



CMF publishes for consultation the sixth version of methodological document that determines risk-based capital for insurance companies

- *The initiative is intended to strengthen the capital of insurance companies and prepare the industry to face any risks it may assume because of its business.*

October 18, 2021 – The Financial Market Commission (CMF) has published for consultation the sixth version of the methodological document that determines risk-based capital (RBC) for insurance companies. This document, part of the Commission's strategic initiatives, is part of the effort to strengthen the regulatory framework for risk-based supervision (RBS) it applies. The initiative is highly relevant to strengthen the capital of insurance companies and prepare the industry to face any risks it may assume because of its business.

As part of the CMF's collegiate structure and an ongoing methodology refinement process, the document will be the basis for the Commission's RBS model. This considers a future passing of the Insurance Industry RBS Bill, which is currently in its second legislative stage in the Senate.

RBC requirements stated in the methodological document follow the best international financial regulation practices. Accordingly, it sets capital requirements for insurance companies based on an analysis of the risks to which they are exposed, core management aspects, and corporate governance.

The publication for consultation of this sixth version of the methodology, as well as the conceptual bases developed by the CMF for its analysis, discussion, and improvement, includes the following changes compared to the fifth version released in May 2017:

- New factors for credit risk within asset risk.
- New capital requirement for life annuities: TSA - Stressed.
- New capital requirements for disability and survivors' insurance under its management mode.

As done with previously issued versions, the Commission will instruct all insurance companies to carry out an eighth application exercise using the new methodology

during the first half of 2022. The results of such exercises will allow for further adjustments to the standard formula and its underlying capital factors.

Interested parties can [review the methodology document](#) on the CMF website and submit their feedback for three months after its publication.

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