



TERMS OF REFERENCE
ACTUARIAL COMMITTEE OF THE BOARD

Table of Contents

1. INTRODUCTION.....	4
2. MANDATE IN RESPECT OF SUBSIDIARIES.....	4
3. PURPOSE OF THE TERMS OF REFERENCE.....	4
4. COMPOSITION OF THE COMMITTEE.....	5
5. ROLES.....	5
6. RESPONSIBILITIES.....	6
7. AUTHORITY	8
8. MEETINGS AND PROCEDURES	9
9. REMUNERATION	11
10. EVALUATION	11
11. REVIEW	11

1. INTRODUCTION

- 1.1. The Actuarial Committee (“the Committee”) is constituted as a Committee of the Board of Directors (“Board”) of MMI Holdings Limited (“MMI Holdings”), and is accountable to the Board. In the context of this document, “Company” means MMI Holdings Limited, its subsidiaries, and all MMI business and operating structures, collectively also referred to as “the Group” or “MMI”.
- 1.2. The Board has delegated certain responsibilities to this Committee, which authority may be withdrawn or amended by the Board at any time. The nature of the delegation is as set forth in the roles and responsibilities hereunder, and the duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities they have as members of the Board. The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members with regards to their fiduciary duties and responsibilities, and they must continue to exercise due care, skill and judgement in accordance with their legal and statutory obligations.
- 1.3. These Terms of Reference are subject to the provisions of the Companies Act, the Company's Constitution and any other applicable laws, regulatory and supervisory provisions, corporate governance principles, codes and best practices.

2. MANDATE IN RESPECT OF SUBSIDIARIES

- 2.1. The Actuarial Committee is appointed to act on behalf of MMI as a whole, except to the extent restricted or precluded by law, or otherwise.
- 2.2. The Committee is mandated and authorised by the Board, without limiting the generality of its authority, to designate a sub-committee of appropriately qualified persons to assist it in discharging its mandate in respect of any particular matter set forth in these Terms of Reference, or in respect of any subsidiary or business or operating structure within MMI, whether established and operating locally or internationally. In doing so, the Committee may delegate any of its powers to a person or committee of persons, but will remain accountable towards its responsibilities as stipulated in these Terms of Reference.
- 2.3. In the process of delegation, full cognisance shall be taken of the particular governance structure of MMI in order to prevent duplication of functions between various Committees as far as possible. Furthermore, proper controls should be in place to ensure that there is not undue concentration of power in the system of delegation.
- 2.4. Furthermore, any issue that comes to the attention of any of the MMI committees or sub-committees and which, in their opinion, may materially impact on the Company's Actuarial function should be reported to the Committee as soon as such other committee becomes aware of the issue.
- 2.5. The appointment of sub-committees for subsidiaries does not reduce the accountability of the Actuarial Committee in relation to the roles and responsibilities set forth herein.

3. PURPOSE OF THE TERMS OF REFERENCE

- 3.1. The purpose of these Terms of Reference is to set out the Actuarial Committee's scope, role and responsibilities; the requirements for its composition and meeting procedures; as well as to

describe the relationship between the Committee and the Head of Actuarial Control of the Life Companies within MMI.

4. COMPOSITION OF THE COMMITTEE

- 4.1. The Committee will comprise of at least three members and will include:
 - 4.1.1 a Chairperson, who should not be in an executive function within MMI or an executive director of the Company and should preferably be an Actuary;
 - 4.1.2 an executive director of the Company, who should also preferably be an Actuary; and
 - 4.1.3 at least one other executive or non-executive director of the Company.
- 4.2. The members of the Committee shall be majority non-executive.
- 4.3. The Chairperson and members of this Committee shall be appointed by the Board, or its duly mandated Board Committee. Any change to the composition of the Committee shall be considered and approved by the Board, or its duly mandated Board Committee.
- 4.4. The Heads of Actuarial Control of the Life Companies within MMI and other insurance undertakings of the Company shall attend Committee meetings on an *ex officio* basis, as required by the agenda of each meeting. Other persons may also be invited to attend the Committee meetings in an *ex officio* capacity.
- 4.5. The Committee's composition shall be reviewed at least every three years and members may be eligible for re-appointment.
- 4.6. The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, be fit and proper, and keep up-to-date with developments affecting the required skills-set.
- 4.7. The MMI Company Secretary, or any other person appointed by the MMI Board, duly mandated Board Committee, or the Actuarial Committee, shall be the secretary to the Committee.

5. ROLES

- 5.1. The Committee has an independent, non-executive role as a subcommittee of the Board. The Committee shall not assume the functions of management, which remain the responsibility of the executive directors, officers and senior managers of the Company.
- 5.2. Committee members who are also Board members will be in a position to impart actuarial expertise effectively to the Board, to enhance the Board's understanding of technical actuarial matters.
- 5.3. The role of the Committee is:
 - 5.3.1 to act as a sounding board to the Board, the Company's Audit Committee, the Board Risk, Capital and Compliance Committee and the Head of Actuarial Control with regard to actuarial and related technical matters;
 - 5.3.2 to assist the Board in discharging its fiduciary duties toward policyholders and shareholders; and

- 5.3.3 to assist the Head of Actuarial Control in fulfilling his/her professional and statutory duties.
- 5.4. The Committee will give the Board the necessary comfort that the content and recommendations of the Head of Actuarial Control's reports to the Board have been properly considered.
- 5.5. The Committee will, from time to time, review the systems of internal actuarial controls and management of actuarial risks.
- 5.6. The Committee will consider issues concerning the fair treatment of clients and the governance of discretionary participation business, as far as these form part of the Head of Actuarial Control's duties. However, it is noted that there is a separate subcommittee of the Board, namely, the Fair Practices Committee, which is principally tasked with monitoring the fair treatment of policyholders and with overseeing adherence to the Company's Principles and Practices of Financial Management (PPFM) in respect of discretionary participation business.
- 5.7. In performing its duties, the Committee will maintain effective working relationships with the Board, members of the Company's Audit Committee, management, and external auditors.
- 5.8. The Committee will also, where applicable and in conjunction with the relevant corporate governance structures in place, take up the above roles and responsibilities in respect of each insurance undertaking of the Company (life or non-life) – either in the role of an overseer, where appropriate governance structures exist, or directly. The degree of involvement of the Committee in the affairs of the various insurance undertakings will be influenced by considerations of materiality. The Committee will specifically consider the robustness and consistency of actuarial principles and methodology applied to MMI insurance undertakings in and outside South Africa.

6. RESPONSIBILITIES

- 6.1. The Committee must perform all the functions necessary to fulfill its role as stated above, including but not limited to the following:
- 6.2. Actuarial Statements and Reporting:
- 6.2.1 Consideration of the statutory and published valuation results of the Company and its insurance undertakings, including the overall methodology and assumptions used to value the assets and liabilities, as well as the overall checks and controls applied by the Head of Actuarial Control;
- 6.2.2 Consideration of the embedded value results of the Company and its insurance undertakings, including the overall methodology and assumptions used in the embedded value calculation, as well as the overall checks and controls applied by the Head of Actuarial Control;
- 6.2.3 Consideration of the projected valuation results over the business planning period, as part of the Own Risk and Solvency Assessment (ORSA) process;
- 6.2.4 Paying particular attention to material complex and/or unusual items; and focusing on areas where considerable actuarial judgment is required;
- 6.2.5 Consideration of management's recommendations to the Board with regard to the valuation of the Company's strategic subsidiaries as well as any other investments that are subject to a directors' valuation;

- 6.2.6 Review of the external disclosure of the financial soundness valuation results and the embedded value results of the Company and its insurance undertakings, to ensure that the disclosure is true, fair, meaningful and understandable;
 - 6.2.7 Consideration of the capital position of the Company and the insurance undertakings controlled by it;
 - 6.2.8 Consideration of the Head of Actuarial Control's recommendations to the Board with regard to the distribution of surplus by way of bonuses to policyholders, as well as the declaration of profits and dividends to shareholders;
 - 6.2.9 Consideration of reports by the Head of Actuarial Control in respect of special arrangements where such reports are required, for example, for unusual regulatory reporting requirements in respect of ring-fenced portfolios;
 - 6.2.10 Consideration of significant actuarial and financial risks and the appropriateness and effectiveness of the management of those risks;
 - 6.2.11 Reviewing the actuarial content of reports to the regulatory authorities, where such review is requested by the Head of Actuarial Control; and
 - 6.2.12 Dealing appropriately with all regulatory obligations relating to actuarial matters, such as those prescribed in the Long Terms Insurance Act, Solvency Assessment and Management (SAM) regime, and any other current legislation (or as promulgated or amended from time to time).
- 6.3. New Products and Product Revisions:
- 6.3.1 Confirming that the necessary processes and forums are in place to enable the Head of Actuarial Control to ensure the actuarial soundness of new products as well as revisions of existing products, with particular emphasis on the soundness of guarantees offered; and
 - 6.3.2 Ensure that details of the design features and pricing of new products and product revisions are regularly reviewed.
- 6.4. External Audit:
- 6.4.1 Review the external auditors' and actuaries' proposed audit scope and approach insofar as it relates to the actuarial statements;
 - 6.4.2 Affording external auditors and actuaries the opportunity to attend Committee meetings and to obtain access to relevant documentation and information;
 - 6.4.3 Affording external auditors and actuaries the opportunity to report on the results of the audit and the review of the actuarial statements; and
 - 6.4.4 Ensuring that key findings and recommendations made by the external auditors and actuaries and management's response to it are taken into consideration by the Head of Actuarial Control.
- 6.5. Reporting and Accountability:
- 6.5.1 The Committees reporting responsibilities shall be to the MMI Holdings Board. Reporting shall take place quarterly or as often as is required;

- 6.5.2 Updating the Board and the Company's Audit Committee about the Committee's activities and making appropriate recommendations;
 - 6.5.3 Ensuring that the Board is aware of matters that may significantly impact the financial condition of the business;
 - 6.5.4 Reporting to the Board on any issue of substance on which the Committee cannot reach consensus;
 - 6.5.5 The Committee shall express a view annually on the committee's satisfaction of the performance of the Head of Actuarial Control to the extent prescribed by law; and
 - 6.5.6 The appointment, disciplining and dismissal of the Head of Actuarial Control shall, as prescribed by law, be done in consultation with the Board of Directors and/or relevant Board Committee/s and/or Chairman of such Board Committee.
- 6.6. Other Responsibilities:
- 6.6.1 Requesting and considering any additional information necessary to fulfil the functions of the Committee;
 - 6.6.2 Performing any other functions as requested by the Board, provided that those functions are not management functions;
 - 6.6.3 Performing responsibilities required by relevant Board approved policies, including reviewing and approval of such policies;
 - 6.6.4 Reviewing and updating the Committee's Terms of Reference and receiving approval of changes from the Committee and/or Board; and
 - 6.6.5 Reviewing the insurance risk profile and any adjustments to reinsurance arrangements.

7. AUTHORITY

- 7.1. The Committee in the fulfilment of its role and responsibilities:
- 7.1.1 Will act in terms of the delegated authority of the Board as recorded in these Terms of Reference;
 - 7.1.2 Has the power to investigate any activity within the scope of these Terms of Reference;
 - 7.1.3 Has the right to obtain independent outside professional expertise and advice to assist with the execution of its duties, subject to following a Board approved process;
 - 7.1.4 Shall make recommendations to the Board that it deems appropriate relating to any area within the ambit of its Terms of Reference where action or improvement is required.
 - 7.1.5 May call upon the Chairperson of the other Board committees, any of the executive directors, officers or company secretary to provide it with information, subject to following a Board approved process; and
 - 7.1.6 Has reasonable access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

- 7.2. The Committee will monitor the Actuarial profile of MMI as a whole by reviewing reports submitted any executive or Board Risk, Capital and Compliance Committees as they pertain to actuarial matters within the various business and operating structures within MMI.

8. MEETINGS AND PROCEDURES

8.1. Frequency:

- 8.1.1 The Committee should hold sufficient scheduled meetings with no less than 3 meetings a year to discharge all its duties as set out in these Terms of Reference and other relevant Company documents and applicable policies or directives;
- 8.1.2 Meetings in addition to those scheduled may be held at the request of the Chief Executive Officer, MMI Group Limited Head of Actuarial Control or other members of the Executive Committee or at the instance of the Board, after consultation with the Chairperson of the Committee;
- 8.1.3 The Chairperson of the Committee may meet with the Chief Executive Officer or the company secretary (as may be appropriate) prior to a Committee meeting to discuss important issues and agree on the agenda;
- 8.1.4 A schedule of meetings shall be provided to the members at the beginning of each year;
- 8.1.5 Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by the Company's Constitution and relevant documents that regulates the meetings and proceedings of Committees;
- 8.1.6 A meeting may be conducted by way of electronic media such as video or telephone conferencing;
- 8.1.7 Should the need arise for a decision to be taken by the Committee and, due to urgency, the matter cannot be postponed until the next Committee meeting, the required decision may be obtained by following the process as set out hereunder:
- An appropriate memorandum must be prepared, addressing the relevant background facts and setting out the proposed resolution;
 - The Committee secretary must email or fax the documentation to each member and advise the members of the time and date when a written response is required;
 - For a decision to be legitimately taken by round robin procedure, the support of the majority of members (of whom at least half should be non-executive) is required in writing and signed by them (and for the purposes of this procedure, communication per fax and/or email will be regarded as being in writing). Should a Committee member object to a decision, the remaining members of the Committee must be advised of such objection; and
 - At the Committee meeting following the date of the round robin decision, the Committee secretary must report fully on the decision so taken by the Committee. The Committee secretary must also record the decision in the minute book of the Committee.

8.2. Attendance:

- 8.2.1 The Chairperson may invite any member of staff from MMI, or its subsidiaries, or business, or operating structure, including external professional advisors, to Committee meetings as and when required, provided that a Board approved process is followed. Invitees to meetings attend by invitation only and they may not vote on matters at the meeting;
- 8.2.2 The following persons shall attend Committee meetings as appropriate (but have no voting power):
- MMI Chief Risk Officer; and
 - MMI Head of Actuarial Control
- 8.2.3 Committee members will attend all scheduled meetings of the Committee, including meetings called on an *ad hoc*-basis for special matters, unless prior apology, with reasons, has been submitted to the Chairperson or Committee secretary; and
- 8.2.4 If the nominated Chairperson of the Committee is absent from a meeting, the members present shall elect one of the members present to act as Chairperson for that meeting.

8.3. Agenda and Minutes:

- 8.3.1 The Committee shall establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year;
- 8.3.2 The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, together with the supporting documentation, shall be forwarded to each member of the Committee not less than five (5) working days prior to the date of the meeting;
- 8.3.3 Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion; and
- 8.3.4 The minutes of meetings shall be completed as soon as possible after the meeting and circulated to the Chairperson for review thereof. The minutes will be formally approved by the Committee at its next scheduled meeting.

8.4. Quorum and Voting:

- 8.4.1 A quorum for meetings shall be a simple majority of members present, namely 50% (fifty percent) + one member;
- 8.4.2 Members who are not directors of MMI form part of the quorum for Committee meetings and shall participate in all discussions at meetings. However, these members shall have no voting rights where decisions are to be voted on;
- 8.4.3 Individuals in attendance at Committee meetings by invitation may participate in discussions at meetings but do not form part of the quorum for Committee meetings, and shall have no voting rights where decisions are to be voted on; and
- 8.4.4 Wherever possible the Committee will take decisions on a consensus basis. Where consensus cannot be reached, voting shall take place by a show of hands.

9. REMUNERATION

- 9.1. Committee members not holding executive office in MMI shall be compensated for their services, with the Chairperson being entitled to an additional fee for his/her service.

10. EVALUATION

- 10.1. The Board, and each member of the Committee, will perform an evaluation of the effectiveness of the Committee annually.

11. REVIEW

- 11.1. These Terms of Reference shall be reviewed annually by MMI Secretariat and submitted for the necessary reviews and approval, as required.