



## CMF sanctions HDI Seguros de Vida for breaching technical reserve backup obligations and reporting duties

- *The Board of the Commission also sanctioned two former company executives for breaching the duties of care and diligence.*

**July 24, 2020** – The Board of the Financial Market Commission (CMF) sanctioned HDI Seguros de Vida S.A. and two of its former executives for non-compliance with obligations established in the Insurance Law to maintain investments that support technical reserves and risk assets and for breaching duties of information, care and diligence. This is a critical responsibility in the insurance business, since the backing of such investments affects the solvency of insurance companies, which is central to fulfilling obligations to policyholders. As stated in [Exempt Resolution No. 3429](#), HDI Seguros de Vida S.A. did not comply with this obligation between 2017 and 2018.

The insurer's conduct pattern consisted of using a bank line of credit in the days immediately prior to the monthly closings, allowing it to appear on the books without any deficit of representative investments at that date. After the monthly closing, it paid the credit line, leaving the insurer with investment deficits to support its technical reserves and risk assets. These investment deficits were not timely reported as a market-relevant event. The company also failed to comply with the obligation to inform the Commission of the causes of the deficits and the measures taken in this respect.

Considering the facts described, the Board of the Commission decided to apply a fine of UF 2,000 to HDI Seguros de Vida S.A.

Furthermore, the Board also fined the former general manager of HDI Seguros de Vida S.A., Patricio Aldunate Bossay, and the company's former administration and finance manager, Héctor Palma Rossel, UF 800 each for breaching the duties of care and diligence set forth in Law No. 18,046. Both executives neglected to consistently manage the deficiencies of representative investments of technical reserves and risk assets of the insurer.

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