



CMF publishes for consultation regulation on individual and collective taking out of insurance related to mortgage loans

- *In accordance with the changes introduced by the Law on Market Agents, the regulation establishes minimum conditions to be included in the bidding process, as well as information to be provided to offerors, debtors, and policyholders.*
- *It also eliminates the requirement that bidding conditions must consider both the participations of insurance brokers and their replacements; bans the participation of brokers advising lenders in the bidding process; and sets the collection of premiums alongside dividends.*

September 14, 2021 – The Financial Market Commission (CMF) has published for consultation a General Rule about the individual and collective taking out of insurance related to mortgage loans, which is contained in Article 40 of Decree with Force of Law No. 251. This new General Rule intends to implement legal amendments introduced by Law No. 21.314 of April 13, 2021, also known as the Law on Market Agents. Said amendments include the feedback provided by the National Economic Prosecutor's Office (FNE, for its Spanish acronym).

The amendments introduced by the regulation under public consultation to Article 40 of DFL No. 251 specifically include the following:

- Bidding conditions cannot require the participation of an insurance broker. Should the bid include one, the lender cannot replace it.
- Brokers advising the lender in the bidding process are banned from participating in the bids.
- Payments by insurance companies in favor of lenders during the entire term of the contract, other than the corresponding indemnities, are prohibited.

In addition to these legal changes, the regulation also includes improvements obtained after a review and analysis of bidding processes carried out by the Commission, such as:

- Improve the quantity and quality of information for better risk estimation and pricing.

- Strengthen the rights of insurance companies to underwrite risks and settle claims.
- Establish conditions that facilitate competition when taking out insurance policies.
- Eliminate costs in bidding processes.
- Facilitate a more efficient supervisory process.

Interested parties can access the [Draft Rules and Norms section](#) of the CMF website until October 4, 2021 to check the details of the proposed General Rule and submit their feedback. In addition, the CMF makes available a [Regulatory Report](#) assessing the impact of this proposal.

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