

Aspect 4: Claims Management

Dimension	Item
<p>Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood</p>	<p>A. A claims area was established on the official website of Cathay Century Insurance to provide customers with a series of claims services, as well as descriptions of required documents before filing a claim. Customers can use the area to file claims for accidents and check the progress of their claims online.</p> <p>B. Cathay Century provides 24-hour on-site service for accidents and road rescue services:</p> <ol style="list-style-type: none"> 1. Policy holders call the 0800 toll-free hotline to notify the customer service center of an accident, and then the customer service center will dispatch personnel to the scene of the accident to help send injured persons to the hospital, remove traffic barriers, draw the accident scene, photograph damaged objects, and verify the degree and scope of damages to protect the rights and interests of policy holders. This has significantly increased the efficiency of claims. From 2016 to the end of 2018, on-site services for accidents were provided 5,257 times. 2. Cathay Century provides policy holders of type A, B, and C automobile physical damage insurance with 100 km towing service free of charge. The the group's resources are integrated, the towing distance can be increased to 150 km. Service are not limited to urban areas and are even available in remote mountain areas, such as Hehuan Mountain and Qalang Smangus. From 2006 to the end of 2018, the cumulative mileage of towing reached 5.15 million km, which is the distance of traveling 4,522 circles around Taiwan. <p>C. Cathay Century has started with service and fully utilized technologies in the past two years, and gave sales channels and customers a good experience:</p> <ol style="list-style-type: none"> 1. Cathay Century Insurance implemented mobile claims operations to make claims more convenient for policyholders. Service personnel can use the Mobile Claims App 2.0 to help policyholders file a claim; utilization reached 75% in 2018. Claims personnel can use the Claims Operation App to manage claims cases, improving the efficiency of auto insurance claims; utilization has reached 100%.

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<p>Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood</p>	<p>2. Cathay Century cooperated with China Airline and Eva Airways in providing rapid flight delay claims services for travel insurance. Passengers of specific airlines will not need to provide documentary proof or file claims when their flight is delayed for a specific period of time, and the insurance payout will automatically be transferred into their account. This simplifies the application documents that are needed, and also saves passengers precious time traveling around for claims. Once the required information for claims is returned, the entire process to payout can be shortened to 1-2 work days.</p> <p>3. Car drivers or scooter riders that have a smartphone can add Cathay Century's official account on LINE and give notice of claims for an accident online. Using LINE BC (Business Connect), policy holders only need to upload a photo of their vehicle license, driver's license, and the accident report form, and claims personnel will handle the rest. Policy holders will receive progress notices on LINE, and can inquire about the progress of their case at any time through LINE. As of the end of 2018, claims progress notices were used 157,840 times.</p> <p>D. We established HPS survey project in 2018 to further upgrade company services. The satisfaction survey on claims, telephone customer services, service counters, and digital services was gradually adjusted to use NPS as the indicator in service quality management. We designed a response mechanism for the opinions provided by customers, in hopes of providing policy holders with a service experience that exceeds their expectations.</p> <p>E. Results of the Online Customer Satisfaction Survey show that overall satisfaction of claims reaches 90% and above in 2018. Results from Focus Survey Research show that overall satisfaction of claims reached 92%.</p>

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<p>Integrate ESG issues into repairs, replacements and other claims services</p>	<p>Cathay Century Insurance incorporated considerations of ESG issues into the claims process to make the process smoother and also to manage risk.</p> <p>A. Moral issues: When claims personnel of Cathay Century Insurance are handling claims cases, they will report any moral hazard or suspected fraud to their supervisors.</p> <p>B. Major environmental and social incidents: Cathay Century Insurance established a major/news incident reporting system for major environmental and social incidents. After the claims department is notified of an incident, it will carry out underwriting and collect information. The major incident reporting platform is used for supervisors at each level to gain information of the incident within 24 hours, so that they can immediately adopt response measures and provide the best services.</p>

Aspect 5: Sales and Marketing

Dimension	Item
<p>Educate sales and marketing staff on ESG issues relevant to products and services and integrate key messages responsibly into strategies and campaigns</p>	<p>A. Underwriting and claims personnel completed 9,420 hour of education and training as required by law in 2018, ensuring their specialized knowledge and skills and awareness of regulatory compliance.</p> <p>B. In response to the trend of digitalization and the Company's environmental protection policy, we encourage customers to choose electronic insurance polices. The Company established regulations on incentives (500 Easy Go) for customers who purchase travel insurance and choose an electronic insurance policy to be eligible for the lucky draw. We hope this measure will increase the utilization of electronic insurance policies.</p> <p>C. Cathay Century provides salespeople of Cathay Life with teaching plans and activity descriptions related to loss control activities of the Accident-free Schools Initiative, so that Cathay Life can develop additional services for student insurance.</p>
<p>Make sure product and service coverage, benefits and costs are relevant and clearly explained and understood</p>	<p>Cathay Century Insurance is in full compliance with laws and regulations on insurance product design, review, and sales preparation. Information of insurance products is disclosed on the Insurance Market Observation Post System, the product inquiry area on the website of Taiwan Insurance Institute, the official website of Cathay Century Insurance, and the online platform for consumers to access.</p>

Aspect 6: Investment Management

Dimension	Item
<p>Integrate ESG issues into investment decision-making and ownership practices</p>	<p>A. Cathay Century incorporates the PRI into its investing procedures through system establishment and process adjustment, so as to raise risk awareness and seize opportunities related to ESG. In the "Investment Management Procedures" and "Investment Policy," we state that we follow the PRI when making investments. We have integrated ESG factors into the investment decision-making process by refining investment procedures and utilizing information systems and external research resources.</p> <p>B. Cathay Century Insurance continues to provide ESG education and training for better understanding of international trends, principles, and practices of responsible investment. In 2018, a total of 106 participants received 140 hours of training.</p> <p>C. Cathay Century visits companies or attends shareholders' meetings to appropriately communicate and interact with the management of companies it invests in, and thereby implement the Taiwan Stewardship Principles for Institutional Investors. In 2018, Cathay Century made a total of 104 visits to 101 companies; attended 42 shareholders' meetings and voted on a total of 187 proposals.</p> <p>D. Cathay Century Insurance supports the development of the renewable energy industry by increasing investments in low carbon green industries, supporting development of a low carbon sustainable homeland. The investment watch list is examined and updated each quarter based on the Group's definition and standard for low carbon investment (as of the end of 2018, Cathay Century Insurance held shares of companies in low carbon and green energy industries worth about NT\$154 million), in hopes of driving environmental and economic growth.</p>

Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

Aspect 7: Clients and Suppliers

Dimension	Item
<p>Dialogue with clients and suppliers on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues</p>	<p>A. Cathay Century Insurance is actively implementing control procedures for socially responsible investments (SRI) through mandated investment institutions. The mandated institution reports its actual approach and procedures on a quarterly basis to ensure the implementation of responsible investments.</p> <p>B. Cathay Century co-organizes supplier conferences with Cathay FHC in hopes of driving suppliers to implement CS through sustainable procurement channels, and jointly contribute to sustainable development: In the first half of 2018, we invited nearly 100 suppliers to an awards ceremony for excellent performance and CS sharing. In the second half we invited over 200 suppliers to attend the Cathay FHC Sustainable Supplier Conference. Activities included a commendation ceremony that handed out eco-friendly meal boxes and rice, and also BSI, Taiwan Green Productivity Foundation, and Ally Logistic Property sharing CS related topics.</p> <p>C. Cathay Century Insurance expressed its green procurement requirements to suppliers, and showed the influence of a green supply chain through the partnerships that were built; Cathay Century Insurance's green procurement amount exceeded NT\$23 million in 2018.</p>
<p>Provide clients and suppliers with information and tools that may help them manage ESG issues</p>	<p>A. Cathay Century Insurance began offering usage-based insurance (UBI) in 2018 to encourage car drivers to develop good driving habits. Premiums are calculated based on the time period of driving, so that car owners will have the incentive to avoid rush hour, creating a win-win situation for sustainability.</p>

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<p>Provide clients and suppliers with information and tools that may help them manage ESG issues</p>	<p>B. Cathay Century follows developments in the trend of aging society, and found a gap in care that urgently needs to be filled. In 2018, we began offering Long-term Care Institution General Liability Insurance to transfer the liability risk of long-term care institutions. We hope to attract even more insurance companies to provide coverage for the long-term care industrial chain, so that long-term care institutions will have more insurance options.</p> <p>C. Cathay Century reaches corporate customers through a variety of promotion channels, and implemented a customized corporate fleet traffic safety lecture and loss control service project, helping to prevent traffic accidents from occurring.</p> <p>D. Cathay Century established the Zero-Accident Academy website to extend the reach of car insurance loss control services. The website allows customers to test different risk systems, provides education through interactive and diverse ways, and effectively assesses the ability of drivers to recognize hazards while driving. In addition to the interactive website, we also provide static materials to propagate safety knowledge, such as: the latest driver research reports and news on laws taking effect, so that employees of corporate customers and the general public will understand their own hazard perception and behavior before going on the road. Click through rate increased 1.8 times in 2018 compared with last year (2017).</p>

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<p>Integrate ESG issues into tender and selection processes for suppliers</p>	<p>A. Procurements of Cathay Century Insurance comply with the Regulations for Procurement Management. CSR is listed as a basic condition for procurement contracts, and ESG issues will also be incorporated into provisions as well. We will continue to support the development of green products through our purchasing power, and jointly create a sustainable supply chain.</p> <p>B. Cathay Century Insurance established the Supplier CSR Guidelines in hopes that all suppliers of Cathay Century Insurance, as well as all members of the supply chain directly or indirectly related to suppliers, will jointly fulfill their CSR according to local laws and regulations, industry characteristics, geographic environment, operating conditions, organizational scale, and employee structure.</p>
<p>Encourage clients and suppliers to disclose ESG issues and to use relevant disclosure or reporting framework</p>	<p>Cathay Century Insurance began complying with the United Nations' Principles for Sustainable Insurance (PSI) in 2017, becoming the first property insurance company in Taiwan to comply with the PSI. Compliance results of 2018 will continue to be disclosed in 2019, and customers and suppliers can download the PSI Compliance Report from the website of Cathay Century Insurance to use as reference for compliance.</p>

Aspect 8: Insurers, Reinsurers and Intermediaries

Dimension	Item
<p>Promote the adoption of the Principles</p>	<p>A. Cathay Century Insurance diversifies its risk through reinsurance to ensure the company's stable operation. When dealing with reinsurers, we not only consider the price, underwriting and claims services, but also their commitment to CS and measures. Of the insurance and reinsurance companies we are currently working with, 21 companies are signatories to the PSI.</p> <p>B. Cathay Century shared its experience from complying with the PSI, as well as its CS ideals and actions with attendees (including the FSC and insurance supervisory agencies, related institutes, and medium and high level management of property insurance companies from six Asian countries) of the Conference on 2018 Insight into Asian Insurance organized by Taiwan Insurance Institute.</p>
<p>Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry</p>	<p>Cathay Century Insurance ensures the promotion of ESG issues by insurance brokers and agents through propaganda and services.</p> <p>A. Insurance brokers and agents are encouraged to use EDM and reduce the use of printed materials for environmental protection.</p> <p>B. Corporate customer risk lectures, loss control seminars, auto insurance loss prevention training and services are provided to insurance brokers and agents.</p>

Principle 3: We will work together with governments, regulators and other key stakeholders to promote wider pre-emptive action across society on environmental, social and governance issues.

Aspect 9: Governments, Regulators and Other policymakers

Dimension	Item		
<p>Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues</p>	<p>A. Cathay Century actively provides companies with its experience in industry and investment practices, assisted the government in establishing the responsible investment framework, became the first property insurance company to sign the Taiwan Stewardship Principles for Institutional Investors, and also disclosed its Statement of Compliance with the Taiwan Stewardship Principles for Institutional Investors.</p> <p>B. Cathay Century established its compliance risk management and supervision framework in accordance with Article 32-1 of the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries.</p> <p>C. The head of Cathay Century's compliance department hosted the joint meeting of the Life Insurance Association of the Republic of China and Non-Life Insurance Association of the Republic of China to enhance corporate governance in the insurance industry. During the meeting, articles of the Corporate Governance Best Practice Principles for the Insurance Industry were revised and Article 22-1 was added, establishing corporate governance supervisors and personnel, and adding the restriction that independent directors may not hold three consecutive terms at the same company.</p> <p>D. In response to government promotion of FinTech innovation and development, Cathay Century Insurance is actively applying for patents. In 2017, we received 8 patents from the Intellectual Property Office, in which Smart Go and VR Hazard Perception received a utility model patent and invention patent, which is harder to obtain:</p>		
	Patent name	Type of patent	Year approved
	Smart Go	Utility Model Patents and Invention Patents	2017 (Utility Model Patents) 2018 (Invention Patents)
	Insurance service system	Utility Model Patents	2018
	Travel insurance claims system	Utility Model Patents	2018
	Claims device and system	Utility Model Patents	2017
	Cargo insurance teaching cards and aids	Utility Model Patents	2018
	Method and system for assessing driving risk (VR hazard perception)	Utility Model Patents and Invention Patents	2017 (Utility Model Patents) 2018 (Invention Patents)

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<p>Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions</p>	<p>A. In order for Mango Crop Insurance (Regional Harvest-linked) to better meet the needs of local farmers, Cathay Century worked together with the Bureau of Agricultural Finance, Pingtung County Government, and local farmers' associations in 2018, and invited farmer representatives to attend forums to hear what farmers have to say.</p> <p>B. Cathay Century jointly formulated measures with the Ministry of Health and Welfare and long-term care institutions in coordination with Long-term Care Plan 2.0, and offered Long-term Care Institution General Liability Insurance to meet market demand, lifting the pressure of liability risk on institutions, so that more people will enter the long-term care industry and lay out the blueprint for the future long-term care system.</p> <p>C. Cathay Century Insurance contributes to the continual improvement of the warning mechanism and legal framework for solvency of Taiwan's insurance industry, and regularly attends industry-government meetings to assist with the review and improvement of the risk based capital (RBC) system.</p>

Aspect 10: Other Key Stakeholders

Dimension	Item
<p>Dialogue with intergovernmental and non-governmental organisations to support sustainable development by providing risk management and risk transfer expertise</p>	<p>The Ministry of Health and Welfare implemented the Long-term Care Plan 2.0, and subsequently made a series of regulatory changes and introduced measures for the long-term care system. Cathay Life requested assistance from the Non-Life Insurance Association of the Republic of China and invited the Ministry of Health and Welfare and long-term care institutions to discuss the enrollment method and coverage of caretakers at long-term care institutions, so that the terms and conditions of insurance policies will meet actual needs.</p>
<p>Dialogue with business and industry associations to better understand and manage ESG issues across industries and geographies</p>	<p>A. In 2018, Cathay Century cooperated with Eva Airways to introduce rapid flight delay claims services, which does not require application or documents to be sent back. Policy holders who purchase travel insurance on Cathay Century's official website, take an international flight of Eva Air/Uni Air, and agree to use rapid claims services will be eligible for our innovative claims services, which allows them to receive insurance payout without sending their boarding pass. This brings flight delay claims to a whole new level by providing insurance payout without application or sending back any documents.</p> <p>B. We plan to utilize our expertise in loss control to develop a bicycle related traffic safety education, promotion, and testing system based on risk factors identified by our corporate customer – YouBike Co., Ltd.</p> <p>C. Starting in 2018, Cathay Century attended the joint meeting of the general committee and information committee of the Non-Life Insurance Association of the Republic of China, and discussed replacing paper insurance policies with a QR code or URL as part of efforts to implement green finance services in the property insurance industry. The proposal was approved by the Insurance Bureau, FSC on March 29, 2019 for future reference and implementation.</p>

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<p>Dialogue with academia and the scientific community to foster research and educational programmes on ESG issues in the context of the insurance business</p>	<p>A. To let teachers and students better understand and prevent the types of traffic accidents that frequently occur on campus, Cathay Century combined its expertise in loss control with the academic experience and recommendations of professors at National Chiao Tung University, summarized traffic accident data of the National Police Agency and traffic accidents that were documented in the school's history, and determined traffic accident hot spots based on statistical analysis. We then conducted an on-site investigation with experts and scholars, and presented the campus risk map in two forms, specifically a campus risk map poster and a campus traffic accident hot spot improvement recommendations report. These show the traffic condition at locations where traffic accident easily occur, and provide risk analysis and improvement recommendations as reference to schools, helping lower the risk of students being traffic accident. We compiled the campus risk map of Asia University in 2018 and reached 12,000 students.</p> <p>B. We worked with Kaohsiung Motor Vehicles Office in 2018 and organized a Traffic Safety Lecture – Accident-Free Rider in Lanyu High School, raising the hazard awareness of students on offshore islands and instilling them with the right concepts of road rights and driving behavior.</p> <p>C. The cultivation of financial talent is closely related to the development of the finance industry. Cathay Century Insurance continues to strengthen its collaboration with universities, serving as a bridge for finance and insurance talent cultivation, such as: organizing summer internships and employment transition internships, and using the company's enterprise mentor project to drive the sustainable development of the finance industry. We accepted 14 interns 2018; corporate mentors organized 4 specialized courses on property insurance, 1 senior student sharing event, and 1 student final presentation.</p>
<p>Dialogue with media to promote public awareness of ESG issues and good risk management</p>	<p>A. Cathay Century announces insurance information that is relevant to the general public or safety concepts that are often overlooked on its Facebook fan page, such as: road safety, overseas travel notices, and common insurance knowledge. This way people can easily gain insurance knowledge and loss control information when they log into Facebook.</p>

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<p>Dialogue with media to promote public awareness of ESG issues and good risk management</p>	<p>B. Cathay Century utilizes the influence of YouTube and produced its CS ideals into a Cathay Century CSR Film. Furthermore, we combined loss control knowledge and daily life applications into creative films and advertisements for safety promotion, which allow customers to better understand th contents of car insurance loss control services.</p> <p>C. Cathay Century specially built the Confession Cam Cargo Truck to raise public awareness of traffic safety. During the event, the truck drove around the downtown area, shopping districts, and schools in Taipei City and New Taipei City, using a fun and interesting way to raise awareness of traffic safety.</p> <p>D. Cathay Century Insurance issues a PSI Disclosure Report every year on its compliance with the four principles of the PSI.</p>