

Press Release



SUPERINTENDENCIA
VALORES Y SEGUROS

FINANCIAL REPORT FOR THE INSURANCE MARKET THROUGH DECEMBER 2008

- *During 2008, the life insurance market showed an increase of 6.54% in sales, with respect to the same period the previous year, while general insurance market sales grew by 14.60% during the same period.*
- *With regards to investments made during this period, fixed-rate instruments were preferred both by life and general insurance companies.*
- *Regarding the current international financial crisis, this has been caused some losses in the life insurance industry and reductions in the profits of the general insurance industry. Nevertheless, both sectors maintain healthy levels in their indicators of solvency, such as equity margins.*
- *Given the current international financial situation, the Superintendencia de Valores y Seguros (SVS), has adopted a series of additional measures to monitor insurance companies during the present year, which are briefly listed in Section IV of the present report.*

I. INTERNATIONAL FINANCIAL CRISIS

Despite the terrible crisis the world is currently undergoing, probably the largest experienced in the last 30 years, solvency and debt indicators of the national insurance industry continue to maintain healthy levels.

The present report shows the current financial situation of the national insurance market and its solvency situation. At the same time, it presents some measures adopted and maintained by the Superintendencia de Valores y Seguros as part of its continuous process of monitoring risk, which it carries out on a permanent basis and which has intensified given the current situation.

II. LIFE INSURANCE COMPANIES

The increase in total sales of life annuities, traditional life insurance and AFP (pension) insurance contributed to an increase in insurance company premiums of 6.54% during 2008, in comparison to 2007, reaching US\$3.761 billion.

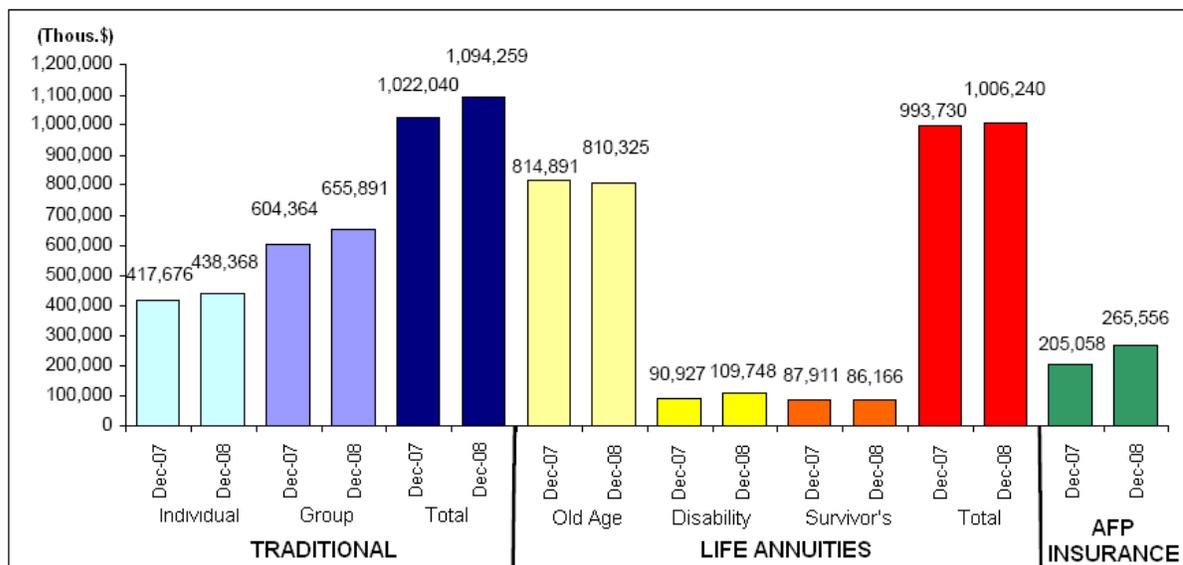
Traditional insurance increased its sales, in real terms, by 7.07% between January and December 2008, in comparison to the same period in 2007, with an 8.53% increase in group insurance and a 4.95% rise in individual insurance.

Life annuities insurance - representing 42.5% of total direct premiums in the life insurance segment - showed an increase in 2008, in real terms, of 1.26% with respect to the previous year. This increase was due to a rise in Disability Life Annuities sales - which represented 4.6% of total life insurance premiums - and whose premiums rose by 20.70%.

Variation of Direct Premiums by Area

Direct Premiums (in thousands \$, June 2008)	<i>December 2008</i>	<i>December 2007</i>	<i>Real Variation</i> <i>2007 - 2008</i>
Traditional Individual	438,368,168	417,675,570	4.95%
Traditional Group	655,890,755	604,364,446	8.53%
Total Traditional	1,094,258,923	1,022,040,015	7.07%
Old-Age Annuities	810,325,068	814,891,027	-0.56%
Disability Annuities	109,748,440	90,927,208	20.70%
Survival Annuities	86,166,381	87,911,496	-1.99%
Total Life Annuities	1,006,239,889	993,729,732	1.26%
AFP Insurance (Pension)	265,555,580	205,058,017	29.50%
TOTAL DIRECT PREMIUMS	2,366,054,392	2,220,827,764	6.54%

Direct Premiums by Branch of Life Insurance (December 2007 – December 2008)
(In millions of pesos, as of December 2008)



Regarding direct premiums by company, 17 of 29 total insurance companies experienced an increase in sales, in real terms, during 2008 in comparison to the previous year.

Variation of Direct Premiums by Company

Company	Jan – Dec 2008 (\$thousands, June 2008)	Jan – Dec 2007 (\$thousands, June 2008)	Real Variation (%)
Ace	9,879,717	6,863,305	43.95%
Banchile	66,002,723	46,584,158	41.68%
Bbva	155,612,431	100,070,311	55.50%
Bci	43,139,957	44,170,898	-2.33%
Bice	169,118,260	133,621,697	26.56%
Cardif	77,699,134	96,535,731	-19.51%
Chilena Consolidada	136,151,822	132,161,502	3.02%
Clc	4,367,361	2,748,208	58.92%
Cn Life	1,291,138	910,009	41.88%
Consortio Nacional	181,272,605	221,128,179	-18.02%
Corpvida	143,633,621	108,654,723	32.19%
Cruz del Sur	98,824,495	85,303,326	15.85%
Euroamerica	90,928,831	108,768,332	-16.40%
Huelen	587,251	929,771	-36.84%
Ing	320,649,993	315,798,030	1.54%
Interamericana	82,083,212	83,831,986	-2.09%
Itau (1)	1,425,943	0	-
Mapfre	1,395,915	4,092,399	-65.89%
Metlife	296,325,210	240,494,152	23.22%

Mut de Carabineros	13,698,439	12,728,996	7.62%
Mut. Ejec. Y Aviac.	13,676,502	13,450,481	1.68%
Mutual de Seguros	18,484,721	18,196,463	1.58%
Ohio	39,302,539	42,598,224	-7.74%
Penta	106,757,893	111,577,736	-4.32%
Principal	118,726,873	151,273,826	-21.52%
Rbs	0	0	-
Renta Nacional	15,815,472	254,705	6109.33%
Santander	104,890,708	85,672,921	22.43%
Security Prevision	54,311,626	52,407,682	3.63%
Total	2,366,054,392	2,220,827,751	6.54%

- (1) In Resolution No. 580, of 09.26.2008, the SVS authorized and approved the statutes of Itaú Chile Compañía de Seguros de Vida S.A., a Company without Financial Statements.

During the year 2008, the life insurance market generated losses in the amount of US\$222.9 million. This represents a 165% decrease in market profits in comparison to the same period in 2007. This was mostly due to a 50% fall in returns on investments, caused mainly by losses experienced in variable-rate investments, as an effect of the prolonged international financial crisis. On a smaller scale, increases in the Cost of Claims and Cost of Income of 23.21% and 16.14%, respectively, also affected these results.

Net Profits by Company

Company	Jan-Dec 2008 (\$Thous.)	Jan-Dec 2007 (\$Thous.)	Real Variation (%)
Ace	187,494	-84,163	322.77%
Banchile	3,634,308	3,582,912	1.43%
Bbva	-103,862	1,614,013	-106.44%
Bci	4,220,731	3,802,900	10.99%
Bice	-40,608,062	34,630,883	-217.26%
Cardif	4,536,191	-3,580,884	226.68%
Chilena Consolidada	2,962,117	15,296,862	-80.64%
Clc	-162,432	-162,432	-11.43%
Cn Life	2,469,279	9,073,753	-72.79%
Consortio Nacional	-56,293,159	51,203,611	-209.94%
Corpvida	-30,703,813	9,277,656	-430.94%
Cruz del Sur	-21,636,891	4,607,702	-569.58%
Euroamerica	-1,418,065	7,774,863	-118.24%
Huelen	-18,559	41,465	-144.76%
Ing	6,320,421	11,638,938	-45.70%
Interamericana	4,084,628	3,202,320	27.55%
Itau	477,585	-	
Mapfre	-254,095	-425,068	40.22%
Metlife	-5,884,566	2,886,284	-303.88%
Mut de Carabineros	3,568,599	3,331,616	7.11%
Mut. Ejec. Y Aviac.	366,548	2,764,986	-86.74%
Mutual de Seguros	3,546,734	10,697,908	-66.85%
Ohio	255,422	1,696,961	-84.95%
Penta	-38,430,315	6,660,516	-676.99%

Principal	5,894,418	5,760,375	2.33%
Rbs	-54,207	-188,807	-71.29%
Renta Nacional	-15,875,820	1,274,139	-1346.00%
Santander	28,642,623	26,895,140	6.50%
Security Prevision	79,323	2,372,310	-96.66%
Total	-140,197,425	215,625,804	-165.02%

- (1) In Resolution No. 580, of 09.26.2008, the SVS authorized and approved the statutes of Itaú Chile Compañía de Seguros de Vida S.A., a Company without Financial Statements

A.- Structure of Investments

The total amount of investments held in the portfolios of life insurance companies, during 2008, reached US\$26.994 million.

Of the investments held by life insurance companies, the majority were in fixed-rate titles, representing 76% of all 2008 investments.

Although investments in fixed-rate instruments had shown less participation in the portfolios of life insurance companies during the last few years, as a result of the current crisis, companies are once again resorting to this type of investment instead of riskier investments.

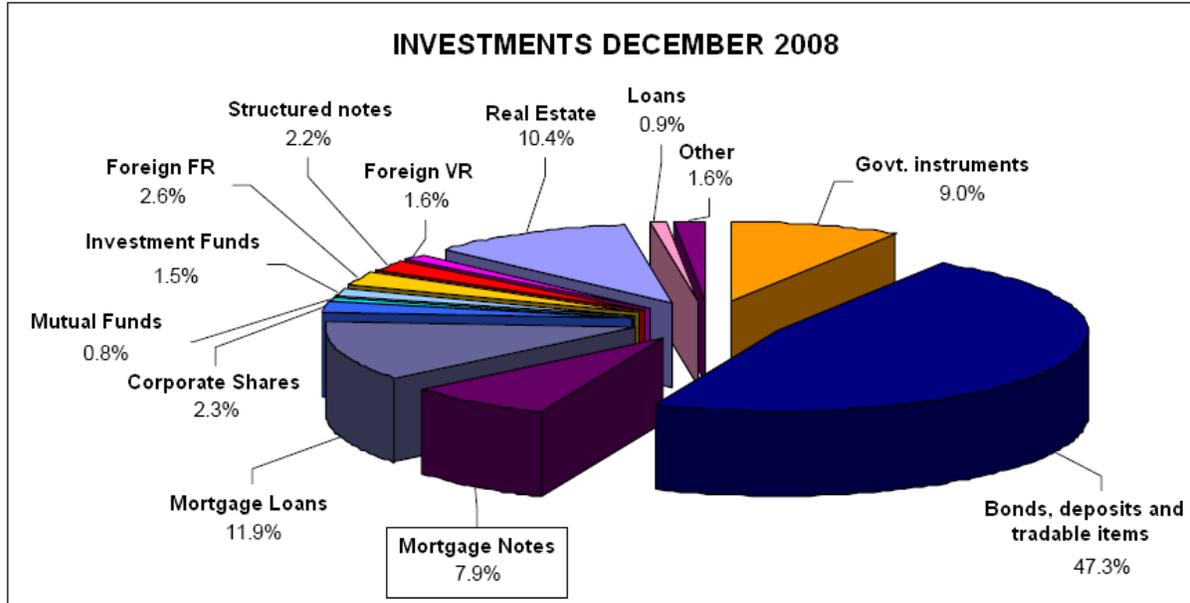
Life Insurance Company Investments as of December 2008 (Figures in thousands of pesos and millions of dollars, as of December 2008)

INVESTMENTS		\$ Thousands	US\$ Millions	% of Total
		Dec-08	Dec-08	Investments
Fixed Rate 76% US\$ 20.546 bn	Government instruments	1,531,047,296	2,434	9%
	Bank Bonds	2,013,356,383	3,200	12%
	Bank and Credit Union Dep.	332,163,135	528	2%
	Corporate Bonds (not Sec.)	5,415,637,889	8,608	32%
	Tradable Items	706,103	1	0.004%
	Securitized Bonds	276,619,858	440	2%
	Mortgage Notes	1,337,171,154	2,125	8%
	Bank Mortgage Loans	148,661,688	236	1%
	Adm. Mortgage Loans	1,870,575,722	2,973	11%
Variable Rate 5% US\$ 1.229 bn	Corporate Shares	383,137,435	609	2%
	Mutual Funds	128,593,989	204	1%
	Investment Funds	261,628,496	416	2%
Foreign Investment 6% US\$ 1.729 bn	Fixed Rate	436,398,831	694	3%
	Structured Notes	377,083,437	599	2%
	Shares or ADRs	16,770,052	27	0.1%
	Foreign Investment Funds	70,613,735	112	0.4%
	Foreign Mutual Funds	149,303,258	237	1%
	ETFs	37,436,393	60	0.2%
Real Estate Investments	Real Estate	853,043,087	1,356	5%
	Real Estate in Leasing	912,608,708	1,451	5%

10%	Loans	154,368,284	245	1%
Other (**)		275,387,296	438	2%
Total		16,982,312,229	26,994	100%

Dollar, Dec. 30, 2008= \$629.11

(**) Others include Checking Accounts, Policyholder advances, Property investment and Others.



B. Indicators

Solvency indicators for life insurance companies showed healthy levels, recording a market leverage of 10.02, the maximum level permitted being 19, and an equity margin of 1.65, measured as the ratio of Available Equity to Equity Due.

Company	RISK RATING December 2008		Total Leverage (1)	Available Eqty / Eqty Due (1)
	1	2		
ACE	A (FR)	A+ (H)	1.10	1.20
BANCHILE	AA- (F)	AA (ICR)	2.41	1.76
BBVA	A+ (FR)	A+ (ICR)	11.47	1.57
BCI	AA- (FR)	AA- (F)	6.23	1.47
BICE	AA+ (F)	AA+ (ICR)	14.18	1.25
CARDIF	AA- (FR)	AA- (ICR)	2.21	1.62
CHILENA CONSOLIDADA	AA (FR)	AA (F)	9.81	1.75
CLC	Ei (FR)	Ei (F)	0.36	1.40
CN LIFE	AA- (FR)	AA- (F)	6.23	3.05
CONSORCIO NACIONAL	AA+ (F)	AA+ (H)	11.04	1.50
CORPVIDA	AA- (F)	AA (ICR)	11.85	1.56
CRUZ DEL SUR	AA- (FR)	AA- (F)	9.56	1.73
EUROAMERICA	AA- (H)	AA- (ICR)	13.67	1.37
HUELEN	BBB (FR)	BBB+ (H)	0.54	1.59
ING	AA+ (FR)	AA+ (F)	9.29	1.77
INTERAMERICANA	AA+ (FR)	AA+ (F)	2.13	2.80
ITAU	Ei (F)	Ei (H)	0.39	1.16
MAPFRE	A (FR)	A (F)	13.75	1.19
METLIFE	AA (FR)	AA (F)	12.95	1.32
OHIO	AA (F)	AA (ICR)	12.44	1.50
PENTA	AA (H)	AA (ICR)	15.80	1.28
PRINCIPAL	AA (FR)	AA (F)	16.78	1.13
RBS	A (FR)	A- (F)	0.43	1.21
RENTA NACIONAL	BBB- (F)	BBB- (H)	7.32	2.60
SANTANDER	AA (FR)	AA (ICR)	0.67	8.43
SECURITY PREVISION	AA- (F)	AA- (ICR)	9.23	1.80
TOTAL			10.02	1.65

(1) Total Leverage refers to total debt in relation to equity described in Art. 15 of DFL No. 251, of 1931.

(2) The Available Eqty. / Eqty. Due ratio refers to the quotient between Net Equity and Risk Rating Equity.

Given the losses shown by life insurance companies in 2008, these also show a strong drop in the return on equity indicator, when compared to the same period the previous year. Therefore, the life insurance market shows a negative indicator of 6.92% during 2008.

Return on investments also showed a significant decrease, from 5.98% during 2007 to 2.77% in 2008. This was primarily caused by a decrease in results from investments as mentioned earlier in this report.

Indicator	Market Total
Return on Equity Jan-Dec 2008	-6.92
Return on Equity Jan-Dec 2007	12.42
Return on Investments Jan-Dec 2008	2.77
Return on Investments Jan-Dec 2007	5.98

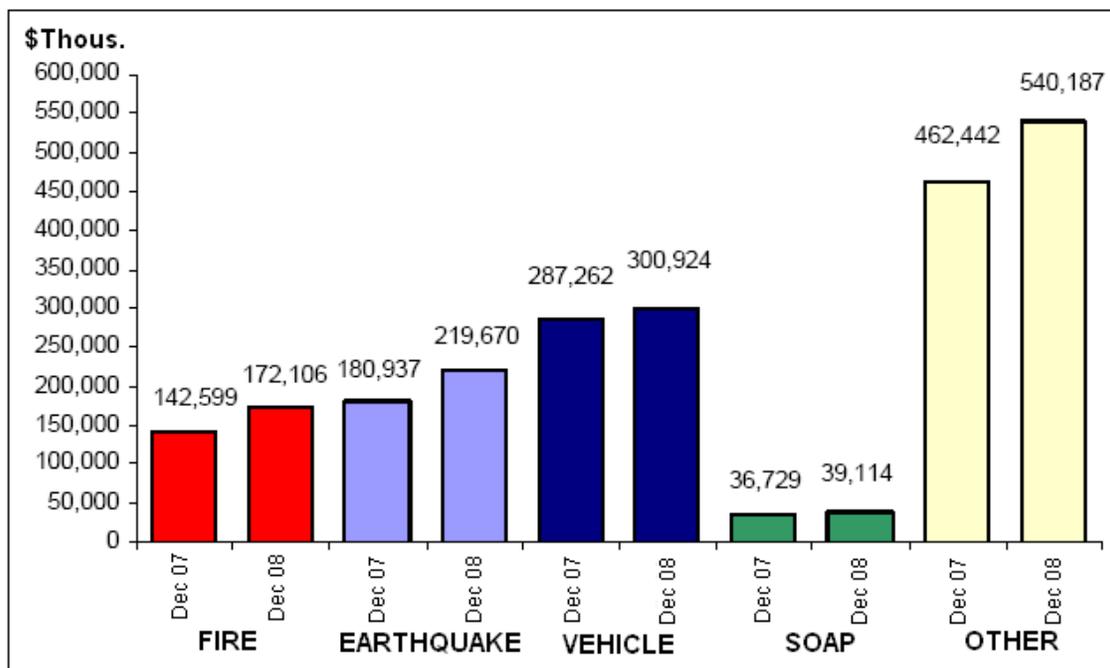
III. GENERAL INSURANCE COMPANIES

Direct Premiums accumulated during the year 2008 for General Insurance Companies was US\$ 2.0219 billion, showing an increase of 14.60%, with regards to the previous year (expressed in USD).

It should be noted that the increase was experienced in all areas, with a particular increase of 21.41% in sales of earthquake insurance, and of 20.69% in fire insurance during the period.

Direct Premiums by Area of General Insurance (December 2007 – December 2008)

Area	Jan–Dec 2008 (\$thous., Dec. 2008)	Jan–Dec 2007 (\$thous., Dec. 2008)	Real Variation (%)
Fire	172,105,700	142,598,536	20.69%
Earthquake	219,669,896	180,936,950	21.41%
Vehicle	300,924,416	287,262,068	4.76%
SOAP	39,114,444	36,728,736	6.50%
Other	540,187,219	462,441,646	16.81%
Total Direct Premiums	1,272,001,675	1,109,967,936	14.60%



Regarding direct premiums per company, 16 insurance companies of 23 from the first group experienced a rise in sales, in real terms, during 2008, in comparison to previous year.

Variation in Direct Premiums by Company

Company	Jan-Dec 2008 (\$thous. Dec 2008)	Jan-Dec 2007 (\$thous. Dec 2008)	Real Variation (%)
Ace	58,809,842	46,233,510	27.20%
Aseg. Magallanes	85,356,990	78,597,943	8.60%
Bci	95,682,095	78,495,891	21.89%
Cardif	84,518,338	85,795,230	-1.49%
Cesce	513,976	-	-
Chilena Consolidada	118,230,845	128,796,546	-8.20%
Chubb	14,418,790	10,602,321	36.00%
Coface	7,750,022	5,768,911	34.34%
Consortio Nacional	22,911,691	20,164,456	13.62%
Credito Continental	15,537,402	13,108,171	18.53%
Faf	0	-	-
Hdi	22,958,693	21,085,750	8.88%
Huelen Generales	-5,565	242,131	-102.30%
Interamericana	106,668,204	111,742,501	-4.54%
Liberty	102,447,102	82,316,171	24.46%
Mapfre	111,325,873	90,256,396	23.34%
Mapfre Gar. Y Credito	7,782,656	6,742,104	15.43%
Mut de Carabineros	1,050,403	1,038,370	1.16%
Orion	0	-	-
Penta-Security	155,712,506	115,992,225	34.24%
Renta Nacional	15,414,084	13,644,236	12.97%
Rsa	200,067,137	178,197,328	12.27%
Santander	44,850,591	21,147,736	111.08%
Total	1,272,001,675	1,109,967,927	14.60%

- (1) In Resolution No. 619 of 10.15.2008, the SVS authorizes and approves the statutes of FAF International Seguros Generales S.A., Company without Financial Statements.
- (2) In Resolution No. 746 of 12.29.2008, the SVS approves the name change of Ise Chile Compañía de Seguros Generales S.A to HDI Seguros S.A.
- (3) In Resolution No. 703 of 12.18.2008, the SVS authorizes and approves the statutes of Orión Seguros Generales S.A., Company without Financial Statements.

Profits of the general insurance market reached US\$ 22.84 million, showing a decrease of 2.37% during 2008, in real terms, with respect to 2007. This can be largely explained by a decrease in the results of investments, mainly caused by losses in variable-rate investments which were generated by the continuing International financial crisis.

Variation in Net Profits by Company

Company	Jan-Dec 2008 (\$thous. Dec 2008)	Jan-Dec 2007 (\$thous. Dec 2008)	Real Variation (%)
Abn Amro	-	-265,840	-
Ace	508,573	-2,730,843	118.62%
Aseg. Magallanes	2,065,860	1,569,155	31.65%
Bci	5,082,990	4,198,946	21.05%
Cardif	-693,476	-5,329,552	86.99%
Cesce	-230,540	-	
Chilena Consolidada	-4,490,792	2,121,080	-311.72%
Chubb	852,454	102,580	731.01%
Coface	312,465	330,850	-5.56%
Consortio Nacional	379,418	247,917	53.04%
Credito Continental	916,192	2,229,298	-58.90%
Faf	-28,396	-	
Hdi	1,112,560	1,973,054	-43.61%
Huelen Generales	-19,277	-16,541	-16.54%
Interamericana	4,091,587	4,363,724	-6.24%
Liberty	1,549,131	1,259,417	23.00%
Mapfre	-1,799,515	-6,059,510	70.30%
Mapfre Gar. Y Credito	101,276	742,285	-86.36%
Mut de Carabineros	898,808	839,137	7.11%
Orion	6,047	-	
Penta-Security	2,406,850	3,078,789	-21.82%
Renta Nacional	-723,043	44,358	-1730.02%
Rsa	2,734,045	5,234,936	-47.77%
Santander	-664,381	784,104	-184.73%
Total	14,368,836	14,717,344	-2.37%

- (1) In Resolution No. 619 of 10.15.2008, the SVS authorized and approved the statutes of FAF International Seguros Generales S.A., Company without Financial Statements.
- (2) In Resolution No. 746 of 12.29.2008, the SVS approved the name change of Ise Chile Compañía de Seguros Generales S.A to HDI Seguros S.A.
- (3) In Resolution No. 703 of 12.18.2008, the SVS authorized and approved the statutes of Orión Seguros Generales S.A., Company without Financial Statements.

A.- Structure of Investments

The total amount of investments held in the portfolios of first-group insurance companies, during the first nine months of 2008, was US\$ 874 million.

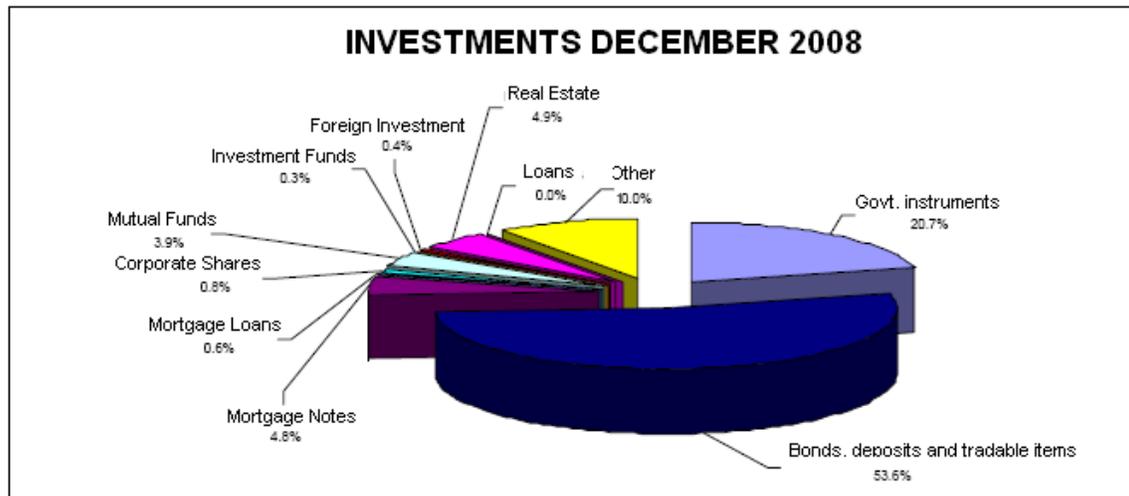
Investments made by General Insurance Companies were strongly concentrated in national fixed-rate instruments, representing 80% of the total. During the period there was an important decrease in foreign and variable-rate investments, as a result of the current crisis.

Life Insurance Company Investments as of December 2008
(Figures in thousands of pesos and millions of dollars, as of December 2008)

INVESTMENTS		\$ Thousands	US\$ Millions	% of Total
		Dec-08	Dec-08	Investments
Fixed Rate 80% US\$ 697 million	Government instruments	113,996,034	181	21%
	Bank Bonds	72,095,379	115	13%
	Bank and Credit Union Dep.	114,086,102	181	21%
	Corporate Bonds (not Sec.)	97,686,796	155	18%
	Tradable Items	493,320	1	0.09%
	Securitized Bonds	10,307,209	16	2%
	Mortgage Notes	26,373,030	42	5%
	Bank Mortgage Loans	0	0	0%
	Adm. Mortgage Loans	3,253,400	5	1%
Variable Rate 5% US\$ 44 million	Corporate Shares	4,462,619	7	1%
	Mutual Funds	21,590,150	34	4%
	Investment Funds	1,499,702	2	0%
Foreign Investment 0.38% US\$ 3 million	Fixed Rate	0	0	0%
	Structured Notes	0	0	0%
	Shares or ADRs	0	0	0.0%
	Foreign Investment Funds	123,448	0	0.02%
	Foreign Mutual Funds	1,928,832	3	0.4%
	ETFs	27,751	0	0.01%
Real Estate Investments 5%	Real Estate	26,946,200	43	5%
	Real Estate in Leasing	0	0	0%
	Loans	83,365	0	0.02%
Other (**)		55,196,382	88	10%
Total		550,149,719	874	100%

Dollar, Dec. 30, 2008= \$629.11

(**) Others include Checking Accounts, Policyholder advances, Property investment and Others.



B.- Indicators

Solvency indicators for general insurance companies showed healthy levels, recording a market leverage of 2.90, the maximum level permitted being 5, and an equity margin of 1.41, measured as the ratio of Available Equity to Equity Due.

Company	RISK RATING December 2008		Total Leverage (1)	Available Eqty / Eqty Due (2)
	1	2		
ACE	AA- (FR)	AA- (H)	1.96	1.15
ASEG. MAGALLANES	A+ (FR)	A+ (F)	3.27	1.53
BCI	AA- (FR)	AA- (F)	3.33	1.50
CARDIF	Ei (FR)	AA- (ICR)	2.33	0.98
CESCE	AA (FR)	Ei (H)	0.18	1.01
CHILENA CONSOLIDADA	AA (FR)	AA+ (F)	3.46	1.45
CHUBB	AA- (F)	AA- (H)	1.29	3.04
COFACE	AA- (FR)	AA- (F)	2.80	1.78
CONSORCIO NACIONAL	A+ (FR)	A+ (F)	3.11	1.50
CREDITO CONTINENTAL	AA- (F)	AA- (H)	0.79	6.40
FAF	Ei (ICR)		0.01	1.20
HDI	A- (H)	A- (ICR)	1.72	1.88
HUELEN GENERALES	BBB- (FR)	BBB- (H)	0.07	1.34
INTERAMERICANA	AA- (FR)	AA+ (FR)	2.58	1.94
LIBERTY	AA- (FR)	AA- (F)	3.72	1.31
MAPFRE	AA- (FR)	AA (H)	3.72	1.34
MAPFRE GAR. Y CREDITO	AA- (FR)	AA- (H)	1.05	2.56
MUT DE CARABINEROS	A+ (FR)	A+ (F)	0.07	4.71
ORION			0.01	1.02
PENTA-SECURITY	A+ (FR)	AA- (ICR)	4.87	1.03
RENTA NACIONAL	BBB- (F)	BBB- (H)	3.94	1.02
RSA	AA (FR)	AA (H)	4.15	1.20
SANTANDER	AA- (FR)	AA (ICR)	2.60	1.30
TOTAL			2.90	1.41

(1) Total Leverage refers to total debt in relation to equity described in Art. 15 of DFL No. 251, of 1931.

(2) The Available Eqty. / Eqty. Due ratio refers to the quotient between Net Equity and Risk Rating Equity.

Due to a decrease in profits observed during the period, the return on equity indicator for general insurance companies presented a drop in 2008, recorded at 5.01%, in comparison to 5.54% presented during the same period of the previous year.

Return on investments also showed a decrease in 2008, dropping to 2.15% from 2.76% in 2007, caused primarily by a decrease in results from investments as mentioned earlier in this report.

Indicator	Market Total
Return on Equity Jan-Dec 2008	5.01
Return on Equity Jan-Dec 2007	5.54
Return on Investments Jan-Dec 2008	2.15
Return on Investments Jan-Dec 2007	2.76

IV. SVS RISK MONITORING PROCESS

Within its continuous risk monitoring process, and particularly given the prolonged international financial crisis, the SVS has established the following additional measures:

- Request for monthly information (instead of quarterly) on the investment portfolio of insurance companies, starting this year.
- Request for insurance companies to send in detailed information, through Circular No. 1896, of September 29, 2008.
- Request for detailed information regarding foreign investments held by insurance companies, and instructions regarding their valuation in Ordinary Memo No. 24,799, of September 22, 2008.
- Request through Ordinary Memo No. 29,242, of October 30, 2008, for information related to reinsurance operations carried out by first-group insurance companies.
- Modification of General Rule No. 200 on derivative products, allowing for inflation coverage operations for 100% of nominal financial shares held by the insurance companies (NCG No. 232, October 30, 2008).
- The incorporation of new structured notes is suspended, subject to analysis of assets and liabilities and the TSA (Sufficient Assets Test) for a period of one year, as of February 4, 2009. (Circular No. 501, February 4, 2009).
- The incorporation of term bank deposits is allowed, subject to analysis of assets and liabilities, as of February 4, 2009. (Circular No. 501, February 4, 2009).
- Residential real estate may support technical reserves and risk equity, subject to maximum investment limits, as of February 4, 2009 (Circular No. 502, February 4, 2009).