

## Press RELEASE



# The CMF modifies the regulation and makes it more flexible to invest in assets representative of technical reserves and risk equity of insurance companies

**June 25<sup>th</sup>, 2018.** - With the purpose of contributing to the development of the insurance industry, the Financial Market Commission (CMF) today issued a modification to the General Rule (NCG in Spanish) N° 152, which seeks to make the investment legal framework governing insurance companies more flexible.

The modification adjusts the regulation which establishes the limits and requirements of the assets representative of technical reserves and risk equity. In contrast, the limit for issuance from 20% to 30% for the investment that the insurers maintain in shares in both domestic and international investment funds is to be increased.

On the other hand, the rule makes more flexible the requirements that the insurers have to comply with in order to participate in the syndicated loan business, allowing the reduction in the participation in the loan from the eighth year of the participating bank or financial institution –supervised by the Superintendence of Banks and Financial institutions (SBIF)-, from 5% to 2% of the granted capital, as well as that of the agent or credit leader.

It is worth mentioning that the global economic scenario of low interest rates motivated the CMF to work on regulatory developments that would make the investment system more flexible, allowing insurance and reinsurance companies to diversify their investment portfolios, enabling them to increase, with due protection, their participation in assets which present better long-term expected

returns, which are expected to translate into a better offer of pensions by insurance companies.

The regulation issued was open to consultation for comments between April 13<sup>th</sup> and 27<sup>th</sup>, 2018, for the market and general public.

**Link to the NCG N°425:**

[http://www.cmfchile.cl/normativa/ncg\\_425\\_2018.pdf](http://www.cmfchile.cl/normativa/ncg_425_2018.pdf)

**Link to the Regulation Report:**

<http://www.cmfchile.cl/portal/principal/605/w3-propertyvalue-24713.html>