



Due to the Covid-19 pandemic

CMF publishes for consultation a regulation that temporarily modifies certain limits and requirements for technical reserve assets and risk equity of insurance companies

- *This is in accordance with the provisions of Law No. 21,276, which aims to safeguard proper functioning of the financial market and perfects the mechanisms for safeguarding the solvency of insurance companies.*
- *The regulatory proposal temporarily modifies the limits to be met by assets representing technical reserves and risk equity held by insurance companies. These limits are related to fixed-income assets with a low risk rating.*

June 18, 2021 – The Financial Market Commission (CMF) has published for consultation a regulation that temporarily modifies certain limits and requirements for technical reserve assets and risk equity of insurance companies. This is in accordance with the provisions of Law No. 21,276, which aims to safeguard proper functioning of the financial market and perfects the mechanisms for safeguarding the solvency of insurance companies in the context of the current Covid-19 pandemic.

Among these changes is the easing of certain regulatory requirements regarding the risk classifications of fixed-income instruments, both domestic and foreign, that insurance companies may purchase and keep in their investment portfolios. These easing measures intend to avoid the effects of a forced sale of the companies' assets due to some issuers' ratings being downgraded. Such downgrades may put pressure on the compliance with minimum rating limits and materialize negative effects to the detriment of the companies' solvency and the protection of policyholders.

Regulatory Proposal

The regulatory proposal published today by the CMF temporarily modifies the limits to be met by assets representing technical reserves and risk equity held by insurance

companies. These are related to fixed-income assets with a low risk rating, both local and foreign, which are set forth in General Rule No. 152 of 2002. It also considers two permanent amendments to said General Rule to improve the current regulatory framework:

- Eliminate the minimum risk classification that fixed-income investments abroad must meet for them to be representative, therefore standardizing the criteria regarding the treatment of local fixed-income investments.
- Improve the application of abroad investment limits by making an exception in the calculation of such limit for investments pledged as guarantee by insurance companies to cover hedging derivative contracts whose fair value is negative.

Interested parties can access the [Draft Rules and Norms section](#) of the CMF website to check the details of the regulatory proposal and submit their feedback until July 2, 2021.

Area of Communications, Education & Image – Financial Market Commission (CMF)

Contact: prensa@cmfchile.cl | [Press Room](#) | **Twitter:** [@CMFChile](#) [@CMF Educa](#)
[@CMF HEsenciales](#) | **LinkedIn:** [CMF](#)