

Press Release

The CMF and the SP publish rule for consultation which improves the Enquiry and Pension Fund Offer System (SCOMP for its initials in Spanish) to provide better information which people receive upon retirement.

August 16th, 2018.- The SP (Superintendence of Pensions for its initials in Spanish), and the CMF (Commission for the Financial Market for its initials in Spanish) issued a new rule, up for public enquiry, which improves SCOMP operation with the aim of making the analysis and decision-making process easier for policyholders upon retirement.

The SCOMP is the system through which those who want to retire can access information to compare regarding the new life annuity and programmed retirement offers.

Both regulatory entities propose a series of changes to the Pension Offer Certificates issued by the SCOMP and granted to the policyholders, to make them more understandable for the system users regarding the options and pension amounts, the differences among them, and the payment of fees, among other issues.

Proposed rule purposes

- ***More clarity in the Offer Certificate*** Introduction of changes which will simplify and reorganize the information included in the aforementioned documents, with the objective of making them more comprehensible for policyholders. For that, the Offer Certificates must include the pension amounts in CLP (Chilean Peso), not just in UF as happens at present. Furthermore, they must include information about the freely disposable surplus amount, and the fees to be paid to Social Security Consultants and Sales Agents, also in CLP.
Changes about the information delivery regarding risk classification from insurance corporations and guaranteed period discount rates are also suggested.
- ***Automatic Offer Certificate Issuing.*** Automatic issue of an Offer Certificate for the most frequent pension type, without the obligation of the policyholder to subscribe the request for pension amounts in SCOMP, which is currently a mandatory step to obtain such document, is proposed. This automatic certificate will not consider the payment of fees for social security commission or sales of annuity when the policyholder chooses one of them.

- ***To include yearly difference among pension offers.*** So that people can compare the pension offers in a better way, information about the yearly pension difference is included in the Offer Certificate, that is to say what the policyholder would not receive in a year if he or she chooses a different offer from the one which offers the highest pension amount for a same type.
- ***Pension offer filling, intermediated by life annuity sales agents, net fees.*** It is suggested that, in the cases in which the offer request to SCOMP is made through a life annuity sales agent, that the Offer Certificate will indicate the net pension amount to be paid, that is to say the amount minus the intermediation fee which the agent charges only for the corporation offer he or she belongs to. In the case of life annuity offers from the remaining insurance corporations, the pension amounts will be indicated in gross terms, that is without considering the intermediation fees. The previous seeks that the affiliate is able to compare the received offers and to identify the impact that taking out pension through a sales agent has on his or her pension. This will allow them to make the fees expenses involved in the process more transparent.
- ***Life annuity pre-acceptance form creation.*** A new life annuity pre-acceptance form is created. It will inform the policyholder of the existence of other current offers of higher amount for the same type and special coverage conditions before choosing a determined offer. Therefore, it will contain information about the yearly amount of the pension difference which would mean that the policyholder does not choose the highest life annuity he or she has been offered. Moreover, on that form, the policyholder must register that he or she is aware of the existence of other available life annuity offers, of a higher amount than the chosen one.
- ***Information about consultancy service payments.*** The information about consultancy service payments is improved. Payments which the policyholder must pay out in case the retirement process is made through a life annuity sales agent or a social security consultant. It is pointed out that it is voluntary for people to carry out the pension procedure supported by intermediaries or directly by the affiliate.
- ***To make the availability of documents easier for the affiliates:*** It is suggested that the SCOMP make available the original Offer Certificate to people nearing retirement through the private website which those affiliates have on the AFP (Pension Fund Administrator) (virtual AFP) or sending it to their personal e-mail. To be able to complete the type selection and pension acceptance procedure, it is mandatory to have the original Offer Certificate.
- ***To reinforce the operation of SCOMP:*** It is suggested to reinforce that taking measures for the correct operation of SCOMP is responsibility of the AFPs and the insurance corporations which offer life annuities, as they must ensure the introduction of every needed control, verification, and information security systems.

- **To make the analysis and comparison of pension offers easier.** It is suggested that for the first enquiry made by the affiliate in the SCOMP, they should restrict themselves to just four types or pension options that the person can access: programmed retirement, simple immediate life annuity, guaranteed immediate life annuity at 180 months, and temporary annuity deferred two years. These pension types are the most requested, and to include them in the Offer Certificate will make comparison among them easier. In any case, the affiliate or policyholder will always be able to request additional products if deemed convenient.

Participatory regulatory process

The proposed rule will be available from this date on the CMF website www.cmfchile.cl- including the Rules Report- and at www.spensiones.cl for the reception of market and general public comments until September 14th this year.

Those interested in contributing background information for the development of the rulemaking process or making comments must do it through the link authorized to download the aforementioned document available at the "Regulations in Process" section on the CMF website, and the "Regulations up for Enquiry" on the SP website.

Those who want to take part in work meetings with representatives from the CMF and the SP must explicitly state so, along with providing their contact details in the appropriate section.

Link to the regulation proposal:

http://www.cmfchile.cl/institucional/legislacion_normativa/normativa_tramite.php

Direct link to the regulation report:

http://www.cmfchile.cl/institucional/legislacion_normativa/normativa_tramite.php

Link to the current operation of the SCOMP:

http://www.cmfchile.cl/portal/prensa/604/articles-25225_infograf_1.pdf