



CMF Chairman Joaquín Cortez spoke before the Senate's Committee on Constitution, Legislation, Justice and Regulation on the new life annuity advance payments bill

October 13, 2021 – Joaquín Cortez, Chairman of the Financial Market Commission (CMF), spoke today before the Senate's Committee on Constitution, Legislation, Justice and Regulation regarding the bill on new life annuity advance payments. In [his presentation](#) before the Committee, Chairman Cortez stressed that **this new bill is different from the first advance payment approved by Congress** – Law No. 21,330. It directly and materially affects the solvency of life insurance companies (LICs), **resulting in the riskiest scenario the financial system has faced in the last 35 years.**

Cortez stated that the impact on LICs solvency jeopardizes the payment of **657,000 life annuity pensions; over 2.5 million life insurance policies; 7 million complementary health insurance policies; the Disability and Survivors Insurance (SIS) for the entire workforce that contributes to Chilean Pension Fund Administrators (AFPs); and credit life insurance for the entire nation's population.**

The Chairman added that this bill would also have certain, relevant, and lasting impacts on the financial market, **making access to loans and insurance more expensive for households and SMEs.** The potential tax effects are also substantial, Cortez said, both due to an eventual activation of state guarantees for annuities and the lawsuits the Chilean State would face in domestic and international courts.

Unlike the first annuity advance, the amount of the second requested advance will be deducted pro rata from life annuities remaining to be paid to pensioners. **The conditions in effect at the time of their pension funds transfer will be used for such calculation.** Furthermore, said amount may not exceed 5 percent of monthly annuities remaining to be paid to pensioners, who may always request a 90-day payment extension. Once advances are paid, LICs must return to the originally agreed monthly amounts.

Finally, **the new life annuity advance payment scheme will also apply to the first annuity advance allowed by Law 21,330,** and consequently affect all pensioners whether they applied for it or not.

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