

GOVERNMENT NOTICE No. 385 published on 3/08/2018

**SOCIAL SECURITY REGULATORY AUTHORITY ACT
(CAP. 135)**

GUIDELINES

(Made under section 5(1)(c))

THE SOCIAL SECURITY SCHEMES (CONDUCT OF ACTUARIAL SERVICES)
GUIDELINES, 2018

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THE SOCIAL SECURITY SCHEMES (CONDUCT OF ACTUARIAL SERVICES)
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PART I
PRELIMINARY PROVISIONS

- Citation **1.** These Guidelines may be cited as Social Security Schemes (Conduct of Actuarial Services) Guidelines, 2018.
- Application **2.** These Guidelines shall apply to all social security schemes in Tanzania Mainland.
- Interpretation **3.** In these Guidelines, unless the context requires otherwise-
- Cap. 135 "Act" means the Social Security (Regulatory Authority) Act;
 "actuary" means a person who is certified and registered expert in the science of calculations of insurance risks and rates of premiums and contributions;
 "actuarial technician" means any person who has undergone some of the actuarial professional or academic studies and is employed by a social security scheme for such purpose and responsibilities;
 "actuarial valuation" means valuation of assets and liabilities of a Scheme made by an actuary;
 "Authority" means the Social Security Regulatory

Authority established under section 4 of the Act;

“Board” means Board of Trustees ascribed as such under the respective social security scheme's legislation;

“custodian” means a company registered under the laws of Tanzania whose business includes taking responsibility for the safe custody of funds, securities, financial instruments and title documents of assets of a scheme;

“International Financial Reporting Standards (IFRS)” means global standards and interpretation for financial reporting issued by the International Accounting Standard Board (IASB) as adopted by the National Board of Accountants and Auditors (NBAA);

“mandatory schemes” means a compulsory scheme established by law and guaranteed by the Government to provide social security benefit to employees;

“scheme” means the social security scheme and includes mandatory and supplementary schemes;

“supplementary schemes” means a voluntary scheme chosen by the member to compliment benefit of any mandatory scheme.

Objectives of the Guidelines

4.-(1) The main objective of these Guidelines shall be to provide a framework, which:

- (a) guide the Board of Trustees, firms and individuals intending to undertake or provide actuarial service to Social Security Schemes in Tanzania.
- (b) provide guidance on the standard procedures and practices to be employed in the provision of actuarial services.

Scope

5. These Guidelines shall apply to all actuarial services carried out by the social security schemes as stipulated in their respective enabling schemes acts and the Social Security (Regulatory Authority) Act for the purpose

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of-

- (a) standardizing the work of institutions and the actuaries;
- (b) bringing together individuals and entities of different professions for carrying out actuarial services related to sound social security schemes.

PART II

SCOPE, SKILLS AND EXPERIENCE OF ACTUARIAL FIRM

Disclosure regarding professional services

6. When providing professional services as described in these Guidelines, the actuarial firm or individual shall disclose fully his professional capability including knowledge, past experience in undertaking such or similar work and professional body affiliations.

Scope of service and responsibility

7.-(1) Actuarial firm or individual actuary shall be responsible for confirmation of the nature and scope of professional service to be undertaken and advise the Scheme accordingly.

(2) Where the scope or the available information is inadequate, actuary shall advise the client of what additional professional services or information is necessary, and the actuary may-

- (a) seek to obtain the additional information needed or change the scope of the assignment;
- (b) obtain permission from the client to perform additional professional services;
- (c) determine the appropriateness to perform the requested professional services.

(3) In undertaking the contractual obligations, the actuary shall consider necessary aspects of the history, processes and procedures of the Scheme.

Right to decline undertaking

8. Where a Scheme fails to comply on advice from the Actuary or the actuarial firm, the Actuary shall have

right to decline the undertaking and inform the Authority accordingly.

**PART III
DISCLOSURE OF INFORMATION FOR ACTUARIAL
VALUATION**

Preparation
of
information
actuarial
valuation

9.-(1) The Board of Trustee shall avail a complete set of financial reports of the Scheme for the purpose of Actuarial Valuation.

(2) The financial reporting shall conform to the accounting policies and standards.

(3) The client shall have duty to provide timely and sufficient information as required by the actuary.

(4) Additional information that may be required under sub paragraph (2) includes any specific international standards such as accounting, auditing adopted, the timing of such adoption, the accounting options selected and the valuation date.

Material
inconsistenci
es

10.-(1) An actuary has a duty to inform the Scheme and the Authority in case the financial statements or database information contains material errors, omissions or double counting.

(2) The Scheme shall be required to correct errors and submit to the actuary accurate data within 30 days.

Measurement
bases for
financial
statements

11.-(1) An actuary has a duty to determine the appropriateness of selected measurement bases for financial assets, financial liabilities, or other items in the balance sheet as permitted under the International Financial Reporting Standards.

(2) Where the Scheme fails to do necessary corrections, the actuary may disclose such failure in the report and inform the Authority for further action.

**PART IV
COMPLIANCE TO RELEVANT CODES**

Code of professional conduct

12.-(1) The actuarial work shall be undertaken in accordance with the laws of Tanzania:

Provided that, where appropriate and upon consultation with the Authority, the applicable jurisdiction may include the jurisdiction of the Code of Professional Conduct or other rules under which the actuary is providing the professional services.

(2) Any actuary or actuarial firm desiring to undertake its actuarial professional activities in the area of social security and social insurance in Tanzania shall seek a no objection from the Authority.

(3) The actuary shall apply and perform his duties in consistent with relevant Actuarial Code of Professional Conduct that meets the International Accounting Association and International Actuarial Association minimum standards.

(4) In meeting the actuary's professional responsibility, the actuary shall declare the intention to comply with applicable legal and regulatory requirements, recognized in the field of actuarial practice and financial reporting principles.

Qualification for practising actuarial services

13. An actuary shall perform professional services in Tanzania only if he is registered and certified practitioner.

Custodian of actuarial services

14. Actuarial technicians employed by any scheme may be the custodian of actuarial information necessary for actuarial valuation and shall be allowed to do groundwork including modeling level where the qualified actuary will approve the work and provide advice to Scheme where necessary.

PART V REPORTING PROCEDURES

Communicati
on of the
actuary's role

15.-(1) In communicating professional findings, the actuary shall abide to the standard reporting procedures as provided in these Guidelines, except that the language used is simplified to the extent that the client can understand.

(2) In meeting the actuary's professional responsibility in performing professional services, an actuary shall generally do the following-

- (a) request from the client, and review, relevant information that is necessary to conduct the actuary's professional services;
- (b) request from the client relevant data and review the data for sufficiency and reasonableness;
- (c) select and use appropriate assumptions and methodology that conforms to the Actuarial International Standards as provided for in these Guidelines;
- (d) perform the necessary analysis, calculations, projections and examine the reasonableness of the results;
- (e) at all times, formulate an appropriate opinion and provide accompanying recommendations that ensure affordability and sustainability of the Scheme.

(3) For the purpose of completing the requirements under sub paragraph (2), the actuary shall develop a documented work plan and timetable for the professional services.

Sufficient
and reliable
data

16. For the purpose of meeting the Actuary's professional responsibility to consider the sufficiency and reliability of data, the Actuary shall undertake the following steps-

- (a) identify the data needed, which includes determining the appropriate level of categorization and stratification;
- (b) obtain such data from the Scheme;
- (c) review the data obtained for completeness; and

- (d) assess the reliability and sufficiency of the data obtained.

Models and assumptions

17. For the purpose of meeting the actuary's professional responsibility, the actuary shall consider appropriate methodology, models and assumptions which shall include the following-

- (a) methodology which describes and provides sufficient information for other person with relevant expertise to assess the results of the report;
- (b) models which are sufficiently comprehensive to reasonably represent known existing circumstances affecting the client's needs;
- (c) assumptions that adjust for known material insufficiency or unreliability in the obtainable data, if appropriate; and
- (d) other assumptions that involve the legal, economic, demographic, and social environment on which the models and assumptions depend.

Basis for selection of assumptions.

18.-(1) The actuary's assumptions shall be chosen according to the purpose of the actuarial valuation and shall include-

- (a) the basis for selection of the assumptions and any market calibration, loadings, or adjustments made in consideration of risk and uncertainty;
- (b) available supporting data upon which the actuary relied on selecting the assumptions, including experience studies, pricing surveys, market surveys, and recent transactions;
- (c) an assessment of the sufficiency and reliability of the supporting data and such assumptions selected by the actuary in reliance upon the data;
- (d) a realistic basis as opposed to a conservative or liberal basis so as not to bias the financial

projections where each assumption shall be individually realistic;

- (e) internal and overall consistency by virtue of their correlation or interrelationship and the economic and demographic assumption shall be consistent with the long-term experience and the outlook for the economy.

(2) Where the actuary is constrained to use an assumption that he considers appropriate, a statement to that effect, including reasons for that view, the alternative assumption, and the impact of the difference shall be issued by the actuary and he shall provide an alternative assumption.

Use of
other's work

19.(1) In providing professional services, the actuary may use the work of others, including that of other actuaries.

(2) Appropriate procedures shall be in place for the supervision or review of work not performed by the actuary but which the actuary intends to use:

Provided that, using another person's work, and assumption of responsibility for it does not constitute unauthorised practice in relation to the other person's profession.

(3) The consideration for determining whether to use the work of another person may include the following:

- (a) that person's qualifications;
- (b) that person's competence, integrity, and objectivity;
- (c) that person's awareness of how the work is expected to be used;
- (d) communications between the actuary and that person regarding known information that is likely to have a material effect upon the other person's work;
- (e) the actuary's review of the person's report or available working papers; and
- (f) satisfaction that the other person's work has

been completed in accordance with relevant requirements.

(4) An actuary who uses the work of another actuary for a portion of the professional assignment shall be responsible for the consequences of such work.

(5) For the professional service to be performed by an actuary or actuarial firm, it shall be mandatory to design and implement appropriate control instruments which shall include memorandum of understanding, contracts and plan of action or other legal communication so that calculations of time and cost are done appropriately.

(6) Any actuarial work undertaken for any social security or social insurance scheme in Tanzania by an actuary shall be issued with a full report describing the professional services undertaken, results of analysis and professional opinion necessary to advise such scheme for better and effective operations.

Actuarial
conclusion

20.-(1) The actuary's report shall contain the following information-

- (a) profile of the Scheme;
- (b) scope of assignment and findings, purpose, the intended users, and the actuary's role, if any, in the preparation of the reporting entity's financial statements;
- (c) a statement of findings;
- (d) whether there is material deviation from the methodology prescribed in these Guidelines;
- (e) material aspects of the findings for which the actuary does not take responsibility;
- (f) known material inconsistencies between the methods and assumptions of the current and immediate prior report;
- (g) known material events occurring during the period addressed in the work product that, in the actuary's professional judgment, had a significant impact on the work product;
- (h) known material subsequent events that have not

been taken into account in the work product could be considered and taken into account when reviewing the work product;

- (i) any material reservations regarding the work product;
- (j) other disclosures whereas the descriptions or disclosures referred herein may be included in material referred to in the report, such as notes in the financial statements;
- (k) an opinion on the results of the work if requested to do so by the client or required to do so by law;
- (l) the identity of the actuary responsible for the work product and his or her signature if the work product is a written communication; and
- (m) the date of the report.

(2) The actuary's report may be supported by appropriate documentation in the form of work papers, electronic files or both.

(3) In addition to actuary's conclusions, the actuary's documentation may include a description of the process followed by the actuary to apply requirements as appropriate and relevant in relation to the scope of the professional services completed.

Record
keeping

21. The actuary shall, at all time, retain or maintain access to documentation or electronic files so that another appropriately qualified actuary may review and evaluate the reasonableness of the actuary's work.

PART VI MISCELENEOUS PROVISIONS

Sanctions

22.-(1) Any scheme which contravenes the provisions of these Guidelines commits an act which constitutes "unsafe or unsound conduct" as provided in the Act, and such act shall be punishable in the manner

provided in the Act.

(2) Notwithstanding the penalty imposed under sub paragraph (1), the Authority shall have the powers to-

- (a) direct the scheme to comply with these Guidelines;
- (b) propose disqualification of the Board of schemes and Management of the schemes to the respective appointing Authority;
- (c) suspend or disqualify the firm from conducting actuarial activities to the Schemes for a period as may be specified in the order;
- (d) take any other necessary measures as the Authority may considers appropriate for the better implementation of these Guidelines.

Dis-
application
of Guidelines
and savings

23.-(1) The Social Security Schemes (Conduct of Actuarial Services) Guidelines, 2012 issued prior to the coming into effect of these Guidelines, are hereby disappplied.

(2) Notwithstanding sub paragraph (1), anything done, action, claim or directive made pursuant to the Social Security Schemes (Conduct of Actuarial Services) Guidelines, 2012 shall continue to have effect as if were made, issued or prepared under these Guidelines.

Dodoma
....., 2018

IRENE C. ISAKA
Director General