



LIBERTY

LIFE INVESTMENTS HEALTH CORPORATE PROPERTIES ADVICE

GROUP ACTUARIAL COMMITTEE

**Group Actuarial Committee Mandate
(a sub-committee of Group
Audit and Actuarial Committee
“GAAC”)**

Level	Liberty Group Limited
Date	Approved by GAAC and GAC on 16 and 17 November 2015 respectively

1 Constitution

- 1.1. The Group Actuarial Committee (GAC) is a sub-Committee of the Group Audit and Actuarial Committee (GAAC).
- 1.2. The GAC is responsible to GAAC and has authority delegated to it by GAAC.
- 1.3. This mandate is to be approved by and may be amended as required by GAAC.

2 Purpose

The purpose of the GAC is to assist GAAC:

- 2.1 To discharge its duties relating to the operation of an insurance company by reviewing compliance with actuarial guidance, ensuring capital adequacy, reviewing embedded value calculations and considering the results of actuarial investigations including, but not limited to, policyholder liability valuations and related earnings.
- 2.2 To ensure the reliability and accuracy of any significant and material statutory reporting to the Registrar of the Financial Services Board (Registrar).
- 2.3 To consider the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions.
- 2.4 To take into account actuarial best practice in a global context.

3 Composition

- 3.1 GAC shall comprise a minimum of 3 voting members, the majority of whom will be independent non-executive directors of the company.
- 3.2 The chairman and its members shall be nominated by the chairman of GAAC.
- 3.3 The chairman of the GAAC shall be a member.
- 3.4 The secretary shall be provided by Group Secretarial.
- 3.5 Attendance at meetings:

The actuarial external auditor;
Chief financial officer of the Group;
Chief financial officer of Retail SA;
Chief financial officer of Liberty Corporate;
A representative from LibFin;
Chief risk officer;
Head of internal audit;
Statutory Actuary;
Person responsible for the actuarial review control function (if not the same person as the statutory actuary).

- 3.6 By invitation:

Board chairman
Members of the GAAC not on this Committee
Chief executive

Executive directors as required

Executive management as required

- 3.7 If necessary, and in accordance with group policy, specialists may be co-opted to the Committee.
- 3.8 The remuneration (which refers to attendance fees, Board fees and any additional remuneration) of the Chairman and the Committee members will be recommended by the Remuneration Committee and endorsed by the Board for the ultimate approval of shareholders.
- 3.9 Committee members shall attend all scheduled meetings of the Committee including meetings called on an ad hoc basis unless prior apologies, with reasons, have been submitted to the chairman or company secretary.
- 3.10 Conflicts of interest of any member of the Committee shall be disclosed at the commencement of each meeting and recorded in the minutes of that meeting.

4 Quorum

A quorum shall comprise a minimum of 2 members, either in person or telephonically.

5 Term

- 5.1 GAAC shall review and approve the chairman and members of the GAC from time to time but at least once every two years.
- 5.2 GAAC shall have the power at all times to remove any members from the Committee and to fill any vacancies created by such removal.

6 Reporting Responsibilities

- 6.1 The GAC reports to the GAAC.
- 6.2 The GAC shall report to GAAC through the chairman on a quarterly basis and, to the extent required, directly to the Group Risk Committee and the Board.

7 Authority

The GAC shall have authority to:

- 7.1 Access any information it needs to fulfil its responsibilities;
- 7.2 Seek independent advice at the group's expense, subject to approved policy;
- 7.3 Investigate matters within its mandate;
- 7.4 Consult with, and receive the full co-operation of, any employee where necessary to fulfil its responsibilities; and
- 7.5 Form and delegate authority to sub-committees, ad-hoc committees and/or working groups within clearly defined limits.

8 Procedure

- 8.1 The committee will meet quarterly prior to each GAAC meeting.
- 8.2 The chairman may call for additional meetings as and when required.
- 8.3 Papers for consideration by the GAC shall be distributed at least 4 full working days prior to the meeting to enable members to study the documentation and allow adequate opportunity for formal and informal

discussions to take place.

- 8.4 A quorum is required for any approval or recommendation.
- 8.5 Approvals or recommendations in terms of GAC's delegated authority shall be on a consensus basis, failing which decision will be escalated to the remaining members of GAAC who are not members of GAC.
- 8.6 Round robin approvals may be made on a basis approved by the committee but only where there is a business requirement for a decision which cannot be held over until the next scheduled GAC meeting
- 8.7 Draft minutes of the meeting shall be circulated to GAC members within 10 working days of the meeting and submitted to the subsequent meeting for approval.
- 8.8 Signed minutes relating to approvals or recommendations will be submitted at the next GAAC meeting for noting.

9 Terms of Reference

- 9.1 The GAC shall, within its approved delegation of authority recommend approval of its mandate to GAAC.
- 9.2 The GAC shall, on behalf of the GAAC and GRC:
 - 9.2.1. Evaluate the adequacy and completeness of the annual statutory returns to the Registrar in terms of the applicable laws and regulations.
 - 9.2.2. Review the statutory actuary's reports on the results of actuarial investigations, including the validation of actuarial models.
 - 9.2.3. Review reports on compliance with actuarial guidance in the preparation of financial statements.
 - 9.2.4. Review and recommend to the Board the management actions assumed in calculating the capital adequacy of the group.
 - 9.2.5. Review and recommend to the Board the statutory actuary's recommended changes to the policyholder bonus philosophy and bonus rates.
 - 9.2.6. Review the experiences and assumptions, and the results thereof, used in calculating the policyholder liabilities and embedded value calculations and recommend to the Board for approval.
 - 9.2.7. Review product designs and pricing where appropriate, particularly in cases where there is a significant change to the business being written.
 - 9.2.8. Monitor procedures to deal with and review the disclosure of information to customers, the resolution of major customer complaints and compliance with the Financial Services Board including complying with the guidelines on "Treating Customers Fairly" with respect to the life businesses.
 - 9.2.9. Review reports on the group's risk business reinsurance retention limits and reinsurance strategy.
 - 9.2.10. Review reports on compliance with other regulations impacting on life licence businesses.
 - 9.2.11. Receive reports on insurance risk as reported by the Head of Insurance Risk and escalate concerns to the Group Risk Committee, if material.
- 9.3 The Board has delegated the responsibility for governance of the discretionary participation business to the GAAC, which committee sub-delegates its responsibility to the GAC, which shall:
 - 9.3.1. Recommend the PPFM that shall be applied when managing discretionary participation products to the Board for approval.

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- 9.3.2. Express an opinion annually to the Board on the compliance with the PPFM. This will enable the Board to express its opinion on the compliance with the PPFM in the statutory returns the Regulator.
 - 9.3.3. Ensure that the PPFM, as well as a summary thereof, is published on the company website.
 - 9.3.4. Review relevant reports from the statutory actuary regarding the discretionary participation business.
 - 9.3.5. Produce an annual report to the Board on its work and any other issues that it considers relevant. In preparing the report the committee should take account of written reports by the statutory actuary on proposed bonus declarations.

10 Limitations

- 10.1 GAC is responsible to GAAC and GRC for carrying out this mandate and to operate within the mandate specifically delegated by GAAC and GRC.
- 10.2 Amendments may be made to the mandate as required, subject to GAAC and GRC approval.
- 10.3 The GAC provides an advisory service to the GAAC and GRC and has no executive authority unless specifically delegated by the GAAC and GRC.