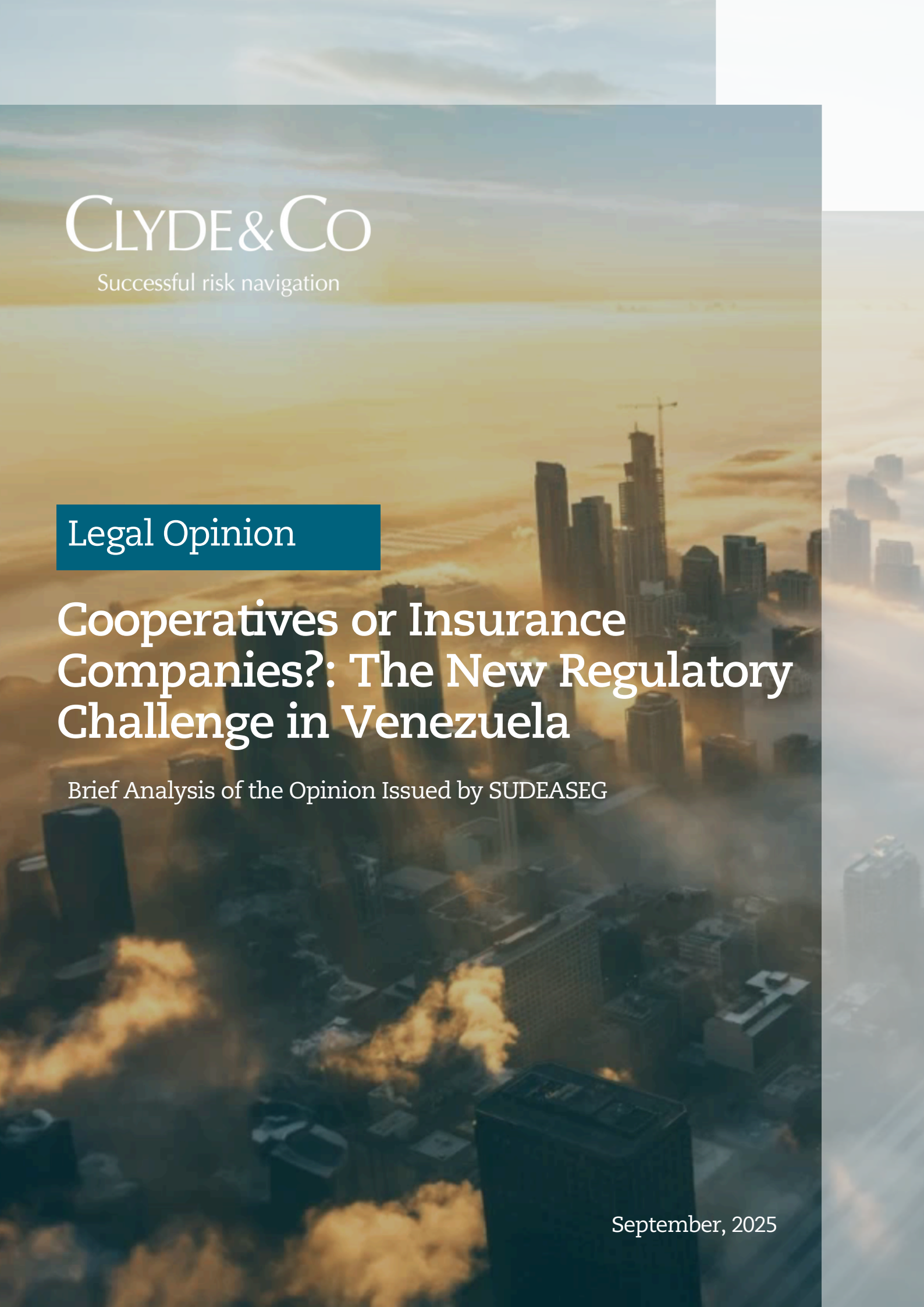


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Legal Opinion

Cooperatives or Insurance Companies?: The New Regulatory Challenge in Venezuela

Brief Analysis of the Opinion Issued by SUDEASEG

September, 2025

The Superintendence of Insurance Activity (Superintendencia de la Actividad Aseguradora, “SUDEASEG”) has issued an opinion setting forth guidelines on the transformation of cooperative associations currently engaged in insurance activities, in order to align them with the legal regime applicable to insurance companies.

Legal Nature of Cooperative Associations

Cooperatives in Venezuela have evolved since the early 20th century, transitioning from partnerships with limited commercial capacity into social and participatory entities enjoying constitutional recognition. The 1999 Constitution reaffirmed their public utility and social interest, enabling them to engage in any lawful economic activity and guaranteeing them State support.



(1999). Constitution of the Bolivarian Republic of Venezuela.

(2025). Opinion: On the Adaptation and Adjustment of the Insurance Company Form of Cooperative Associations Carrying Out Insurance Activities. SUDEASEG



Insurance Activity as a Matter of Public Policy

Given its impact on the patrimonial and personal protection of citizens, the insurance activity is deemed an activity of general interest and subject to a strict regulatory framework. The Supreme Tribunal of Justice (Tribunal Supremo de Justicia, "TSJ") has held that the State possesses powers of direction, supervision, and intervention over the financial sector. On this basis, the TSJ has justified that cooperatives engaged in insurance must be governed by public law provisions prioritizing the stability of the financial system and the protection of policyholders.

Regulatory Framework of Cooperatives in Insurance Activity

Cooperative associations in Venezuela enjoy constitutional recognition (Articles 70 and 118 of the Constitution of the Bolivarian Republic of Venezuela), as forms of social and economic participation promoted and protected by the State.

With respect to insurance activity, until 2010 cooperatives were governed solely by their special regime. However, the 2010 Insurance Activity Act (Ley de la Actividad Aseguradora) and later the 2015 Decree-Law expressly brought cooperatives within the scope of regulation, oversight, and control of SUDEASEG in matters relating to insurance and prepaid medical services.

Although the law recognizes them as regulated entities, the Third Transitory Provision of the 2015 Decree-Law required them to submit an Adaptation Plan with a feasibility study, effectively obligating them to transform into insurance companies.

Thus, while cooperatives maintain a special regime, the Insurance Activity Act (2015, as amended in 2023) expressly subjects them to SUDEASEG regulation whenever they engage in insurance operations.



In summary, cooperatives preserve their constitutional and legal legitimacy as associative entities, but in the insurance sector they are subject to a special adaptation regime compelling them to meet the same solvency, control, and supervisory standards imposed upon traditional insurance companies.

Adjustment and Adaptation to the Insurance Regime

Cooperatives engaged in insurance activity were required to submit to SUDEASEG an Adaptation Plan with feasibility study between March and September 2024. This process does not entail the ipso iure extinction of cooperatives, but rather appears to constitute a formal and operational adjustment to the framework of traditional insurance companies, while maintaining their special regime under the National Register of Cooperatives and supervision by SUNACOOP.

The purpose of this adaptation is to ensure that such entities possess financial solidity and the capacity to respond to claims, thereby safeguarding public confidence and preventing systemic risks within the insurance sector.





Final Considerations

Cooperative associations engaged in insurance activity are required to comply with the same obligations as sector companies, including: special contributions, guarantees to the State, minimum capital, technical reserves, solvency margins, own funds, as well as approval of policies, tariffs, and advertising, pursuant to prudential norms (Official Gazette No. 6,835, Extraordinary Issue, September 3, 2024).

Nevertheless, such adaptation does not entail the disappearance or disregard of the cooperative special regime, as these associations remain registered and supervised by the National Superintendence of Cooperatives (SUNACOOP), under the Constitution, the Special Law on Cooperatives, and related regulations.

This requirement is justified by the fact that insurance activity serves the general interest, protecting material goods and human life, which demands a heightened level of control and regulation. Thus, cooperatives do not lose their social and participatory nature, but must align with the common framework governing all actors within the insurance sector.

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