Press Release

SUPERINTENDENCIA VALORES Y SEGUROS

SVS implements measures to support financing for Individuals and Companies by Insurance Companies

Within the framework of the 20-measure pack announced by the Government to stimulate banking and non-banking credit, the Superintendencia de Valores y Seguros (SVS) implemented three initiatives to promote greater competition within the financial system and to encourage greater financing options for individuals and small businesses within their range of action.

These initiatives consist of increasing the limit for consumer loans granted by insurance companies; increasing the investment limit and making participation conditions more flexible for insurance companies that have loan agreements with banks (syndicated loans), and loosening the limit by issuer for Endorsable Mortgage Loans (MHE) granted to companies.

The regulations necessary for implementing these initiatives are already available for public comment on the SVS website, through Thursday April 9th.

1. Limit increase for consumer loans granted by insurance companies.

Currently the limit established by SVS regulations is 2% of the technical reserves and risk equity (TR and RE) of each insurance company, although a company may request a limit increase to 5%, if it demonstrates that it has adequate systems for analyzing and managing risks associated with these loans.

The proposal is to increase this limit from 2% to 3%, maintaining the current option to request an increase to 5%. This would make it possible to provide greater financing in the amount of US$ 270 million. It should also be noted that the maximum limit of 5% is established by Insurance Law.

2. Investment limit increase and more flexible conditions for participating in loan agreements with banks (syndicated loans).

According to the law, companies may participate in syndicated loans in which there are two or more banks involved, subject to SVS regulations and with a limit between 3% and 5% of TR and RE. Currently the limit is set by the SVS at 3%.

This initiative proposes increasing the limit to 5% (the limit established by law) and giving greater flexibility to regulations, making it possible for insurance companies to participate under different term conditions and at a different rate than for banks (currently these conditions and rates must be the same). This change acknowledges that insurance companies have different investment profiles than banks, due to the fact that their liabilities are long-term and mainly consist of retirement annuities.

This would give insurance companies greater financing potential, in the amount of US$ 540 million.

3. More flexible limit by issuer for Endorsable Mortgage Loans (MHE) granted to companies.

The SVS established a diversification limit by debtor for Endorsable Mortgage Loans granted to companies in the amount of 50,000 UF. This limit is cut in half for related companies. It has been shown that this limit restricts the possibility of financing larger companies with a mortgage guarantee.

For this reason, the third initiative proposes increasing the limit to 100,000 UF, but maintaining the limit for related companies (25,000 UF) and establishing a maximum loan limit based on technical reserves and risk equity, in order to limit the exposure of small insurance companies.

Santiago, March 31, 2009.