



BOLIVIAN INSURANCE MARKET PROFILE 2023

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BOLIVIA - GENERAL COUNTRY INFORMATION

Section I

1. BACKGROUND

Bolivia was founded as the Republic of Bolivia on August 6, 1825, later changed to the Plurinational State of Bolivia after the Constitutional Reform of 2009. It is located in the heart of South America and has a total area of 1,098,581 km², about six times the size of the U.S. state of Washington or the size of the territories of France and Spain together. Bolivia is landlocked, bordered to the north and east by Brazil, to the west by Peru and Chile, and to the south and east by Argentina and Paraguay.

1.1 Departmental Organization

Bolivia has nine autonomous administrative departments. These are, Santa Cruz, La Paz, Cochabamba, Oruro, Chuquisaca, Tarija, Potosi, Beni y Pando, which are divided into 112 provinces and sub-provinces. In addition, there are 339 municipal districts for local government purposes.

The constitutional capital of Bolivia is Sucre, located in the Department of Chuquisaca, which houses the Supreme Court and other judicial bodies. The Legislative Assembly and the seat of government are in La Paz, which is the administrative capital.

1.2 Population

By the time of the last census held in November 2012, Bolivia's total population was below 10.4 million inhabitants followed by an average annual population growth of 2.3% corresponding to the previous decade.

The population growth projections made official by the National Institute of Statistics (INE) show that the population will grow by 12 million inhabitants until December 2022. Below is a table showing the projected population, estimated by department.

BOLIVIA: ESTIMATED PROJECTED POPULATION BY DEPARTMENT		
DEPARTAMENT	CAPITAL	POPULATION
CHUQUISACA	Sucre	661,119
LA PAZ	Nuestra Señora de la Paz	3,051,947
COCHABAMBA	Cochabamba	2,117,112
ORURO	Oruro	553,088
POTOSI	Potosí	916,087
TARIJA	Tarija	601,214
SANTA CRUZ	Santa Cruz de la Sierra	3,425,399
BENI	Trinidad	516,338
PANDO	Cobija	163,727
BOLIVIA		12,006,031

Source: Ministry of Education, Ministry of Health and Sports, National Institute of Statistics. Population estimates and projections, Revision was made on 2020.

1.3 Climate

Despite lying just South of the Equator, Bolivia enjoys a variety of climates, with temperatures that range from below 0 degrees centigrade up to 44 degrees, due in part to the wide range of altitudes encountered, from lowland plains in the East and North to Bolivia's highest peak, Sajama, at 6,542 meters (21,464 feet) near the border with Chile. This climatic diversity creates distinct ecological regions, from tropical forests to steep-sided upland valleys and high-altitude plains and mountains, allowing a very broad range of agricultural crops to be grown.

1.4 Languages

Spanish is the most commonly spoken language with nearly 90% of the population able to communicate well in Spanish. Many People also speak indigenous languages as their mother tongue, the most common are Quechua (in the inter Andean Valleys), and Aymara (on the Altiplano). English is widely spoken and understood in the business community, and more and more young people are choosing to study English as their second language.

1.5 Education

Education is compulsory up to the age of 16 and is provided free by the State up to university level. A wide range of fee paying private educational establishments and universities co-exist alongside the state system.

1.6 Religion

There is no official religion. The State recognizes and guarantees freedom of worship and the right to have a religious belief. At least 23 different religions exist in Bolivia.

1.7 Working hours

The working day is regulated by the Ministry of Labor, Employment and Social Security. According to the General Labor Law, the effective working day shall not exceed 8 hours per day and 48 hours per week. Night work shall not exceed 7 hours and women's working hours shall not exceed 40 hours per week during the day.

In the public and private sector, office hours are from 08:30 to 12:00-13:00 and from 14:30 to 18:00-18:30 from Monday to Friday. Some public and private offices, such as banks, remain open throughout the day on a continuous 8-hour schedule. Since the Covid-19 pandemic, many companies have chosen hybrid work or teleworking.

1.8 National Holidays in Bolivia 2023

New Year's Day	January 1st
Plurinational State Day	January 22nd
Carnival	February 20th & 21st
Good Friday	April 7th
Labour Day	May 1st
Corpus Christi	June 8th
Andean New Year	June 21th
Independence Day	August 6th
All Saints Day	November 2nd
Christmas Day	December 25th

2. POLITICAL ADMINISTRATIVE ORGANIZATION

2.1 Executive Authority

It is composed of the President, Vice President, Ministers and Ministers of State.

2.2 Judicial Authority

The Judicial Authority is exercised by the Supreme Justice Court, the Departmental Justice Courts, the Trial Courts and the Judges. The Agri-environmental Jurisdiction is exercised by the Court and Agri-environmental Judges. The Native Indigenous Peasant Jurisdiction is exercised by their own authorities; there will be specialized jurisdictions regulated by law.

The Judicial Authority and the Native Indigenous Peasant Jurisdiction enjoy the same hierarchy. Constitutional Justice is exercised by the Plurinational Constitutional Court.

2.3 Legislative Authority

The Plurinational Legislative Assembly is composed of two chambers, the Chamber of Deputies and the Chamber of Senators, and is the only one with the power to approve and sanction laws that govern the entire Bolivian territory.

2.4 Plurinational Electoral Authority

Composed by the Supreme Electoral Tribunal, Departmental Electoral Courts, Electoral Courts, Polling Station Juries and Electoral Notaries.

It is composed of the Supreme Electoral Tribunal, departmental electoral tribunals, electoral courts, polling station juries and electoral notaries.

3. TRANSPORT & COMMUNICATIONS

3.1 Highways

The Bolivian Road Network is made up of the roads and routes that exist in Bolivia. Currently, the country has one of the most extensive road networks in Latin America with about 189,850 kilometers of roads. Roads in Bolivia are divided into three main groups: the Fundamental Road Network, the Departmental Road Network and the Municipal Road Network. In terms of rolling, as of 2019, of the 189,850 kilometers, at least 30,396 kilometers are completely paved roads, another 49,668 kilometers are still gravel roads, some 102,088 kilometers are still dirt roads and finally another 4,051 kilometers are paved.

In the last twelve years, the construction of double-lane roads has been promoted in the Bioceanic Corridor. To date, La Paz, Oruro, Cochabamba and Santa Cruz have this type of roads that bring modernity and safety during travel, but essentially these types of structures seek to strengthen world trade.

3.2 Rail

Bolivia's railway network is currently managed by two companies: Empresa Ferrovial Andina for the western region, and Empresa Ferrovial Oriental for the eastern part of the country.

Empresa Ferrovial Andina S.A. provides integral freight and passenger transportation services through a 2,276 km railroad network that crosses the western part of the country, linking the Departments of La Paz, Oruro, Cochabamba, Potosí and Sucre, and internationally linking Bolivia with the countries of Chile (Arica and Antofagasta), Argentina (La Quiaca) and Peru (Puno).

Ferrovial Oriental S.A. offers rail freight and passenger transportation services, as well as integrated logistics services. It manages a concession of 1,244 km of railroad track, connecting the area around Santa Cruz, to the south with Argentina and to the east with Brazil and world markets, through barges operating on the Paraguay-Paraná Waterway.

In September 2022, the Metropolitan Train was inaugurated, a modern and environmentally friendly transport system that will integrate the municipalities of Cercado, Colcapirhua, Quillacollo, Vinto and Suticollo, in the department of Cochabamba. This train is composed of 12 electric trains, each with a capacity to transport more than 370 passengers, and is equipped with modern technology offering a high quality service.

3.3 Air transport

Domestic air routes are operated by the Bolivian state-owned airline, Boliviana de Aviación (BOA), and a private airline ECOJET. Scheduled flights operate to all major urban centers.

There is a wide range of international destinations served by a variety of international airlines, such as Copa Airlines, with daily flights to Miami, LAN, Avianca (Colombia),

TACA (Central America), Aerolíneas Argentinas (Argentina), Air Europa (Spain) and Gol (Brazil).

3.4 Ports

Because Bolivia is a Mediterranean country, it has no sovereign seaports, but has established free port privileges at seaports in Argentina, Brazil, Chile, Peru and Paraguay. The main ports of entry and exit are Arica and Iquique in Chile and Puerto Aguirre, an inland river port on the Paraguay-Paraná waterway on the Bolivia-Brazil border.

3.5 Telecoms

Bolivia benefits from modern and competitive telecoms in all main urban centers. The telecoms sector has been deregulated since 2001 with operating licenses granted to private companies and the market is open to competition. Licenses have underpinned investment to modernize telecoms infrastructure. The dominant international and long distance telecom provider is state-owned ENTEL. Other major providers of cellular telephony and data transmission include AXS, Nuevatel (operating the Viva brand) and Millicom (operating the Tigo brand). The launch and commissioning of Bolivia's first telecommunications satellite in 2014 helped reduce the costs of broadband Internet access and will aid in an expansion of telecommunications in rural areas.

4. ECONOMIC OUTLOOK

4.1 Production

Bolivia's Gross Domestic Product (GDP) in the third quarter of 2022 registered an accumulated variation of 4.28% compared to the same period of 2021. This significant recovery of the economic activity is mainly associated to the economic policies implemented by the government administration.

The economic activity that registered the highest variation of 11.49%, from January to September 2022, was Transport and Storage, mainly explained by the growth of air

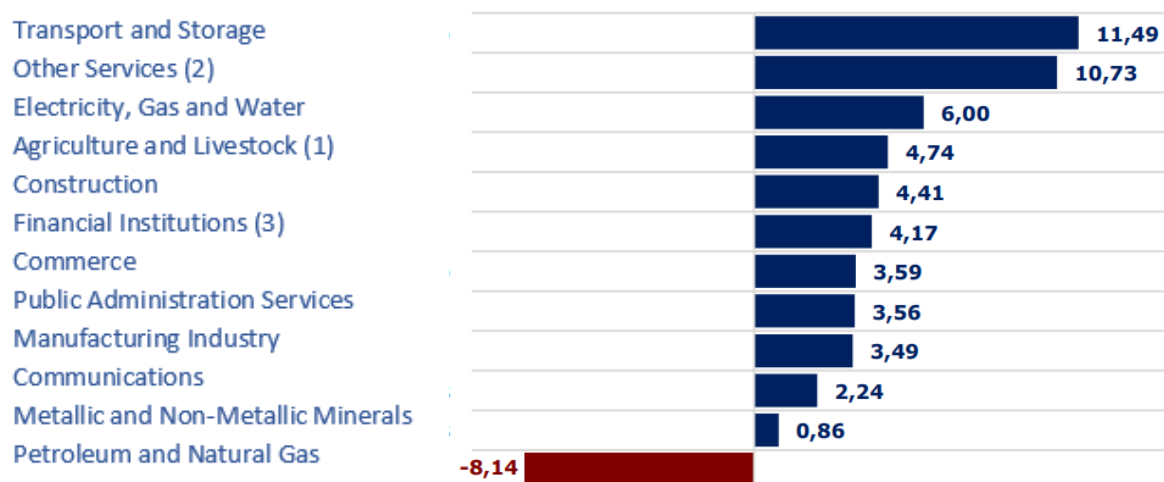
transport services (36.94%), rail transport services (21.48%) and interdepartmental road transport services (13.46%).

The recovery of the economy's performance was reflected in significant growth in other service sectors such as Electricity, Gas and Water, and Construction and Manufacturing Industry, in addition to Transport and Warehousing.

The Other Services sector grew by 10.73%, mainly explained by the 15.78% increase in Restaurants and Hotels, 8.62% in Household Services, and 7.51% in Communal, Social and Personal Services.

Below is a graph showing the GDP Variation by Economic Activity for 2022 (preliminary value) with data based on the National Statistics Institute (INE).

BOLIVIA: GDP VARIATION BY ECONOMIC ACTIVITY
Jan – Sep. 2022 (p)
(Porcentaje)



Source: National Institute of Statistics (INE).

(1) Includes the following activities: Agriculture, Livestock, Forestry, Hunting and Fishing.

(2) Includes the activities: Restaurants and Hotels, and Communal, Social, Personal and Domestic Services.

(3) Includes the activities: Financial Services, Business Services and Home Ownership.

(p) Preliminary

In the period, the Electricity, Gas and Water sector registered a growth of 6.00%, mainly related to the 6.66% variation of the Electricity Service.

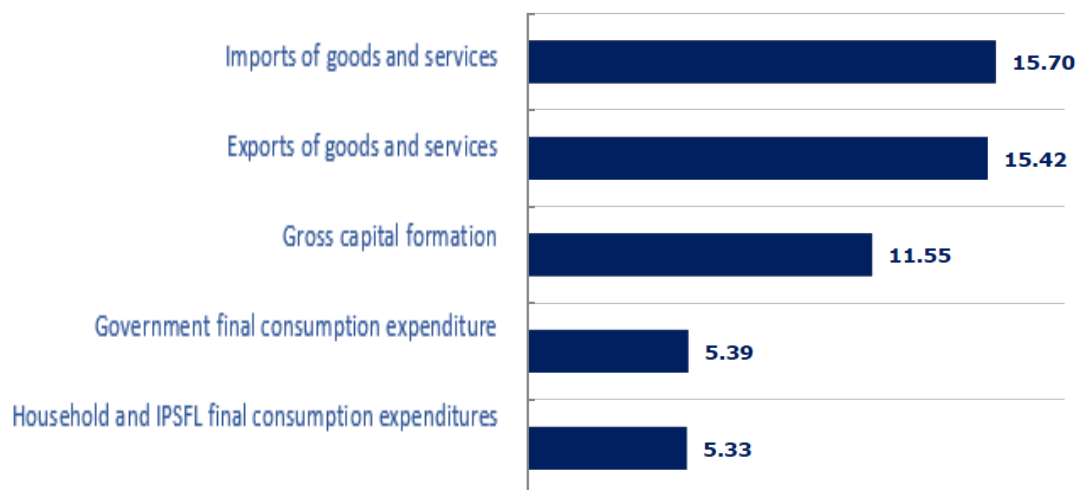
Whereas, in the agricultural sector, a variation of 4.74% was recorded, due to the growth of 9.67% in the economic activity of industrial agricultural products.

It is worth noting the recovery of the manufacturing industry sector, which in the period recorded a growth of 3.49%, as an effect of the 6.10% variation recorded in the food industry, a fact that contributed to the food security policy in the domestic market, while a variation of 0.56% was recorded in other manufacturing industries.

On the other hand, the sector that registered a negative variation of 8.14% was the petroleum and natural gas activity.

We show a graph that shows the variation of GDP by type of expenditure for 2022 (preliminary values) with data from the National Institute of Statistics INE.

BOLIVIA: GDP VARIATION BY TYPE OF EXPENDITURE
Year 2022(p)
(Percentage)



Source: National Statistics Institute INE
(p) Preliminary
ISPF: Private Non-Profit Institutions

4.2 Monetary and Fiscal Policy

Bolivian fiscal policy will continue with its role of promoting public investment in strategic productive sectors in order to strengthen industrialization and promote economic activity. Likewise, it will continue with its role as an income redistributor, benefiting mainly the most vulnerable population, with the purpose of reactivating domestic demand and improving the Bolivians' quality life.

Undoubtedly, the Fiscal Financial Program FFP-2023 gives certainty to the different economic agents and a decisive impulse to the national development policies.

On the other side, the Monetary policy will continue to support the domestic purchasing power of the Bolivian currency in order to contribute to the country's economic and social development, implementing various measures aimed to maintain adequate levels of liquidity and helping to preserve the level of inflation. Likewise, the exchange rate policy will continue to focus on maintaining the exchange rate, reinforcing the inflation control process and safeguarding the bolivianization of the national economy.

Indeed, the Fiscal Financial Program FFP-2023 foresees that the exchange rate policy will continue to focus on preserving the exchange rate of the Boliviano against the U.S. dollar, reinforcing the inflation stabilization process and safeguarding the Bolivianization of the national economy.

The FFP-2023 contemplates the objectives, goals and projections of the Bolivian economy for the current administration, which will accompany the Economic and Social Development Plan (ESDP) and the Budget of the Bolivian Government. Development Plan (ESDP) and the General State Budget (GSB) 2023. Likewise, it is also aimed to continuing with the process of reconstruction of the national economy, which began in November 2020 and, despite an adverse international scenario and in a context of uncertainty associated with multiple exogenous shocks, to continue to provide stability, certainty, and productive and social opportunities for the more than 11 million Bolivians.

4.3 Employment

As of the fourth quarter of 2022, the rate of the unemployed population, of people 14 years of age or older in the urban area of Bolivia, reached 4.3%, while in a similar period of 2021 it reached 5.2%, an aspect that denotes a decrease of 0.9 percentage points (p.p.) of unemployed people.

The data correspond to the Continuous Employment Survey (ECE) prepared by the National Statistics Institute (INE), which reports quarterly information on the main

statistics and indicators of the labor market in the urban area of Bolivia, one of the topics addressed being the behavior of urban unemployment in the country.

For the fourth quarter of 2022, the unemployment rate for women reached 4.8%, while for men it reached 3.9%, showing a decrease of 0.8 p.p. in the case of men and 0.9 p.p. in women with respect to a similar period of 2021.

The unemployment rate of young people aged 16 to 28 in the urban area of the country reached 7.5% as of December 2022, which means a reduction of 0.5 p.p. with respect to the fourth quarter of 2021 when the percentage reached 8%.

The minimum wage is 2,250 BOB/month applicable from January 2022.

5. SETTING UP A COMPANY IN BOLIVIA

There are 15 key steps for company formation in Bolivia. The overall process takes approximately 50 working days, according to World Bank surveys.

- Verify if there is exclusivity of the company name in the Commercial Registry.
- Preparation of the Memorandum of Incorporation, Articles of Incorporation and Articles of Association. This includes the appointment of a provisional board.
- Legalization of the Memorandum of Incorporation".
- Publication of the "Deed of Incorporation" in a national newspaper.
- Preparation of the Opening Balance Sheet by a certified accountant.
- The Opening Balance Sheet must be stamped with the seal of the Professional Association of Accountants "Colegio de Contadores".
- Registration with the National Tax Service to obtain the Tax Identification Number (NIT).
- Obtain from the Municipality the Municipal Commercial License and the Municipal Registration Card (Padrón Municipal) where the business is located.
- The Municipal Government inspects the technical and environmental characteristics of the site.
- Obtain evidence of a bank deposit equivalent to at least 25% of the company's subscribed capital.

- Obtain the Commercial Registration at the Plurinational Trade Registry Service "Servicio Plurinacional de Registro de Comercio" (SEPREC) and legal identity.
- Registration in the corresponding Chamber of Commerce or Industry.
- Registration with the National Health Insurance and short-term disability coverage.
- Registration with the Ministry of Labor, registration with the National Health Insurance Fund.
- Registration of employees in the Integral Pension System.

BOLIVIAN INSURANCE PRACTICE

Section II

1. REGULATORY FRAMEWORK

Insurance companies, as intermediaries, must be specialized in selecting the risks assumed, minimize risk through the use of reinsurance, and additionally, efficiently and professionally manage the investment of its own financial resources, as well as those of third parties.

The Insurance Law # 1833, Article 6, determines three insurance modalities:

- a) General Insurance, through this modality the insured can cover probable future losses due to theft, traffic accidents, fire, etc.
- b) Personal Insurance, through this modality the insured is covered from fortuitous health risks, personal accidents, loss of life, etc.
- c) Surety Insurance, divided in surety and credit insurance.

Pursuant with this Law, personal insurance is exclusive with respect to general insurance and surety insurance. In turn, general insurance companies are authorized to manage surety insurance and health insurance.

2. INSURANCE MARKET ORGANIZATION

Insurance transactions are based on goodwill as well as trust on the insured places by the insurance companies.

The insurance market in Bolivia has the following organization:

2.1 Regulator:

The Supervision and Control Authority of Pensions and Insurances of the Plurinational State of Bolivia (APS) is the institution responsible for the regulation, supervision and control of persons, entities and activities in the insurance sector in Bolivia in accordance with the Insurance Law and its regulations.

2.2 Local Insurance Companies

Currently there are ten property, casualty and surety insurance companies and nine life insurance companies in Bolivia.

The APS is the agency responsible for the regulation, supervision and control of persons, entities and activities in the insurance sector in Bolivia in accordance with the Insurance Law and its regulations.

Life Insurance Companies

- BUPA Insurance (Bolivia) S.A.
- La Vitalicia Seguros y Reaseguros de Vida S.A.
- La Boliviana Ciacruz Seguros Personales S.A.
- Nacional Seguros Vida y Salud S.A.
- Alianza Vida Seguros y Reaseguros S.A.
- Crediseguro S.A. Seguros Personales
- Seguros y Reaseguros Personales Univida S.A.
- Compañía de Seguros de Vida Fortaleza S.A.
- Santa Cruz Vida y Salud Seguros y Reaseguros Personales S.A.

Non-Life & Surety Insurance Companies

- La Bolivia Ciacruz de Seguros y Reaseguros S.A.
- Seguros y Reaseguros Credinform International S.A.
- Seguros Illimani S.A.
- Alianza Compañía de Seguros y Reaseguros S.A. E.M.A.
- Bisa Seguros y Reaseguros S.A.
- Compañía de Seguros y Reaseguros Fortaleza S.A.
- Nacional Seguros Patrimoniales y Fianzas S.A.
- Unibienes Seguros y Reaseguros Patrimoniales S.A.
- Crediseguro S.A. Seguros Generales.
- Mercantil Santa Cruz Seguros y Reaseguros Generales S.A.

It must be noted that due to restrictions in the new Law, cooperatives cannot carry out insurance activities in the Bolivian market as this activity is exclusively assigned to licensed insurance companies.

Capital requirements for Life and Non-life Insurance Companies

According to Law No 1883, article 29th, the minimum capital required is 750.000 “Special Drawing Rights”. This minimum amount is required for life and non-life general insurers. The insurer has to be either life or non-life.

Life Insurances must start with 1.000.000 “Special Drawing Rights”.

RISK RATING FOR LOCAL INSURANCE COMPANIES

INSURANCE COMPANIES	RATING COMPANY	CLAIMS PAYMENT CAPACITY		RATING DATE	TREND
		NOMENCLATURE ASFI (*)	NOMENCLATURE RATING COMPANY		
La Boliviana Ciacruz de Seguros y Reaseguros S.A.	Moody's Local PE Clasificadora de Riesgo S.A	AA1	AAA+.bo	30/03/2023	None
	Pacific Credit Rating - PCR	AA1	BAA+AA	24/03/2023	Stable
Seguros y Reaseguros Credinform International SA	AESA RATINGS	AA3	AA-	31/03/2023	Stable
	Pacific Credit Rating - PCR	AA3	BAA-	24/03/2023	Stable
Seguros Illimani SA	AESA RATINGS	B3	B-	31/03/2023	Negative
	Moody's Local PE Clasificadora de Riesgo S. A.	C	CCC-.bo	31/03/2023	None
Alianza Compañía de Seguros y Reaseguros SA EMA	AESA RATINGS	AA1	AA+	31/03/2023	Stable
	Moody's Local PE Clasificadora de Riesgo S. A.	AA2	AA.bo	31/03/2023	None
Bisa Seguros y Reaseguros S.A.	Moody's Local PE Clasificadora de Riesgo S. A.	AA1	AA+.bo	31/03/2023	None
	Pacific Credit Rating - PCR	AAA	BAAA	24/03/2023	Stable
Compañía de Seguros y Reaseguros Fortaleza SA	AESA RATINGS	A3	A-	31/03/2023	Stable
	Pacific Credit Rating - PCR	A3	BA-	24/03/2023	Stable
	AESA RATINGS	A1	A +	31/03/2023	Stable

Nacional Seguros Patrimoniales y Fianzas SA	Moody's Local PE Clasificadora de Riesgo S. A.	A1	A + .bo	31/03/2023	None
Unibienes Seguros y Reaseguros Patrimoniales SA	AESA RATINGS	A2	A	31/03/2023	In process
	Pacific Credit Rating - PCR	A1	BAA-	24/03/2023	Positive
Crediseguro S.A. Seguros Generales	AESA RATINGS	AA2	AA	31/03/2023	Stable
	Moody's Local PE Clasificadora de Riesgo S. A.	AA3	AA-.bo	31/03/2023	None
Mercantil Santa Cruz Seguros y Reaseguros Generales S.A.	AESA RATINGS	A1	A+	31/03/2023	Stable
	Pacific Credit Rating - PCR	A1	BA+	24/03/2023	Stable
BUPA Insurance (Bolivia) S.A.	AESA RATINGS	AAA	AAA	31/03/2023	Stable
	Moody's Local PE Clasificadora de Riesgo S. A.	AA1	AA+.bo	31/03/2023	None
La Vitalicia Seguros y Reaseguros de Vida SA	AESA RATINGS	A3	A-	31/03/2023	In Process
	Pacific Credit Rating - PCR	A1	BA+	24/03/2023	Negative
La Bolivia Ciacruz Seguros Personales SA	Moody's Local PE Clasificadora de Riesgo S. A.	AA2	AA.bo	31/03/2023	None
	Pacific Credit Rating - PCR	AA2	BAA	24/03/2023	Positive
Nacional Seguros Vida y Salud S.A.	AESA RATINGS	AA3	AA-	31/03/2023	In Process
	Moody's Local PE Clasificadora de Riesgo S. A.	A1	A+.bo	31/03/2023	None
Alianza Vida Seguros y Reaseguros SA	AESA RATINGS	AA2	AA	30/03/2023	Stable
	Moody's Local PE Clasificadora de Riesgo S. A.	AA3	AA-.bo	30/03/2023	None
Crediseguro SA Seguros Personales	AESA RATINGS	AA1	AA +	31/03/2023	Stable
	Moody's Local PE Clasificadora de Riesgo S. A.	AA2	AA.bo	31/03/2023	None
Seguros y Reaseguros Personales Univida SA	AESA RATINGS	A1	A +	31/03/2023	Positive
	Moody's Local PE Clasificadora de Riesgo S. A.	AA3	AA-.bo	31/03/2023	None
Compañía de Seguros de Vida SA Fortaleza	AESA RATINGS	A3	A-	31/03/2023	Stable
	Pacific Credit Rating - PCR	A3	BA-	24/03/2023	Positive
Santa Cruz Vida y Salud Seguros y Reaseguros Personales SA	AESA RATINGS	A2	A	31/06/2023	In process
	Pacific Credit Rating - PCR	AA3	BAA-	24/03/2023	Stable

Source: Reports sent to Autoridad de Supervisión y Control de Pensiones y Seguros (APS) by rating companies as of June/2022.

(*) Rating categories and levels according to the Financial System Supervisory Authority (ASFI) Regulations.

2.3 Reinsurance Companies

Reinsurance mechanisms are the main tools for the coverage of risk dispersion, by assuming the risks transferred to them by insurance companies, as well as the transfer and distribution of risk to other reinsurance companies. In fact, these activities require large volumes of operations and consequently significant amounts of capital resources. Currently, approximately 102 foreign reinsurance companies are registered and authorized to assume insurance risks transferred by Bolivian insurance companies.

Registration of Foreign Reinsurers in Bolivia

According to Res.No.764/2008 reinsurers operating directly with ceding companies in Bolivia, have to register with the Supervision and Control Authority of Pensions and Insurance (APS), this procedure is the responsibility of the ceding company or a legal representative of the reinsurer.

In cases where the reinsurance is handled with the participation of a reinsurance broker, the broker must be registered with APS, this is the responsibility of the local broker with whom the international broker has a relationship or of the ceding company in case there is no local broker involved.

Requirements for the Registration of Foreign Reinsurers with APS.

The following requirements apply:

- a) Commercial Registry duly notarized and apostilled
- b) Letter addressed to APS with data identifying the foreign reinsurer
- c) Certificate with registration number or code issued by the insurance supervisory authority of the country of origin of the Foreign Reinsurer duly notarized and apostilled.
- d) Last rating obtained during the year no older than 6 months. This rating must be at least equivalent to Standard & Poor's (S&P) "BBB"
- e) Last financial statements.

This information must be updated whenever significant changes occur that may affect the APS's perception of the Reinsurer's solvency.

The registration may be made by a legal representative of the Reinsurer, by its accredited representative in Bolivia or by the ceding insurance company.

Reinsurers operating through reinsurance brokers duly registered with the APS are exempt from this registration, as well as Lloyds of London Syndicates.

For renewals, a Certification of Significant Changes and the documents indicated in d) and e) above must be submitted.

The certificate of Registration of Foreign Reinsurers will be automatically terminated upon expiration unless there is a justified written request for additional time to submit the documentation for renewal, which shall be a maximum of 60 calendar days.

2.4 Local Insurance Brokers

These companies act as intermediaries between the insured and the insurers, with no contractual obligation with the latter. In other words, these provide technical assistance to their clients based on their needs and the coverage characteristics. Furthermore, brokers should recommend their clients to select the company that in their opinion is best suited to provide the insurance required by the client's needs. At present, there are 37 insurance brokers in the insurance market in Bolivia. They cover general insurance as well as surety and life insurance.

Rating

KIEFFER & ASOCIADOS SA Corredores de Seguros is leader in General Insurance in Bolivia.

Main Contact

Sr. Gonzalo Kieffer Guzmán

Executive President

gonzalo.kieffer@kieffer-asociados.com.bo

Sr. Andrés Kieffer Fleig

Executive Vicepresident

andres.kieffer@kieffer-asociados.com.bo

2.5 Local Reinsurance Brokers:

- Conesa Kieffer & Asociados Corredores de Reaseguros SA.
- Iberam Re Corredores Internacionales de Reaseguros SA.
- Olsa Bolivia Corredores de Reaseguros SA.

2.6 Foreign Reinsurance Brokers

A reinsurance broker working as an intermediary between a reinsurance company and a local insurer shall be liable before the insurer for the placements made in the insurance market. This responsibility refers enunciatively but not limited to:

- a) The terms and conditions of the contract
- b) That the contract is not detrimental to any of the parties.
- c) That it is not contrary to the legislation in force in Bolivia.
- d) That all material information relevant to the underwriting of the risk is made known to the reinsurer.

Foreign brokers operating in the local market must be duly registered before the APS, for which purpose they will be granted the corresponding Certificate of Registration with annual validity that matches their Errors and Omissions (E&O) policy.

Requirements for the Registration of a Foreign Reinsurance Broker before APS.

The content of the registration must include the following information:

- a) Commercial Registry duly notarized and apostilled
- b) Letter addressed to APS with data identifying the reinsurance broker
- c) Certificate with Registration Number or Code issued by the insurance supervisory authority of the country of origin of the Reinsurance Broker duly notarized and apostilled.

- d) Copy of the current Errors and Omissions (E&O) policy or Certificate of Insurance of that policy duly notarized and apostilled, the policy must expressly state that the operations of the reinsurance broker in the territory of the Plurinational State of Bolivia and/or Bolivian interests abroad are covered.
- e) If the broker represents other brokers, they must submit a legalized copy of the note evidencing the quality of their representation.

This information must be updated whenever there are significant changes that could affect the information received by the APS, such as mergers, changes of ownership of more than 50% of the shares and others. If there are no changes, the information must be ratified by express communication to APS.

For registration renewals only the Certification of Significant Changes and the documents indicated in item d) shall be submitted to APS.

The certificate of Registration of Reinsurance Brokers shall automatically become null and void upon expiration unless there is a justified written request for additional time to submit the documentation for its renewal, which period shall be a maximum of 60 calendar days.

2.7. Non-admitted Insurance

Non admitted insurance is not permitted. Agents, brokers or insurers who violate the law are subject to substantial fines.

2.8 Compulsory Insurance

Compulsory Traffic Accident Insurance SOAT: Created by Decree N°25785 of May 25, 2000, every owner of a public and/or private motor vehicle must obligatorily acquire SOAT in order to be able to travel on public roads in the Bolivian territory. It covers the risks of death or total permanent disability as a consequence of an accident up to BOB 22,000 (USD 3,160) per person. Coverage for medical expenses is up to BOB 24,000 (USD 3,448) per person.

Financial Institutions are obligated by Financial Authorities to maintain “Standard and Poors” (S&P) BBB and D&O policies.

Workers Compensation (under the State Scheme)

Compulsory Accident Insurance for Workers in the Construction Industry SOATC Created by Law No 1155 of March 12, 2019. Construction workers will be obliged to acquire medical expenses cover up to BOB 7,000 (USD 1,005) per person per accident, and death & permanent total incapacity cover of BOB 70,000 (USD 10,057) per person. The minimum limits will be reviewed at least once every three years. A state entity will administer and market the scheme although policies may be sold in alliance with other authorized insurers. Under Article 11, the responsibility to confirm that a worker has the required insurance is placed upon the employer.

Aviation Personal Accident Insurance for Crew Members & Aviation Civil Liability Insurance: In order to operate in Bolivian territory, all aircrafts must have these mandatory insurances established by the Bolivian Civil Aeronautics Law No.2902 of October 29, 2004, covering damages to passengers, transported goods and third parties on the surface.

2.9 Loss Adjustment Facilities

- Cunningham Lindsey International Limited.
- Maclarens Young International.

2.10 Policies

- The Legal system is based on the Civil Code under Law 12760 of August 6, 1975.
- The Supervision and Control Authority of Pensions and Insurances (APS) controls, authorizes all insurance wording and clauses, based generally on British wordings.
- Policy language: Spanish.

- Although LTA's (long term agreements) are available they are not commonly used.
- The cancellation clause provides for a 15 days' notice of cancellation prior to the Anniversary date of the policy without penalty.
- Policies may be issued in Bolivian currency or foreign currency. It is estimated that about 95% of all policies are issued in US dollars.
- Natural hazard: Flood in the tropical area in the eastern portion of the country.

2.11 Taxes

- Value Added Tax (VAT):.....13.0%
- Transactions Tax:.....3.0%
- Contribution to the Supervision Authority (APS):.....2.0%
- Remittance Reinsurance Tax(IUE BE).....2.5%
- Financial Transactions Tax:0.3%
- Contribution to the Insured's Protection Fund0.5%

Insured benefits with a 13.0% tax credit of total invoice.

2.12 Currency

- The Boliviano is the national currency
- U.S. dollar currency is available for all lines of insurance.
- Dollars are freely available in the foreign exchange market to pay for policies in dollar currency.

2.13 Obtaining Quotation

Brokers must have a Broker of Record (BOR) Letter before underwriters will quote. The letter must be signed by the Company Legal Representative and be written in Spanish.

2.14. Engineering Facilities

KIEFFER & ASOCIADOS S.A. CORREDORES DE SEGUROS has one staff engineer

WORKERS' COMPENSATION & BENEFITS

Section III

1. BOLIVIAN SOCIAL SECURITY SYSTEM

Workers' compensation is a monopoly of the government and it's administered by the Social Security System. All dependent workers, including expatriates and excluding domestic servants and agricultural workers, are subject to the Workers compensation.

This system considers the following regimes on its organization:

1.1 Short Term Social Security:

This Benefit is provided by Social Security Funds (Cajas de Seguridad Social) in accordance with the Social Security Code by Law of December 14th, 1956. It covers Medical Benefits for employees in respect of injuries and occupational diseases, including drugs and medical treatment up to 26 weeks.

The Medical Benefits cover also, maternity expenses. All dependent or independent employees are covered until 58 years old.

The employer contributes with 10% of the payroll to the Medical Government Insurance provided by the Social Security Funds.

1.2 Long Term Social Security:

The contributions and benefits are managed now by "**Gestora Pública de la Seguridad Social de Largo Plazo**" which comes into effect since May 2023. Its institutional purpose is the administration and representation of the Funds of the Integral Pension System, the benefits management, and making other payments corresponding to the Integral Pension System. The "**Gestora**" replaces the **Pension Fund Administrator (AFP)** and it is supported by a number of laws: Pensions Law N° 065, of December 10th, 2010, Supreme Decree No. 3333 of September 20, 2017,

Supreme Decree No. 3837 of March 20, 2019 and Supreme Decree No. 4585 of September 15, 2021.

The Long Term Social Security covers the retirement of all employees after 58 years old. In case of women, the age changes according to the quantity of born children. It means that the age reduces one year for every born child, up to a limit of three.

2. CONTRIBUTIONS

The Social Security System receives a total contribution of 19.42 % for each employee. 12.71% from the employee salary and 6.71% from the employer, as it is explained below:

Employer Contribution	%
Solidary Employer Contribution	3%
Housing Fund	2%
Professional Risk Premium	1,71%

Employee Contribution	%
Monthly Quote	10%
Insured Solidary Contribution	0,50%
Common Risk Premium	1,71%
Administration Fee	0,50%

In case the employee's salary exceed Bs 13.000, Bs 25.000 and 35.000, he must pay in addition, a National Solidary Contribution, which has to be applied with a variable rate, explained as follows:

National Solidary Contribution

- = (Total Salary - Bs. 13.000) * 1 %
- = (Total Salary - Bs. 25.000) * 5 %
- = (Total Salary - Bs. 35.000) * 10 %

3. BENEFITS

The benefit is 60% minimum of the salary at the time of retirement, which is paid for life.

3.1 Death Benefits

In case the employee dies or, as a result of an accident he is incapable of continuing working, the family will receive a monthly pension equal to 100% minimum of its salary until the widow dies or the children exceed the 19 years old.

In case of death, the Law grants also, 1.800 Bs (Bolivian currency) for funeral expenses.

3.2 Sickness and Disability Benefits

These benefits are equal to 100% of the salary and are paid from the day of the accident or illness is declared. The maximum period of the disability is one year.

4. DOCUMENTATION REQUIRED FOR ISSUANCE OF BENEFITS INSURANCE POLICIES

Corporate Clients

- a) Copy of the Company Certificate of Incorporation and their modifications, if any.
- b) Copy of the Legal Representative's Power of Attorney
- c) Copy of the Legal Representative Identity Card.
- e) Copy of the Company Registration in the Plurinational Trade Registry Service "Servicio Plurinacional de Registro de Comercio" (SEPREC) in force
- f) Financial Statements for the last fiscal year.

- g) Application form corresponding to the type of insurance, per person for the Benefits Program (Personal Accident, Health and Life).
- h) Insurance Company Application Form "Legal Data Form"
- i) Kieffer & Asociados application form "Know Your Client Policy"

Individual Clients

- a) Copy of the Identity Card
- b) Application form for the type of insurance, per person for the Benefit Program (personal accident, health and life).
- c) Insurance Company Application form "Legal Data Form".
- d) Kieffer & Asociados applicartion form "Know Your Client Policy"

PROPERTY & LIABILITY

Section IV

PROPERTY

1. All Risk Property

Policy Period: Annual.

Taxes: 26,00%.

Cancellation Requirements:

Insurer: 15 days.

Insured: any time.

2. Other Coverages - Standard Perils

The basic fire rate covers damage caused by fire and lightning. The extended coverage perils include windstorm and hail, strike; riot & civil commotion; vandalism & malicious mischief; vehicle impact; falling aircraft; water damage (burst pipes); flood; earthquake and fire can be added to the policy by endorsement.

Coverage for terrorism is available. It is rated at the discretion of the underwriter.

The explosion cover includes damage by pressure vessel explosion.

Damage to the vessel itself is covered under Machinery Breakdown policy. Although Bolivia has not suffered an earthquake in 35 years; the exposure can be covered by Endorsement to the Fire policy. Sprinkler leakage insurance is available.

The following chart indicates the availability of fire and allied perils in the local market

Perils	Direct Damage
Fire	Yes
Lightning	Yes
Windstorm/Fire (Tempest Typhoon)	Yes
Explosion on Premises	Yes
Explosion off Premises	Yes
Explosion of Gas for Domestic Use	Yes
Explosion Damage to Boilers/Pressure Vessels	Yes
Explosion Damage to Surrounding Property from Boilers/Pressure Vessels	Yes
Strikes	Yes
Riots	Yes
Civil Commotion	Yes
Terrorism	Yes
Vandalism	Yes
Falling Aircrafts and objects there from	Yes
Sonic Boom	Yes
Vehicle impact	Yes
Burning Fields, Forests, Jungles, etc.	Yes
Smoke	Yes
Earthquake	Yes
Flood	Yes
Sprinkler Leakage	Yes
Other water damage (Ruptured, piping, etc.)	Yes
Hail	Yes

The basis for loss recovery is either replacement cost or actual cash value.

Standard coinsurance is 100% although this may be modified if the reinsurer agrees.

Stock is written on monthly or quarterly declaration forms. The deposit premium varies between 50% and 70% of the actual premium.

Good-in-process and finished goods can be insured for selling price. Insuring for selling price would cover the loss of profit that would result if there were only a direct damage loss.

3. Business Interruption

This market is non-tariff. Business interruption is written on the Gross Earnings form or the British Loss of Profits form. Indemnification for fixed expenses is written on the Daily Loss form. Coverage can be written for the same perils available on the Fire policy or boiler and machinery policy.

Policy Period: Annual.

Taxes: 26,00%.

Cancellation Requirements:

Insurer: 15 days.

Insured: any time.

4. Boiler & Machinery

It is standard to insure against explosion of boilers or other pressure vessels by an endorsement to the Fire Policy. Machinery Breakdown Insurance (including electrical failure) is also available on standard forms from Munchener Re, Swiss Re and others.

Policy Period: Annual.

Taxes: 26,00%.

Cancellation Requirements:

Insurer: 15 days.

Insured: any time.

5. Contractors All Risk

All Risk coverage is available. The owner, contractor and builder may be included as a named insured for cross third-party liability.

Government contracts require bonds, these are insurance bonds of bank bonds, these could be insurance or bank notes.

6. Construction / Erection Risks (CAR/EAR)

Market forms are basically Munich Re and Swiss Re, suited to the type of RISK. Cancellation Clause should be taken into consideration, because local forms consider a period of cancellation notice of only 15 days.

7. Marine

U.S. and London forms are available. Under the law, all exports from and imports into Bolivia must be insured locally.

8. Other Coverages

Ocean Cargo, U.S. and British forms available. War and Strike, Riots and Civil Commotion (SRCC), also available.

9. Hull, P&I (Protection & Indemnity)

Lloyds of London forms used.

100% facultative placements.

Taxes: 26.00%

Forms: Lloyd's of London Underwriters.

LIABILITY

1. Employers Liability

Employees have the right of action at law and the state has the right of subrogation against a negligent employer.

An Employers Liability Policy is available to cover these exposures.

Policy Period: Annual.

Taxes: 26,00%.

Cancellation Requirements:

Insurer: 15 days.

Insured: any time.

2. General Liability

There is no standard General Liability form used in Bolivia. Coverage may be written for named locations, or blanket cover for all locations. Limits for bodily injury and property damage may be written separately or as a combined single limit.

Defense costs and other supplemental expenses are separately insured for a specified amount.

Product liability coverage is excluded from treaty reinsurance contracts, but it's available in the facultative market.

Product liability exposures are not a serious consideration in Bolivia as the public, for the most part, is not litigious. Generally, a limit of \$US 500,000 is considered appropriate for most clients. Coverage for Sudden and Accidental pollution is available. The Civil Code liabilities including Tenants Liability, Owners Liability and Neighbors Recourse can be covered under the General Liability policy.

Punitive damages cannot be insured locally.

Contractual and contingent liabilities can be insured under separate policies or added by endorsement to the General Liability policies.

Policy Period: Annual.

Taxes: 26,00%.

Cancellation Requirements:

Insurer: 15 days.

Insured: any time.

There is no organized pool to handle nuclear liability. This cover is not available locally.

3. Directors and Officers Liability

Directors and Officers Insurance (D&O) is not compulsory, but it may be purchased.

As per Resolution N°061 issued by the Supervision Authority of the Financial System, all financial intermediaries require a D&O policy, covering the members of the board, subject to limits according to the operations, being the minimum of \$us. 500.000.-

Companies generally pay the premium for D&O insurance, on behalf of the Directors and Officers and there appear to be no tax ramifications for such purchase.

Only residents or "admitted" carriers are permitted to sell D&O insurance. The primary carriers for this line of coverage in Bolivia are: CHUBB, AIG and ZURICH.

There is not a particular form neither required nor mandated. It appears that D&O coverage is written in Bolivia on an occurrence basis, rather than the more standard claim-made basis. This means the coverage trigger is when the alleged wrongful act causing loss, occurs; regardless of when a claim is actually made.

The laws, rules of regulation of the country, allow the Company to indemnify its Directors and Officers for claims against them, but they cannot suit against its own Directors and Officers. There are particular statutes and laws that specifically impose liability on Directors and Officers.

4. Automobile Liability and Physical Damage

Third party liability insurance is not compulsory.

The minimum combined single limit set by tariff is \$us. 5.000.- but higher amounts are recommended. Since automobiles are very expensive in Bolivia, property damage can be a greater expense than bodily injury. For corporate clients, we recommend as a minimum the following:

La Paz \$us. 50,000.-

Santa Cruz \$us. 50,000.-

Elsewhere \$us. 50,000.-

The standard policy includes legal defense costs. Passengers are not considered third parties but may be covered under a Passenger Accident Policy.

Medical payments are available, up to 20% of sum insured for passenger.

The Automobile Physical Damage policy covers:

- Total loss due to collision, fire and overturn;
- Own damage due to collision, fire and overturn with or without deductibles;
- Damage caused by strike, civil commotion & malicious mischief;
- Partial theft up to 80%

Five vehicles or more qualify as a fleet. Discounts of one percent per vehicle, to a maximum of 30% are given.

Policy Period: Annual.

Sales Taxes: 26,00%.

Cancellation Requirements:

Insurer: 15 days.

Insured: any time.

5. Crime

The market offers all type of coverage provided there is a reinsurer who will support it.

Fidelity coverage may be written blanket, subject to a limit per loss (Commercial Blanket Bond) or per employees; or it may be scheduled (by employee or by position).

Money and securities coverage is written on an all risk or named peril basis.

Burglary coverage on stock is available.

Dishonesty, Disappearance and Destruction Insurance (3D) and Bankers Blanket Bond (BBB) are available policies.

Policy Period: Annual.

Taxes: 26,00%.

Cancellation Requirements:

Insurer: 15 days.

Insured: any time.

6. Environmental Protection

Bolivia has environmental legislation since April 27, 1990 when the law was approved.

All existing and future investments are subject to obtain a license called "Declaración de Impacto Ambiental" (D.I.A.) which is the authorization document to execute a project.

D.I.A. is provided by the corresponding authorities evaluating the study done by professionals (local or foreign) in respect to the investment or project.

7. Documentation Required for Issuance of Property / Casualty Policy

Corporate Clients

- a) Copy of the Company's Certificate of Incorporation and all amendments, if any.
- b) Copy of the Legal Representative's Power of Attorney.
- c) Copy of the Legal Representative's Identity Card.
- d) Copy of the Tax Identification Number (NIT) of the Company.
- e) Copy of the Registration of the Company in the Plurinational Trade Registry Service "Servicio Plurinacional de Registro de Comercio" (SEPREC).

- f) Financial Statements of the last fiscal year.
- g) Application form corresponding to the type of insurance.
- h) Application form of the Insurance Company "Legal Data Form".
- i) Application form from Kieffer & Asociados "Know your Client Policy".

Individual Clients

- a) Copy of Identity Card.
- b) Application form for the type of insurance.
- c) Insurance Company application form "Legal Data Form".
- d) Kieffer & Asociados application form "Know your Client Policy".

INSURANCE BONDS AND WARRANTIES

Section V

- Bid Bonds
- Performance Bonds
- Maintenance Bonds
- Temporary Imports
- Highways Bonds, in case of wide load trucks
- Export Credit Insurance
- Accounts Receivable Insurance

INSURANCE LAW NO. 1883 DATED JUNE 25, 1998

Section VI

Article 1. Scope of Application.

The scope of application of the Insurance Law includes the activities of assuming third party risks and granting coverage, the contracting of insurance in general, the prepayment of services of a similar nature to insurance, as well as intermediation and auxiliary services of such activities, by corporations expressly constituted and authorized for such purposes by the Superintendence of Pensions, Securities and Insurance.

It also regulates the operation and control of the entities that carry out the aforementioned activities, the protection of the insured, policyholders and beneficiaries of insurance and the attributions of the Superintendency.

The rules referring to insurance are understood to be equally applicable to any type of insurance and reinsurance activity.

Article 2. Prohibition

No natural or juridical person may engage in the activities set forth in the preceding article without prior authorization for incorporation and operation granted by the Superintendency, with the formalities and requirements established by the present law and its regulations.

Article 3. Compulsory Contracting of Insurance and Retentions in Bolivia

Natural or legal persons domiciled in Bolivia who contract insurance are obliged to take out insurance in the country with insurance entities constituted and authorized to operate in the territory of Bolivia. Likewise, insurance companies must withhold a maximum of fifteen percent (15%) of the solvency margin for individual risk and a minimum of thirty percent (30%) of the total premiums underwritten.

Article 4. Objectives

The purpose of this law and its regulations is to regulate the insurance, reinsurance, intermediary, auxiliary and prepaid entities activities, so that they have sufficient credibility, solvency and transparency, guaranteeing a competitive market. It also determines the rights and duties of insurance entities and establishes the principles of equity and legal certainty for the protection of insureds, policyholders and beneficiaries.

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