

Press Release



SUPERINTENDENCIA
VALORES Y SEGUROS

INSURANCE MARKET FINANCIAL REPORT MARCH 2009

- *During the first quarter of 2009, the life insurance market showed a decrease of 12.62% in sales, in comparison to the same period the previous year. On the other hand, sales in the general insurance market grew 4.71% during the same period.*
- *With respect to investments made during this period, fixed-rate instruments were preferred by life and general insurance companies, with 74% and 80% of their investments, respectively.*
- *In relation to the current international financial crisis, when considering the evolution of results from the first quarter of 2008 and 2009, these show a significant improvement in both the life insurance and general insurance markets. Both sectors maintained healthy levels of solvency and equity margins.*
- *Given the persistence of the complex international financial situation, the Superintendencia de Valores y Seguros (SVS) has reinforced its monitoring of insurance companies during 2008 and the present year.*

I. INTERNATIONAL FINANCIAL CRISIS

Despite the prolongation of the international financial crisis and the decline in internal activity, solvency and debt indicators from the national insurance industry have maintained healthy levels.

The present report gives an overview of the national insurance market during the first quarter of 2009 and its solvency situation during this same period. It also presents the most recent regulatory measures adopted by the SVS, within

the context of its continuous process of risk monitoring, which has been intensified given the current financial scenario.

II. LIFE INSURANCE COMPANIES

The decrease in total sales of life annuities, pension insurance and traditional life insurance contributed to a 12.62% decrease in the premiums earned by life insurance companies during the first three months of 2009, in comparison to the same period in 2008, recorded at US\$ 845.6 million.

Traditional insurance also experienced a reduction in sales between January and March of 2009, decreasing by 2.84% in comparison to the same period in 2008, with a decrease of 4.82% in individual insurance and of 1.54% in group insurance.

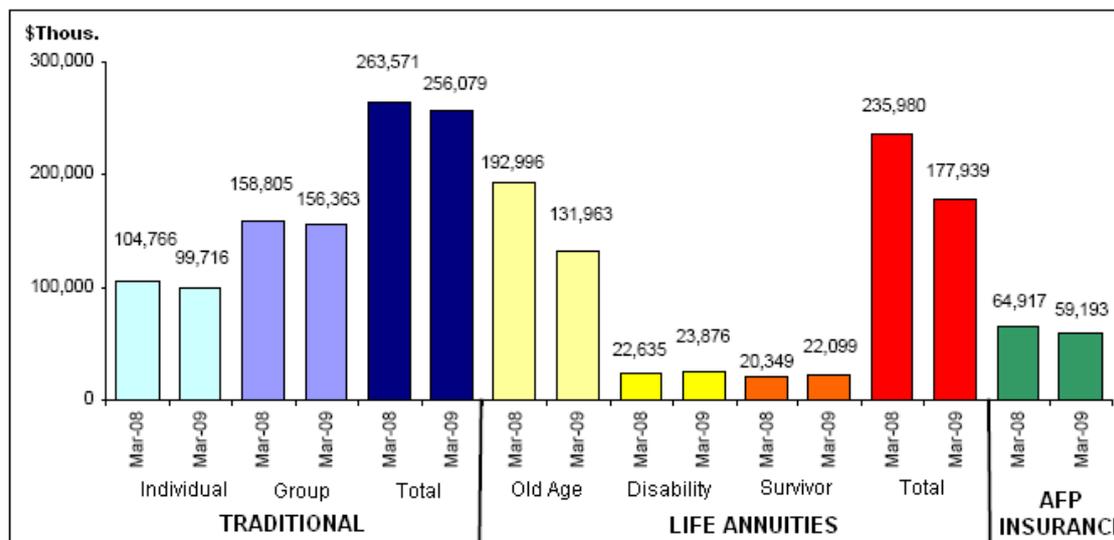
Variation of Direct Premiums by Area

Direct Premiums (in thousands \$, March 2009)	<i>March 2009</i>	<i>March 2008</i>	<i>Real Variation</i> 2008 - 2009
Traditional Individual	99,716,137	104,765,989	-4.82%
Traditional Group	156,362,996	158,805,299	-1.54%
Total Traditional	256,079,133	263,571,287	-2.84%
Old-Age Annuities	131,963,465	192,996,188	-31.62%
Disability Annuities	23,875,984	22,635,202	5.48%
Survival Annuities	22,099,157	20,348,590	8.60%
Total Life Annuities	177,938,606	235,979,980	-24.60%
AFP Insurance (Pension)	59,193,395	64,917,088	-8.82%
TOTAL D. PREMIUMS	493,211,134	564,468,355	-12.62%

With regards to Life Annuities –representing 36.1% of the total direct premiums for life insurance – these showed a 24.6% decline during the first three months of 2009, in comparison to the same period the previous year. This decrease was due to a heavy drop in sales of Old Age Life Annuities – representing

26.8% of total life insurance premiums – whose premiums went down by 31.6%. On the other hand, the increase in sales of Disability and Survival Life Annuities led to an increase of 5.48% and 8.60% in premiums, respectively.

Direct Premiums by Area of Life Insurance (March 2008 – March 2009)
(Figures in Millions of Pesos, March 2009)



Regarding direct premiums by company, 17 of 28 total insurance companies experienced an increase in sales, in real terms, during the first quarter of 2009, in comparison to the same period the previous year.

During the first three months of the year 2009, the life insurance market generated profits of US\$ 142 million, implying an increase of 307% in industry results, with respect to the same period in 2008. This was largely due to an increase of more than 150% in returns on investments, explained fundamentally by profits recorded by variable-rate instruments, and a slightly negative result in foreign investments.

Variation of Direct Premiums by Company

Company	Jan – Mar 2009 (\$thousands, March 2009)	Jan – Mar 2008 (\$thousands, March 2009)	Real Variation (%)
Ace	4,113,885	1,961,199	109.76%
Banchile	16,698,191	13,922,993	19.93%
Bbva	29,426,455	44,927,301	-34.50%
Bci	9,432,944	9,029,603	4.47%
Bice	35,818,701	41,553,121	-13.80%
Cardif	14,319,155	22,977,506	-37.68%
Chilena Consolidada	37,357,702	29,331,646	27.36%
Clc	1,368,184	808,957	69.13%
Cn Life	286,910	226,638	26.59%
Consortio Nacional	39,627,450	40,213,702	-1.46%
Corpvida	25,823,461	25,105,961	2.86%
Cruz del Sur	18,978,485	22,047,832	-13.92%
Euroamerica	16,424,580	29,414,247	-44.16%
Huelen	129,946	124,117	4.70%
Ing	58,111,504	73,648,458	-21.10%
Interamericana	16,443,533	20,239,413	-18.75%
Itau	1,866,192	-	-
Mapfre	394,753	275,078	43.51%
Metlife	55,265,638	78,171,777	-29.30%
Mut de Carabineros	3,452,200	3,247,430	6.31%
Mut. Ejec. Y Aviac.	3,546,662	3,359,639	5.57%
Mutual de Seguros	4,957,090	4,588,012	8.04%
Ohio	11,434,900	9,291,423	23.07%
Penta	14,041,179	30,984,509	-54.68%
Principal	26,553,879	22,592,083	17.54%
Rbs	0	0	-
Renta Nacional	10,233,694	47,243	21,561%
Santander	23,906,584	23,835,894	0.30%
Security Prevision	13,197,277	12,542,572	5.22%
Total	493,211,134	564,468,355	-12.62%

Net Profits by Company

Company (\$thousands, March 2009)	Jan – Mar 2009 (\$Th, March 2009)	Jan – Mar 2008 (\$Th, March 2009)
Ace	183,708	77,322
Banchile	1,128,247	700,874
Bbva	1,008,471	-183,949
Bci	1,834,820	726,999
Bice	7,071,509	-13,184,387
Cardif	817,302	447,554
Chilena Consolidada	-1,104,901	-447,408
Clc	362,496	-266,810
Cn Life	6,404,188	-1,027,248
Consortio Nacional	15,358,544	-7,534,477
Corpvida	1,440,639	-4,489,162
Cruz del Sur	-7,406,844	-10,865,542
Euroamerica	9,657,038	2,515,850
Huelen	292,676	89,656
Ing	5,931,910	125,522
Interamericana	2,204,961	1,720,640
Itau	966,448	
Mapfre	-10,063	-81,194
Metlife	8,924,818	924,166
Mut de Carabineros	871,464	837,603
Mut. Ejec. Y Aviac.	2,952,261	161,958
Mutual de Seguros	2,453,659	1,145,743
Ohio	324,147	138,545
Penta	4,421,797	-14,370,776
Principal	5,693,572	1,710,627
Rbs	28,396	-42,582
Renta Nacional	410,294	-3,011,162
Santander	8,084,522	8,120,849
Security Prevision	2,515,243	-3,853,237
Total	82,821,322	-39,914,026

A.- Structure of Investments

The total amount of investments held in life insurance company portfolios during the first quarter of 2009 totaled US\$ 29.368 billion.

During the same period, the breakdown of investments for life insurance companies showed that 74% of total investments were in fixed-rate titles.

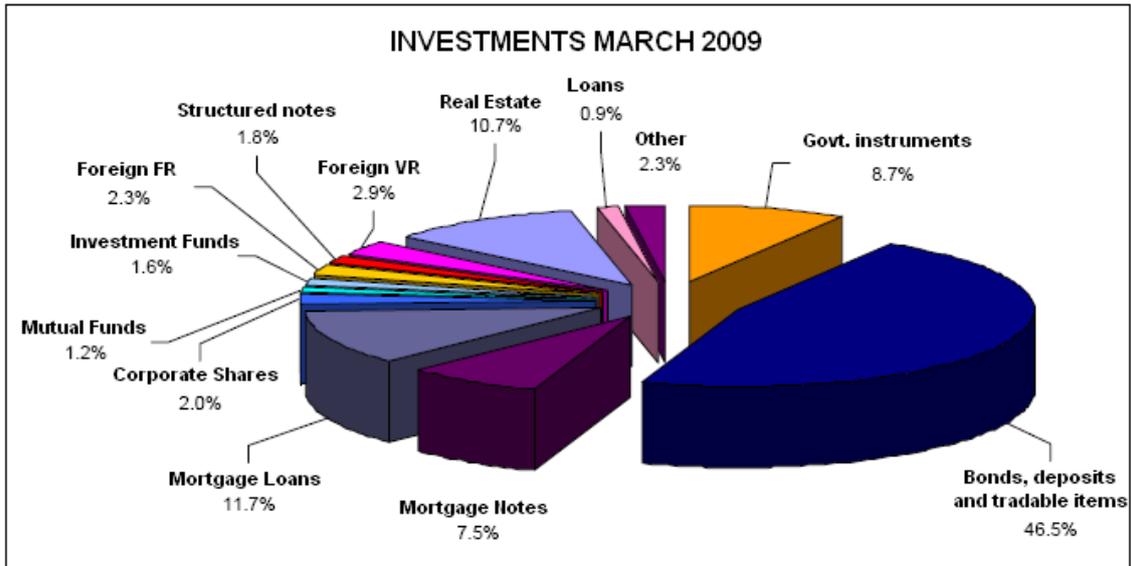
Investments in fixed-rate instruments have continued to show significant participation in the portfolios of life insurance companies, and real estate investments have shown more participation than fixed-rate instruments. This can all be explained by the ongoing crisis, since companies seek out protection under these types of investments, instead of riskier investments.

Life Insurance Company Investments as of March 2009
(Figures in thousands of pesos and millions of dollars, March 2009)

INVESTMENTS		\$ Thousands	US\$ Millions	% of Total
		Mar-09	Mar-09	Investments
Fixed Rate 74% US\$ 21.992 bn	Government instruments	1,484,740,018	2,546	9%
	Bank Bonds	1,945,534,347	3,336	11%
	Bank and Credit Union Dep.	360,136,492	617	2%
	Corporate Bonds (not Sec.)	5,392,201,456	9,245	31%
	Tradable Items	519,366	1	0.003%
	Securitized Bonds	264,326,200	453	2%
	Mortgage Notes	1,290,761,985	2,213	8%
	Bank Mortgage Loans	140,706,136	241	1%
	Adm. Mortgage Loans	1,862,001,591	3,192	11%
Variable Rate 5% US\$ 1.393 bn	Corporate Shares	334,374,575	573	2%
	Mutual Funds	202,838,734	348	1%
	Investment Funds	269,889,980	463	2%
Foreign Investment 7% US\$ 2.055 bn	Fixed Rate	395,998,055	679	2%
	Structured Notes	305,550,228	524	2%
	Shares or ADRs	305,550,228	46	0.2%
	Foreign Investment Funds	305,550,228	100	0.3%
	Foreign Mutual Funds	305,550,228	221	1%
	ETFs	274,799,364	471	1.6%
Real Estate Investments 11%	Real Estate	887,860,174	1,522	5%
	Real Estate in Leasing	946,635,640	1,623	6%
	Loans	158,563,850	272	1%
Other (**)		397,703,716	682	2%
Total		17,129,305,937	29,368	100%

Dollar, Mar. 31, 2009= \$583.26

(**) 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 8.50, the maximum level permitted being 19, and an equity margin of 1.94, measured as the ratio of Available Equity to Equity Due.

Given the profits shown by life insurance companies between January and March 2009, these also show a substantial increase in the return on equity indicator, when compared to the same period the previous year. Therefore, the life insurance market shows an indicator of 6.92% during the first three months of 2009.

Return on investments also showed a significant increase, from 2.63% during the first three months of 2008 to 6.52% during the same period this year. This was primarily caused by a substantial increase in results from variable- and fixed-rate investments.

Company	RISK RATING March 2009		Total Leverage (1)	Available Eqty / Eqty Due (1)
	1	2		
ACE	A (FR)	A+ (H)	1.37	1.28
BANCHILE	AA- (F)	AA (ICR)	2.29	2.13
BBVA	A+ (FR)	A+ (ICR)	11.54	1.56
BCI	AA- (FR)	AA- (F)	5.69	1.41
BICE	AA+ (F)	AA+ (ICR)	13.22	1.34
CARDIF	AA- (FR)	AA- (ICR)	2.15	1.47
CHILENA CONSOLIDADA	AA (FR)	AA (F)	10.08	1.71
CLC	Ei (FR)	Ei (F)	0.36	1.59
CN LIFE	AA- (FR)	AA- (F)	5.39	3.53
CONSORCIO NACIONAL	AA+ (F)	AA+ (H)	10.30	1.81
CORPVIDA	AA- (F)	AA (ICR)	11.41	1.62
CRUZ DEL SUR	AA- (FR)	AA- (F)	10.16	1.63
EUROAMERICA	AA- (H)	AA- (ICR)	11.49	1.53
HUELEN	BBB (FR)	BBB+ (H)	0.45	1.74
ING	AA+ (FR)	AA+ (F)	9.05	1.85
INTERAMERICANA	AA+ (FR)	AA+ (F)	2.08	2.69
ITAU	Ei (F)	Ei (H)	0.38	1.67
MAPFRE	A (FR)	A (F)	13.87	1.23
METLIFE	AA (FR)	AA (F)	12.35	1.37
OHIO	AA (F)	AA (ICR)	12.63	1.48
PENTA	AA (H)	AA (ICR)	12.34	1.49
PRINCIPAL	AA (FR)	AA (F)	17.10	1.11
RBS	A (FR)	A- (F)	0.39	1.23
RENTA NACIONAL	BBB- (F)	BBB- (H)	5.73	3.32
SANTANDER	AA (FR)	AA (ICR)	0.71	7.51
SECURITY PREVISION	AA- (F)	AA- (ICR)	11.21	1.48
TOTAL			8.50	1.94

(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.

Indicator	Market Total
Return on Equity Jan-Mar 2009	19.48
Return on Equity Jan-Mar 2008	-8.15
Return on Investments Jan-Mar 2009	6.52
Return on Investments Jan-Mar 2008	2.63

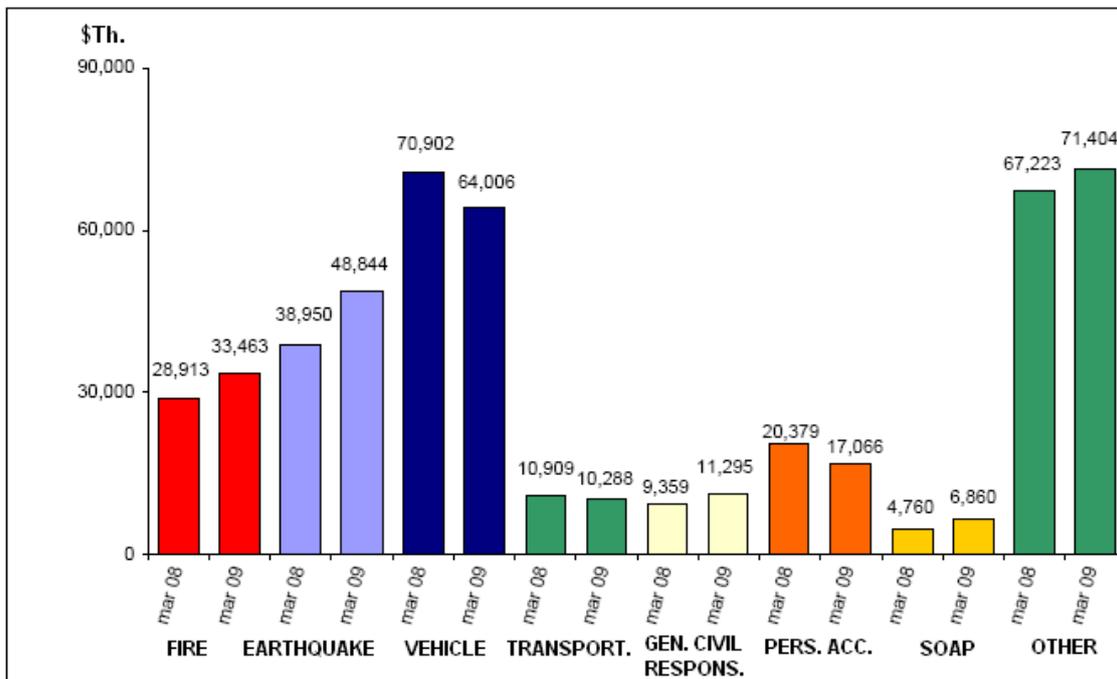
III. GENERAL INSURANCE COMPANIES

Direct Premiums accumulated during the first three months of 2009 by General Insurance Companies totaled US\$ 451.3 million, showing a real increase of 4.71%, with respect to the same period the previous year.

It should be noted that this rise was recorded in all areas, with a notable increase of 44.10% in SOAP sales, of 25.40% in earthquake insurance, and of 20.69% in general civil liability during the period.

Direct Premiums by Area of General Insurance (March 2008 – March 2009)

Area	Jan–Mar 2009 (\$thous., Mar. 2009)	Jan–Mar 2008 (\$thous., Mar. 2009)	Real Variation (%)
Fire	33,463,498	28,912,603	15.74%
Earthquake	48,843,758	38,949,977	25.40%
Vehicle	64,005,687	70,901,551	-9.73%
Transportation	10,288,465	10,908,795	-5.69%
General Civil Liability	11,295,091	9,358,556	20.69%
Personal Accidents	17,065,505	20,379,357	-16.26%
SOAP	6,859,660	4,760,392	44.10%
Other	71,403,532	67,223,245	6.22%
Total Direct Premiums	263,225,196	251,394,475	4.71%



Regarding direct premiums per company, 9 insurance companies of 24 from the first group experienced a rise in sales, in real terms, from January to March 2009, in comparison to the same period the previous year.

Variation in Direct Premiums by Company

Company	Jan-Mar 2009 (\$thous. Mar. 2009)	Jan-Mar 2008 (\$thous. Mar 2009)	Real Variation (%)
Abn Amor	-	-	-
Ace	10,041,558	10,234,246	-1.88%
Aseg. Magallanes	17,837,263	18,991,222	-6.08%
Bci	17,887,406	18,158,034	-1.49%
Cardif	19,210,947	21,635,179	-11.21%
Cesce	215,910	-	-
Chilena Consolidada	21,496,867	22,083,926	-2.66%
Chubb	3,401,169	2,808,649	21.10%
Coface	2,482,822	2,102,159	18.11%
Consortio Nacional	5,675,826	7,032,376	-19.29%
Credito Continental	2,809,481	3,363,950	-16.48%
Faf	0	-	-
Hdi	4,073,623	5,224,231	-22.02%
Huelen Generales	47,014	31,895	47.40%
Interamericana	12,735,993	19,709,343	-35.38%
Liberty	26,339,441	23,702,546	11.12%
Mapfre	26,227,111	30,246,736	-13.29%
Mapfre Gar. Y Credito	1,453,330	1,489,291	-2.41%
Mut de Carabineros	235,452	229,753	2.48%
Orion	92,954	-	-
Penta-Security	37,090,287	23,506,125	57.79%
Renta Nacional	3,211,998	3,015,221	6.53%
Rsa	38,465,914	31,131,720	23.56%
Santander	12,192,830	6,697,873	82.04%
Total	263,225,196	251,394,475	4.71%

Profits earned in the general insurance market reached US\$ 11.6 million, showing an increase of 55.67% during the first three months of 2009, in real terms, with respect to the same period in 2008. This can be largely explained by a significant increase of over 580% in the results of investments, particularly by variable- and fixed-rate titles. This quarter shows a reversal in the 2008 trend in variable-rate investments, where results were overall negative.

Variation in Net Profits by Company

Company	Jan-Mar 2009 (\$thous. Mar. 2009)	Jan-Mar 2008 (\$thous. Mar. 2009)
Abn Amro	-	-3,469
Ace	-163,024	85,797
Aseg. Magallanes	562,747	864,632
Bci	1,016,401	649,201
Cardif	671,755	2,340,551
Cesce	7,289	-
Chilena Consolidada	1,658,350	-1,385,054
Chubb	-423,570	-374,244
Coface	129,384	243,393
Consorcio Nacional	174,664	-182,094
Credito Continental	191,125	318,671
Faf	33,155	-
Hdi	-279,531	434,293
Huelen Generales	95,642	16,184
Interamericana	214,438	1,303,610
Liberty	1,110,243	252,177
Mapfre	272,024	143,325
Mapfre Gar. Y Credito	-452,445	210,345
Mut de Carabineros	328,035	246,995
Orion	21,233	-
Penta-Security	155,814	128,158
Renta Nacional	59,908	-562,918
Rsa	1,359,950	107,027
Santander	28,711	-485,063
Total	6,772,298	4,350,522

A.- Structure of Investments

The total amount of investments held in the portfolios of first-group insurance companies, during the first six months of 2009, was US\$ 978 million.

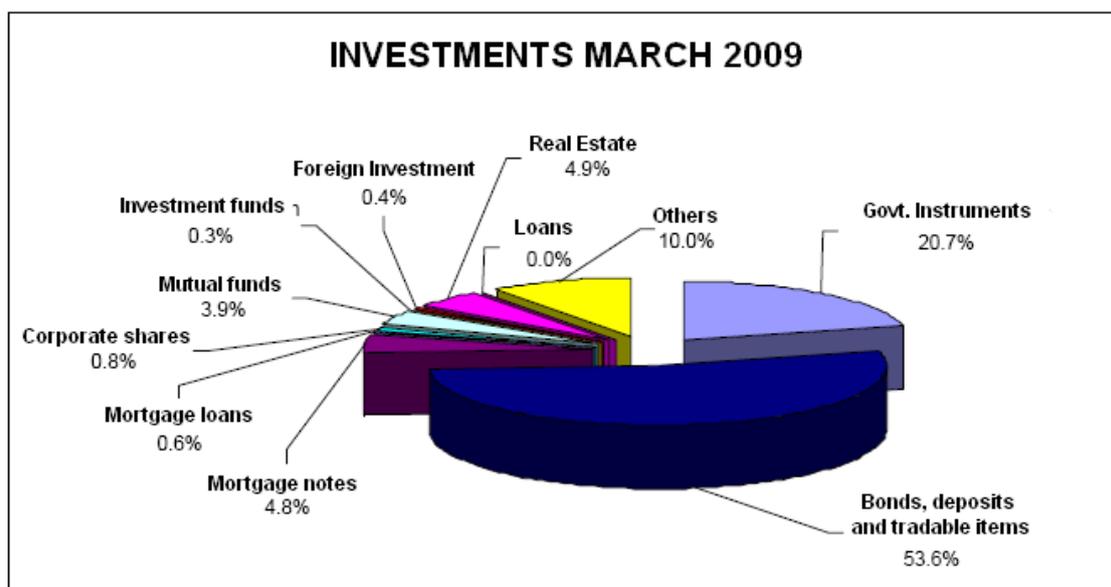
Investments made by General Insurance Companies were strongly concentrated in national fixed-rate instruments, representing 80% of the total, maintaining a low concentration of foreign and variable-rate investments, a trend which began in 2008 due to the financial crisis.

Life Insurance Company Investments as of March 2009
(Figures in thousands of pesos and millions of dollars, March 2009)

INVESTMENTS		\$ Thousands	US\$ Millions	% of Total
		Mar-09	Mar-09	Investments
Fixed Rate 80% US\$ 697 billion	Government instruments	113,996,034	198	20%
	Bank Bonds	72,095,379	131	13%
	Bank and Credit Union Dep.	114,086,102	218	22%
	Corporate Bonds (not Sec.)	97,686,796	171	17%
	Tradable Items	493,320	1	0.09%
	Securitized Bonds	10,307,209	15	2%
	Mortgage Notes	26,373,030	46	5%
	Bank Mortgage Loans	0	0	0%
Variable Rate 5% US\$ 44 billion	Adm. Mortgage Loans	3,253,400	5	1%
	Corporate Shares	4,462,619	7	1%
	Mutual Funds	21,590,150	43	4%
Foreign Investment 0.38% US\$ 3 billion	Investment Funds	1,499,702	3	0%
	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	1	0.1%
Real Estate Investments 5%	ETFs	27,751	5	0.50%
	Real Estate	26,946,200	46	5%
	Real Estate in Leasing	0	0	0%
	Loans	83,365	0	0.01%
Other (**)		55,196,382	87	9%
Total		550,149,719	978	100%

Dollar, Mar. 31, 2009= \$ 583.26

(**) 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 2.57, the maximum level permitted being 5, and an equity margin of 1.55, measured as the ratio of Available Equity to Equity Due.

Company	RISK RATING March 2009		Total Leverage (1)	Available Eqty / Eqty Due (2)
	1	2		
ACE	AA- (FR)	AA- (H)	1.41	1.34
ASEG. MAGALLANES	A+ (FR)	A+ (F)	3.32	1.50
BCI	AA- (FR)	AA- (F)	2.83	1.77
CARDIF	AA- (FR)	AA- (ICR)	1.99	1.19
CESCE	Ei (FR)	Ei (H)	0.17	1.17
CHILENA CONSOLIDADA	AA (FR)	AA+ (F)	3.03	1.65
CHUBB	AA- (F)	AA- (H)	0.97	2.99
COFACE	AA- (FR)	AA- (F)	2.31	2.17
CONSORCIO NACIONAL	A+ (FR)	A+ (F)	2.83	1.65
CREDITO CONTINENTAL	AA- (F)	AA- (H)	0.40	6.26
FAF	Ei (FR)	Ei (ICR)	0.00	1.25
HDI	A- (H)	A- (ICR)	1.81	1.87
HUELEN GENERALES	BBB- (FR)	BBB- (H)	0.07	1.40
INTERAMERICANA	AA- (FR)	AA+ (FR)	1.93	2.23
LIBERTY	AA- (FR)	AA- (F)	3.77	1.27
MAPFRE	AA- (FR)	AA (H)	4.32	1.11
MAPFRE GAR. Y CREDITO	AA- (FR)	AA- (H)	0.99	2.36
MUT DE CARABINEROS	A+ (FR)	A+ (F)	0.08	4.89
ORION	Ei (FR)	Ei (F)	0.10	1.10
PENTA-SECURITY	A+ (FR)	AA- (ICR)	3.34	1.50
RENTA NACIONAL	BBB- (F)	BBB- (H)	3.25	1.07
RSA	AA (FR)	AA (H)	3.31	1.51
SANTANDER	AA- (FR)	AA (ICR)	2.15	1.34
TOTAL			2.57	1.55

(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 an increase in profits observed during the period, the return on equity indicator for general insurance companies presented a rise during the first three months of 2009, recorded at 8.79%, in comparison to 6.06% presented during the same period of the previous year.

Return on investments also showed an increase during the first quarter of 2009, up to 5.46% from 0.91% presented during the first quarter of 2008, caused primarily by a rise in the results of fixed-rate investments and a positive change in the trend of results of shares and other titles.

Indicator	Market Total
Return on Equity Jan-Mar 2009	8.79
Return on Equity Jan-Mar 2008	6.06
Return on Investments Jan-Mar 2009	5.46
Return on Investments Jan-Mar 2008	0.91

IV. SVS RISK MONITORING PROCESS

The SVS has continued with its ongoing process of risk monitoring for insurance companies, with concrete measures adopted in 2008, given the persistence of the international financial crisis. To this end, it has established a series of actions related to measuring solvency. Additionally, it recently implemented regulatory modifications aimed at increasing companies' possibilities to access loans from the target market. These modifications include:

- Modification to General Rule No. 152 of 2002 on Assets Representing Technical Reserves and Risk Equity, which increases the limit for issuing syndicated loans when two or more banks are involved. This limit increases to 5% of TR and RE, under different term and rate conditions than those applied to banks (NCG No. 248, April 17, 2009).
- Modification to NCG No. 208 of 2007, which establishes Rules on the Issuing of Money Loans to Individuals and Companies (NCG No. 247, April 17, 2009).
- Modification to NCG No. 136 of 2002, which establishes Rules on the Issuing and Acquisition of up to 100,000 UF or 1% of TR and RE (the lesser of the two) if the debtor is an individual, still maintaining the current limit for related companies (25,000 UF) (NCG No. 246 of April 17, 2009).