

## INDEPENDENT ACCOUNTANTS' REPORT

The Board of Directors  
Union Insurance Co., Ltd.

We have audited the accompanying balance sheets of Union Insurance Co., Ltd. (the "Company") as of December 31, 2008 and 2007 and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the Company as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by P&C Insurance Companies, the related financial accounting standards of the "Business Entity Accounting Act" and of the "Regulations on Business Entity Accounting Handling", and accounting principles generally accepted in the Republic of China.

As indicated in Note III to the financial statements, commencing from January 1, 2008, in accordance with the "Regulations Governing the Preparation of Financial Reports by P&C Insurance Companies" amended by Jin Guan Bao Yi No.09602505891, and the "Regulations Governing the Setting Aside of Various Reserves" amended by Jin Guan Bao Yi No.09602505761, the Company booked "Prepayments for reinsurance premium", accrued "Premium deficiency reserve", and amended the presentation of reinsurance payments refund related accounts. The adoption resulted in an unfavorable effect to net loss after tax by \$53,085 thousands and EPS by \$0.25 for the year ended December 31, 2008.

Taipei, Taiwan, R.O.C.  
April 17, 2009

### Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.