

**Press
RELEASE**



The CMF applies a sanction against Zurich Santander Seguros de Vida Chile S.A

May 31st, 2018.- The Financial Market Commission (CMF) informs that, through Exempt Resolution N° 2126 dated March 31st, 2018, Zurich Santander Seguros de Vida Chile S.A. has been fined for having infringed the provisions of numbers 2 of Section IV and 4 of Section V of Memo N°2,123.

This sanction closes the administrative procedures initiated in 2017 by the then Superintendence of Securities and Insurance (SVS), after receiving complaints about the validity and renewal of health insurance, commercially referred to as "Alivio Seguro" (relief care). Those complaints were triggered by Zurich Santander's decision to terminate these agreements upon their annual renewal, a decision that would have affected a total of 18,837 policies and 37,453 prevailing policyholders, among holders and beneficiaries.

Once the facts were analyzed, the CMF could establish that, as a result of misleading advertising, a group of persons took out insurance with Zurich Santander, confident that it covered them up to the age of ninety-nine, as this appeared in different leaflets. However, the company terminated the total of the insurance included in this portfolio, as they considered that it was possible to apply the rule contained in the general conditions of the policies that stated that the insurance would have an annual coverage, renewed automatically, and that it allowed in each period, to terminate the insurance if either party gave due notice.

The complaints received were explicitly related to the requirements of Circular N°2123, in that "*The information given to the public, must be delivered in such a way that it is not inductive of inaccurate interpretations of reality*" and that "*All insurance information that is delivered to the public either through means of promotion, publicity, leaflets, advertising or any other means, must be clear and*

understandable and must not lead to error or confusion about the nature, characteristics or effects of the business or product concerned". These requirements were not met, since the simple reading of the leaflets literally identified this coverage as being the "*The Only Health Insurance with a coverage up to the age of ninety-nine*".

Thus, this Commission has deemed that this conduct deserves a reproach, also analyzing that the time elapsed between the advertising and the misleading effect of the former, is not an obstacle to the exercise of the sanctioning faculty of this Commission, since the eventual termination of the sanctioning faculty must, in these circumstances, be calculated from the moment the effects of such conduct have occurred.

It is of utmost importance that the messages conveyed by the advertising of the products offered by the insurance companies be clear and precise, so that reading them will be enough to form an opinion regarding the main elements of the product offered and, even more, that these are maintained in identical conditions in the insurance contract that is consequently issued. This is especially significant considering that the elements communicated through advertising are essential for the decision of the potential policyholder to take out a product of this nature.

It is also important to consider the time lapse that in many cases exists in persons insurances, between the issuance of advertising and the acceptance of the contract by the potential policyholder and at the moment in which the coverage set forth in the policy begins and therefore the deficiencies in the advertising are evidenced.

The defect in the advertising of Alivio Seguro (relief care) implied, ultimately, that the policyholders faced the need to accept a product in the same company substandard to the one originally offered or to have to look for a similar product in another company, in a context where as time goes by and possible preexisting diseases exposed them to a reduced or more expensive coverage.

Sanctions

The sanctions applied by the Commission are based on the background information gathered in the investigation stage prior to the pressing of charges on August 30th, 2017, as well as in the analysis of the defense, pleas and evidence presented, guaranteeing those sanctioned persons the strict

compliance with the fulfillment process established by the current legal framework.

Thus, the **Board of the Financial Market Commission**, made up of the commissioners Joaquín Cortez Huerta, Christian Larraín Pizarro and Kevin Cowan Logan **unanimously**, decided to sanction Zurich Santander Seguros de Vida Chile S.A. with a **fiscal fine of up to UF 1,500**, payable in Chilean pesos equivalent to the effective date of payment for the offense as stated in number 2 of Section IV and 4 of Section V of Circular N° 2,123, given as stated, that the duration of the health insurance taken out, commercially referred to as "Alivio Seguro", reported in the advertising, was contradictory to the range that the company itself established regarding its extension, when terminating the agreement before reaching the age of ninety-nine.

[Exempt Resolution N°2126](#)