

The background of the page is white with several large, overlapping geometric shapes. A large blue shape starts from the bottom left and extends diagonally towards the top right. A green shape is partially visible on the left side, overlapping the blue one. A grey shape is visible at the bottom left corner, overlapping the blue one.

BOLIVIA
MARKET PROFILE
2020

DOING BUSINESS IN BOLIVIA

1. INTRODUCTION

1.1 General Information

The Plurinational State of Bolivia was founded as the Republic of Bolivia on 6 August 1825. It lies at the heart of South America and has a total surface area of 1,098,581 square kilometers, equivalent to six times the size of the US state of Washington or the countries of France and Spain put 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.

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.

Capital Cities

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

Population

At the time of the last census in November 2012, Bolivia's total population was just under 10.4m inhabitants following the average annual population growth of 2.3% during the previous decade.

Official growth projections of the National Institute of Statistics (INE) show that the population grew almost 11,5m inhabitants by September 2019. From which 72% are concentrated in the major cities of Bolivia (Santa Cruz, La Paz and Cochabamba), 49.6% are female and 50.4% male.

By 2020, the population in the country is expected to reach 11.6m people and up to 12.4m by the year 2025.

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 48 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.

Languages

Spanish is the most commonly spoken language with nearly 90% of the population able to communicate well in Spanish. Many People also speak an indigenous language 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 young people are increasingly studying English as their second language of choice.

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.

Religion

There is no official State religion. The State recognizes and guarantees the freedom of worship and the right to hold a religious belief. At least 23 different religious faiths are represented in Bolivia.

Business Hours

In the private sector, office hours are usually 08:30 to 12:00-13:00 and 14:30 to 18:00-18:30 Monday to Friday. The public sector keeps similar hours. Some public and private-sector offices, such as banks, remain open throughout the day and do not close for lunch.

National Holidays in Bolivia 2020

Día de Año Nuevo	1 de enero
Día de Estado Plurinacional	22 de enero
Carnaval	24 y 25 de Febrero
Viernes Santo	10 de abril
Día del Trabajo	1 de mayo
Corpus Christi	11 de junio
Año Nuevo Aymara	21 de junio
Día de la Independencia	6 de agosto
Todos Santos	2 de noviembre
Navidad	25 de Diciembre

1.2 Political Administrative Organization

Executive Branch

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

Judicial Authority

Ordinary jurisdiction is exercised by the Supreme Justice Court, Departmental Justice Courts, Trial Courts and 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 Ordinary Jurisdiction and the Native Indigenous Peasant Jurisdiction enjoy the same hierarchy. Constitutional Justice is exercised by the Plurinational Constitutional Court.

Legislative Branch

The Plurinational Legislative Assembly consists of the Chamber of Deputies and the Senate, and it's the only one with authority to approve and enact laws governing throughout Bolivia.

Plurinational Electoral Branch

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

1.3 Transport and Communications

Highways: In the past twelve years, the construction of the double track roads in the Bioceanic Corridor has been encouraged. Up to date La Paz, Oruro, Cochabamba and Santa Cruz have this type of roads which brings modernity and safety while traveling, but essentially this type of structure seek to empower world commerce. With an investment of 6.593 million of USD the Bolivian Road's administration finished between 2006 and 2017 at least 4.796 kilometers consolidating the integration of all 9 departments of Bolivia.

Rail: The railroad system, which was partially privatized in 1995, covers an estimated 3,500 km and consists of two separate networks: Red Andina, which covers the western highlands and connects with Chile, Peru and Argentina; and Red Oriental, in the Eastern lowlands, with rail connections south to Argentina and east to Brazil.

The railroad is primarily used for transporting freight (minerals and agricultural products). The government is engaged in an ambitious project with neighboring countries to build an East-West rail corridor connecting Brazil and Paraguay in the East to the Pacific coast of Peru in the West. If the project proves feasible it would open up an important new transcontinental trade route and realize Bolivia's long held ambition to link the Andean and Oriental rail networks.

Air transport: Bolivia's national air routes are served by a major airline, the Bolivian State Airline (BOA), and Airlines that operate small airplanes, Military Air Transport (TAM), the Bolivian Army's civil air service and two private Airlines Amazonas and ECOJET. Regular scheduled flights operate to all major urban center and BOA flies to a wide range of international destinations. A variety of other international Airlines operate flights to and from Bolivia, including American Airlines and Copa Airlines, with daily flights to Miami, LAN, Avianca (Colombia), TAM (Brazi), TACA (Central America), Sky (Chile) and Air Europa (Spain).

Ports: Due to its landlocked status, Bolivia has no sovereign sea ports, but has instead established free port privileges at maritime ports 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 riverine port on the Paraguay/Parana waterway at the Bolivia/Brazil border.

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-

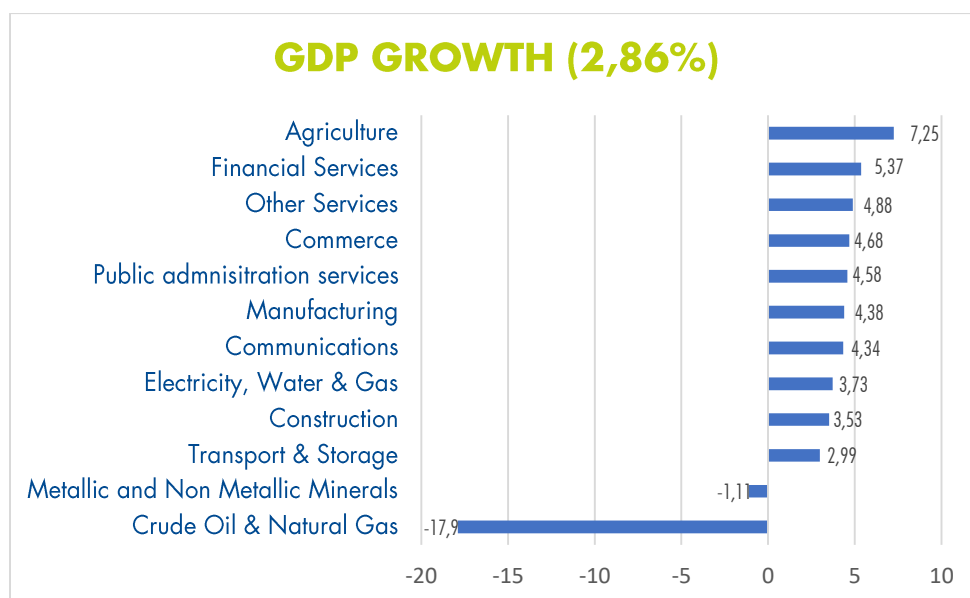
distance telecom provider is state-owned ENTEL. Other major providers of cellular telephony and data transmission include AXS, Nuevatel (operating the Viva brand) and Millicom (operating the Tigo brand). The launch and commissioning of Bolivia's first telecommunications satellite in 2014 helped to reduce the cost of broadband Internet access and will aid an expansion of the rural telecommunications footprint.

2. ECONOMIC OUTLOOK

Over the last decade, Bolivia has boasted exceptionally strong macroeconomic performance, driven in part by the boom of commodities prices after the decline in natural gas and minerals prices in 2014 by the government's counter-cyclical macro policies. In the 2010-2018 period, Bolivia was actually the fastest growing economy among 13 countries in South America and the second after the Dominican Republic among 19 countries in Latin America, with its economy expanding at an average annual rate of 5.0%.

Despite that, during the most recent year up to the third quarter of 2019, Bolivia registered a lower economic growth of 2,86%. This rate showed the dynamism mainly of Agriculture, Manufacturing Industry and Financial Entities. On the contrary economic activities such as Mining, Crude Oil and Natural Gas and derivatives experienced a negative variation due to the adverse external context of Bolivia's main trading partners in the region, which was characterized by uncertainty in international markets and political, economic and social crises.

2.1 BOLIVIA: CUMULATIVE VARIATION OF QUARTERLY GDP BY ECONOMIC ACTIVITY 2019 (p) (In percentage and percentage points)



Source: National Institute of Statistics (INE)

(p) Preliminar

Note: The growth includes the accumulated variation from January to December 2019 with respect to the same period in 2018.

(1) Includes Agriculture, Livestock, Forestry, Hunting and Fishing.

(2) Includes Financial Services, Business Services and Home Ownership

(3) Includes Restaurants, Hotels & Communal, Social, Personal and Domestic Services

As an explanation of the chart, we can observe that the agricultural activity showed a greater growth of 7.25% with an incidence of 0.95pp which is explained by the growth of livestock sector, mainly poultry and cattle production. In agriculture, it stands out the production of soybean and sugar cane. On the other hand, non-industrial products grew mainly due to rice production.

The manufacturing industry registered a growth of 4.38% and an incidence of 0.72p.p. It stands out the elaboration of soybean oil and meal, production of fresh and processed meats, chemical industry highlighting the production of urea, anhydrous alcohol and evaporitic salts (lithium and potassium complex).

Financial Establishments grew by 5.37% explained by productive, consumer and service credits.

On the contrary, Metallic and Nonmetallic Minerals registered a negative variation of 1.11%, mainly due to the decrease in lead and tin production.

Finally, the activity of Crude Oil and Natural Gas decreased 17.92% as of the 3rd quarter of 2019, with a negative impact on GDP growth at 0.97 p.p. This is due to the decrease in the demand for natural gas by Brazil in 35% and Argentina in 15% that affected the production of hydrocarbons.

2.2 Monetary and Fiscal Policy

The Central Bank of Bolivia has maintained an expansionary countercyclical type, generating monetary impulses that contributed to maintain liquidity at adequate levels and thereby managed to sustain the dynamism of the credit, along with fiscal expansion, underpinned economic growth, without neglecting the preservation of price stability.

Exchange rate policy also exerted a significant role, with the stability of the nominal exchange rate that enables the exchange anchor expectations of agents, also helping to preserve the progress of the process of financial Bolivianization.

Taken together the actions of monetary policy and exchange rate, gave greater certainty to agents on the actual and future behavior of the national economy something that counteracted largely the effects of a high uncertainty that characterizes the world's economy.

2.3. Employment

In Bolivia, the employment rate measures the number of people who have a job as a percentage of the working age population. From 1999 until 2019 the average employment rate was 64.4%, reaching an all-time high of 71.10% in 2019 and a record low of 59.40% in 2000. The minimum wage is the lowest monthly salary allowed by the Central Government. It increased to 2.122 BOB/Month in 2019 from 2.060 BOB/Month in 2018.

3. 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.

- Check for uniqueness of the company's name at the Registry of Commerce
- An attorney draws up articles of incorporation, bylaws and an act of constitution. This includes the appointment of a provisory board.
- Notarize the articles of incorporation "Escritura de Constitución"
- Publish the company deed "Titulo de Constitución" in a national newspaper
- An accredited accountant prepares the opening balance sheet "Balance de Apertura"
- The opening balance sheet is affirmed with the seal of the Colegio de Contadores
- Register at the National Tax Service to obtain a tax identification number (NIT)
- Obtain a municipal business license and a municipal registration card (Padrón Municipal) from the municipality where the business is located
- Municipal Government inspects the technical and environmental characteristics of the venue
- Obtain evidence of a bank deposit equivalent to at least 25% of the company's subscribed capital
- Register the company deed "Matricula de Comercio" with the Fundación para el Desarrollo Empresarial – FUNDEMPRESA and obtain a legal identity.
- Register at the appropriate Chamber of Commerce or Industry
- Register for national health insurance and short-term disability coverage
- Register at the Ministry of Labor, enroll in the "Caja Nacional de Establecimientos".
- Register employees with the pensions system (Sistema Integral de Pensiones).

BOLIVIAN INSURANCE PRACTICE

Section I

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, in its 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 security 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.

INSURANCE MARKET ORGANIZATION

Insurance transactions are based on goodwill as well on trust which the insured places on the insurance company. The insurance market in Bolivia has the following organization:

- Supervision and Control Authority of Pensions and Insurances of the Plurinational State of Bolivia (APS)

Local Insurance Companies

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

The APS is the body in charge of regulation, supervision and control of the persons, entities and activities in the insurance sector in Bolivia in-keeping 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.
- Seguros Provida 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 AND 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

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.

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 ninety-one foreign reinsurance companies are registered and authorized to assume insurance risks transferred by Bolivian insurance companies.

Local 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 thirty-three in the insurance market in Bolivia. They cover general insurance as well as surety and life insurance.

RISK RATINGS FOR INSURANCES COMPANIES

Insurance Companies	Rating Company	Claims Payment		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.	AAA	AAA.bo	27/12/2019	None
	Pacific Credit Rating – PCR	AA1	BAA+	26/12/2019	Positive
Seguros y Reaseguros Credinform International S.A.	AESA RATINGS	AA3	AA-	31/12/2019	Stable
	Pacific Credit Rating - PCR	A1	BA+	26/12/2019	Stable
Seguros Illimani S.A.	AESA RATINGS	B3	B-	31/12/2019	Negative
	Moody's Local PE Clasificadora de Riesgo S.A.	C	CCC.bo	27/12/2019	None
Alianza Compañía de Seguros y Reaseguros S.A. EMA	AESA RATINGS	AA1	AA+	31/12/2019	Stable
	Moody's Local PE Clasificadora de Riesgo S.A.	AA2	AA.bo	27/12/2019	None
Bisa Seguros y Reaseguros S.A.	AESA RATINGS	AA1	AA+	31/12/2019	Stable
	Pacific Credit Rating - PCR	AAA	BAAA	26/12/2019	Stable
	Moody's Local PE Clasificadora de Riesgo S.A.	AAA	AAA.bo	27/12/2019	None
Compañía de Seguros y Reaseguros Fortaleza S.A.	AESA RATINGS	A1	A+	30/12/2019	Negative
	Pacific Credit Rating - PCR	A3	BA-	26/12/2019	Stable
Nacional Seguros Patrimoniales y Fianzas S.A.	AESA RATINGS	A1	A+	31/12/2019	Stable
	Moody's Local PE Clasificadora de Riesgo S.A.	A1	A+.bo	27/12/2019	None
Unibienes Seguros y Reaseguros Patrimoniales S.A.	Pacific Credit Rating - PCR	A1	BA+	26/12/2019	Stable

Crediseguro S.A. Seguros Generales	AESA RATINGS	AA3	AA-	31/12/2019	Positive
	Pacific Credit Rating - PCR	A1	BA+	26/12/2019	Stable
BUPA Insurance (Bolivia)S.A.	AESA RATINGS	AAA	AAA	31/12/2019	Stable
	Moody's Local PE Clasificadora de Riesgo S.A.	AAA	AAA.bo	27/12/2019	None
La Vitalicia Seguros y Reaseguros de Vida S.A.	AESA RATINGS	AA2	AA	31/12/2019	Negative
	Pacific Credit Rating - PCR	AA2	BAA	26/12/2019	Stable
La Bolivia Ciacruz Seguros Personales S.A.	Moody's Local PE Clasificadora de Riesgo S.A.	AAA	AAA.bo	27/12/2019	None
	Pacific Credit Rating - PCR	AA1	BAA+	26/12/2019	Stable
Seguros Provida S.A.	AESA RATINGS	C	CCC	31/12/2019	Stable
	Moody's Local PE Clasificadora de Riesgo S.A.	C	CC-.bo	27/12/2019	None
Nacional Seguros Vida y Salud S.A.	AESA RATINGS	AA3	AA-	31/12/2019	Stable
	Moody's Local PE Clasificadora de Riesgo S.A.	AA3	AA-.bo	27/12/2019	None
Alianza Vida Seguros y Reaseguros S.A.	AESA RATINGS	AA2	AA	31/12/2019	Stable
	Moody's Local PE Clasificadora de Riesgo S.A.	AA3	AA-.bo	27/12/2019	None
Crediseguro S.A. Seguros Personales	AESA RATINGS	AA1	AA+	31/12/2019	Stable
	Pacific Credit Rating - PCR	AA2	BAA	26/12/2019	Stable
Seguros y Reaseguros Personales Univida S.A.	AESA RATINGS	A1	A+	31/12/2019	Positive
	Moody's Local PE Clasificadora de Riesgo S.A.	AA3	AA-.bo	27/12/2019	None
Compañía de Seguros de Vida Fortaleza S.A.	AESA RATINGS	A3	A-	31/12/2019	Stable
	Pacific Credit Rating - PCR	A3	BA-	26/12/2019	Stable
Santa Cruz Vida y Salud Seguros y Reaseguros Personales S.A.	AESA RATINGS	A3	A-	31/12/2019	Stable
	Pacific Credit Rating - PCR	A1	BA+	26/12/2019	Stable
Source: Reports sent to the Supervision and Control Authority of Pensions and Insurances (APS) by Rating Companies at Dec/2019.					
*Category and Rating					

HANDLING PROCEDURE

Contact should be made with Mr. Gonzalo Kieffer Guzmán, International Accounts Coordinator, who is the Chief Executive Officer Nationwide and Mr. Andrés Kieffer Fleig, Executive Executive Vice-President.

MAILING ADDRESS

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ENGINEERING FACILITIES

KIEFFER & ASOCIADOS S.A. has one staff engineer.

NON ADMITTED INSURANCE

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

COMPULSORY

- Third party liability for all public transport vehicles (i.e. buses, taxis, etc.). SOAT Insurance (Seguro Obligatorio de Accidentes de Tránsito) was created as per decree N°25785 on May 25th 2000. It covers the risks of death and bodily injury as a consequence of an accident. The SOAT Insurance also covers medical expenses, total disability and death with a maximum amount of 2.300 Special Drawing Rights, approximately \$us. 3.600 per person.
- Financial Institutions are obligated by Financial Authorities to maintain BBB and D&O policies.
- Workers Compensation (under the State Scheme)
- Compulsory Workers' Compensation for Construction Workers created by Law No 1155 on March 12th, 2019. Such workers will be obliged to acquire the cover to provide medical expenses cover up to BOB 7,000 (USD 1,013) per person per accident, and death and permanent total incapacity cover of BOB 70,000 (USD 10,130) 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.

REGISTRATION OF REINSURANCE COMPANIES

According to Resolution No.764/2008 reinsurance companies that operate directly with Bolivian ceding companies, have to be register in the Supervision and Control Authority of Pensions and Insurances (APS), this filing is responsibility of the ceding company.

In cases where the reinsurance is handle with the participation of a reinsurance broker, the broker has to be registered in the Supervision and Control Authority of Pensions and Insurances (APS), this is responsibility of the local broker with whom the international broker has relations or the ceding company if no local broker is involved.

LOCAL CONTROLS

Supervision and Control Authority of Pensions and Insurances (APS) oversees the insurance industry.

CAPITAL REQUIREMENTS

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 insurer. The insurer has to be either life or non-life. Life Insurances must start with 1.000.000 "Special Drawing Rights".

Reinsurance Brokers:

1. Conesa Kieffer & Asociados Corredores de Reaseguros S.A.
2. Iberam Re Corredores Internacionales de Reaseguros S.A.
3. Olsa Bolivia Corredores de Reaseguros S.A.

Loss Adjustment Facilities

1. Cunningham Lindsey International Limited
2. Maclarens Young International

Competition

Leading broker in Bolivia: KIEFFER & ASOCIADOS S.A. CORREDORES DE SEGUROS

General Information

- The Boliviano is the national currency
- U.S. dollar insurance is available for all lines of insurance
- Dollars can be freely obtained on the exchange market to pay on dollar policies.

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 wording
- 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 bolivianos 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.

Taxes

- Value Added: 13.0%
- Transactions: 3%
- Supervision Authority of the Financial System Bolivia: 2.0%
- Remittance Reinsurance Tax: 2.5%
- Financial Transactions Tax: 0.30%
- Insured benefits with a 13.0% tax credit of total invoice.

Obtaining Quotation

Brokers must have a letter of record before underwriters will quote.

WORKERS' COMPENSATION & BENEFITS

Section II

BOLIVIAN SOCIAL SECURITY SYSTEM:

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

This system considers the following regimes on his organization:

- **Short Term Social Security:**

This benefit, is provided by "Cajas de Seguridad Social" in accordance to the Social Security Code approved by Law on December 14th, 1956. It covers the Medical Benefits to the employee, 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 Caja de Seguridad Social.

- **Long Term Social Security:**

The contributions and benefits are managed by the Administration Fund of Pensions (A.F.P.), in accordance to the Pensions Law N° 065, issued on December 10th, 2010.

It 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.

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 3,00%
- Housing Fund 2,00%
- Premium by Professional Risk 1,71%

Employee Contribution (%)

- Monthly Quote 10,00%
- Insured Solidary Contribution 0,50%
- Premium by Common Risk 1,71%
- Fee Due to Administration 0,50%

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

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

Benefits

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

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.

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.

DOCUMENTATION REQUIRED FOR ISSUANCE OF BENEFITS POLICY

Corporate Clients

- a. Company Constitutional Statutes with existent modifications if any.
- b. Legal Representative Power of Attorney.
- c. Legal Representative ID Card.
- d. Company Tax Identification Number (NIT).
- e. Current Certificate of incorporation given by the "Foundation for Business Development (FUNDEMPRESA).
- f. Application Form corresponding to the insurance type, per person for Benefits Program (Personal Accidents, Health Care and Life).
- g. Insurance Company Application Form "Know your Customer".
- h. Kieffer & Asociados Application Form "Know your Customer".

Individual Clients

- a. ID Card
- b. Application Form corresponding to the insurance type, per person for Benefits Program (Personal Accidents, Health Care and Life).
- c. Insurance Company Application Form "Know your Customer".
- d. Kieffer & Asociados Application Form "Know your Customer".

PROPERTY & LIABILITY SECTION III

PROPERTY

1. All Risk Property

- Policy Period: Annual
- Taxes: 26%

Cancellation Requirements:

- Insurer: 15 days
- Insured: Anytime

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 following 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

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 Period: Annual.
- Taxes: 26.00%.

Cancellation Requirements:

- Insurer: 15 days
- Insured: anytime

4. Boiler & Machinery

It is a norm to insure boiler or other pressure vessel explosion by endorsement to the Fire policy. Separate machinery breakdown (including electrical failure) insurance is also available, on standard Munchen Re, Swiss Re forms or others.

- Policy Period: Annual.
- Taxes: 26.00%.

Cancellation Requirements

- Insurer: 15 days
- Insured: anytime

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, this are insurance bond of bank bonds, these could be insurance or bank notes.

6. Construction / Erection Risks (CAR)

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 SRCC, also available.

9. HULL P/I

- Lloyds of London forms used.
- 100% facultative placements.
- Taxes: 26.00%.

Form: Lloyd's of London Underwriters.

LIABILITY

1. Employers Liability

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

An Employers Liability Policy is available to cover these exposures

- Policy Period: Annual.
- Taxes: 15 days.

Cancellation Requirements

- The insurer: 15 days.
- The insured: Anytime.

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: anytime

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 an 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 banks.

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%

Cancellation Requirements:

- Insurer: 15 days
- Insured: anytime

5. Crime

The market offers any 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.
- 3-D and B.B.B. are available policies.
- Policy Period: annual
- Taxes: 26.00%.

Cancellation requirements:

- Insurer: 15 days.
- Insured: any time

Discounts for longer-term policies are not available.

The Supervision and Control Authority of Pensions and Insurances (APS) has issued Resolution N° 069, requiring the obligation for all Financial Institution under their surveillance (Banks, Exchange Brokers and other Financial Intermediaries) to maintain a Bankers Blanket Bond with limits according to the operations, being the minimum of \$us 1.000.000.

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.

The 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) Company Constitutional Statutes with existent modifications if any.
- b) Legal Representative Power of Attorney.
- c) Legal Representative ID Card
- d) Company Tax Identification Number (NIT).
- e) Current Certificate of Incorporation given by the "Foundation for Business Development (FUNDEMPRESA).
- f) Application Form corresponding to the insurance type.
- g) Insurance Company Application Form "Know your Customer"
- h) Kieffer & Asociados Application Form "Know your Customer".

Individual Clients

- a) ID Card
- b) Application Form corresponding to the insurance type.
- c) Insurance Company Application Form "Know your Customer".
- d) Kieffer & Asociados Application Form "Know your Customer".

INSURANCE BONDS AND WARRANTIES

Section IV

- 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 OF JUNE 25, 1998

Article 1 Scope of Application.

The scope of the Insurance Law includes activities of assuming risks for third-parties and providing coverage, contracting insurance in general, prepayment of services of similar nature to insurance, as well as intermediation and auxiliary services of such activities, performed by established and authorized Companies for such purposes by the Supervision Authority of the Financial System Bolivia.

It also rules the operation and control of entities performing the above mentioned activities, protection of policy holders and insurance beneficiaries as well as the Supervision Authority attributions.

The insurance referred rules are deemed to be also applicable to any form of the insuring and reinsuring activity.

Article 2 Prohibition

No natural or legal person may carry out the activities indicated in Article 1 without prior authorization for incorporation and operation granted by the Supervision Authority, with the formalities and requirements established by this law and its regulations.

Article 3 Mandatory Insurance Contracting and Withholding in Bolivia

Natural or legal persons that contract insurance, domiciled in Bolivia, are obliged to take insurance in the country with insurance entities constituted and authorized to operate in the territory of Bolivia.

Likewise, insurers must withhold of a maximum of fifteen percent (15%) of the solvency margin for individual risk and a minimum of thirty % of the total subscribed premiums

Article 4 Objective

The purpose of this law and its regulations is to regulate activities of insurance, reinsurance, intermediation, auxiliary and prepayment entities, so 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 the insured, policyholders and beneficiaries of the insurance.

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The logo features a stylized 'K' on the left, composed of a white vertical bar and a green curved shape. To its right, the word 'Kieffer' is written in a large, white, sans-serif font. Below 'Kieffer', the words '& ASOCIADOS' are written in a smaller, white, sans-serif font, and 'CORREDORES DE SEGUROS' is written in a green, sans-serif font at the bottom.
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