

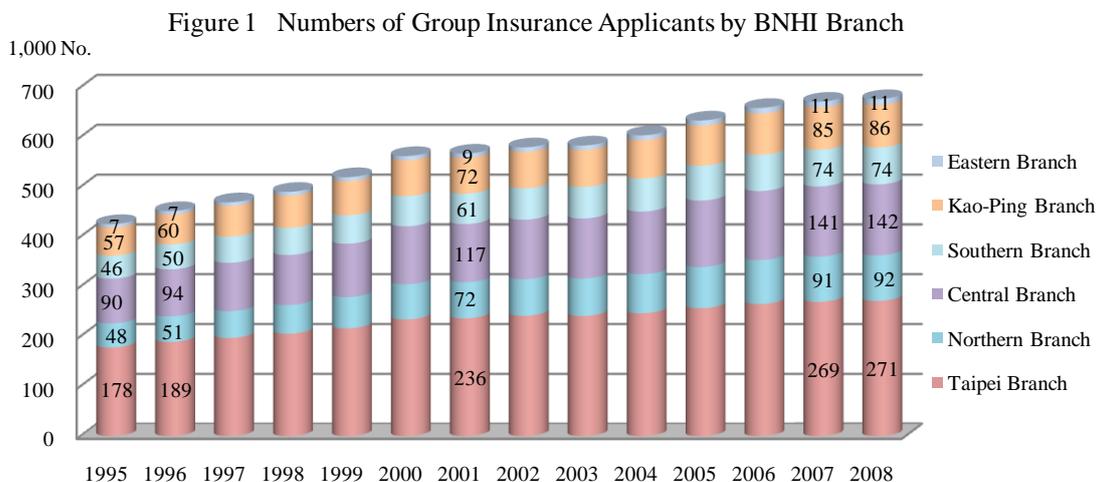
Abstract

Part I Enrollment and Underwriting

National Health Insurance (NHI) provides all nationals with compulsory coverage. The purpose is to ensure individuals receive adequate health care through the arrangement of a cooperative scheme. The beneficiaries under the NHI scheme are divided into six categories; each differs in the insured amount, premium contribution rate, and premium calculation method. Applications are to be made at the agencies, schools, enterprises, institutions, employers, groups, or designated departments to which the insured belong.

I. Group Insurance Applicants

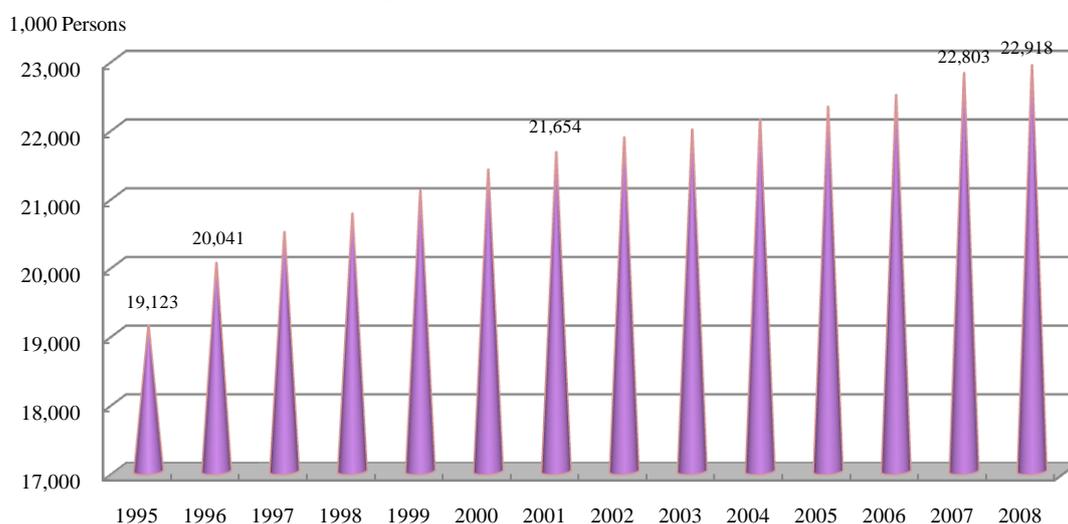
As of the end of 2008, the number of group insurance applicant was 676,280 in total (including the group insurance applicant in Category 4), showing an increase of 59.0%, or 250,931 group insurance applicants, from the end of 1995. Broken down by the beneficiary category, there were 671,126 applicants in Category 1, accounting for 99.2% of the total, whereas 3,250 applicants in Category 2, 345 applicants in Category 3, 9 applicants in Category 4, 599 applicants in Category 5, and 951 applicants in Category 6, together accounting for only a total of 0.8%. Broken down by the BNHI branch, the Taipei Branch accounted for the greatest number at 271,040 (40.1%), followed by the Central Branch at 142,397 (21.1%), the Northern Branch at 91,513 (13.5%), the Kao-Ping Branch at 85,724 (12.7%), the Southern Branch at 74,178 (11.0%), and finally the Eastern Branch at 11,428 (1.7%).



II. Beneficiaries

National Health Insurance is a compulsory social insurance scheme. The purpose is to enhance the health of all nationals and fair access to medical treatments. At the present, with the exception of those in the corrective institutions, all nationals are covered under the insurance scheme. As of the end of 2008, the number of beneficiaries in the NHI scheme had reached 22,918,144 individuals in total, increased by 19.8% or 3,794,866 individuals compared with that in 1995, the beginning of the NHI scheme. Of which 14,238,210 individuals (62.1%) were the insured, showing a growth of 27.0%, and 8,679,934 individuals (37.9%) were dependents, showing a growth of 9.7%.

Figure 2 Numbers of Beneficiaries



Broken down by gender, 11,431,857 individuals (49.9%) were male and 11,486,287 (50.1%) were female. Broken down by the beneficiary category, Category 1 was the largest group with 11,929,887 individuals (52.0%), followed by Category 2 with 3,875,407 (16.9%), Category 6 with 3,731,842 (16.3%), Category 3 with 2,993,633 (13.1%), Category 5 with 225,609 (1.0%) and Category 4 with 161,766 (0.7%).

Broken down by age, age 25~29 was the largest group with 2,051,033 individuals (9.0%) followed by age 30~34 with 1,961,673 (8.6%). For male beneficiaries, age 25~29 was the largest one with 998,169 (8.7%) followed by age 30~34 with 953,614 (8.3%). For female beneficiaries, age 25~29 was the largest one with 1,052,864 (9.2%) followed by age 30~34 with 1,008,059 (8.8%).

Broken down by BNHI branch, the Taipei Branch accounted for the greatest number at 8,426,126 (36.8%) followed by the Central Branch at 4,161,286 (18.2%). The Eastern Branch accounted for the smallest number at 508,159 (2.2%).

Figure 3 Numbers of Beneficiaries by Age and Gender

End of 2008

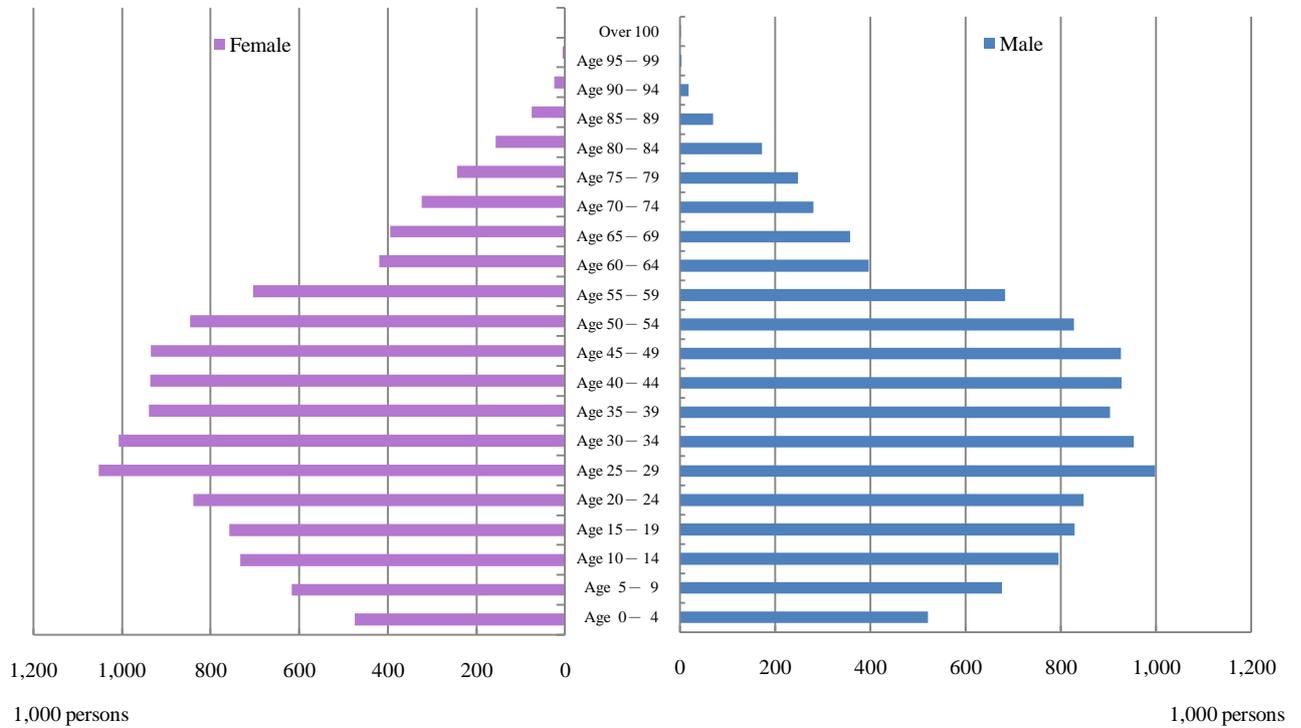
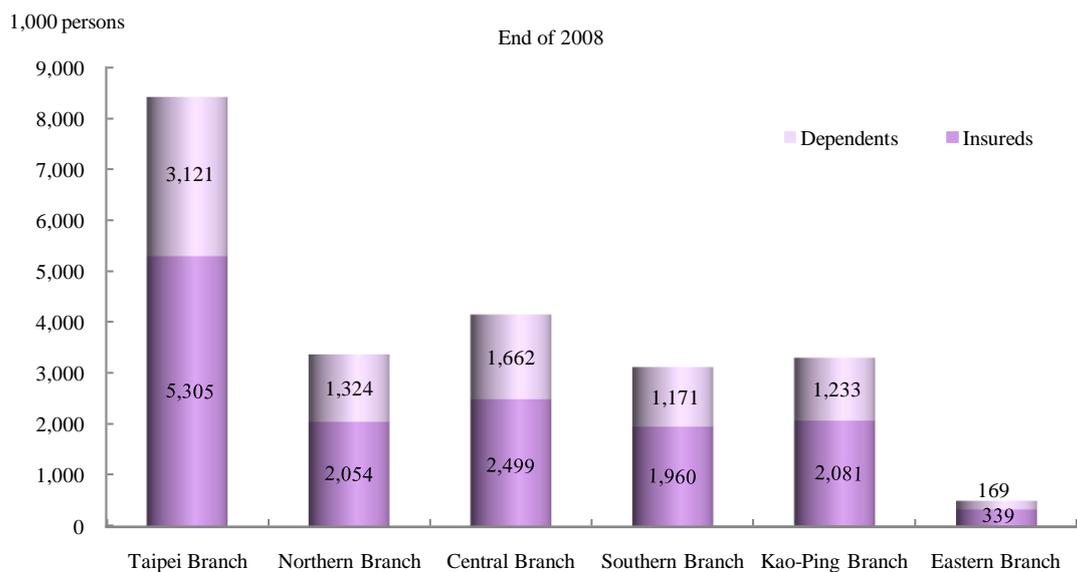


Figure 4 Numbers of Beneficiaries by BNHI Branch

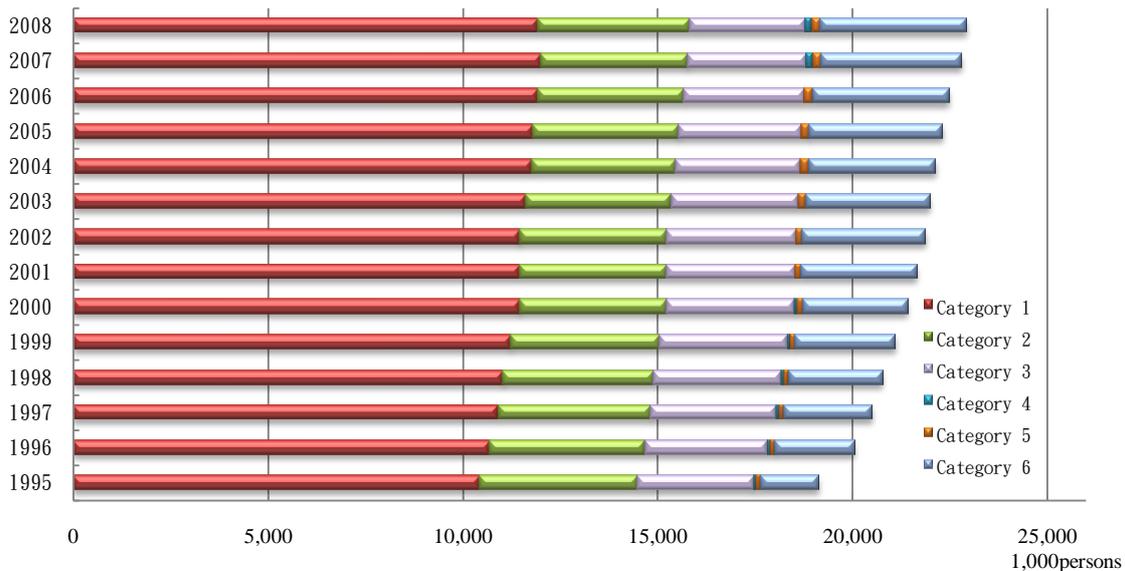
End of 2008



Compared with the structure of the beneficiaries by category in 1995, Category 1 decreased by 2.5 percentage points, Category 2 by 4.2 percentage points, Category 3 by

2.6 percentage points, whereas Categories 5 and 6 increased 0.4 and 8.6 percentage points respectively. The proportion of the disadvantaged minority groups had increased substantially.

Figure 5 Numbers of Beneficiaries by Category



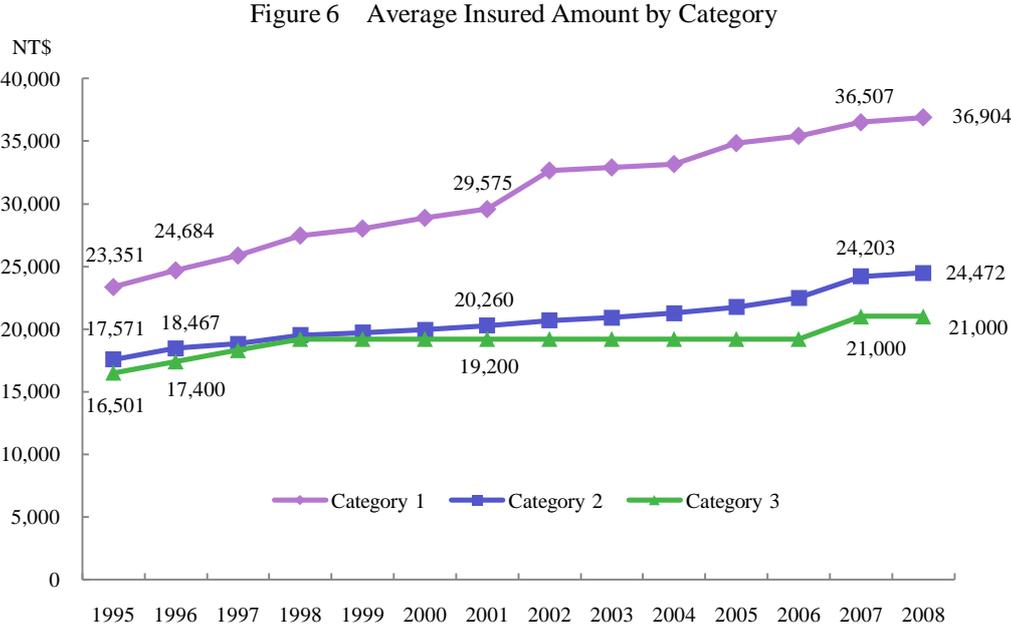
III. The Insured Payroll-Related Amount

According to Article 18 of the National Health Insurance Act, the premium payable by the insured in Categories 1 to 3 and their dependents shall be calculated on the basis of the insured payroll-related amount and the premium rate of the insured. Article 23 states that the insured payroll-related amount applicable to the insured in Category 3 shall be the average amount for those specified under items 2, 3 of subparagraph 1, and subparagraph 2 of paragraph 1, Article 8; provided that the insurer may adjust the level of insured payroll-related amount according to the financial viability of the insured and their dependents. Articles 25 and 26 state that the premium for those in Categories 4, 5, and 6 shall be the actuarial average premium per person based on the overall beneficiaries.

As of the end of 2008, the average insured payroll-related amounts were NT\$36,904 for the insured in Category 1, NT\$24,472 in Category 2, and NT\$21,000 in Category 3. The aggregate average insured payroll-related amount for the insured in Categories 1, 2, and 3 was NT\$31,672. If broken down further by subcategory, Item 5 of Category 1 had the highest average insured payroll-related amount at NT\$64,658, followed by Item 1 of Category 1 at NT\$53,949. Category 3 had the lowest average insured payroll-related

amount at NT\$21,000. The premium was NT\$1,317 per person for the insured in Categories 4 and 5, and NT\$1,099 per person for those in Category 6. In terms of the number of the insured in each level of insured payroll-related amount, the amount of NT\$21,000 covered the largest number of the insured at 3,441,538 individuals (24.2%), followed by NT\$17,280 with 1,304,696 individuals (9.2%) and NT\$43,900 with 520,136 individuals (3.7%).

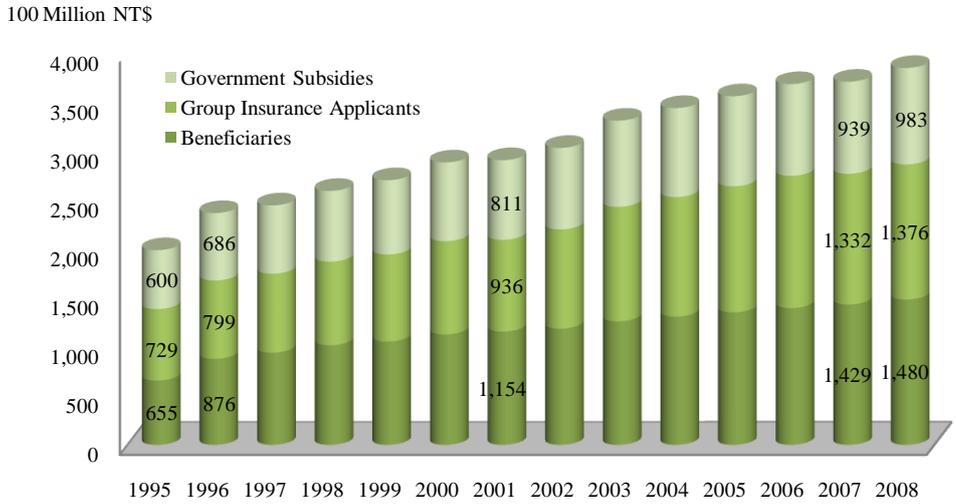
When compared with the data in 1995, the average insured payroll-related amount showed an increase of 58.0% with the largest increase in 2002 with NT\$3,087 for Category 1, and an increase of 39.3% for Category 2. The average insured payroll-related amount for Category 3 showed a rising trend over the first three years, growing from NT\$16,501 to NT\$19,200. It was adjusted to NT\$21,000 at the end of 2007. The premium rate was 4.55% in 2008, showing an increase of 0.3 percentage points from 1995.



IV. Premium Receivable

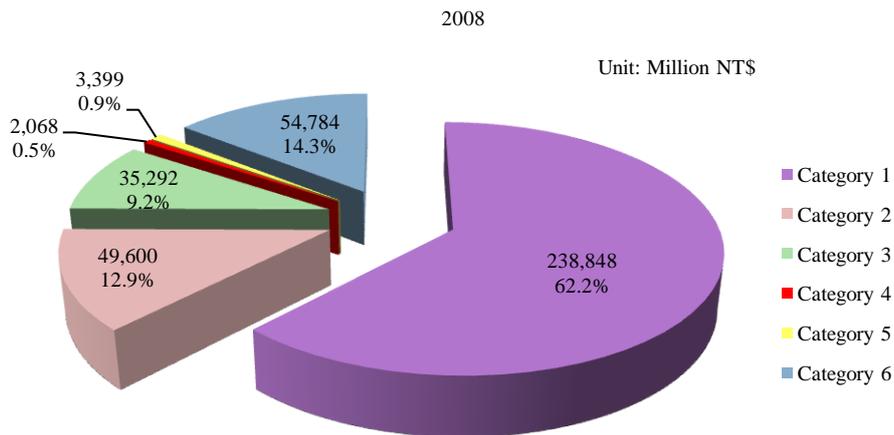
The main source of fund for the NHI scheme is premium revenues. The rate of premium contribution varies by type of the insured. Category 4 beneficiaries, Low income households and unemployed veterans receive full subsidies from the government.

Figure 7 Historical Premium Receivable



Premium receivable was NT\$384 billion in 2008, showing an increase of NT\$14.0 billion from the previous year or 3.8%. Of which, NT\$238.8 billion (62.2%) were from Category 1, NT\$49.6 billion (12.9%) from Category 2, NT\$35.3 billion (9.2%) from Category 3, NT\$2.1 billion (0.5%) from Category 4, NT\$3.4 billion (0.9%) from Category 5, and NT\$54.8 billion (14.3%) from Category 6.

Figure 8 Premium Receivable by Category



Total premium receivable in 2008 was \$384 billion.

Broken down by source, the amounts of premium receivable were NT\$148.0 billion (38.5%) from the insured, NT\$137.6 billion (35.8%) from the group insurance applicants, and NT\$98.3 billion (25.6%) from the government subsidies (NT\$78.2 billion (20.4%)

from the central government, NT\$10.5 billion (2.7%) from the provincial/municipal governments, and NT\$9.6 billion (2.5%) from the county/city governments).

Compared with the structure of premium receivable by source in 1996, the amount contributed by the insured increased by 1.4 percentage points, the group insurance applicants by 2.0 percentage points, the central government subsidies by 6.2 percentage points, the county/city government subsidies by 0.8 percentage points, whereas the provincial/municipal government subsidies fell by 10.4 percentage points.

Figure 9 Premium Receivable by Source

