

QUESTIONNAIRE FOR AIDA WORLD CONGRESS, RIO, 2018

Answered by Hector Ponce de Leon

New Technologies

(Autonomous Vehicles and Robots- Cyber Risks- New Technologies and Insurance Process)

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I. DRIVERLESS/AUTONOMOUS VEHICLES AND VESSELS

- 1. Are there any specific laws already adopted in your jurisdiction, or proposals for laws, relating to liability in tort for injuries inflicted by the use of such vehicles or vessels? If so, please provide a short explanation.**

Comment: answers may include the liability of drivers, producers of vehicles and the suppliers of satellite technology.

Answer: No specific law has yet been instated, nor a bill on this regard has been proposed.

- 2. Are there any specific laws already adopted in your jurisdiction, or proposals for laws, relating to compulsory insurance coverage for injuries inflicted by the use of such vehicles or vessels? If so, please provide a short explanation.**

Comment: answers may relate to motor vehicle insurance and product liability insurance.

Answer: Very similar to the foregoing response.

According to the Aeronautic Authorities, there is a document being drafted for the use of Drones.

An updated version of the INSURANCE CHAPTER of the Bolivian Commerce Code is currently under way. This document may incorporate the basis for the regulation of these type of insurances (Robots and driverless vehicles). However, due to the characteristics of our country, we expect that these issues will really be dealt with in a much later time.

3. How do you envisage the future of personal lines in motor vehicle insurance in the next 5-10 years in your jurisdiction?

Comment: you may wish to comment on the future of motor vehicle insurance and the plans being made by the industry for new products

Answer: Companies that write motor vehicle insurance have been making significant efforts to include new technologies that are currently available, to further strengthen and develop their sales forces and back office teams, especially in lines that typically require massive/automated marketing and sales such as motor vehicles, personal accidents and cargo insurance.

4. Driverless cars and autonomous vehicles apart, how do you assess the following technological developments that are expected to not only reshape the auto sector but also the insurance industry around it?

- (a) connected cars (i.e., Internet enabled vehicles, (IEV));**
- (b) automated driver assistance systems (ADAS);**
- (c) car/ride sharing;**
- (d) alternative fuel vehicles.**

Comment: answers may include identifying the legal and regulatory regime and provisions in your jurisdiction.

Answer:

- (a) Connected vehicles, meaning vehicles with access to the Internet;**

R. - This will greatly depend on the ability to improve performance and quality of the Internet Service: (geographic coverage, connection speed/bandwidth, data safety, reliability, etc.) which is currently not good enough, though we must point out that it is constantly being improved.

- (b) Advanced/Automated Driver Assistance Systems (ADAS, for its acronym in English);**

R. - They may and, in fact they already are of great help to reduce loses in the motor business. The insurance industry must assess the impact of such developments and incorporate them as relevant factors in the process of portfolio modelling and technical tariff building.

- (c) Shared Transportation;**

R. – Rather than an improvement in the technical field, “Shared Transportation” is

regarded as part of an environmental protection policy also related to the improvement of the quality of life due to a more efficient and less crowded transportation system. It is perceived as a positive approach that will certainly have diverse effects on the motor insurance business, mainly Liabilities coverages, which shall be adequately evaluated.

(d) Alternative Fuel Vehicles.

R. - Further to a similar perspective than the previous response ©, the insurance industry must evaluate the cost/benefit balance in terms of risk and its impact on premiums. In our country (Bolivia), the only alternative (cleaner) fuel being used is Natural Gas for vehicles (GNV for its acronym in Spanish) and insurance companies have not yet established different premiums or conditions of coverage when insuring cars powered by this alternative fuel.

II. CYBER RISKS

5. Identify the concerns (that) have emerged in your jurisdiction as a result of cyber risks. Is there any legislation in place or under consideration that might affect such risks?

Comment: possible matters include cyber-terrorism, hacking, computer or software failure and financial fraud.

Answer:

One of the main concerns are definitely the losses that such cyber related risks could cause to the insureds, both on a direct manner (Continuity of operations, loss of profit, etc.) as well as on reputation, portfolio, and the like.

No specific legislation has yet been drafted or introduced although a draft is being studied for future approval.

6. How has the insurance industry responded to cyber risks? In particular:

(a) Do property policies cover losses from cyber risks, or is special insurance required?

R.- A special type of Insurance will cover those risks if it is made available by insurers and bought by clients. It is yet early to determine how available and demanded will such coverages be.

For financial entities, coverage is afforded under Section B of the BBB Bond, under wording LSW238, which regretfully covers a small portion of the Cyber Risk intended blanket.

(b) Is insurance and reinsurance readily available?

R.- Only on a facultative basis, or as a retention for the insurer. There is still no automatic capacity available for such risks and very little appetite from facultative underwriters.

(c) Are there any special restrictions imposed on cyber risks, e.g. event limits or deductibles?

R.- As a result of the situation depicted in 6b, no further comment is made

III. NEW TECHNOLOGIES AND THE INSURANCE PROCESS

7. To what extent have the availability of new technologies affected the way in which insurance policies are placed? In particular:

- (a) has there been any effect on the traditional use of agents and brokers?
- (b) has the underwriting process been affected by the availability of information, particularly big data, from sources other than the applicant for insurance?
- (c) has the means of providing information to policyholders changed significantly, e.g. are written documents provided or are policyholders directed to websites?

Answers:

(a) There have been no major effects. Nevertheless, we are aware that the extensive usage of such new technologies will soon become regular and ever increasing in our market.

(b) Not so far.

(c) Most of the local insurers still work on and through physical means (Forms that must be filled and the like). On-line platforms are mainly for reference purposes and not yet quite interactive.

8. To what extent is genetic testing regarded as important by life and accident insurers? Is there any legislation in place or in contemplation restricting requests for genetic information, and are there any relevant rules on privacy that preclude its

disclosure?

Answer:

Genetic tests would allow insurers to establish either the tendencies for ailments or defects of those that apply for insurance and thus allow a more efficient risks selection; Nevertheless, we know that in many countries genetic tests are expressly forbidden as a requirement to apply for insurance, thus such tests are not very important in insurance practice. Such tests have never been required in Bolivia and therefore they are not part of the norms and conditions for risk evaluation. Therefore, it is not a relevant issue.

Some legal scholars believe that the Bolivian Constitution, by establishing the fundamental rights of the individual, among which we find the right to privacy and non-discrimination, will not allow genetic tests for insurance purposes. In any case, there is no specific ruling or regulation in force.

Kindly answered by

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9. Has the assessment of claims been affected by the availability of data. In particular, are there any industry-wide arrangements in place whereby insurers can share information on fraud?

Answer: There is a mechanism created by the Insurers Association; however, it has never really been operational and it is not expected to be working in the near future,

10. Are there any other ways in which the new technologies have affected the insurance process in your jurisdiction?

Answer: On the positive side, such new technologies have demanded higher levels of efficiency, transparency, agility, and so forth; moreover, they have also created an array of quite positive effects through the introduction of faster digital means and Internet tools, such as:

- **On Line collections through smart phones or tablets,**
- **The use of social networks to provide information on products and prices,**

- **The use of the Internet for online tracking of claims.**

All of the above just to mention a few of the tools made available by new technologies.

On the more negative side, may we highlight the speed at which any piece of real or false information travels over social networks; often generating bad publicity and affecting the reputation of insurers and ultimately affecting the insurance industry reputation as a whole.

Finally, there may well exist some other less relevant negative issues, since any technical development potentially carries some sort of negative components, that will certainly be as innovative as unpredictable and potentially harmful.

IV. OTHER RISKS RELATED TO NEW TECHNOLOGIES

11. Are there any other particular risks from new the new technologies that have been identified in your jurisdiction? If so, is there any legislation in place or under consideration to regulate them?

Answer: We strongly believe that certain precautions must be taken insofar as the result or derivative consequences from civil and/or professional liabilities issues whenever the sale of insurance products is made via on-line or other similar means. Nevertheless, we believe that the benefits that grant these new technologies offset the possible risks thereof, and thus it is absolutely up to insurers to anticipate and assess any probable risks that such technologies may impose.

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