INSURANCE COMPANIES

Presentation

This note relates to the metadata of the annual follow-up production account. Thus, it describes the definition, range, sources, and methodology used in preparing annual follow-up production accounts.

Definition and Scope

Definition

The Insurance Companies industry comprises financing of risk, life, and health insurance plans, either short or long term, with or without savings components. It includes general and life insurance companies, insurance brokers, and health plan providers (ISAPRES), which are treated as general insurance services. Additionally, it includes the reinsurance and insurance brokerage industries.

The following variables are measured: Gross Output, Intermediate Consumption, and Value Added.

Sub-industries / Sub-accounts

The production account of this industry is prepared for these sub-industries: life insurance, general insurance, health plan providers (ISAPRES), and insurance brokers.

Output is referred to as service cost and it is determined based on the difference between the direct premium and direct claims, adjusted by using the change in technical reserves. Additionally, as per international recommendations, income from investments of technical reserves are included as output, under the item supplementary premium. This variable is particularly important in life insurance, specifically as regards annuities, which technically speaking involve no service cost, and which have become highly important in the pension system currently prevailing in Chile.

On the other hand, reinsurance was determined by consolidating internal reinsurance, and it discloses only reinsurance with foreign countries, which is the industry’s imported self-input. Regarding insurance brokers, their output is measured using commissions paid by companies and it is also a self-input of the industry.

Source Data

Administrative Records

- Source Name: FECU reporting form (Uniform Coded Statistical Record).
  Reporting Institution: Superintendence of Securities and Insurance (SSI), Superintendence of Health (SIPS).
  Data used: Financial Statements and statistical reports.
  Frequency: Quarterly.

Balance Sheets and/or Financial Statements

- Source Name: Balance Sheets of life and general insurance brokers.
  Reporting Institution: Life and general insurance brokers.
  Data used: Accounting data on operating income and expenses.
  Frequency: Annual.
Statistical Forms & Reports

- Source Name: Information and statistical releases.
  Reporting Institution: Chilean Association of Insurers (AACH).
  Data used: Summary of statistics of the insurance industry, analysis of results, economic information of the evolution of this industry.
  Frequency: Quarterly.

Other Statistics

- Source Name: Price statistics.
  Reporting Institution: National Statistics Institute (NSI), Balance of Payments and External Debt Department (DBPDE), Central Bank of Chile (CBCH).
  Data used: Consumer Price Index (CPI), Wholesale Price Index (WPI), Compensation Index, Unit Value Index (IVU).
  Frequency: Monthly.

Compilation method

The compilation method to transform source data into the production account consists of the following stages:

Aggregation, imputation and validation

Validations and Imputations

Standardization in the preparation of financial statements and in the contents of each of their items, as well as the data compilation carried out by the pertinent surveillance entity, makes it easier to validate accounting data and to transform them into national accounts aggregates. Additionally, behavior of annual income and expenditures is analyzed with respect to previous periods.

Classification

The information used for preparing the Production Account of the Insurance Companies industry is classified as per the International Standard Industrial Classification Rev. 3 (ISIC Rev.3). Products associated to this industry are classified in terms of the Central Product Classification (CPC).

Estimation Procedures

Generally, the procedures used for estimating the production account depend on the information sources available:

- In the benchmark compilation, every five years, there is often more complete information available; it is then possible, with the source data, to determine the "best level" for the production account components.
- There is generally less complete information for annual follow-up compilation. So, in order to obtain the "best-change", prices, quantities, and values from the source data above detailed are used as indicators, whose changes are applied to the levels of the 2003 benchmark production account, by extrapolation, deflation, inflactation, and identities.

The key aspects of the calculation procedure for the main aggregate transactions or variables of the Insurance Companies annual follow-up production account are shown below.

i) Gross Output (GO). Value at constant prices is calculated by extrapolation, using quantity indexes. Value at current prices is determined from complete information from insurance companies.

ii) Intermediate consumption (IC). Value at constant prices is determined by deflation.
Value at current prices is determined from complete information from insurance companies.

iii) Value Added. Value at constant prices is obtained by the double-indicator method. Value at current prices is obtained as the difference between the GO (at basic prices) and the IC (at purchaser prices).

Data Reconciliation

Results of the production account of the Insurance Companies industry related to foreign trade are reconciled with the results arising from the records of imported services, determined at the Balance of Payments.

The aggregate Insurance Companies account is submitted to the transversal processes within the supply-use table framework of annual follow-up production accounts.

Additionally, the Insurance Companies industry is reconciled within the integrated economic accounts framework, with the rest of the account in this system.

Data Access

Publication

This industry is a component of the Financial and Business Services group (together with financial intermediation services, real estate, and business services industries) of the CBCH's publications, except for benchmark compilation years disseminated for 73 industries.

Production Account

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Value Added and GDP

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