



BOLIVIA MARKET PROFILE 2021

CONTENT

BOLIVIA-GENERAL COUNTRY INFORMATION

Section I. BOLIVIAN INSURANCE PRACTICE

Section II. WORKERS' COMPENSATION & BENEFITS

Section III. PROPERTY & LIABILITY

Section IV. INSURANCE BONDS & WARRANTIES

INSURANCE LAW No.1883 JUNE 25,1998

Doing Business in Bolivia

1. BOLIVIA - GENERAL COUNTRY 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, Potosí, 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.

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 11,6 million inhabitants by December 2020. From which 72% are concentrated in the major cities of Bolivia (Santa Cruz, La Paz and Cochabamba), 49.8% are female and 50.2% male. By 2022, the population in the country is expected to reach 12 million people.

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.

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. Due to the Covid-19 pandemic, many companies have chosen teleworking.

National Holidays in Bolivia 2021

New Year's Day	January 1st
Plurinational State Day	January 22nd
Carnival	February 15th & 16th
Good Friday	April 2nd
Labour Day	May 1st
Corpus Christi	June 3rd
Andean New Year	June 21th
Independence Day	August 6th
All Souls's Day	November 2nd
Christmas Day	December 25th

2. POLITICAL ADMINISTRATIVE ORGANIZATION

Executive Authority

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

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 Indigenenous 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.

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.

Plurinational Electoral Authority

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

3. TRANSPORT & 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 seeks 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 connection Brazil and Paraguay y 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 become true the 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 (Brazil), 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 reduce the costs of broadband Internet access and will aid in an expansion of telecommunications in rural areas.

4. ECONOMIC OUTLOOK

According to information from the National Statistics Institute (INE), as of the second quarter of 2020, the Gross Domestic Product (GDP) registered an accumulated variation of -11.11% due to the effects related to the COVID-19 sanitary emergency that affected all economies of the world. However, the Global Index of Economic Activity (IGAE), an indicator that explains the behavior of production in the short term, shows that as of July 2020, there were strong signs of recovery in the economy, in line with what was projected by national and international institutions for the 2020 GDP.

The necessary confinement measures adopted to deal with the coronavirus and protect the health of the population affected the normal development of economic activities, which had to paralyze or reduce their productive capacities. Thus, activities such as construction and mining were particularly affected. On the other hand, communication services registered growth due to the increase in the use of domestic Internet for work and educational purposes.

This drop in economic activity is part of a global phenomenon, as all economies around the world suffered negative effects on their production levels due to the pandemic.

Monetary and Fiscal Policy

Against the spread of COVID-19 virus, containment measures, during the first half of 2020, were focused on confinement, social distancing and reduced mobility. These measures had a negative impact on the growth of the Bolivian economy. Bolivia's growth during 2020 was negative. Despite the fact that the economy expected greater disbursements of resources from abroad, net international reserves remained within internationally accepted ranges. In fact, the correction of the deficit in the current account of the balance of payments

occurred thanks to the reduction of imports and outbound tourism, while remittances continued to be positive. Likewise, the external debt continues to be sustainable in terms of solvency and liquidity.

On the other hand, exchange rate stability continued to support the Bolivianization process, maintaining the preference for deposits and credits in local currency. In addition, this policy favored an expansive monetary orientation and kept imported inflation levels under control. Proof of this is the normalization of the shock on foreign currency withdrawals and net transfers of resources abroad, which took place in an environment of uncertainty and political instability.

The Bolivia Central Bank (BCB) projections for the Bolivian economy indicate that by the end of 2021, GDP growth would be around 4.4%. The main risks that could lead to lower growth are related to a lower external demand for gas, a more severe impact of the second wave of the pandemic and adverse weather factors. In the case of inflation, this variable is expected to be around 2.6%, within a downward biased range between 1.3% and 3.3%.

In this context, monetary policy will continue its expansionary orientation, making a careful balance between preserving price stability and contributing to economic growth. Meanwhile, exchange rate policy will maintain exchange rate stability in order to anchor expectations and reinforce the appropriate inflation control process, preserving the Bolivianization of the economy to maintain the stability and development of the financial system and the stock market.

Employment

According to surveys of the National Institute of Statistics (INE), for the second quarter of 2020, the employed population in the urban area reached 3,272,594 people, 22.3% of this population, had as main activity Trade followed by 14.9% who were engaged in the Manufacturing Industry and 10.5% developed activities in Transportation and Storage sector. Of these, 55% of the employed are men and 45% are women, and by age group, the largest number of employed 47.5% are between 36 and 59 years old.

The unemployment rate in the urban area of Bolivia reached 8.64% in the second quarter of 2020, the highest figure in the last 5 years, attributable to the effect of the global pandemic caused by COVID-19, which has significantly affected the countries of the region.

The minimum wage is 2,060 BOB/month

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.

- Check 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 Colegio de Contadores.
- Register 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 Foundation for Entrepreneurial Development - FUNDEMPRESA 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 I

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, 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 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:

Regulator:

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 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.

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 88 foreign reinsurance companies are registered and authorized to assume insurance risks transferred by Bolivian insurance companies.

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 33 insurance brokers 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 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	AAA	AAA.BO	31/03/2021	NONE
	Pacific Credit Rating - PCR	AAA	BAA A	26/03/2021	Stable
Seguros y Reaseguros Credinform International SA	AESA RATINGS	AA3	AA-	31/03/2021	Stable
	Pacific Credit Rating - PCR	AA3	BAA-	26/03/2021	Stable
Seguros Illimani SA	AESA RATINGS	B3	B-	31/03/2021	Negative
	Moody's Local PE Clasificadora de Riesgo S. A.	C	CC-.bo	31/03/2021	None
Alianza Compañía de Seguros y Reaseguros SA EMA	AESA RATINGS	AA1	AA+	31/03/2021	Stable
	Moody's Local PE Clasificadora de Riesgo S. A.	AA2	AA.bo	31/03/2021	None
Bisa Seguros y Reaseguros S.A.	Pacific Credit Rating - PCR	AAA	BAAA	26/03/2021	Stable
	Moody's Local PE Clasificadora de Riesgo S. A.	AAA	AAA.bo	31/03/2021	None
Compañía de Seguros y Reaseguros Fortaleza SA	AESA RATINGS	A2	A	31/03/2021	Negative
	Pacific Credit Rating - PCR	A3	BA-	26/03/2021	Negative
Nacional Seguros Patrimoniales y Fianzas SA	AESA RATINGS	A1	A +	31/03/2021	Stable
	Moody's Local PE Clasificadora de Riesgo S. A.	A1	A + .bo	31/03/2021	None
Unibienes Seguros y Reaseguros Patrimoniales SA	Pacific Credit Rating - PCR	A1	BA +	26/03/2021	Stable
	AESA RATINGS	AA3	AA-	31/03/2021	Positive
Crediseguro S.A. Seguros Generales	Pacific Credit Rating - PCR	A1	BA +	26/03/2021	Stable
	Moody's Local PE Clasificadora de Riesgo S. A.	AA3	AA-.bo	31/03/2021	None
BUPA Insurance (Bolivia) S.A.	AESA RATINGS	AAA	AAA	31/03/2021	Stable
	Moody's Local PE Clasificadora de Riesgo S. A.	AAA	AAA.bo	31/03/2021	None
La Vitalicia Seguros y Reaseguros de Vida SA	AESA RATINGS	AA2	AA	31/03/2021	Negative
	Pacific Credit Rating - PCR	AA2	BAA	26/03/2021	Stable
La Bolivia Ciacruz Seguros Personales SA	Moody's Local PE Clasificadora de Riesgo S. A.	AA1	AAA+.bo	31/03/2021	None
	Pacific Credit Rating - PCR	AA1	BAA+	26/03/2021	Negative
Nacional Seguros Vida y Salud S.A.	AESA RATINGS	AA3	AA-	31/03/2021	Stable
	Moody's Local PE Clasificadora de Riesgo S. A.	AA3	AA-.bo	31/03/2021	None
Alianza Vida Seguros y Reaseguros SA	AESA RATINGS	AA2	AA	31/03/2021	Stable
	Moody's Local PE Clasificadora de Riesgo S. A.	AA3	AA-.bo	31/03/2021	None
Crediseguro SA Seguros Personales	AESA RATINGS	AA1	AA +	31/03/2021	Stable
	Pacific Credit Rating - PCR	AA2	BAA	26/03/2021	Stable
	Moody's Local PE Clasificadora de Riesgo S. A.	AA2	AA.bo	31/03/2021	None
Seguros y Reaseguros Personales Univida SA	AESA RATINGS	A1	A +	31/03/2021	Positive
	Moody's Local PE Clasificadora de Riesgo S. A.	AA3	AA-.bo	31/03/2021	None
Compañía de Seguros de Vida SA Fortaleza	AESA RATINGS	A3	A-	31/03/2021	Stable
	Pacific Credit Rating - PCR	A3	BA-	26/03/2021	Stable
Santa Cruz Vida y Salud Seguros y Reaseguros Personales SA	AESA RATINGS	A3	A-	31/03/2021	Positive
	Pacific Credit Rating - PCR	A1	BA +	26/03/2021	Stable

Source: Reports sent to the Supervision and Control Authority of Pensions and Insurances (APS) by Rating Companies at March/2021.

3. HANDLING PROCEDURE

Main Contact

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 Vice-President.

Email Contact

gonzalo.kieffer@kieffer-asociados.com.bo

andres.kieffer@kieffer-asociados.com.bo

4. ENGINEERING FACILITIES

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

5. NON-ADMITTED INSURANCE

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

6. COMPULSORY INSURANCE

- Every owner of a public and/or private motor vehicle must obligatorily acquire the Compulsory Traffic Accident Insurance - SOAT in order to be able to travel on public roads in the Bolivian territory. It was created according to Decree N°25785 of May 25, 2000, and 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 personal accident cover (Seguro Obligatorio de Accidentes de la Trabajadora y el Trabajador en el Ambito de la Construcción - SOATC) for Construction Workers created by Law No 1155 of 12 March 2019. Such workers will be obliged to acquire medical expenses cover up to BOB 7,000 (USD 1,005) per person per accident, and death and 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.
- In order to operate in Bolivian territory, all aircrafts must have the mandatory insurances established by the Bolivian Civil Aeronautics Law No.2902 of October 29, 2004: Aviation Personal Accident Insurance for Crew Members & Aviation Civil Liability Insurance covering damages to passengers, transported goods and third parties on the surface.

7. REGISTRATION OF REINSURANCE COMPANIES

According to Resolution No.764/2008 reinsurance companies that operate directly with Bolivian ceding companies, have to be register at 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.

8. LOCAL CONTROL

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

9. 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 insurers. The insurer has to be either life or non-life.

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

10. LOCAL REINSURANCE BROKERS:

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

11. LOSS ADJUSTMENT FACILITIES

- Cunningham Lindsey International Limited.
- Maclarens Young International.

12. RATING

KIEFFER & ASOCIADOS SA Corredores de Seguros lider in Bolivia.

13. CURRENCY

- 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.

14. POLICIES

- 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 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.

15. TAXES

- Value Added (VAT):.....13.0%
- Transactions:.....3.0%
- Contribution to the Supervision Authority (APS):.....2.0%
- Remittance Reinsurance Tax(IUE BE).....2.5%
- Financial Transactions Tax:0.3%
- Aporte al Fondo de Protección del Asegurado0.5%
- Insured benefits with a 13.0% tax credit of total invoice.

16. 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.

WORKERS' COMPENSATION & BENEFITS

Section II

1.- 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 its organization:

- **Short Term Social Security:**

This Benefit is provided by Social Security Funds (Cajas de Seguridad Social) in accordance with the Social Security Code Medical by Law on 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 dependant 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.

- **Long Term Social Security:**

The contributions and benefits are managed by the Administration Fund of Pensions (AFP), in accordance with 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.

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	%	Employee Contribution	%
Solidary Employer Contribution	3%	Monthly Quote	10%
Housing Fund	2%	Insured Solidary Contribution	0,50%
Professional Risk Premium	1,71%	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.

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.

4.- DOCUMENTATION REQUIRED FOR ISSUANCE OF BENEFITS POLICY

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) Copia de la Cedula de Identidad del Representante Legal.
- d) Copy of the Legal Representative Identity Card.
- e) Copy of the Company Registration in "Fundación para el Desarrollo Empresarial (FUNDEMPRESA) 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 application form "Know Your Client Policy"

PROPERTY & LIABILITY

Section III

PROPERTY

1. ALL RISK PROPERTY

Policy Period: Annual.

Taxes: 26,00%.

Cancellation Requirements:

Insured: 15 days.

Insurer: 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:

Insured: 15 days.

Insurer: any time.

4. BOILER & MACHINERY

Es una norma asegurar contra explosión de calderas u otros recipientes de presión mediante un anexo a la Póliza de Incendio. El Seguro de Avería de Maquinaria (incluyendo fallo eléctrico) también está disponible en los formularios estándar de Munchener Re, Swiss Re y otros.

Policy Period: Annual.

Taxes: 26,00%.

Cancellation Requirements:

Insured: 15 days.

Insurer: 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)

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%

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:

Insured: 15 days.

Insurer: 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 Neighbours 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:

Insured: 15 days.

Insurer: 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 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:

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:

Insured: 15 days.

Insurer: any time.

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:

Insured: 15 days.

Insurer: 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) 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 "Fundación para el Desarrollo Empresarial (FUNDEMPRESA).
- 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 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

DATED JUNE 25, 1998

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.

CONTACT US

Santa Cruz Office

Calle Buenos Aires N° 338

Centro Comercial "Los Arcos" Of. 4-10

Santa Cruz, Bolivia, Casilla: 1387

Tel: (591) 3 333 18 09

Fax: (591) 3 333 38 04

Gonzalo Kieffer Guzmán - President & CEO

gonzalo.kieffer@kieffer-asociados.com.bo

Andrés Kieffer Fleig - Executive Vice President

andres.kieffer@kieffer-asociados.com.bo

La Paz Office

Av. 6 de Agosto # 2919

La Paz, Bolivia Casilla: 8600

Tel: (591) 2 243 34 34 34

Fax: (591) 2 243 14 69

Daniel Tolava – Regional Business Manager

daniel.tolava@kieffer-asociados.com.bo

Cochabamba Office

Av. Santa Cruz esq. Pedro Blanco # 1322

Edificio Lafayette Piso 7

Cochabamba, Bolivia

Tel: (591) 4 448 70

Fax: (591) 4 411 85 45

Eduardo Iriarte - Gerente Regional de Negocios

eduardo.iriarte@kieffer-asociados.com.bo

Tarija Office

Av. J.M. Belgrano Esq. Calle Gral. Daniel Sossa s/n

Tarija, Bolivia

Tel. (+591) 46658785 – 46658918

Cel. (+591) 71865001

Silvia Montero – Regional Deputy Manager a.i.

silvia.montero@kieffer-asociados.com.bo