



Due to new law on fraud

CMF bans sale of 39 insurance policies that cover fraud risks in the use of cards and electronic transfers

- Pursuant to Law No. 21,234, coverage of such risks must be assumed by the financial institutions themselves. Therefore, this type of insurance may no longer be offered to financial customers.
- With the enactment of said law, the risks covered by policies are extinguished or diminished. Over 3.7 million people have had their contracts terminated or the value of their insurance reduced.

August 21, 2020 – The Board of the Financial Market Commission (CMF) resolved to ban the sale of 39 insurance policies aimed at providing customers with coverage against the risk of fraud due to the misuse of credit or debit cards and electronic transfers. The new [Law No. 21.234](#), enacted in May of this year, states that financial institutions will be barred from offering insurance to cover the misuse of cards in cases of theft, robbery or loss, or for fraud in electronic transactions. These coverages must now be assumed by the financial institutions themselves.

[Resolution No. 3,715](#) of the Commission notes that as of today it bans the sale of insurance policies "that offer customers the possibility of contracting coverage for risks that, according to Law No. 21,234, must be assumed by the issuer or provider of the electronic payment financial service." This means that companies will not be able to use these policy types.

Concerning insurance that included this coverage and marketed before Law No. 21,234 was enacted, the risks covered by it have been extinguished or reduced, as established in Chile's Code of Commerce. This has implied the termination of policies (in the event that they only considered the coverage that currently corresponds to the issuer), or the reduction of the premium charged, in those cases in which the policy also included other risks different from those that the Law stipulates for the issuer. Two examples are cases of theft when exiting ATMs or the misuse of checks.

To date, over 3.7 million people have had their insurance policies terminated or reduced in value.

Obligations of Financial Institutions

The CMF has instructed insurance companies, brokers, and issuers to clearly inform policyholders through personalized communication of this situation and of their right to terminate such contracts if they deem it appropriate. It is also monitoring the compliance of insurance companies and intermediaries with rules and regulations in force, especially in the information given to customers.

However, it is important to note, regarding the insurance policies that remain in force, the importance of each insured party reviewing their coverage and assessing whether they need to maintain or terminate the insurance. Interested parties must consider the coverage and the associated price, for which they may require the advice of the broker who brokered the insurance. They can also check if they have this type of insurance, by consulting the CMF ["Know Your Insurance" Portal](#).

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