



PRESS RELEASE

CMF sanctions 10 life insurance companies for breaching SCOMP regulations in contracting life annuities

- *The Commission fined them for non-compliance with the procedures for acceptance of pension offers, advisory obligations, information duties, and restrictions on fees.*

September 11, 2020 – After the conclusion of a sanctioning process carried out by its Investigation Unit, the Board of the Financial Market Commission (CMF) sanctioned 10 life insurance companies for non-compliance with the process of contracting life annuities through the System of Consultations of Offers and Amounts of Pensions (SCOMP, for its Spanish acronym). The total amount of these fines is UF 12,300.

The origin of the case that led to said sanctions is in a process of joint inspection of a group of pension advisors — who were finally sanctioned — carried out by the CMF and the Superintendence of Pensions (SP, for its Spanish acronym) in 2018. The process detected irregular use of copies of SCOMP offer certificates, as well as cases in which these documents were tampered with to advance the acceptance of offers by pensioners. It is worth mentioning that the copies of said certificates were adulterated by changing their identification from "Copy" to "Original".

The sanctioned life insurance companies breached the regulatory framework because the original SCOMP offer certificate is required to accept a pension offer. This source of information is a way of guaranteeing that pensioners have direct and independent access to the system's offers, so that they can ponder and select the modality most suited to their needs. This is done to ensure that they are not exposed to the risk of having their information handled or altered by third parties.

Indeed, the lack of the original SCOMP certificate or its duplicate and, on the other hand, the use of an adulterated, incomplete document or a copy, limits the possibility of consultants or pensioners to analyze and weigh all necessary elements to make their decision.

The CMF sanctioned nine companies — Metlife, Consortium, Confuturo-Corpegueros [1], Security, Renta Nacional, CN Life, BTG Pactual [2], Euroamerica, and Ohio National — for breaching the obligation set forth in General Rule No. 218.

None of them had suitable procedures to verify compliance with regulations governing the offer acceptance process, since acceptances of pension offers were made without the use of the original SCOMP offer certificate or its duplicate. The Commission also sanctioned five companies — Metlife, Consorcio, Confuturo-Corposeguros, Sura, and Security — for breaching the advisory obligation stated in the Code of Commerce. In the pension processes carried out by their sales agents or managed directly by said companies, they did not duly advise the affiliate because the offer acceptance process was carried out without the original SCOMP certificate or its duplicate.

Other Sanctioned Conducts

Similarly, in the case of Metlife, apart from the behaviors described, it was sanctioned for implementing a system of incentives/bonuses to its sales agents for sales of annuities whose cost was not disclosed in the respective policies as a remuneration or fee, as required by law. This was even though all payments to sales agents were made when they intervened in the marketing or sale of annuities.

Finally, in the case of Metlife and Sura, they were sanctioned for submitting the address of a sales agent of the company instead of the pensioner's in some applications for pension offers accepted by these companies. This is explicitly banned by General Rule No. 218.

According to the respective Resolutions (No. 4,075 to 4,084) published on the CMF website, the sanctions imposed by the Financial Market Commission are as follows:

- Metlife: UF 3,000.
- Consorcio and Confuturo-Conseguros: UF 2,000 each.
- Sura: UF 1,000.
- Security: UF 900.
- Renta Nacional and CN Life: UF 800 each.
- BTG Pactual, Euroamerica, and Ohio National: UF 600 each.

However, the CMF informs that there are still other administrative proceedings pending in relation to this case.

Notes

[1] These companies merged during the administrative process. The legal successor is Confuturo.

[2] This company changed its controller during the administrative process. The legal successor of BTG Pactual is the 4lifeseguros Insurance Company.

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