Outside Expert - Conflict Clearance

Technical Secretary & Council of Trustees
Próspera ZEDE
Roatan, Bay Islands, Republic of Honduras

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RE: Mandatory Insurance Exemption

5 April, 2020

Dear Secretary and Council:

I have been asked to determine if it is reasonable for the Promoter and Organizer (P&O) to be exempted from the ZEDE's mandatory liability insurance mandate, for now. I find this reasonable for the following reasons:

First, since the General Service Provider (GSP) and the P&O are practically the same entity, given the GSP is wholly owned by the P&O, and since the GSP is now forced to be the insurance provider of last resort due to a lack of willing insurance providers, subjecting the P&O to the insurance mandate is tantamount to requiring the P&O to self-insure, which it is already effectively doing, as noted in the next paragraph.

Second, since the insurance mandate is to create a self-selection mechanism for future residents to show financial accountability and to incentivize regulatory compliance, there is no logic for the P&O to be included in the mandate given the fact that the incentives for the P&O to act in good faith and according to best practices are overwhelming given its investment in developing the ZEDE, including land ownership, whose value can be accessed for compensation in any litigation that might arise.

Sincerely,



Dr. Byron Schlomach
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