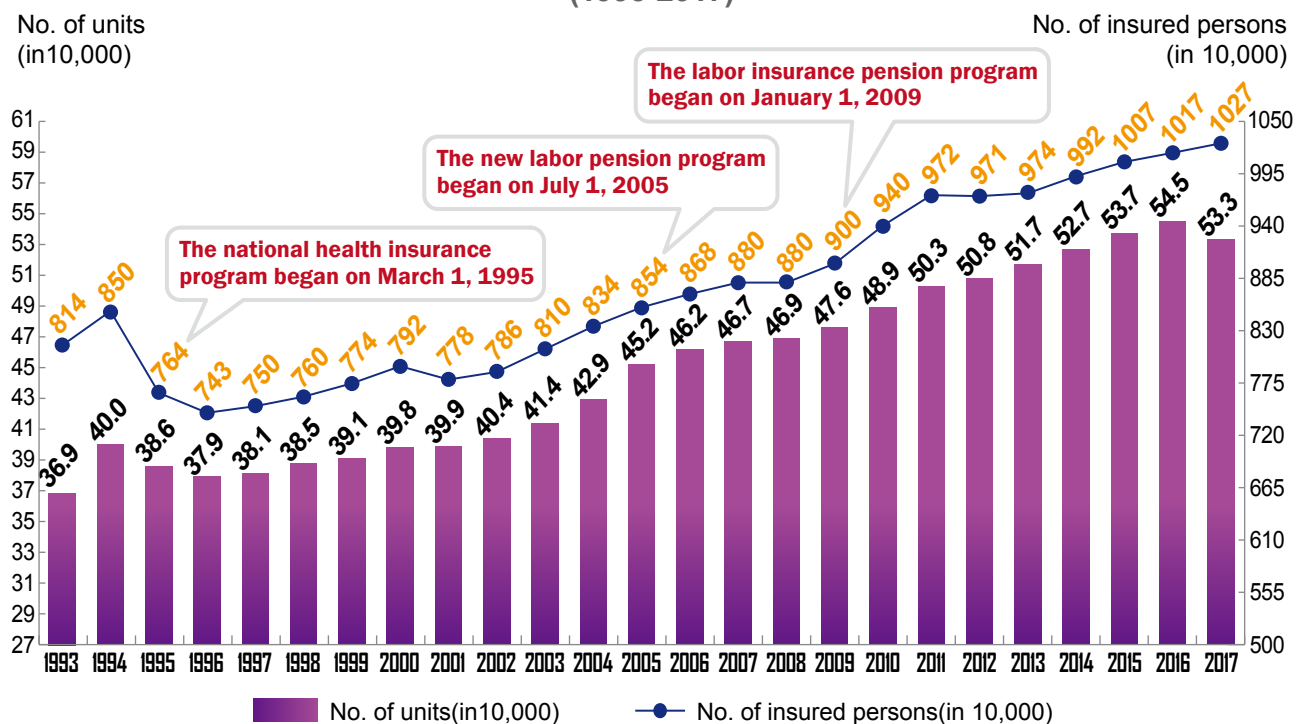
Amendments to some articles in the Labor Insurance Act were passed at the Legislative Yuan on July 17, 2008, and announced by the President on August 13 of the same year, followed by the Executive Yuan's official promulgation that January 1, 2009 was the enforcement date of the labor insurance pension program.

Labor insurance benefits payment is divided into two main categories: ordinary accident insurance and occupational accident insurance. Ordinary accident insurance includes five kinds of cash benefits: maternity, injury or sickness, permanent disability, old-age and survivor benefits, while occupational accident insurance provides three types of benefits payable in cash, which are injury or sickness, permanent disability, and survivor benefits, plus medical benefits.

1. Insured Units and Insured Persons

Labor insurance is a group insurance. All units eligible for coverage should join the program, insuring their employees. Labor insurance is divided into compulsory insurance and voluntary insurance. Under the compulsory insurance category, all the workers, aged above 15 and below 65, working in a company, enterprise, and institution with 5 or more employees, employees of government agencies or public or private schools who are not eligible for the civil servants and teachers' insurance program, workers employed in fishery production, freelance workers without regular employers, or the self-employed, and fishermen who belong to Class A members of fishermen's associations are required to join. Candidates participating on a voluntary basis include persons employed in occupations outside of those mentioned in the paragraph 1 of Article 6 of the Labor Insurance Act, employers who are actually working, workers working for employers with less than five employees, seamen serving in vessels abroad—who are members of the National Chinese Seamen's Union or the Master Mariners Association, persons who are under military service, sent abroad for investigation, research, or providing services, during injury or sick leave without pay—injured or sick for a period of less than one year owing to ordinary accidents, or absent from work for a period of less than two years as a result of occupational accidents; insured persons who have withdrawn from the program due to separation from employment but have not applied for old-age benefits and have resumed working after reaching the age of 65, are detained or suspended from work on account of a court case before the decision of the court is announced, have been laid off and not entitled to claim old-age benefits, are exposed to occupational accidents, and during the period of medical treatment for occupational injury or

Trend Changes in the No. of Units and Insured Persons in the Labor Insurance Program (1993-2017)



illness withdraws from the insurance program upon the termination of work contract, and are not qualified to apply the old-age benefits, and persons, who have, in accordance with the law, applied for leave without pay for nursing at home. In addition, the persons who have claimed labor insurance old-age benefits and who are more than 65 years of age that have applied for old-age payments of other related social insurance and resumed working, they may participate in the occupational accident insurance voluntarily via their insured units.

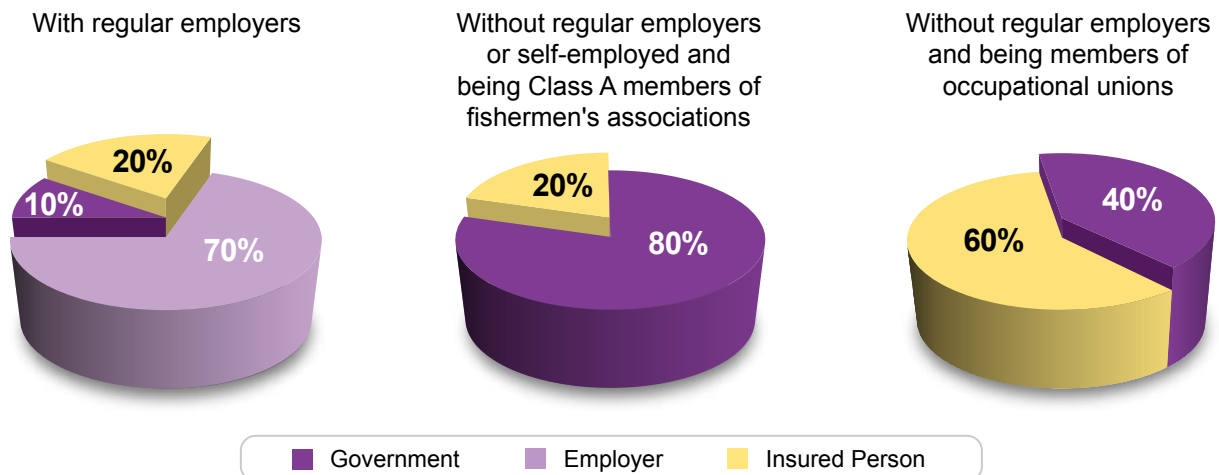
2. Premium Rates and Insurance Salary

The premium rates of labor insurance are of two types: ordinary and occupational accident, which are categorized as combined insurance rates. Starting from 2017, the former has been set at 9.5% of the monthly insurance salary; starting from 2019, the rate will be adjusted to 10% of the monthly insurance salary. The latter varies according to the Table of Categories of

Occupations and Premium Rates Applicable for Occupational Accident Insurance. By January 1, 2010, the premium rate for occupational accident is divided into two categories: business category accident and commuting accident. In addition, the Merit Rating System of Occupational Accident Insurance applies to insured units with more than 70 employees. That is, the business category accident premium rate is readjusted every year pursuant to the increase or decrease of occupational accident benefits claimed by insured units.

Insurance premiums are paid jointly by the government, employers and workers according to different ratios. The ratio of premium payment is as follows: when an insured person has a regular employer, 70% of the ordinary accident insurance premium is shared by the employer, 20% by the insured person and 10% by the government. For occupational accidents, the full premium is paid by the employer. When an insured person does not have a regular employer or is self-employed

Premium Payment Ratio



and affiliated with an occupational union, he/she will bear 60% of the premium for both ordinary and occupational accident insurance, and the remaining 40% will be paid by the government.

The insured who do not have regular employers or are self-employed and qualified as Class A members of fishermen's associations will share 20% of the premium for both ordinary and occupational accident insurance, with the government paying for the remaining 80%. Furthermore, the monthly insurance salary of labor insurance is based on the actual monthly salary total of the insured and should be reported correctly in accordance with the Table of Grades of Labor Insurance Salary.

3. Insurance Benefits

Labor insurance is divided into two major categories: ordinary insurance and occupational accident insurance. Ordinary accident insurance provides five kinds of cash benefits, which are maternity, injury or sickness, permanent disability, old-age and survivor benefits. The occupational accident insurance consists of injury or sickness, permanent disability and survivor benefits, plus medical benefits. Besides, the labor insurance

Ordinary Accident Insurance

- Maternity Benefits
- Injury or Sickness Benefits (Temporary Disability Benefits)
- Permanent Disability Benefits
- Old-age Benefits
- Survivor Benefits

Occupational Accident Insurance

- Injury or Sickness Benefits (Temporary Disability Benefits)
- Permanent Disability Benefits
- Survivor Benefits
- Medical Benefits

pension program was launched on January 1, 2009.

[Qualification]

1. Article 19 of Labor Insurance Act:

Upon the occurrence of a contingency covered by the insurance after the beginning and before

the end of the effective period of the insurance, an insured person or his/her beneficiaries may claim insurance benefits payment pursuant to the provisions of this Act.

2. Article 20 of Labor Insurance Act:

- (1) For within one year after the insurance policy has been terminated, an insured person shall remain entitled to injury or sickness benefits, permanent disability benefits, survivor benefits or occupational accident medical benefits for the injury or sickness and the diseases it causes occurring during the effective period of the insurance policy.
- (2) For within one year after the insurance policy has been terminated, an insured person who is pregnant during the effective period of the insurance, and conforms to the provisions of coverage days stipulated in the 1st or 2nd subparagraph of the 1st paragraph of Article 31 of the Act, shall be entitled to maternity benefits for childbirth or premature delivery due to the pregnancy.

[Calculation of cash benefits payment]

The benefits payment which is issued by cash is calculated pursuant to the average monthly insurance salary and payment benefit standards. The average monthly insurance salary is calculated below :

1. Pension Benefits and Lump Sum old-age Benefits:

It is calculated by averaging the highest sixty months insurance salary during the coverage duration of the insured person. For those who participants insured for less than five years, it would be calculated using the average monthly insurance salary for the actual insurance period.

2. One-time Old-age Benefits:

It is calculated by the average of the monthly insurance salary of the insured person during the three years prior to the month in which

the insured person surrenders the policy. For participants insured for less than three years, payouts shall be calculated based on the average of the monthly insurance salary during which the participant is insured.

3. Other Cash Payment:

It is calculated by dividing the insured persons' total monthly insurance salary in the most current six months prior to the insurance incident occurs.

(1) Maternity Benefits

A female insured person who has childbirth occurring more than 280 days or has premature birth occurring more than 181 days after joining the labor insurance program is entitled to claim 60-day lump-sum payment based upon the 6-month average of insurance salary before the delivery or premature delivery date. In case of a plural birth resulting from childbirth, the payment shall be increased proportionately. For those insured persons who are also eligible for maternity benefits under related social insurance programs, or for military, civil and educational personnel who also qualify for national maternity allowances, they have to choose one type of maternity benefits or allowances only.

※ An insured person who gave birth or had a premature delivery before May 30, 2014, according to the principle of non-retroactivity of law, 30-day maternity benefits shall be issued.

(2) Injury or Sickness Benefits

In case an insured person does not receive salary payment due to injury or sickness for which he/she is under medical treatment, he/she is entitled to claim injury or sickness benefits from the fourth day when he/she is unable to work full day, the said benefits of ordinary injury or sickness will be payable for inpatient hospitalization and the said benefits of occupational injury or sickness will

be payable for inpatient hospitalization and outpatient medical care.

① Ordinary Injury or Sickness Benefits

The benefits of ordinary injury or sickness for inpatient hospitalization will be payable at the rate of 50% of the average monthly insurance salary of an insured person for a maximum period of six months. When an insured person has at least one full year of insurance coverage prior to the occurrence of injury or sickness, such benefits will be payable for an additional six months.

② Occupational Injury or Disease Benefits

The benefits of occupational injury or diseases for inpatient hospitalization and outpatient medical care will be payable at the rate of 70% of an insured person's average monthly insurance salary. In case an insured person has not recovered from injury or diseases after one full year and been unable to work, the benefits are reduced to 50% of the insured person's average monthly insurance salary for a maximum period of one year.

(3) Permanent Disability Benefits

An insured person suffers from injury or sickness and the person's condition is stable after medical treatment but no improvement could be expected for further treatment, and if the insured person is diagnosed to be permanently disabled by the national health insurance specially contracted hospitals and the disability comply with the disability benefit standard regulation, the insured person could claim permanent disability benefit.

① Lump-sum Permanent Disability Benefits

The benefits are available to those whose disability conditions conforming to the criteria stipulations of the disability benefit payout, but not yet reaching the "permanent inability to work" payout item. There are in total 201 disability items. An insured

whose disability conditions conforming to the "permanent inability to work" payout item, and also has insured seniority prior to January 1, 2009, may also choose to file for the lump-sum benefits payout.

※Payment Standards:

A. It is calculated by averaging the actual monthly insurance salary six months before the month when the insurance accident occurred to the insured person (which is the date the insured person is diagnosed as permanently disabled); the average daily insurance salary is calculated by dividing the average monthly insurance salary by 30.

B. There are fifteen levels defined for disability classification. The highest is Level 1, in which the insured are paid up to 1,200 days; the lowest is Level 15, in which the insured get paid for 30 days. An insured person will be paid an additional 50% of the original lump-sum payment if the disability is caused by occupational injury or sickness. The highest level is Level 1, in which the insured are paid up to 1,800 days; the lowest level is Level 15, in which the insured get paid for 45 days.

② Permanent Disability Pension

There are totally 20 items of disabled statuses complying with the disabled statuses for the insured with "permanently complete loss of work ability" specified in the Labor Insurance Disability Benefits Payment Standards according to the evaluation and verification. With regard to the application for permanent disability pension, the disability degree of an insured person should be in the scope from level 1 to level 7 of disability rating based on the evaluation, the impairment of work ability losses by more than 70 percent based on an individual specialized evaluation and

therefore he/she could not continue working. Then he/she can apply for the disability pension.

※Payment Standards:

A. Average monthly insurance salary x coverage years x 1.55 % (minimum guarantee of NT\$4,000)

◆Average monthly insurance salary is calculated by averaging the highest 60 months of insurance salary during the insurance coverage years.

B. Dependent allowances: For those who meet the qualification for applying permanent disability pension and have qualified spouses or dependent children, 25% of the amount calculated shall be granted, a maximum 50% will be granted.

C. For those who have suffered from occupational injury or are disabled owing to occupational diseases, a lump-sum payment of 20 months occupational disability compensation shall be granted in addition to the pension.

D. Insured persons who have a record of national pension insurance coverage may choose to claim disability pension payments on a combined basis in

accordance with the regulations of the national pension insurance program.

(4) Old-age Benefits

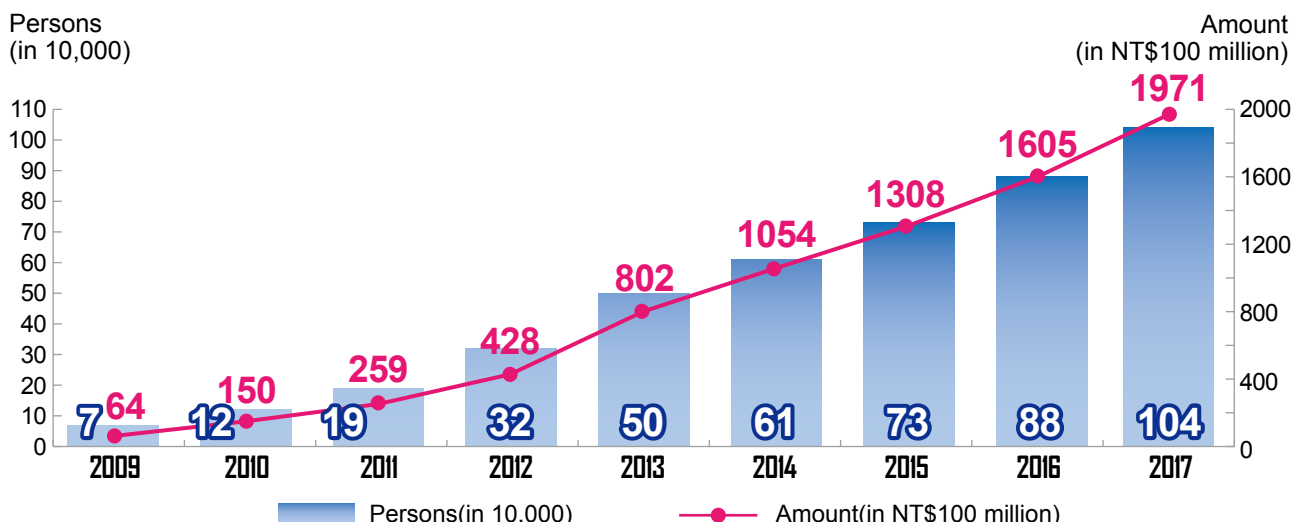
① Old-age Pension Benefits

The insured person could claim for old-age pension benefit if he/she meets one of the following conditions:

A. An insured person whose insurance coverage reached over fifteen years, and who is at least sixty years of age and has resigned from work and withdrawn from insurance coverage (The age limit for claiming will be increased gradually and will be 61 in 2018. Then the limit will be raised by one year for every two years until the limit reaches 65 years of age in 2026).

B. An insured person who has worked in dangerous, physical hard labor, or work of special character (certified by the central competent authority) for more than fifteen years, and who is at least fifty-five years of age and has resigned from work and withdrawn from insurance coverage (In this case, the old-age pension benefits couldn't be claimed in advance or postponed).

Trend in Old-age Pension Benefits of Labor Insurance (2009-2017)



※Payment Standards:**① The better result will be chosen:**

A. Average monthly insurance salary
× coverage years × 0.775% +
NT\$3,000

B. Average monthly insurance salary ×
coverage years × 1.55%

② The old-age pension benefits could be claimed in advance:

4% of the pension benefits amount calculated will be deducted for each year of pension benefits claiming advancement with the upper limit of 20% deduction.

③ The old-age pension benefits could be claimed postponed:

Extra 4% of the pension benefits amount calculated will be granted for each year of pension benefits claiming postponement with the upper limit of 20% addition.

② Lump-sum Old-age Benefits

An insured person whose insurance coverage is less than fifteen years and who is at least sixty years of age, and has resigned from work and withdrawn from insurance coverage, shall claim for a lump-sum old-age benefits (The age limit for claiming will be increased gradually and will be 61 in 2018. Then the limit will be raised by one year for every two years until the limit reaches 65 years of age in 2026).

※Payment Standards:

1-month payout based on the average monthly insurance salary shall be granted for every full year the participant is insured; for elders over the age of 60 the payout shall be capped at 5 years.

③ One-time Old-age Benefits

If an insured person has insurance coverage before the amendment of the Labor Insurance Act made on January 1, 2009, and meets one of the following requirements, he/she will be eligible for one-

time old-age benefits.

A. A male insured person aged more than sixty or a female insured one aged more than fifty-five who has been insured for at least one year and retires.

B. An insured person whose insurance coverage is over fifteen years, who is at least fifty five years of age and retires.

C. An insured person who has been insured in the same insured unit for over twenty-five years and retires.

D. An insured person whose insurance coverage is over twenty-five years, who is at least fifty years of age and retires.

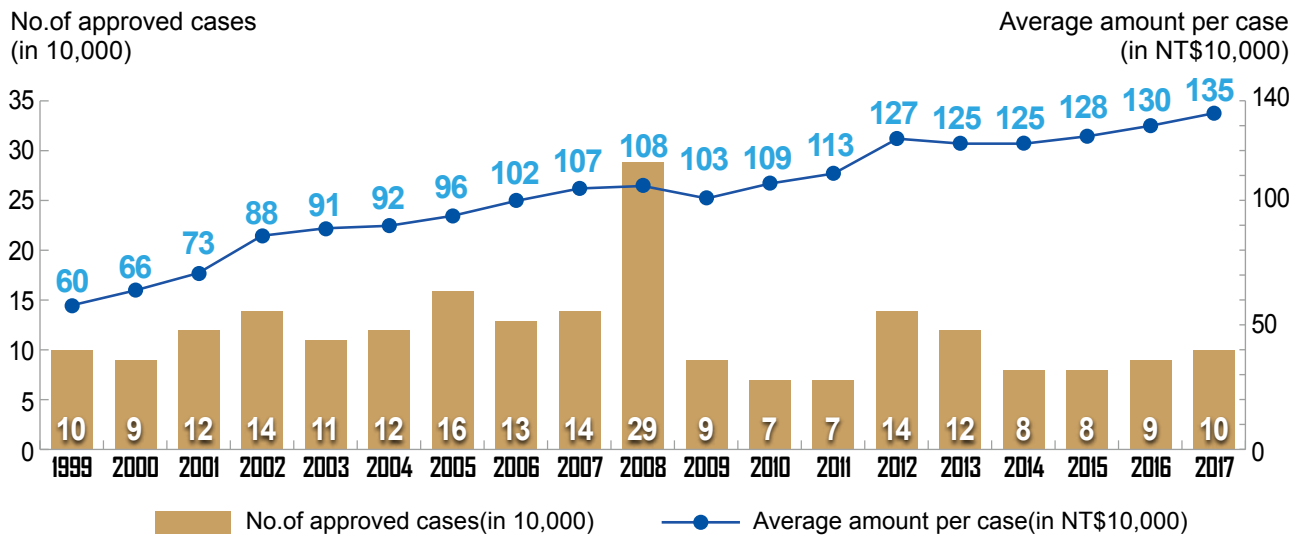
E. An insured person who has been employed for more than five years in dangerous and physically hard labor, or work of special character certified by the central competent authority, who is at least fifty-five years of age and retires.

F. The insured persons who have transferred to the military personnel insurance, the civil servant and teacher insurance, and who have resigned and keep their labor insurance seniority pursuant to Article 76 of Labor Insurance Act.

※Payment Standards:

For every one full year of insurance coverage, one month of average monthly insurance salary would be issued; should the total insurance coverage is more than 15 years, for the part which is more than 15 years, 2 month of average monthly insurance would be issued for every one extra year of insurance coverage, and the highest limit is 45 months before the age of 60. If the insured person is more than 60 years of age and continue to work, the insurance coverage after 60 years would be counted as five years for the maximum. The highest limit is 50 months if combining the one-time old-age benefit before and after 60 years of age.

Trends in One time Old-age Benefits of Labor Insurance (1999-2017)



(5) Survivor Benefits

① Death of Family Members

- A. Three months of funeral grants (on the basis of insured persons' average monthly insurance salary) will be paid when parents or spouses die.
- B. Two-and-a-half months of funeral grants will be paid when children aged 12 or above die.
- C. One-and-a-half months of funeral grants will be paid when children aged less than 12 die.

② Death of the Insured

A. Funeral Grants

In the event of the death of an insured person during the effective period of insurance coverage, five-month funeral grants which could be claimed by the person who pays for funeral expenses. If the insured persons' dependents do not meet the criteria for claiming survivor pension or survivor allowances or there is no dependent, the persons who pay for the funeral expenses could claim ten-month funeral grants.

B. Survivor Allowances

If an insured person had insurance coverage prior to the implementation of the labor pension program (January 1, 2009), his/her qualified dependents could choose to claim one-time survivor allowances.

※Payment Standards:

- ① An insured person whose insurance coverage is less than one year will be paid ten-month survivor allowances.
- ② An insured person whose insurance coverage is more than one year but less than two years will be paid twenty-month survivor allowances.
- ③ An insured person whose insurance coverage is more than two years will be paid thirty-month survivor allowances.
- ④ An insured person dies from occupational injury or sickness and his/her entitled dependents shall be paid forty-month survivor allowances regardless of his/her coverage years.

※Priority of the entitled dependents to claim survivor allowances:

- ① Spouse and children ② parents
- ③ grandparents ④ grandchildren who

are raised by the insured person
 ⑤ brothers and sisters who are raised by the insured person.

Survivors listed on the rear order are not entitled to apply for survivor allowances if survivors listed on the front still exist. To safeguard the financial stability of surviving family members, the payment may be claimed by the second-priority beneficiary if the qualified beneficiary has confirmed that he/she will not claim the survivor allowance and has issued in person a letter of agreement or letter of renunciation for such purpose.

③ Survivor Pension

- A. An insured person who dies during the effective coverage period of labor insurance.
- B. An insured person who has withdrawn from insurance coverage and dies during the period of receiving permanent disability pension or old-age pension.
- C. An insured person who has more than fifteen years of insurance coverage and meets the requirements of claiming old-age benefits according to the paragraph 2 of Article 58 of the Labor Insurance Act but dies before claiming old-age benefits.

※Payment Standards:

- ① An insured person who dies during the effective coverage period of labor insurance: average monthly insurance salary x coverage years x 1.55% (minimum guarantee of NT\$3,000)
- ② An insured person who has withdrawn from the insurance coverage and dies during the period of receiving permanent disability pension or old-age pension, or who has more than 15 years of insurance coverage years

and meet the qualification for claiming old-age benefits according to the paragraph 2 of Article 58 of the Labor Insurance Act but dies before claiming old-age benefits, half the amount of permanent disability pension or old-age pension should be payable to his/her survivors.

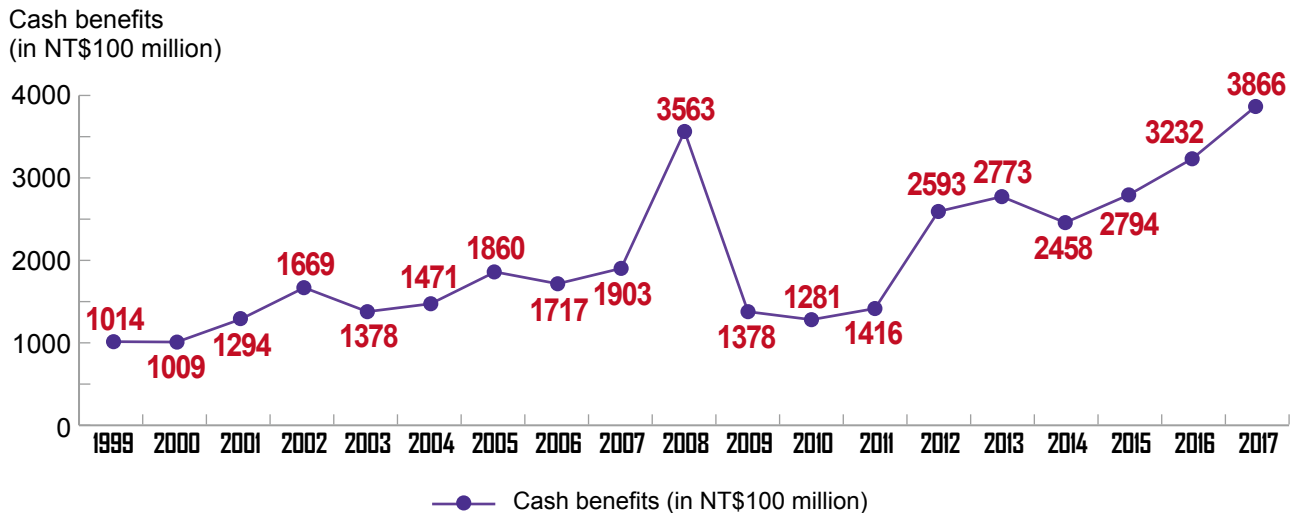
- ③ In case there are at least two survivors listed on the same payment order, 25% more of the standard survivor pension payment will be granted for every extra survivor. The maximum extra payment will be 50% of the standard payment.
- ④ For those who die due to occupational accidents, in addition to the pension benefits, a lump-sum payment of 10 months death compensation for occupational accidents shall be granted.

※Priority of entitled dependents to claim survivor pension : Same as that for survivor allowances. Should survivors listed in the first order are all disqualified for survivor pension payment or one of the following conditions happens when there is no survivor qualified in the same order, survivors in the second order could claim survivor pension benefits :

- ① Dying while claiming survivor pension benefits;
- ② Being nowhere to be found or overseas;
- ③ Submitting a claiming waiver;
- ④ Not submitting an application within one year after being qualified for claiming benefits.

※If an insured person who dies during the effective coverage period of labor insurance, dependents should select one of the survivor allowances or the survivor pension; no changes can be made after the reimbursement.

Trends in Cash Benefits of Labor Insurance (1999-2017)



④ Missing Allowance

In case an insured person is a full-time fisherman, aviation or navigation worker, or a mine-worker, and is declared missing as a result of an accident which occurred in the course of fishing, aviation, navigation, or mining as the case may be, a special missing allowance equivalent to seventy percent (70%) of his average monthly insurance salary shall be payable at the end of every three-month period from the day the insured person is declared missing in the census registry until the day prior to (1) his return alive, (2) the expiration of one year after he was declared missing, or (3) he is declared dead by law, whichever happens first.

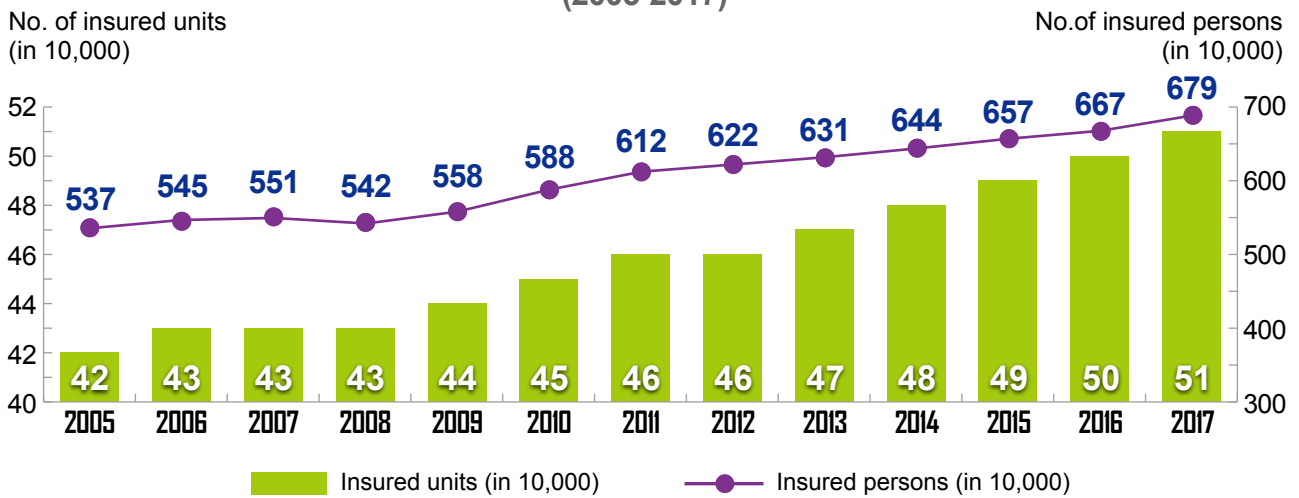
※ Priority of the entitled dependents to claim missing allowance is the same as survivor allowance.

(6) Occupational Accident Medical Benefits

The medical expenses for ordinary sickness or injuries are covered by the National Health Insurance. Such expenses, however, shall be covered by the labor insurance system

when an insured person insured by the labor insurance system suffers from occupational injuries, illness or accidents such as if he/she is injured at work, accidents when commuting to or from the workplace, or when he/she has contracted an occupational disease. Insured persons who go to a clinic or stay in a hospital due to occupational diseases/injuries may download the Occupational Disease/Injury Medical Treatment Form from the Bureau of Labor Insurance website. Once the form is certified by the insured unit via official chop and submitted along with the insured person's NHI Card and personal identity documents to NHI contracted hospitals or clinics for medical services, co-payments shall be waived, and a 50% subsidy for meals will be granted for up to 30 days of hospitalization. To protect the health of the insured persons, the BLI also provides yearly physical examinations for preventing occupational diseases, which are available to those involved in the 31 types of tasks with special health hazards, including high temperature, noise, ionizing radiation and dust prescribed in the "Regulations for Labor Health Protection", subject to that the insured has been consecutively participating in the

Growth Trends in the No. of Insured Units and Persons for Employment Insurance (2005-2017)



labor insurance program for one year or more recently. The purpose of providing the physical examinations is to ensure early discovery and treatment of occupational diseases.

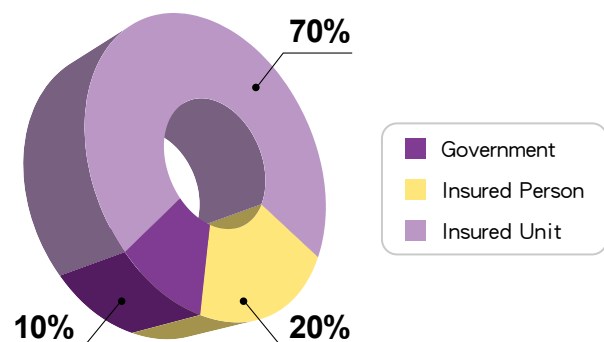
Employment Insurance Program

The unemployment benefits of labor insurance began in 1999. After the Employment Insurance Act was implemented on January 1, 2003, unemployment benefits were taken out of the labor insurance program and increased with vocational training living allowances, early reemployment incentives, and national health insurance premium subsidies for unemployed insured persons. Since January 31, 2007, dependents enrolled with insured persons have been allowed to receive national health insurance premium support as well. The Employment Insurance Act was promulgated on March 31, 2009 after three readings at the Legislative Yuan and implemented on May 1, 2009. Major amendments include: raising the insured age to 65 and expanding the scope of coverage, granting parental leave allowances during unpaid parental leave, and increasing unemployment benefits and vocational training living allowances for specific groups.

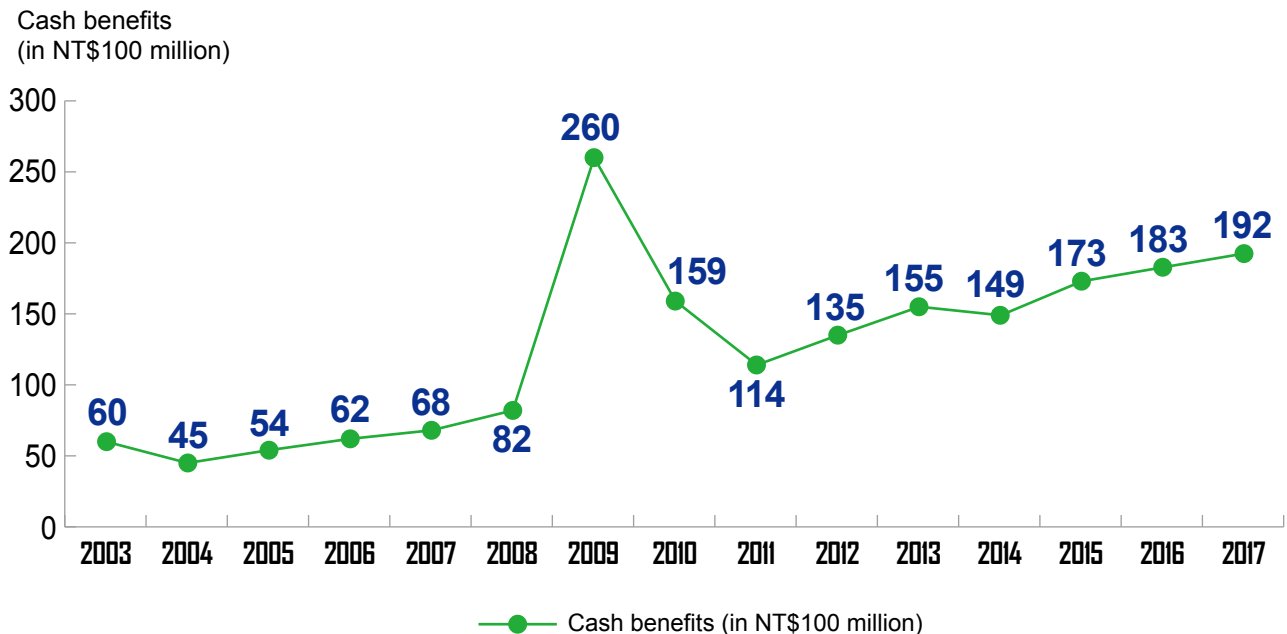
1. Insured Units and Insured Persons

Native employees and Taiwanese spouses from Mainland China, Hong Kong, Macau, and other countries who legally work in Taiwan aged above 15 and below 65 shall join the employment insurance program as insured persons via their employers or organizations to which they belong. However, the following people are not allowed to participate in the employment insurance program: those who, by law, have already participated in the insurance programs for civil servants, teachers or military personnel, those

Employment Insurance Premium Payment Ratio



Trends in Cash Benefits of Employment Insurance (2003-2017)



who have already received old-age pension benefits paid by the labor insurance or civil servants and teachers' insurance and those who work for employers or organizations which are legally exempt from business registration and business tax or from business registration and not required to provide uniform invoices as proof of purchases.

2. Premium Rates and Insurance Salary

In 2003, the Employment Insurance Act was implemented, the employment insurance premium has been collected on the basis of 1% of insured persons' monthly insurance salary since then, in which insured persons pay 20%, insured units pay 70%, and the remaining 10% is paid by the government. The monthly insurance salary should be filed according to the Table of Grades of Labor Insurance Salary.

3. Insurance Benefits

(1) Unemployment Benefits

The insured person should have a total of more than one year of insurance coverage

within three years before the insured person non-voluntarily leave his/her job and withdraw from the Insurance, and the insured person is able and willing to work and has registered with the public employment service institution for seeking a job and is still unable to get a job or take vocational training within 14 days after the job seeking registration date.

※Payment Standards:

- ① Unemployment benefit is issued based on 60% of the average monthly salary for the six months before the month the applicants leave their posts and withdraw from this insurance, and the longest period the qualified insured person could claim for the unemployment benefit is 6 months.
- ② If the applicant who withdraw from this insurance is already 45 years old or holds a physical and mental disability certificate issued by competent authority of social welfare. The longest period for the unemployment benefit is then 9 months.
- ③ After the insured person non-voluntary leave his/her job and withdraw from the

insurance and during the period of receiving unemployment benefit, if the insured person has any dependents (non-working spouse, minor children or children with mental or physical impairment), an extra 10% of benefit or allowance counted based on the average monthly insurance salary for the 6 months period before the month the insured person withdraws from the insurance would be issued to every dependent, however, the maximum extra benefit and allowance is 20% of the base stated above.

(2) Early Reemployment Incentives

The insured person should meet the qualification for Unemployment benefit and be hired to a job before the expiration of the unemployment benefit claiming period and has joined the Insurance for more than 3 months.

※Payment Standards:

A person eligible to claim unemployment benefits who finds work before the maximum unemployment benefits claiming period has expired, and according to the regulations has participated in the employment insurance program as an insured person for at least three months, could claim 50% of unpaid unemployment benefits as a lump-sum early reemployment award.

(3) Vocational Training Living Allowances

An insured person who involuntarily leaves work, registers at a public employment service institution to seek employment, and is arranged by the public employment service institution to attend full-time vocational training, may claim living allowances.

※Payment Standards:

- ① During the training period up to six months, an insured person is paid 60% of his/her average monthly insurance salary over the

six-month period prior to leaving work and withdrawing from the employment insurance program.

- ② After the insured person non-voluntarily leaves his/her job and withdraws from the insurance and during the period of receiving vocational training living allowance, if the insured person has any dependents (non-working spouse, minor children or children with mental or physical impairment), an extra 10% of benefit or allowance counted based on the average monthly insurance salary for the 6 months period before the month the insured person withdraws from the insurance would be issued to every dependent, however, the maximum extra benefit and allowance is 20% of the base stated above.

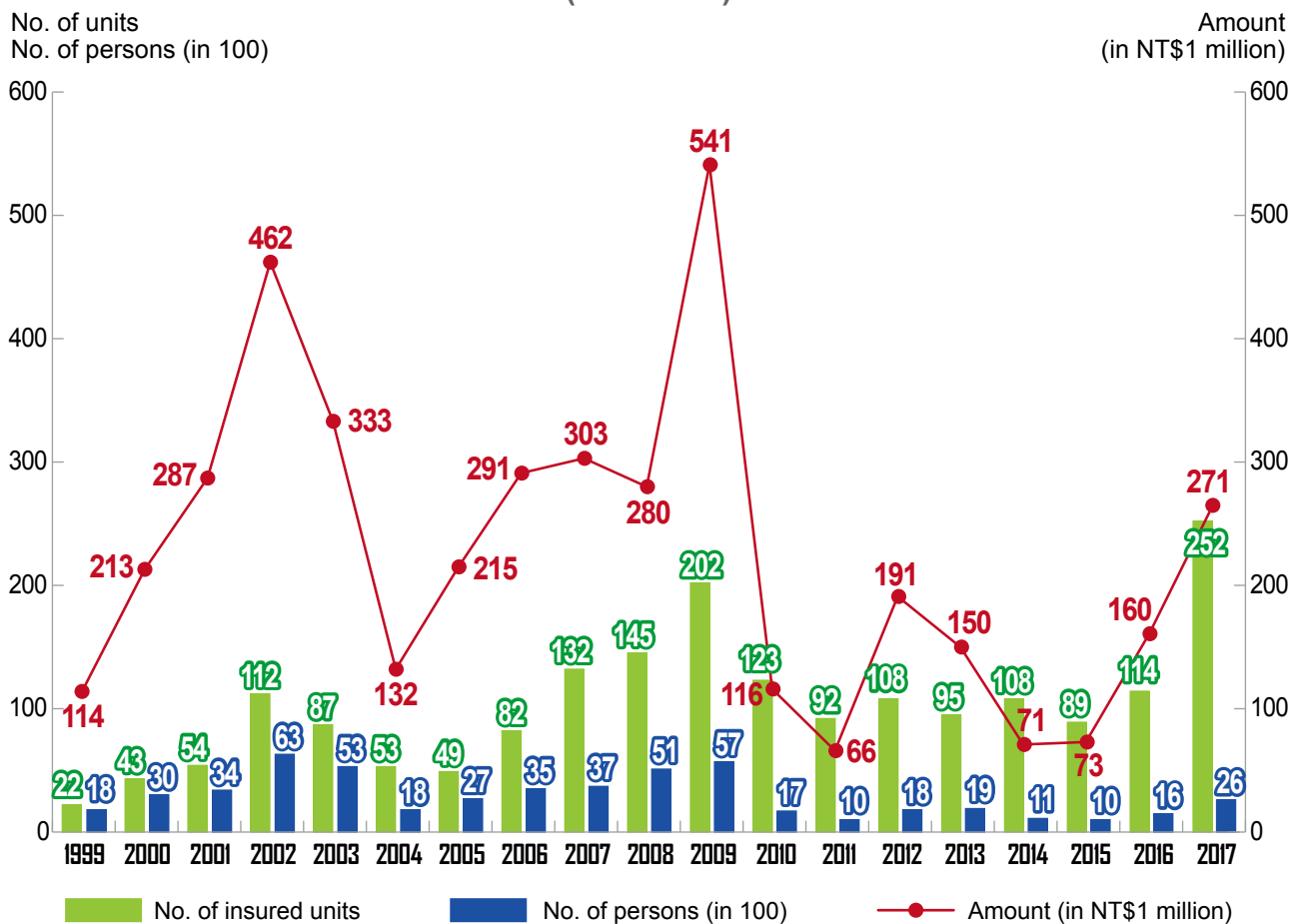
(4) Parental Leave Allowance

An insured person may apply for the parental leave allowance if he/she has been insured for an aggregated period of one year or more, has a child or children who have not yet reached the age of three, and has been taking parental leave without pay in accordance with the regulations set forth in the Act of Gender Equality in Employment.

※Payment Standards:

- ① An insured person shall be paid the amount equivalent to 60% of his/her average monthly insurance salary in the six-month period right before the unpaid parental leave at the first of each month, for a maximum of 6 months for each child. If two children or more under the age of three are raised at the same time, the payment will be made based on one child.
- ② If both parents are insured under employment insurance, they should apply for the parental leave allowance separately and are not allowed to do so at the same time.

No. of Units and Persons Availing of Wage Arrears Payment and Amount (1999-2017)



(5) National Health Insurance Premium Subsidies

The unemployed insured person, together with his or her dependents who participate in National Health Insurance coverage with the insured person at the time of his or her employment termination and withdrawal from insurance coverage. The dependents must be those defined in Article 2 of the National Health Insurance Act or of Category 6 insured status, but not those who are included in National Health Insurance coverage retroactively following the insured person's employment termination and withdrawal from insurance coverage.

※Payment Standards:

- ① The insurer shall subsidize the self-paid portion of the national health insurance premium monthly for anyone eligible for the subsidy in accordance with the provisions of the preceding article. However, the insurer shall not subsidize for the supplementary premium to be collected in accordance with the National Health Insurance Act.
- ② The insurance premium subsidy mentioned in the preceding paragraph shall be the amount to be paid by the insured person who receives the unemployment benefit or vocational training living allowance at the end of each period when receiving said benefit/allowance.

Wage Arrears Payment Program

The wage arrears payment program stipulates that employers should pay a certain amount into the fund monthly to be used for subsequent payment of wage arrears, retirement pension and severance pay required by the provisions of Labor Standards Act, and the severance pay required by the provisions of Labor Pension Act. In case of non-payments upon the employee's request for arrears of wages, pensions, or severance pay, the fund can temporarily cover the payments, but the employer shall repay the amount to the fund within a specified timeframe.

To strengthen the security and stability of the employees' lives and economic welfare, in July 1984 the Labor Standard Law was enacted; Article 28 stipulates expressly that employees who are laid off because of employers' closure, liquidation or bankruptcy, are entitled to claim their wages for up to six months from the wage arrears payment fund. To further protect employees' rights and to reduce labor disputes, on February 4, 2015, the amendment to Article 28 expanded the scope of payments the fund covers, with the fund now covering retirement pension and severance pay required by the provisions of Labor Standards Act, and the severance pay required by the provisions of Labor Pension Act (the total amount shall be no more than six months of average wage).

The collection of the fund began in November, 1986, and it shall be collected by 0.05% of total labor insurance wage. From July 1, 1996, after a certain amount was accumulated in the fund, the rate was lowered to 0.025% to reduce the financial burden of employers. This system has made significant contribution to the protection of workers' lives and stability of our society.

Labor Pension Program

The labor pension program refers to payment given by employers when employees retire. This is a crucial program for safeguarding employees' retired lives. However, the past stipulations pertaining to labor pension claiming under the Labor Standards Act (the old program) are overly strict, it is hard for most employees to meet the requirements of applying. To safeguard employees' retired lives, eliminate deficiencies of the old program, and avoid the rights of pension claiming being affected by employee's change of jobs or employers' going out of business, the government is obligated to replace the old program with a new one. Also, this would make it easier for employers to estimate their operating costs and reduce labor disputes.

After communication and coordination among employees, employers, and the government for more than a decade, the Labor Pension Act was announced on June 30, 2004 and went into effect on July 1, 2005. The new labor pension program is supported by two pillars of "individual labor pension accounts" and "annuity insurance." Some of the provisions of The Labor Pension Act has been amended on January 17, 2014, including: expand the eligible subjects (the foreign spouses, spouses from the Mainland, Hong Kong and Macao areas, self-employed operators), adjusting the enterprise entity's annuity insurance induction threshold, and workers losing their working capability under the age of 60 may apply for their pension early. In addition, The Act for the Recruitment and Employment of Foreign Professionals was approved by the Executive Yuan for implementation as of February 8, 2018. According to Article 11 of the Act, foreign professionals who are hired to engage in professional work and who have obtained permanent residence shall from the date of enforcement of the Act be included in the new labor pension system.

1. Individual Labor Pension Accounts

(1) Applications

① **Mandatory Contributors : Workers eligible under the Labor Standards Act**

According to the paragraph 1 of Article 7 of the Labor Pension Act and the Article 11 of the Act for the Recruitment and Employment of Foreign Professionals, the eligible subjects of the Act pertain to workers eligible under the Labor Standards Act (including natives, Taiwanese spouses from foreign nations, Mainland China, Hong Kong and Macau and permanent resident foreign professionals). However, mandatory contribution is not applicable to those who have their pension reserves contributed in accordance with the Private School Law.

② **Voluntary Contributors**

According to the paragraph 2 of Article 7 of the Labor Pension Act, if employers who are engaged in actual work, self-employed operators, appointed workers, and workers who are not applicable to the Labor Standards Act, may contribute and request to claim pension in accordance with the Act.

(2) Labor Pension Contribution Rates and Monthly Contribution Wages

Employers should contribute no less than 6% of employees' monthly contribution wages, which are to be reported by employers based on employees' total monthly salaries according to the Table of Monthly Contribution Wages of Labor Pension. Meanwhile, employees may choose to voluntarily contribute a maximum of 6% of their monthly contribution wages to their pension accounts and the voluntary contribution can be 100% deducted from their taxable incomes of the same year.

(3) Application for Labor Pension Payment

① **Lump-sum Payment**

Employees aged 60 and over who have contributed for less than 15 years should apply for lump-sum payment of the cumulative principals and earnings in their individual labor pension accounts. Employees aged 60 and over who have worked over 15 years may request to claim lump-sum payment.

② **Monthly Payment**

Employees aged 60 and over who have contributed over 15 years may request to claim monthly payment. The amount received each month is to be computed on the basis of the cumulative principle and earnings in an employee's individual labor pension account. Based on the Annuity Life Table, the amount paid each month is computed on the basis of average remaining lifetime and interest rates, with payment being made regularly. At the time when a worker claims monthly pension payment, he/she shall pay a one-time premium for annuity insurance to cover the worker's annuity payment if he/she lives beyond the average life expectancy.

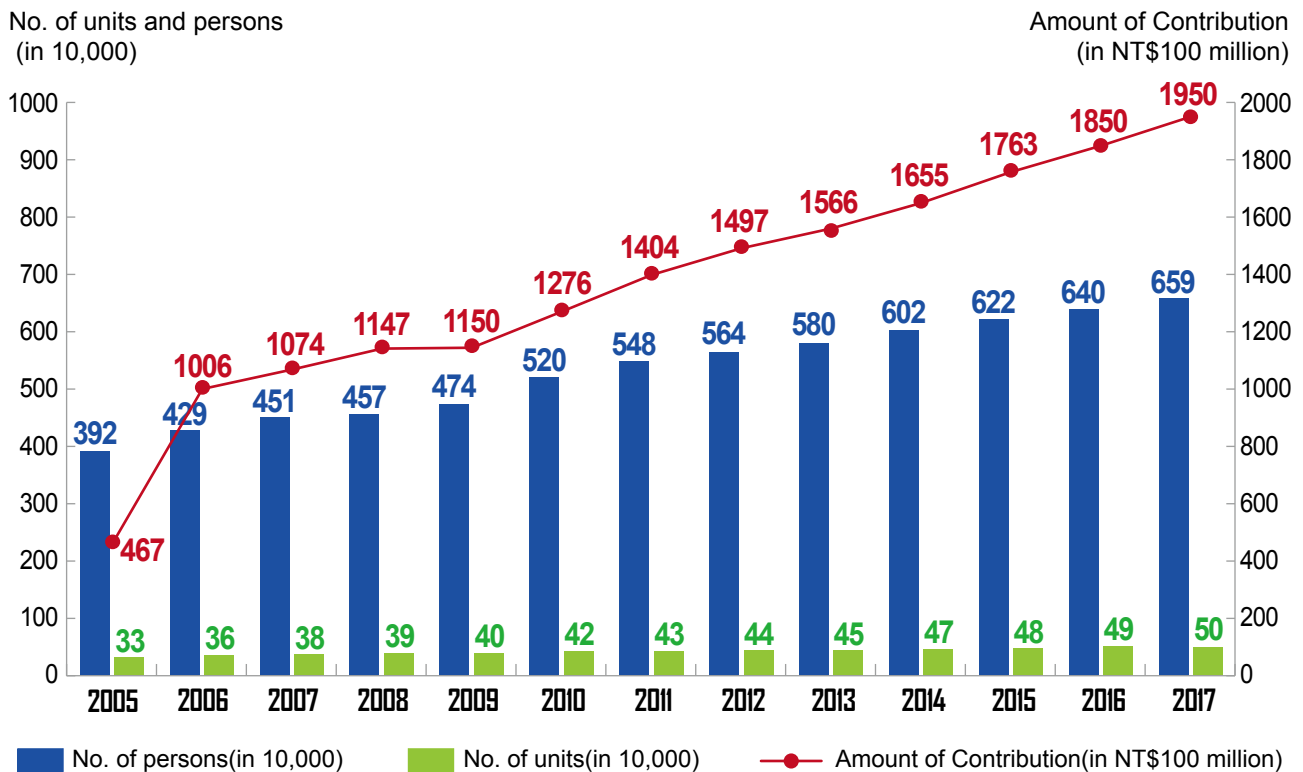
③ **Claiming Pension after Application for Pension Payment**

Employers of employees who have received pension payment and continue working should continue making contributions to employees' original individual labor pension accounts and the employees' contributive seniority shall be reset. Receipt of pension payment and related dividends by above-said employees of employment is limited to once a year.

④ **Pension Payment Requested by Dependents or Will-designated Individuals**

For employees who die before requesting pension payment, their dependents or will-designated individuals should claim lump-sum payment. For employees who have

Profile of Labor Pension Collection (2005-2017)



been receiving monthly payment but die before reaching the average life expectancy, monthly payment will be terminated and their dependents or will-designated individuals can claim the amount remaining in their individual labor pension accounts in a lump sum.

⑤ Claiming Pension Payment in Advance

Workers not reaching the age of 60 and losing working abilities, in accordance with Article 24-2 of the Labor Pension Act, may request to claim retirement payment ahead of schedule. Workers reaching 15 years contributive seniority or longer may request to claim monthly payment or lump-sum payment; however, those with contributive seniority not reaching 15 years shall only claim lump-sum payment. When claiming monthly payment, the worker is to determine the payout cycle.

2. Annuity Insurance

An enterprise entity hiring over 200 workers, subject to its union's consent, or in the absence of a union, subject to the consent of a labor-capital meeting, may subscribe for workers who choose to subscribe annuity insurance in writing, the annuity insurance conforming to stipulations set by insurance laws and regulations. If an enterprise entity is approved to implement annuity insurance but fails to contribute monthly or contribute insufficiently for insured employees, the BLI will impose penalties.



Chapter Three

Profile of Delegated Businesses

Farmer Health Insurance Program

Farmer health insurance is the BLI's first commissioned business. The program was implemented on a trial basis beginning in 1985 and was formally implemented in 1989.

1. Insured Units and Insured Persons

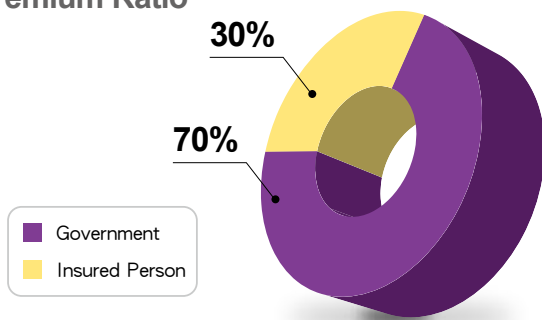
Members of farmer associations who are qualified according to Article 12 of the Farmer Association Act and farmers who are not members of farmer associations and are above 15 years of age can participate in the program provided they are qualified according to the Examination Guidelines on the Application of Farmer Health Insurance Recognition Standards and Qualifications. Farmers can participate in the program via farmer associations where they register their residence as insured units. With effect from June 14, 2003, individuals who are already receiving old-age benefit from related social insurance programs shall not be entitled to apply for farmer health insurance as a non-member of the farmer association.

According to the Farmer Health Insurance Act, from February 1, 2013, members or not members of farmer associations who are not recipients of old-age pension payment from related social insurance programs should take part in farmer health insurance.

2. Premium Rates and Monthly Insurance Amount

From March 1, 1995, approved by the Executive

Farmer Health Insurance Payment Premium Ratio



Yuan, the premium rate for farmer health insurance was set at 2.55% with the monthly insurance amount of NT\$10,200. 30% of the premium is paid by the insured with the remaining 70% paid by the government.

3. Insurance Benefits

Insurance benefits of farmer health insurance include maternity benefits, disability benefits and funeral grants.

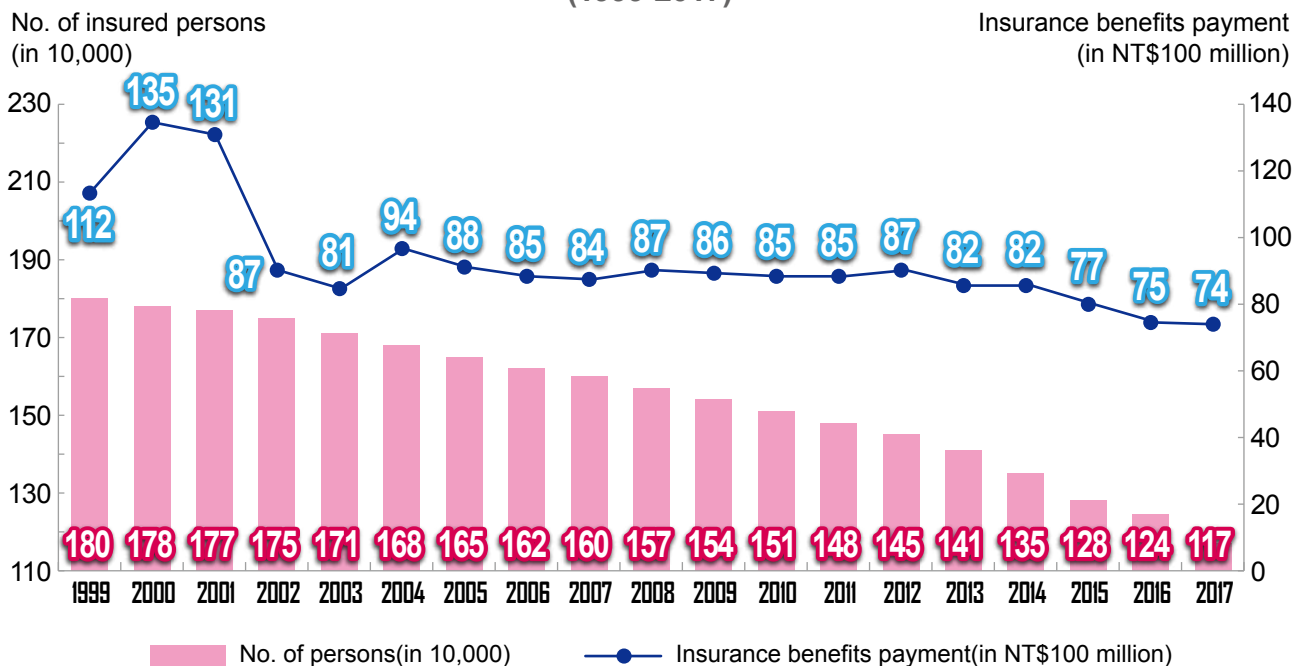
(1) Maternity Benefits

When an insured person or the spouse of an insured person gives birth after more than 280 days or has premature birth occurring more than 181 days after the insured person participates in the program, he/she is entitled to claim lump-sum maternity benefits equivalent to two months of his/her monthly insurance amount (NT\$20,400). When a plural or multiple births are given, maternity benefits which can be claimed are increased in proportion to the number of newborn infants. In case of a miscarriage occurring more than 84 days after an insured person participates in the program, he/she is entitled to claim maternity benefits equivalent to one month of his/her monthly insurance amount (NT\$10,200).

(2) Disability Benefits

If the insured suffer from injury or sickness with current symptoms remaining stable after the termination of treatment, no improvement is expected even continuing the treatment, the insured are diagnosed as being permanently disabled by qualified national health insurance specially contracted hospitals, and meet the regulations in the disability benefits payment schedule, they could apply for disability benefits. There are fifteen levels defined for disability classification. The highest level is Level 1, in which the insured are paid up to 1,200 days (NT\$408,000); the lowest level is Level 15, in which the insured are paid 30 days (NT\$10,200).

Trends in the No. of Insured Persons and Benefits Payment of Farmer Health Insurance (1999-2017)



(3)Funeral Grants

In the event of the death of an insured person, a funeral grant equivalent to 15 months of his/her monthly insurance amount is payable to the person who pays for funeral costs (NT\$153,000).

4. Financing

The farmer health insurance program has suffered from deficits year after year since it was formally launched. Such deficits were primarily caused by the disproportionately high average age of the insured (the average age is 66.43; 56.76% are above 65 years of age) and the low premium rate. According to Article 44 of the Farmer Health Insurance Act, the deficits of the program will be subsidized by the central competent authority (it was originally the Ministry of the Interior, and was changed to the Council of Agriculture, Executive Yuan since November 1, 2018).

Farmer Occupational Accident Insurance Program

The farmer occupational accident insurance was implemented on a trial basis beginning on November 1, 2018.

1. Insured Units and Insured Persons

The insured persons of the farmer health insurance who are actually engaged in agricultural works may, at his/her own discretion, apply to join the farmer occupational accident insurance according to the "Regulations Governing the Pilot Operation of the Farmer Occupational Accident Insurance" and through the lowest-level farmer association at the place of his/her household registration. The insurance will take effect when the application has been reviewed and approved by the farmer association. Once an individual has withdrawn from the farmer health insurance, he/she shall not continue participating in the farmer occupational accident insurance, if applicable.

2. Premium Rates and Monthly insurance Amount

The premium rate for the farmer occupational accident insurance is 0.24% with the monthly

insurance amount of NT\$10,200. 60% of the premium is paid by the insured with the remaining 40% paid by the government.

3. Insurance Benefits

Insurance benefits of farmer occupational accident insurance include injury benefits, medical care benefits, disability benefits and funeral grants during the trial period.

(1) Injury Benefits

If, when covered by the farmer occupational accident insurance, the insured person is injured because of his/her actual engagement in agricultural tasks and suffers from the loss or reduction of income due to the inability to work, the insured person, when receiving medical care, shall be entitled to the injury benefit from the fourth day after he/she becomes incapable of work. The monthly payment shall be 70% of the monthly insurance amount, or NTD7,140. In case the insured person has not recovered from the injury or disease after one full year, the benefit shall be reduced to fifty percent of the average monthly insurance amount (NTD5,100), and the maximum payment period is one year.

(2) Medical Care Benefits

If the insured person has also applied for the medical care benefit when claiming for the injury benefit, the medical care benefit shall be granted based on the number of days approved for the injury benefit. The medical care benefit is granted in the forms of outpatient and inpatient benefits. The outpatient benefit is NTD50 per day and inpatient benefit is NTD900 per day.

(3) Disability Benefits

If, when covered by the farmer occupational accident insurance, the insured person is injured because of his/her actual engagement in agricultural tasks and no further improvement in his/her condition is expected after medical treatment, the insured

person may apply for disability benefits against occupational injuries if he/she has been diagnosed as permanently disabled by a NHI-designated medical institute and has met the disability payment standard set forth in the farmer health insurance program. An additional 50% will be paid based on the monthly insurance amount of the insured person and in accordance with the level of disability and payment standards prescribed by law.

(4) Funeral Grants

In the event that, during the period of participating in the farmer occupational accident insurance, an insured person is dead because of occupational injuries, the survivor paying for the funeral expenses shall receive funeral grants equal to 30 times of the monthly insurance amount for the current month, or NTD306,000.

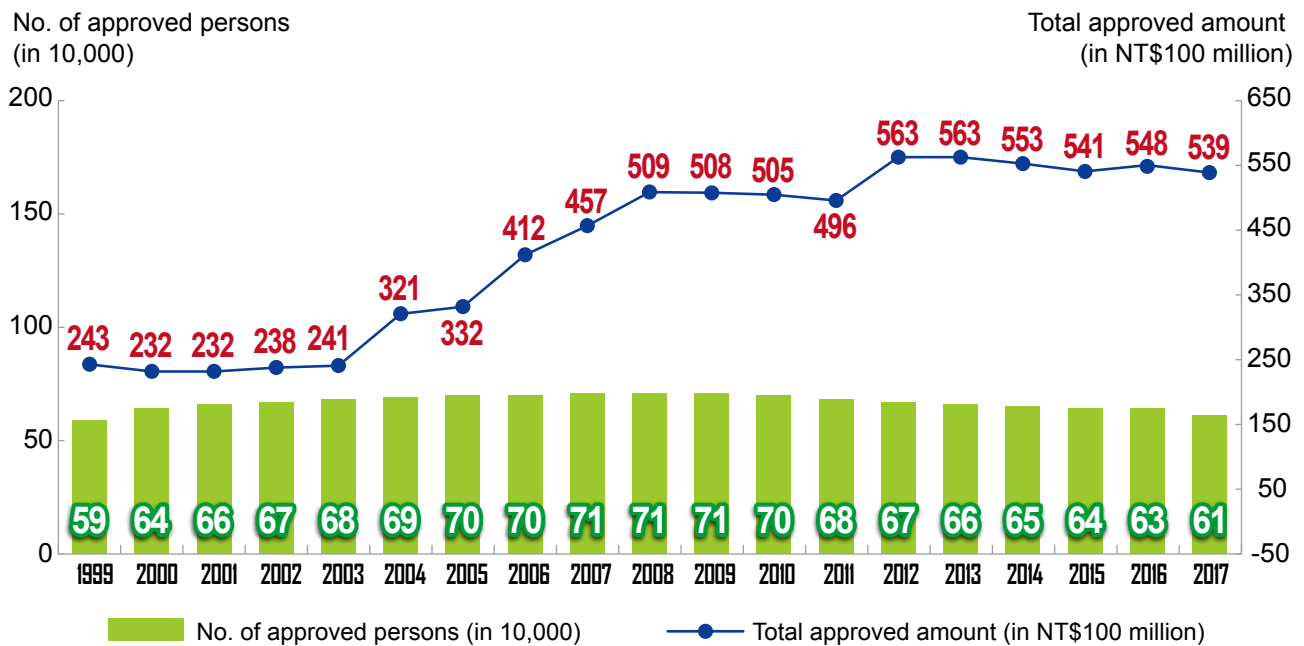
4. Financing

Separate accounting books shall be established for the farmer occupational accident insurance. The deficits of the farmer occupational accident insurance program, if any, shall be subsidized by the Council of Agriculture, Executive Yuan, which is the central competent authority in charge of the business.

Welfare Allowance for Elderly Farmers Program

In order to further ensure the welfare of elderly farmers and improve their living conditions, the Temporary Act for the Welfare Allowance for Elderly Farmers Program was promulgated in 1995. The Council of Agriculture, Executive Yuan, announced the Application and Distribution Measures of the Welfare Allowance for Elderly Farmers in the same year and delegated the business to the BLI. Eligible farmers over the age of 65 can receive monthly allowances

Profile of Welfare Allowance for Elderly Farmers (1999-2017)



of NT\$3,000, the amount of which has been increased to NT\$4,000, NT\$5,000, NT\$6,000 and NT\$7,000 and respectively in January 2004, January 2006, July 2007 and January 2012. In January 2016, it has been further increased to NT\$7,256. In November, 1998, the coverage has been expended to include elderly fishermen. From January 1, 2013, means test was implemented. On July 16, 2014, the amendment has passed on the eligible insurance coverage years to receive the welfare allowance for elderly farmers, which has extended from 6 months to 15 years. Moreover, insurance applicants must have registered addresses in Taiwan and must have resided in Taiwan for more than 183 days annually within last 3 consecutive years to be eligible. As for the sources of funding for the welfare allowance for elderly farmers, in municipal areas, 50% of the cost used to be funded by the central competent authority and the other 50% by the municipal government. The increased allowances in January 2006, July 2007 and January 2012, however, are fully absorbed by the central government. As a result, NT\$5,256 of the allowances are now funded by the central

competent authority and the remaining NT\$2,000 paid by municipal governments. In provincial areas, however, the total amount of the program is shared by the central government. This approach has contributed greatly to improving farmers' lives.

National Pension Program

The national pension insurance program was launched on October 1, 2008.

1. Insured Persons

According to the National Pension Act, people aged above 25 and under 65, with their household registered in ROC and are qualified for one of the following conditions, when not joining labor insurance, farmer health insurance, civil servants and teachers' insurance or military insurance program, should take part in the national pension program and become insured persons:

1. Not recipients of related old-age benefits of labor insurance, civil servants and teachers'

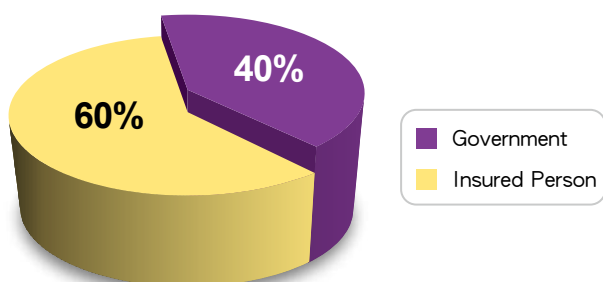
insurance or military insurance program.

2. Not recipients of old-age benefits of labor insurance, or those who have already claimed old-age benefits of labor insurance before December 31, 2008 (regardless of the number of insured years or the amount received), and who have received old-age benefits of civil servants and teachers' insurance or military insurance but the number of total insured years is less than 15 years, or the amount of the lump-sum payment is less than NT\$500,000.
3. Those who have already claimed old-age benefits of labor insurance after January 1, 2009, and who have received old-age benefits of labor insurance, civil servants and teachers' insurance, or military insurance but the number of total insured years is less than 15 years, or the amount of the lump-sum payment is less than NT\$500,000.

2. Premium Rates and Monthly Insurance Amount

In 2018, the premium rate for the insurance program is 8.5%, and the monthly insurance amount is NT\$18,282. Insured persons shall pay 60% of the premium and the central competent authority shall pay for the remaining 40%. For low-income households, or those with incomes below specific standards or those who have disability manuals or disability identification, can get higher subsidization for the amount of the premium from the central competent authority or even fully subsidized.

National Pension Premium Payment Ratio



3. Insurance Benefits

National Pension Program



The Types of benefits include “old-age pension benefits”, “maternity benefits”, “disability pension benefits”, “survivor pension benefits”, and “funeral benefits”; the old-age citizens’ welfare allowances and old-age indigenes’ welfare allowances programs have also been integrated into the national pension program and turned to be the “old-age basic guaranteed pension benefits” and “indigenes’ benefits”.

(1) Old-age Pension Benefits

People who are currently insured by the national pension insurance program or who once participated in the program, no matter how many years they have participated in the program, can claim old-age pension benefits when they reach the age of 65. The pension

will be granted from the month an insured person qualifies until the month he/she is dead.

Calculation formula –

Method A =
 $(\text{Monthly insurance amount} \times \text{insurance coverage years} \times 0.65\%) + 3,628$

Method B =
 $(\text{Monthly insurance amount} \times \text{insurance coverage years} \times 1.3\%)$

※The insured has failed to pay the premium, received other related social welfare allowances or old-age pension payment from other related social insurance can't choose the Method A.

(2)Old-age Basic Guaranteed Pension Benefits

People who were aged 65 or above at the time of the implementation of this Act could receive old-age basic guaranteed pension benefits. The payment was NT\$3,628 per month from January 1, 2016.

(3)Indigenes' Benefits

Qualified indigenes aged 55 or above are entitled to claim indigenes' benefits until the month before they turn 65 years old. The payment was NT\$3,628 per month from January 1, 2016.

(4)Maternity Benefits

In case of childbirth or premature labor by an insured person during the validation of the insurance, a lump-sum maternity payment shall be made equivalent to two month's insurance amount. In case of a plural birth resulting from childbirth, the payment shall be increased proportionately (before December 17, 2015, in case of childbirth or premature labor by an insured person during the validation of the insurance, a lump-sum maternity payment shall be made equivalent to one month's insurance amount).

(5)Disability Pension Benefits

The insured who sustain injury or sickness during the period participating in the national insurance program, are the holders of severe or extremely severe disability manuals or disability identification, and have been evaluated by medical organizations for disability appraisal as no capability to work, can claim disability pension benefits.

Calculation formula –

$\text{Monthly insurance amount} \times \text{insurance coverage years} \times 1.3\%$

※The insured who haven't failed to pay the premium, or received other related social welfare allowances can receive the basic guaranteed pension payment of NT\$4,872.

(6)Disability Basic Guaranteed Pension Benefits

The insured who have had severe or extremely severe disability manuals or disability identification before they participate in the national pension insurance program, are certified as no capability to work by medical organizations for disability appraisal and the relevant exclusion rules are not applicable to the individual's situation, can claim disability basic guaranteed pension benefits during the validation of national pension insurance (aged before 65). The payment is NT\$4,872 per month from January 1, 2016.

(7)Survivor Pension Benefits

When the insured have one of the following conditions, and have spouses, children, parents, grandparents, grandchildren, brothers or sisters left behind, the qualified relatives are entitled to claim survivor pension benefits.

- A. Dies during the validation of national pension insurance (aged before 65).
- B. Dies when receiving the disability or old-age pension benefits.

C. Aged 65 but dies before receiving old-age pension benefits.

Calculation formula –

1. Insured persons die during the effective period of insurance: $\text{Monthly insurance amount} \times \text{insurance coverage years} \times 1.3\%$
 2. Die during the period of receiving disability or old-age pension benefits :
 $50\% \text{ of disability pension benefits or old-age pension benefits}$
 3. Aged 65 but dies before receiving old-age pension benefits:
 $\text{Monthly insurance amount} \times \text{insurance coverage years} \times 1.3\% \times 50\%$
- ※ If the pension amount calculated is less than NT\$3,628, the basic guarantee of NT\$3,628 will be granted.
- ※ When there are more than one relative listed on the same order, 25% more of the standard survivor pension payment will be granted for every extra relative. The maximum extra payment will be 50% of the standard payment.

(8) Funeral Benefits

Five-month funeral benefits are payable in a lump sum to the insured (less than 65 years of age) who die during the effective period of insurance in terms of their monthly insurance amount.



Chapter Four

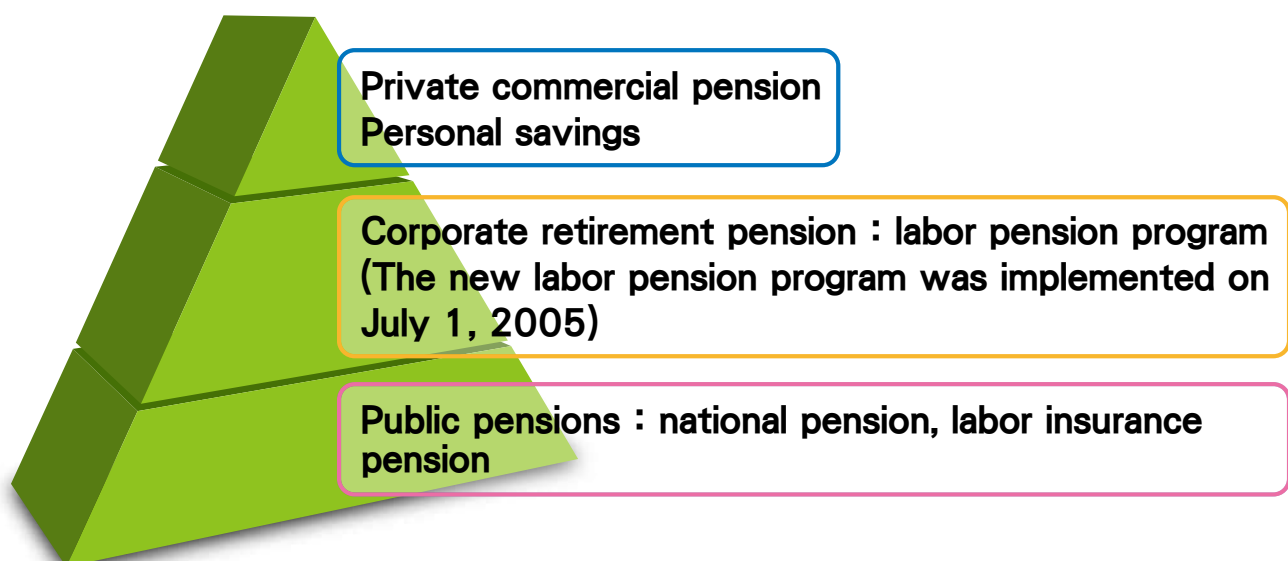
Safeguards for Laborers' Old-age Lives

Taiwan is currently faced with the prospects of decreasing childbirth, population aging, and reducing household living resources; therefore, how to enhance elderly economic security for laborers has become an important issue. The elderly economic security model includes three levels. The first level is the basic public pension, like the national pension and labor insurance pension programs, which belong to the social security system mandatorily implemented by the country. The second level is the corporate pension, which is the pension given by employers to their employees, such as the old and new labor pension programs. Both the corporate and public pension programs have the effects of saving and risk sharing. The third level is the commercial pension, which is the annuity insurance paid by individuals from private insurance companies. It primarily enables individuals to save for their retirement to make up for the inadequacies of social insurance and corporate pension. After the new labor pension, national pension, and labor insurance pension programs continued to be implemented, the framework of basic economic security for laborers' elderly lives has been founded. Currently, the seniority pay rate

of labor insurance pension is 1.55%. Take an insured person who has 30 insurance coverage years for example : he/she will be eligible for an income replacement rate as high as 46.5% upon retirement. Plus the income substitution rate provided by the second level of labor pension, the total income replacement rate has already exceeded the standard of 55% recommended by the International Labor Organization (ILO).

Establishment of the Labor Pension Program

The Labor Pension Act (new program), which was implemented on July 1, 2005, is supported by two pillars of "individual labor pension accounts" and "annuity insurance". All employers are required to contribute labor pension (at least 6% of employees' monthly wages) into individual labor pension accounts and employees can voluntarily deposit 6% (or less). Employees own labor pension accounts; the coverage years and pension are cumulative, not affected by their changing jobs or the closure of companies. The features of the new labor pension program are as follows:



1. Labor Pension Can be Accumulated Continuously Throughout the Working Period

For workers who choose and apply to the new labor pension program, the pension contributed by employers during workers' working period is cumulative and portable.

2. Clear Overview of Pension Costs for Employers

Employers should contribute 6% (or more) of workers' monthly wages to their labor pension accounts. With clear-cut accounting of pension costs, this would also help avoid labor disputes over pension-related issues such as severance payment and employee termination.

3. Workers Who Contribute Voluntarily Enjoy Tax Incentives

The part which is contributed by workers voluntarily can be fully deducted from their individual comprehensive income totals.

4. Labor Pension Has Minimum Guaranteed Profits

In accordance with the Labor Pension Act, the profits accrued from the labor pension fund are not allowed to be lower than the two-year-fixed-term-deposit interests paid by local banks. In addition to the principal accumulated from all monthly contributions, the profits received by workers are guaranteed to be equivalent to the two-year-fixed-term-deposit interests paid by local banks upon their retirement.

Establishment of the National Pension Program

The implementation of the national pension program on October 1, 2008 fills the gap within the social insurance system; provides basic economic security for citizens who are facing

old age, have given birth, or are disabled; and ensures the life stability for their dependents. In addition, the establishment of the national pension program also has the following major impacts on our social security system:

1. From occupation-based insurance to insurance for all citizens; filling the gap within the social insurance system.
2. From policy-based subsidies to institutional benefits.
3. Aligned with the labor insurance pension program, the national pension program has taken into account welfare resources of the society, thereby reducing the duplicate allocation of resources and optimizing efficacy.

Establishment of the Labor Insurance Pension Program

Before the labor insurance pension program launched in January 1, 2009, the labor insurance program adopted a lump-sum payment approach; this makes money claimed more vulnerable to inflation or unwise investments. Furthermore, according to the statistics of the Ministry of Interior, in 2007 people live on an average of about 22 years after they turn 60; it is estimated that the average life expectancy will go up to 89 years of age by 2056. In 2007, the average age of insured persons claiming old-age benefits in a lump sum was 57.76 and only a little more than NT\$1.07 million was paid per case on average, which was not enough for old employees and their dependents to live on. The labor insurance pension program implemented on January 1, 2009 adopts a defined payment system, which will also be adjusted according to the Consumer Price Index, resulting in more comprehensive protection for Taiwan's senior laborers. The features of the labor insurance pension program are as follows:

1. Wide Range of Options

With the merging implementation of the pension and lump-sum payment, if laborers have insurance coverage years before the implementation of the pension program, they and their dependents can opt for either pension or lump-sum payment when claiming disability, old-age or survivor benefits.

2. Comprehensive Protection

When an insured person turns old, disabled, or dies, he/she and his/her dependents can claim relevant pension benefits.

3. Connection between Labor Insurance Pension and National Pension

Insured persons who have participated in the labor insurance program for less than 15 years, but reached 15 years after the national pension coverage years are added, are also eligible to claim labor insurance pension benefits for their labor insurance coverage years.

4. Adopt the “60-month maximum” Calculation Method

Pension payment is calculated by averaging the highest sixty monthly insurance salaries, which is beneficial for senior citizens or women returning to workplaces who are facing reduced incomes.

5. Defined Payment System

It has the advantages of reallocating incomes as well as reducing the effects of inflation.

Sustainability of the Pension System

Taiwan has evolved into an aging society since 1993. Beginning in 2002, the birth rate in Taiwan has consecutively been one of the lowest in the world. The government administration has already established relevant adjustment mechanisms at the time of formulating the national pension program and labor insurance

pension program to address the issues of aging and low birth rate, so as to avoid major financial instabilities of the insurance programs and to ensure the sustainability of our pension systems.

1. Gradually Progressive Rate Adjustment Mechanism

Sound finance is the foundation for sustainable development of a pension program. In the past, our country’s social insurance premium rate bordered on the low end. To ensure the sustainable development of the national pension and labor pension programs, as well as to protect the interests of the insured, these two pension programs have adopted a gradual and progressive rate adjustment mechanism.

Rate Adjustment Mechanism	
Labor Insurance	7.5% (including 1% of the employment insurance premium) for the first two years, with an annual increase of 0.5% to 10% afterwards. From the year the rate reaching 10%, it will be elevated 0.5% every two years until the maximum of 13%.
National Pension Insurance	6.5% the first year and increased by 0.5% the third year, after which the rate will be increased 0.5% every two years to the maximum of 12%.

2. Labor Insurance Pension Will Gradually Extend the Age of Retirement

One of the solutions adopted by many countries around the world to ease the financial burden of annuity insurance is to extend the average retirement age. The labor insurance pension program has designed to gradually extend the retirement age. From the date the labor insurance pension program was implemented, one year shall be added on the 10th year, after which one

year will be added to the retirement age every two years until the retirement age reaches 65.

3. Do Regular Research in Trends of Labor Insurance and National Pension Benefits

In the past, Taiwan's social insurance lacked a rational rate adjustment mechanism, causing issues of financial payment to worsen. In the future, changes and trends in the payment of benefits will be regularly calculated and evaluated according to insured persons' actual claiming of benefits to build a financial alarm system.

4. Strengthen the Management and Operation of the Labor Insurance and National Pension Fund; Stabilize the Financial Foundations of these Programs

In light of safety, profitability and liquidity, the government strives for raising the return on investment by strengthening the management and operation of the labor insurance and national pension fund and increasing investment channels.

Labor Insurance Financial Crisis and Pension System Reform

For many years, the premium rate for the labor insurance program has been on the low side, while the benefits have been relatively favorable. Established for more than 68 years, the program is now entering its maturity stage as claims for old age benefits continue to increase. The system is therefore facing immense pressure in terms of potential liabilities. The implementation of the labor insurance pension program in 2009 and rapid changes in population structure (aging and low birth-rate) have both seriously disrupted the financial stability of the labor insurance program. To facilitate national pension system reform, on May 30, 2016, the government administration established the Pension Reform

Committee, comprised of representatives from different occupations as well as experts and scholars. The Committee has convened twenty committee meetings, four regional forums and one national affairs conference. The conclusions in the national affairs conference have served as the statutory basis for pension system reform. On March 30, 2017, the Executive Yuan submitted the draft bill for pension system reform to the Legislative Yuan for deliberation. It was clearly stipulated in the draft bill that the government shall assume ultimate responsibility for payment. The government, in addition, plans an annual injection of at least NT\$20 billion to the labor pension fund. Furthermore, the service period used for calculating the average monthly insurance salary will be extended as appropriate. There will also be a slight adjustment to the premium rate. In other words, some system-related adjustments will be made where necessary. As for the medium- and long-term, there will be regular financial reviews at least once per five years. Rolling wave adjustments will be made based on the latest demographic structure and financial circumstances, in the hope of gradually building up a steady pension system to protect the economic safety of seniors.





Chapter Five

Future Perspectives

The BLI has constantly played a major role in the promotion of Taiwan's social security system, and is in charge of various businesses to form a comprehensive social security net, perform positive functions to protect laborers and enhance social security.

Reinforce Administrative Efficiency, Provide High Quality Services

The BLI has continually improved service quality over more than six decades. From the head office to each local office, we have been keeping expanding the scope of our services and functions including the establishment of one-stop services, setting up call centers, adding voice inquiry phone services, promoting online services, issuing labor protection cards, introducing online services of calculating benefits, facilitating payment by using the internet (convenience stores), promoting the e-statement system, providing short message services to confirm the receipt of new claims for labor insurance/national pension benefits, enabling on-line arrangement of pick-up services, enabling online inquiries into the status of pension claims, supporting one-stop online account opening procedures, simplification of forms, proactive notifications or assistance in payment applications, home-based services for the mentally or physically disabled and those with mobility problems, measures for reducing case auditing, strengthening electronic claim procedures in answer to the call of general promotion of the reformation of governmental service procedures, payment of birth benefits under the labor insurance program and farmer health insurance program shall be notified via mobile phone text messages in place of written notifications, and supporting the policies of the Ministry of the Interior for people to simultaneously apply for the maternity

benefit under the labor insurance/national pension insurance programs while filing for birth registration; and simultaneously apply for the funeral grant under the labor insurance program while reporting the death of a family member at the household registration offices, etc.

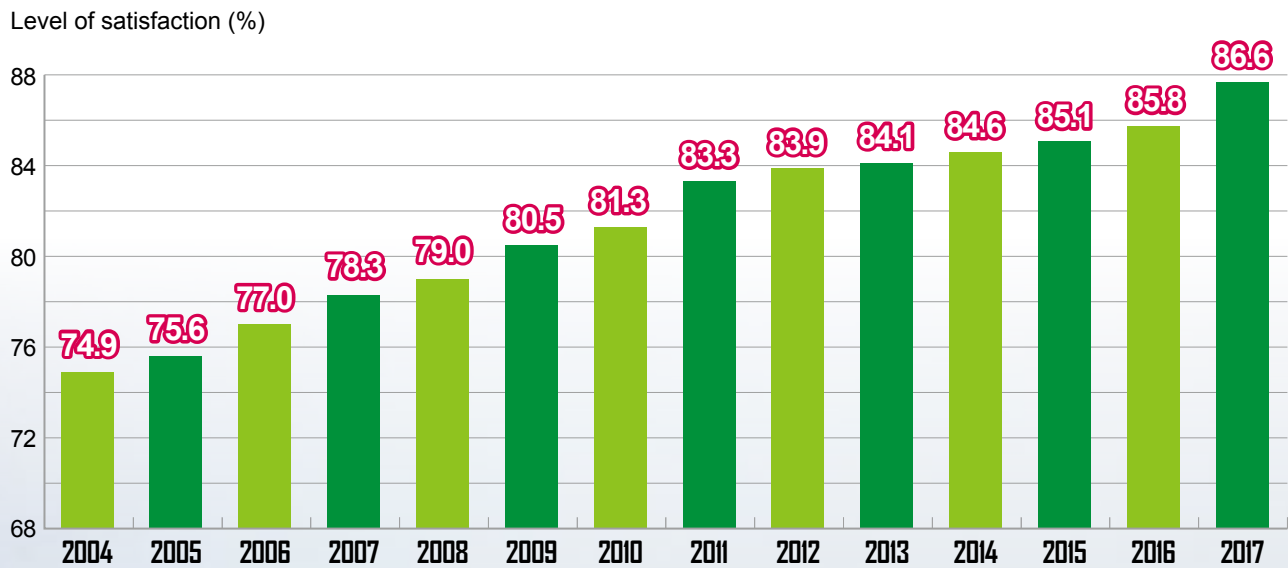
To provide the general public with more expedient and convenient services, the BLI now offers online applications for the claim of maternity benefit, old-age benefit and funeral grant under the labor insurance program ; pension payments; maternity benefit and old-age pension benefit under the national pension insurance program; as well as early reemployment incentives under the employment insurance. (copy of personal ID card not required) To encourage online benefit claims, the Bureau will continuously enhance the functionality and universality of its e-services. It will do this by incorporating eID into its e-service plan, in consideration of the wide availability of ID cards, and the expected replacement of the traditional ID card by eID's (which will incorporate the functions of natural person certificates) by the Ministry of the Interior.

To demonstrate its commitment to communicating with and responding to the general public, the BLI has established a Facebook page and blog to regularly address issues of concern and public interest. Rapid responses will be given to messages received via these channels to achieve the purpose of good communication and effective policy promotion.

All of these efforts are geared towards providing faster, more efficient and professional services in light of customers' needs. We will continue to uphold our philosophy of "service, convenience, efficiency and innovation" in promoting various businesses to provide better protection and services for all citizens.

In the face of rapid changes in Taiwan's society, the BLI still has to keep up with the times,

Trends in the Level of Satisfaction with the Overall Service Quality of the BLI (2004-2017)



continuously adjusting its pace and transforming itself with social development. Upon the solid foundation of the labor insurance program, in the future, with the implementation of the new labor pension, national pension, farmer health insurance and labor insurance pension programs, the BLI will continue to safeguard Taiwan's social security system and accept more challenges.