

## CMF sanctions AVLA Seguros de Crédito y Garantía S.A. and Aseguradora Porvenir S.A. for not complying with first demand requirement of guarantee insurance policies

- *The Board of the Commission applied fines of UF 5,500 and UF 1,000, respectively, for non-compliance with current regulations.*
- *In first demand guarantee insurance, companies must pay the amount claimed at the mere request of the insured within the term established in the policy, and without invoking opposition of exceptions to condition/defer such payments.*

**July 10, 2024** — The Board of the Financial Market Commission (CMF) sanctioned AVLA Seguros de Crédito y Garantía S.A. (AVLA) and Aseguradora Porvenir (ASPOR) for not respecting the first demand feature of guarantee insurance policies. In accordance with current regulations, in first demand guarantee insurance companies must pay the amount claimed at the mere request of the insured within the term established in the policy. No conditions or exceptions may be invoked to condition/defer such payments.

Per [Resolution No. 6,103 of 2024](#), the Board fined AVLA UF 5,500 for infringement of Article 583, final paragraph of the Commercial Code; and Article 1 of Circular Letter No. 972. AVLA having previously been sanctioned for violation of these same regulations was also considered in determining the fined amount.

According to the Resolution, Inmobiliaria Esmeralda SpA took out a first demand guarantee insurance policy with AVLA to insure Nuevo Capital S.A. on fulfillment of its contracts of promise to purchase/sell real estate. However, once Nuevo Capital S.A. reported the loss and requested payment, AVLA did not respect the first demand nature of such insurance. Instead of paying the amount claimed at the mere request of the insured, it refused to pay the compensation in contravention of current regulations and the way first demand guarantee policies work.

Likewise, the Board of the CMF applied a fine of UF 1,000 against ASPOR due to not respecting the first demand nature in guarantee insurance by making exceptions to oppose paying, and requesting additional information to start the claim payment process.

Per [Resolution No. 6,102 of 2024](#), the ProCultura Foundation contracted first demand guarantee policies with ASPOR in favor of the Santiago Regional Metropolitan Government (GORE, for its Spanish acronym) to ensure adequate fulfillment of a mental health program to prevent suicides. Once the loss was reported and the GORE requested payment, ASPOR opposed the claim and required the submission of additional information (in particular, stating the amount claimed), even though it had already been reported, and accrediting the loss did occur, among other requirements of information contrary to the provisions of Circular Letter No. 972.

Consequently, ASPOR unduly hindered the procedure for reporting a claim and payment of a first demand guarantee insurance policy, infringing upon the regulations governing them and distorting the way in which such policies operate.

The “first demand” feature constitutes a special obligation assumed by the company, so arguing exceptions to oppose the payment of claimed amounts distorts the characteristics of such policies. Those who use first demand insurance trust that insurers will respect this nature at the time of claiming payment for a loss, so failure to comply with this obligation harms the performance of insured activities and the confidence of the market.

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