



Preface

This Country Profile has been prepared by **MAPFRE Paraguay Compañía de Seguros S.A.** for the International Group Program (IGP).

The International Group Program (IGP) is a network of major life insurance companies (Network Partners) operating throughout the world, who work together to meet the group insurance and pension needs of international corporations and their affiliates, branches, and subsidiaries.

Since 1967, the International Group Program has been an industry leader in the field of international benefits management, serving more multinational companies than any other network. IGP is represented in around 80 countries throughout the world and is known for the flexibility and quality of service we provide to our clients.

Working closely with our headquarters' staff in Boston and our regional offices in Brussels and Singapore, IGP Network Partners offer corporate clients the advantages of experienced local insurance management coupled with the resources of a professionally trained staff that specializes in international employee benefits.

IGP is managed by John Hancock Life Insurance Company (U.S.A.), the U.S. operation of Manulife Financial Corporation, a leading financial services group based in Toronto, Canada. Manulife offers its clients a diverse range of financial protection products and wealth management services. Both Manulife Financial and John Hancock are internationally recognized brands that have stood for financial strength and integrity for more than a century.

The information contained in the IGP Country Profiles is considered proprietary and any material extracted from a profile must be attributed to IGP.

John Hancock Financial

P.O. Box 111, Boston, Massachusetts 02117

United States

T + 1 617-572-8677

E igpinfo@jhancock.com

W www.igpinfo.com

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Your Local Link to IGP in Paraguay: MAPFRE Paraguay Compañía de Seguros S.A.

MAPFRE Paraguay Compañía de Seguros S.A. was originally founded in 1977 and operated under the name, Compañía General de Seguros. It was re-established as MAPFRE Paraguay Compañía de Seguros S.A. in 1994. In 2007, MAPFRE Paraguay acquired Real Paraguaya de Seguros S.A.

MAPFRE Paraguay offers a range of products including group life and disability riders, as well as accident coverage and all lines of property and casualty insurance. In 2013, it received the Top of Mind Award in the insurance category. The Top of Mind award recognizes companies in South America that have high brand recognition in their market based on a survey of consumers.

MAPFRE Paraguay is part of the MAPFRE Group, the largest foreign insurance group in Latin America and the largest insurance company in its home country, Spain. It is also one of the ten largest insurance groups in Europe based on premium volume.

MAPFRE is a multinational company with a presence in 47 countries across five continents offering a vast array of insurance, reinsurance and financial services products. Globally, MAPFRE has over 38,000 employees, a network of more than 5,800 offices and more than 34 million clients.

MAPFRE S.A., the group's parent and holding company, is listed on the Madrid and Barcelona stock exchanges, as well as the following indices: IBEX 35, Dow Jones Stoxx Insurance, Dow Jones Sustainability (Europe and World), MSCI Spain, FTSE All-World, FTSE Developed Europe, FTSE4Good and FTSE4Good IBEX.

MAPFRE is a *Fortune Global 500* company and is ranked among the largest companies in the world by *Forbes Magazine*.

MAPFRE Paraguay Compañía de Seguros S.A. has been an IGP Network Partner since 1998.

Key Products

Life

- Life
- Accidental Death and Dismemberment
- Permanent and Total Disability

Medical

- Hospital and Surgical
- Major Medical

Pensions

- Managed Funds for Private Pensions

Additional information on MAPFRE Paraguay Compañía de Seguros S.A. is available at: www.mapfre.com.py (*Information in Spanish*)



Social Security Benefits and Customary Private Employee Benefits

Introduction:

Social security provides benefits for old-age, disability and survivors', sickness and maternity, and workers' compensation. Benefits are indexed to the cost-of-living index.

The social security system is administered by the Social Insurance Institute (IPS) (<http://www.ips.gov.py>) and covers all employees in the private sector.

All employees are eligible, including employees of certain state agencies, municipal workers and apprentices.

There are separate systems for government employees, including legislative officials, the military and those employed by banks, railroads or law enforcement.

In 2013, new legislation was passed that enables self-employed workers, domestic workers and female heads of households to voluntarily participate in the public pension system. Previously, self-employed workers were not eligible.

Social Security Contributions:

Employees contribute 9% of gross earnings, and employers contribute 16.5% of gross payroll. An additional 1.5% of gross earnings is contributed by the government. Self-employed individuals contribute 12.5% of the legal monthly minimum wage plus 0.5% for administrative fees.

For contribution purposes, there are no maximum earnings, and the minimum monthly earnings are equal to the monthly minimum wage: PYG 2,192,839 (2021).

Contributions are used to finance the old-age pension, disability pensions, survivors' benefits, sickness and maternity benefits and workers' compensation.

Program	Employer	Employee
Social Security Contributions	16.50%	9.0%



Social Security Benefits and Customary Private Employee Benefits

LIFE BENEFITS	
Social Security Benefits	Customary Private Employee Benefits
<p>Benefits</p> <p>Social security provides benefits for old-age, disability and survivors', sickness and maternity, and workers' compensation. Benefits are indexed to the cost-of-living index.</p> <p><i>See Survivors' Benefits.</i></p>	<p>Group Life Insurance</p> <p>Group life insurance is provided in the form of one-year automatic renewable term insurance with optional riders for accidental death, accidental injury, illness, disability, and spouse's benefits.</p> <p>The benefits are based on a multiple of monthly salary.</p> <p>Optional supplemental life and dependents' life can be offered. Dependents' life can cover spouse and children.</p>

DISABILITY BENEFITS									
Social Security Benefits	Customary Private Employee Benefits								
<p>Permanent Disability</p> <p>A monthly pension is paid equal to 50% of the individual's average earnings during the 36 months prior to the disability. An additional 1.5% of average earnings is paid for every 50 weeks of contributions after 150 weeks, until the benefit equals 100%.</p> <p>Minimum Monthly Disability Pension: 33% of the monthly minimum wage Maximum Monthly Disability Pension: 300 times the minimum daily wage</p> <p>To be eligible for a disability pension, the individual must be assessed as having lost at least 30% of their ability to earn a living and meet the following criteria regarding contributions:</p> <table border="0"> <tr> <td style="text-align: left;"><u>Age</u></td> <td style="text-align: left;"><u>Contributions</u></td> </tr> <tr> <td>Younger than age 55:</td> <td>150 weeks of contributions</td> </tr> <tr> <td>Age 55-59:</td> <td>150-250 weeks of contributions</td> </tr> <tr> <td>Age 60-65:</td> <td>250-400 weeks of contributions</td> </tr> </table> <p>The disability is re-assessed at least once every five years.</p> <p>Cash Sickness and Maternity Benefits</p> <p><u>Eligibility</u></p> <p>Employed persons including employees of decentralized state entities and enterprises partially owned by the government and teachers.</p> <p>Self-employed individuals, public-sector employees, police and military personnel, railroad and bank employees are excluded.</p> <p>There are special systems for household workers, pensioners, and war veterans.</p> <p>Individuals in receipt of a pension are only eligible for sickness benefits. Women cannot receive the maternity benefit and sickness benefit at the same time.</p> <p>To be eligible for cash sickness benefits or a maternity benefit, the individual must have at least four consecutive months of contributions.</p> <p><u>Contributions:</u></p> <p>Sickness and maternity benefits are financed from the contributions for old age, disability, and survivors' benefits.</p>	<u>Age</u>	<u>Contributions</u>	Younger than age 55:	150 weeks of contributions	Age 55-59:	150-250 weeks of contributions	Age 60-65:	250-400 weeks of contributions	<p>Benefits</p> <p>Accident and sickness can be offered by employers.</p> <p>Please see Life Benefits for more information.</p>
<u>Age</u>	<u>Contributions</u>								
Younger than age 55:	150 weeks of contributions								
Age 55-59:	150-250 weeks of contributions								
Age 60-65:	250-400 weeks of contributions								



Social Security Benefits and Customary Private Employee Benefits

Cash Sickness Benefit

A monthly benefit is paid equal to 50% of the average earnings of the individual in the four months prior to the sickness.

The benefit is paid beginning on the second day of incapacity and may be paid for up to 26 weeks. In certain cases, the benefit may be paid for up to 50 weeks.

If there are no dependents, and the individual becomes hospitalized, the benefit is reduced by 50%.

Cash Maternity Benefit

A monthly benefit is paid equal to 50% of the average earnings of the individual in the four months immediately before maternity leave. The benefit is paid for three weeks prior to the date that the birth is expected and for six weeks after.



Social Security Benefits and Customary Private Employee Benefits

SURVIVORS' BENEFITS	
Social Security Benefits	Customary Private Employee Benefits
<p>Survivors' Pensions</p> <p>To be eligible for survivors' benefits, the deceased individual must have had 750 weeks of contributions or been in receipt of a pension at the time of death.</p> <p><i>Eligible Survivors</i></p> <ul style="list-style-type: none"> • Spouse or partner – no children (must have lived with the insured for at least five years) • Spouse or partner – with children (must have lived with the insured for at least two years) • Children under the age of 18 • Disabled children of any age • Dependent parents in the absence of other eligible survivors <p><i>Benefit</i></p> <p>A monthly pension is paid to eligible survivors equal to 60% of the pension being paid or that would have been payable to the deceased.</p> <p>If the spouse or partner is older than 40, and there are children younger than age 18, the pension is split equally between them.</p> <p>If the spouse or partner is younger than age 40, the benefit is paid as a lump sum equal to three times the annual pension that was paid to the deceased or that would have been payable.</p> <p>If the spouse or partner remarries or partners with another, the benefit would cease, and a lump sum would be paid equal to two times the annual pension that was paid to the deceased or that would have been payable.</p> <p>If there is no spouse, partner or children, then the parents of the deceased are eligible to receive the survivors' benefit.</p> <p>If the deceased had less than 750 weeks of contributions, the survivors' pension would be paid as a lump sum equal to one month's minimum wage for each year of contributions.</p> <p>Survivors' pensions are paid monthly with an additional bonus month's payment in December. Benefits are adjusted on an annual basis depending on changes to the cost of living.</p> <p><i>Funeral Grant</i></p> <p>A lump sum is paid to the person who paid for the funeral of the deceased. The lump sum is equal to 75 times the minimum daily wage.</p>	<p>Benefits</p> <p>See Life Benefits for more information.</p>

MEDICAL BENEFITS	
Social Security Benefits	Customary Private Employee Benefits
<p>Medical Care</p> <p>Medical care is provided to workers and their dependents via facilities operated by the Social Insurance Institute.</p> <p>The benefit period is 26 weeks per illness, with an additional 26 weeks for exceptional cases.</p> <p>Benefits include:</p> <ul style="list-style-type: none"> • Medical care provided by a general practitioner or specialist • Hospitalization • Prescription drugs and medications • Laboratory services • Prosthetics • Dental care • Maternity care <p>Eligible dependents of the insured or pensioner:</p> <ul style="list-style-type: none"> • Spouses • Partners who have lived with the insured for a minimum of two years • Children under the age of 18 if unmarried • Children of any age if disabled • Dependent parents over the age of 60 	<p>Basic health care is provided by the Ministry of Public Health and Social Welfare, but employers can still offer private health insurance.</p>



Social Security Benefits and Customary Private Employee Benefits

RETIREMENT BENEFITS	
Social Security Benefits	Customary Private Employee Benefits
<p>Old Age Pension</p> <p>Men and women aged 60 who have contributed for at least 1,250 weeks are eligible for the old-age pension. The individual can no longer be earning a wage.</p> <p>A monthly pension is paid equal to 100% of the individual's average earnings, which are based on earnings in the 36 months just prior to retirement. (For self-employed workers, average earnings are based on the last 120 months).</p> <p><i>Minimum Monthly Old-Age Pension:</i> 33% of the monthly minimum wage</p> <p><i>Maximum Monthly Old-Age Pension:</i> 300 times the minimum daily wage</p> <p>Pensions are paid monthly with an additional bonus month's payment in December. Benefits are adjusted on an annual basis depending on changes to the cost of living and available funding.</p> <p><i>Early Old-Age Pension:</i></p> <p>Men and women 55 years of age with at least 1,500 weeks of contributions are eligible for an early pension.</p> <p>The early pension is equal to 80% of the individual's average earnings, plus an additional 4% of average earnings for each year the individual's age exceeds 55, up to age 59.</p>	



Social Security Benefits and Customary Private Employee Benefits

Workers' Compensation:

Eligibility:

Employed persons including employees of decentralized state entities and enterprises partially owned by the government, municipal workers and apprentices.

Self-employed, household workers and housewives are eligible on a voluntary basis.

There are separate systems for government employees, including legislative officials, the military and those employed by banks, railroads or law enforcement.

There is no minimum qualifying period to receive benefits for a work-related injury.

All benefits are adjusted annually to the cost-of-living index.

Contributions:

Benefits for the injury of a worker are financed from the contributions for old age, disability, and survivors' benefits, as outlined below:

Employees:	9% of gross earnings
Self-employed, etc.	12.5% of legal monthly minimum wage
Employers:	116.5% of payroll

Government – contributes
as an employer: 1.5% of gross earnings

Disability Benefits:

Disability pensions are provided depending on the degree of disability, subject to assessment by a medical commission and the length of the individual's contribution period. Disabilities are re-assessed every five years.

Permanent Disability

The individual must have a disability that causes them to lose at least 30% of their ability to earn a living.

Depending on the assessed degree of disability and contributions, the individual can receive a pension equal to 22.5% to 100% of his or her average earnings during the 36 months immediately prior to becoming disabled.

Partial Disability

If the degree of disability is assessed as being less than 30%, a pension is paid for five years equal to 60% of the earnings lost due to the disability.

Temporary Disability

A benefit is paid equal to 75% of the average earnings of the individual in the previous four months. If the individual has not worked for at least four months, then the benefit is equal to the average earnings during the time that he or she has worked.

The benefit is paid for up to 52 weeks and begins the day after the onset of the disability.



Social Security Benefits and Customary Private Employee Benefits

Medical Benefits for Workers:

Some medical benefits are provided for injured workers, including:

- Medical care provided by a general practitioner or specialist
- Hospitalization
- Prescription drugs and medications
- Prosthetics

Survivors' Benefits:

Eligible Survivors:

- Spouse or partner
- Children under the age of 16
- Disabled children of any age
- Parents, if there are no other eligible survivors

Spouse's or Partner's Pension

A monthly pension is paid to eligible survivors age 40 or older equal to 40% of the permanent disability pension being paid or that would have been payable to the deceased.

If the spouse or partner is younger than age 40, the benefit is paid as a lump sum equal to three times the annual pension that was paid to the deceased or that would have been payable.

If the spouse or partner remarries or partners with another, the benefit would cease, and a lump sum would be paid equal to two times the annual pension that was paid to the deceased or that would have been payable.

Orphans' Pension

A pension is paid to each child younger than age 16 equal to 20% of the permanent disability pension that was paid to the deceased or that would have been payable.

Disabled children of any age are eligible for the orphans' pension.

Parents

If there is no spouse, partner or children, then the parents of the deceased are eligible to receive the survivors' benefit.

Maximum Survivors' Pension

The total survivors' pension cannot exceed 100% of the pension paid or that would have been paid to the deceased.

Survivors' Grant

If the deceased did not have 750 weeks of contributions at the time of death, a lump sum would be paid equal to one month's minimum wage for each year of contributions.



Social Security Benefits and Customary Private Employee Benefits

Funeral Grant

A funeral grant is paid as a lump sum equal to 75 times the minimum daily wage.

Benefits are adjusted on an annual basis depending on changes to the cost of living.

Unemployment Benefits:

There are no mandated benefits for unemployment; however, employers are required to provide a **severance benefit**.

Severance Benefits:

If the employee is dismissed with justified cause (poor performance or wrongdoing), then severance pay is not required. However, if the employer cannot provide sufficient proof, e.g., in court, severance pay and back pay would be required.

An employee dismissed without cause is entitled to 15 days of severance pay for every year or partial year of service beyond six months.

If an employer cannot provide just cause for dismissing an employee with over ten years of employment, a labor court might require that he or she be reinstated or provided with two times the regular severance pay.

Tax Considerations

Type of Insurance	Contributions	Benefits
<p>Social Security (IPS)</p> <p>IPS oversees Social Security, medical services, retirement and pensions</p>	<p><i>Employer:</i></p> <p>Employers pay 16.5% of monthly payroll.</p> <hr/> <p><i>Employee:</i></p> <p>Employees pay 9.0% of monthly salary.</p> <p>Legal contributions to social security are deductible as allowed by law.</p>	<p><u>Exempt from Tax:</u></p> <ul style="list-style-type: none"> • Indemnities or compensation received for: <ul style="list-style-type: none"> • Death • Total or Partial Disability • Sickness • Maternity • Accident • Dismissal • Income from pensions that come from contributions to social insurance allowed by law.
<p>Employee Benefits</p>	<p><i>Employer:</i></p> <p>Contributions to group benefit plans are tax-deductible by the employer against the Corporate Tax.</p> <hr/> <p><i>Employee:</i></p> <p>Employer contributions are taxable as income to the employee.</p>	



Sample Employee Benefit Plans

Group Life Insurance:

Eligibility:	All employees
Death Benefit:	A lump sum equal to 24 times monthly salary.
Accidental Death Benefit:	A lump sum in addition to the death benefit.
Disability by Accident:	A lump sum equal to the death benefit.
Disability due to Illness:	A lump sum equal to the death benefit.

Useful Links

Social Insurance Institute of Paraguay	https://portal.ips.gov.py/sistemas/ipsportal/
Ministry of Public Health and Social Welfare	https://www.mspbs.gov.py/
Demographic Information The CIA World Factbook	https://www.cia.gov/the-world-factbook/ <i>(please select the country to review)</i>
Macro-Economic Indicators The CIA World Factbook	https://www.cia.gov/the-world-factbook/ <i>(please select the country to review)</i>
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