Chile
Predictions 2026

Expect increased liability exposure for electricity companies

Due to climate change and greater chances of unprecedented heavy storms, it is expected that more power outage-related incidents will take place in Chile. This will increase liability exposure for electricity companies (especially electricity distribution) as: i) the consumer authority has taken an aggressive role by initiating class actions on behalf of consumers against electricity companies for greater damages than those historically awarded; and ii) for the first time in Chile's history, a civil court granted compensation for moral damages to consumers that were affected by a power outage. This has opened the door to new claimants and new damages, both of which will require more attention by underwriters.

New fintech law will promote parametric insurance for earthquakes

In January 2023, Law No. 21,521 came into force, promoting financial competition and inclusion through innovation and technology in the provision of financial services, known as the Fintech Law. This law introduces the concept of parametric insurance and the simplification of the design of policies and settlement procedures. Moreover, the regulator has established a list of risks that can be insured using a parametric model, the variables that activate cover, and the minimum content of insurance policies. We expect this will appeal to the property sector for losses related to natural catastrophes, and, in particular earthquakes, given Chile's history.

Pension reform in Chile will bring significant positive changes

During 2025, the Chilean Congress approved a reform of the pension system, becoming one of the most important legal reforms of the last 40 years. It will increase pension contributions (gradually until 2033) by 8.5%, of which 4.5% will go directly to individual capitalisation, and the other 4% will strengthen social security equality between men and women. In the face of these guaranteed increases in pensions, life annuities will generate a greater interest for future pensioners, creating a favourable scenario for this insurance product in the market. We also expect the reform to improve economic growth, gradually decreasing unemployment and reactivating an economy that is still very resentful following the pandemic.

New cyber and data protection regulation will drive uptake of cover and notification of losses

While the new cyber regulation has been in place for the last year, the new Data Protection regulation will come into force by the end of 2026, both of which establish standards of protection for systems and data respectively, also requiring notice of breaches and setting out fines and penalties for those who do not comply. Consequently, it is expected that notification of cyber losses to insurers will increase, along with interest in cyber-related insurance by large corporations.

Presidential election will lead to call for swift solutions

By the end of 2025, the presidential elections will have concluded, and the new president will take office by March 2026, most likely looking to focus on security, health and economic growth. We expect pressure from the electorate for the new president to act quickly thereafter, following the social unrest, pandemic and economic downturn of the last few years. Unless swift solutions are seen within the first year, there is a risk of further social unrest.

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