

IGP Country Profile **Taiwan**





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Customary employee benefits

Death benefits

Life Insurance is the most popular employee benefit. Group life insurance for employees is commonly found in foreign companies and is also becoming popular with large local companies.

The sum insured for most policies is one or two times annual salary. Some policies are based on the employee's position, and all are non-contributory.

Group life

A lump-sum benefit based upon annual salary or a flat specified amount.

Group AD&D

An accidental death and dismemberment rider is commonly attached to the life policy with the same insured amount.

Usually, it provides an accidental death and disability benefit that ranges from 5% to 100% of sum insured depending on the degree of disability.

Benefits covering lesser amount for spouses and children are permitted.

Disability benefits

The full amount insured under the group life plan will be payable if the employee suffers one of the following losses due to accident or disease:

- Sight in both eyes
- Two hands including the wrist joints or two feet including the ankle joints
- One hand including the wrist joint and one foot including ankle joint
- Sight of one eye and one hand including wrist joint, or the sight of one eye and one foot including the ankle joint
- Permanent loss of the ability to speak or to masticate
- Permanent and complete loss of function in all four limbs
- Impairment of function of the central nervous system or of chest/

abdominal organs so that the insured cannot work or hold a job and must rely on the assistance of others even for daily routine activities.

Medical benefits

Group health plans are necessary in order to supplement the inadequacies of the Social Security plan.

At present, dental insurance plans are not available.

The level of employer-sponsored benefits usually depends upon the classification of an employee's position, with some plans offering the same benefit to all employees.

Employee coverage is usually non-contributory, while dependent coverage is usually contributory.

In-patient hospitalization

In-patient hospitalization is the principal benefit for health plans. If hospitalization is due to sickness or accident, the insured is entitled to the following benefits:

- Hospital room and board typically from TWD 1,500 to TWD 3,000 with a limit of 365 days per accident.

The Medical expense of in-hospital services including medications, tests, blood transfusions, consultation fees, etc. are 20 times of daily room and board rate.

- Surgical operation benefits are paid for actual expense, according to the surgery table listed different types of operation multiple between 0.25 to 80 times and multiplied with the daily room and board rates to generate the maximum insured amounts.
- The critical surgery which met the multiple between 50 to 80, will automatically raise up one-times of the insured amounts.

Out-patient hospitalization

Few employers provide out-patient coverage for employees as the benefit is included under Social Security. The annual out-patient visits are limited to 30 visits, and reimbursement ranges from TWD 300 to TWD 800 per visit.

Retirement

While most employees are covered by Social Security, private benefit plans are often adopted to supplement the moderate level of Social Security benefits.

In the past, the development of private benefit plans was limited to group life, accident and medical coverage. However, there is a growing need for private retirement plans as well due to the Labor Standards Law (LSL), passed in August of 1984, which requires certain employer groups to provide retirement benefits.

The Labor Standards Law currently covers the following occupations and industries: agriculture, forestry, fishing and livestock, mining and quarrying, manufacturing, construction, utilities, transportation and mass media.

Retirement benefits are currently paid in the form of lump sum amounts. Legislation has been proposed for retirement benefits to be paid in monthly annuities instead of lump-sum amounts.

Labor Standards Law (LSL)

The Taiwan Labor Standards Law (LSL) requires employers in covered industries to provide retirement benefits. (LSL has not yet been extended to include the commercial and service sectors, but this is currently under consideration.)

The retirement benefit under LSL is equal to one month's average insured wages for each of the first 15 years of service and two months' average insured wages for each year of service in excess of 15 years, up to a maximum of 45 months.

Many companies provide a discretionary leaving service benefit in addition to LSL.

Eligibility

- Normal retirement at age 65
- Early retirement at age 55 for people with 15 years of service with the same employer
- No age limit if employed 25 years with same employer
- No age limit for retirement due to insanity or permanent disability

Benefits

The retirement benefit under LSL is equal to one month's average insured wages for each of the first 15 years of service and two months' average insured wages for each year of service in excess of 15 years, up to a maximum of 45 months.

Many companies provide a discretionary leaving service benefit in addition to LSL.

Insanity, Permanent Disability and Retirement Benefits

Final salary times years of service times a service factor.

Funding

Compulsory funding of the LSL Retirement Benefits came into effect on November 1, 1986. Current restrictions state that employer contributions, which equal a percentage of each employee's monthly salary, must be deposited into a financial institution designated by the government. These funds will then be transmitted to the Central Trust of China (CTC), which manages the assets.

Contribution rates are between 2% and 15% of payroll.

Legislative news

Article 54 of the Labor Standards Law (LSA)

On July 15, 2024, the Labor Standards Law was amended to allow workers age 65 and older to extend their mandatory retirement age.

Per the amendment, employers cannot compel employees under the age of 65 to retire and must continue to provide labor insurance and pensions to employees who choose to delay their retirement.

Also, employers cannot reduce wages for employee over 65 or change their working conditions without justification.

The purpose of this amendment is ease Taiwan's labor shortage by enabling healthy older employees to continue working and to ensure their rights if they do.

Trends

The landscape of employee benefits in Taiwan is being influenced by trends that prioritize employee well-being, cost efficiency, and the demand for more flexible and digital solutions.

Businesses are progressively aiming to provide a broader spectrum of benefits, emphasizing physical, financial, and mental health. They are also utilizing technology to gain data insights and enhance the management of these benefits.

To create a healthier and more engaged workforce, the importance of employees physical, mental and financial health is being addressed via the employee benefits offerings.

Key trends

- Focus on holistic well-being, which includes programs to address physical, mental and financial health.
- Focus on flexible work schedules and ability to work remotely.
- More paid time for parental leave, care giving, and bereavement.
- Employers seek a balance between offering attractive benefits while at the same, managing the cost.
- Increased use of technology, e.g., Artificial Intelligence (AI) to control the cost of benefits. AI is being used for analyzing data, reporting, and making benefits administration more efficient.

Benchmark information

Based on Shin Kong Life's portfolio

	% of Portfolio
Group Life Coverage	
Death benefit	98%
AD&D	100%
Survivor's benefits	0%
Employer contribution only	0%
Disability Coverage	
Long term disability	95%
Short term disability	60%
Employer contribution only	0%
Healthcare Coverage	
Hospitalization	99%
Dental	0%
Vision	0%
Critical Illness	75%
Employee Assistance program	0%
Employer contribution only	0%
Retirement Plans	
DC	0%
DC - Employer contribution only	0%
DB	0%
DB - Employer contribution only	0%
Other	
Wellness& Wellbeing Programs	5%
Flex benefits	0%

Typical employee benefits plans

Private life and health insurance benefits

Type of Company	Pharmaceutical	Wearing Apparel	Automotive
Group Life Insurance			
Eligibility	All employees	All employees	All managers
Death Benefit	28 x monthly salary	26 x monthly salary	24 x monthly salary
Accidental Death and Dismemberment	Equal to death benefit	Equal to death benefit	Equal to death benefit
Group Health Insurance			
Eligibility:	All employees	All employees	All managers
Daily Hospital Room and Board (max. 365 days/per disability)	TWD 2,500	TWD 2,500	TWD 2,000
Inpatient Miscellaneous fee	TWD 50,000	TWD 50,000	TWD 40,000
Inpatient Surgery (*Subject to surgical schedule with the times of multiple between 0.25 times to 80 times.)	Level 2,500	Level 2,500	Level 2,000
Cancer Plan			
Daily Allowance	TWD 2,000		
Surgery	TWD 60,000		
Daily Allowance for home care	TWD 2,000 (up to 21 days)		
Radiation Treatment:	TWD 2,000		
Cancer Out-Patient	TWD 2,000 (90 days/year)		

Private life and health insurance benefits

Type of Company	Chemical	Information Technology	Products
Group Life Insurance			
Eligibility	All employees	All employees	All employees
Death Benefit	26 x monthly salary	28 x monthly salary	24 x monthly salary
Accidental Death and Dismemberment	39 x monthly salary	28 x monthly salary	Equal to death benefit
Group Health Insurance			
Eligibility:	All employees between ages 15 and 65 and dependents	All full-time employees	All managers between ages 15 and 65
Daily Hospital Room and Board (max. 365 days/per disability)	TWD 2,500	TWD 2,500	TWD 2,000
Inpatient Miscellaneous fee	TWD 50,000	TWD 50,000	TWD 40,000
Inpatient Surgery (*Subject to surgical schedule with the times of multiple between 0.25 times to 80 times.)	Level 2,500	Level 2,500	Level 2,000
Cancer Plan			
Daily Allowance	TWD 2,000		
Surgery	TWD 60,000		
Daily Allowance for home care	TWD 2,000 (up to 21 days)		
Radiation Treatment:	TWD 2,000		
Cancer Out-Patient	TWD 2,000 (90 days/year)		

Private life and health insurance benefits

Type of Company	Banking	Electronics
Group Life Insurance		
Eligibility	All employees	All employees
Death Benefit	26 x monthly salary	28 x monthly salary
Accidental Death and Dismemberment	Equal to death benefit	Equal to death benefit
Group Health Insurance		
Eligibility:	All employees between ages 15 and 65 and dependents	All full-time employees
Daily Hospital Room and Board (max. 365 days/per disability)	TWD 2,500	TWD 2,500
Inpatient Miscellaneous fee	TWD 50,000	TWD 50,000+
Inpatient Surgery (*Subject to surgical schedule with the times of multiple between 0.25 times to 80 times.)	Level 2,500	Level 2,500
Cancer Plan		
Daily Allowance	TWD 2,000	
Surgery	TWD 60,000	
Daily Allowance for home care	TWD 2,000 (up to 21 days)	
Radiation Treatment:	TWD 2,000	
Cancer Out-Patient	TWD 2,000 (90 days/year)	

Useful links

Demographic information and macro-economic indicators

[CIA World Factbook](#) (please select the country to review)

[World Bank Group](#) (please select the country to review)

Bureau of Labor Insurance

<https://www.bli.gov.tw/en/>

Department of Labor Insurance of the Ministry of Labor

<https://www.mol.gov.tw/>

More information on Shin Kong Life Insurance Company, Ltd.

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