



No. 20 of 2007

I assent,

(COLVILLE N. YOUNG)

Governor-General

31st December, 2007.

AN ACT to amend the Social Security Act, Chapter 44 of the Laws of Belize, Revised Edition 2000-2003 to implement the recommendations of the Senate Select Committee; to make new and improved provisions for the protection of the Social Security Fund; to clarify the role of the Investment Committee; to incorporate into law the investment framework and guidelines; to provide for the publication of the loans and the investment portfolio of the Social Security Board; to provide for disclosure of personal interest of members of the Board and the Investment Committee; to provide for penal sanctions for breaches of the provisions of the Act and the Regulations; to provide for an Audit Committee of the Board; to streamline the provisions relating to the National Health Insurance Scheme; and to provide for matters connected therewith or incidental thereto.

(Gazetted 5th January, 2008.)

1. This Act may be cited as the

Short title.

SOCIAL SECURITY (AMENDMENT) ACT, 2007,

CAP. 44
Act 31/01
Act 16/03.

and shall be read and construed as one with the Social Security Act which, as amended, is hereinafter referred to as the principal Act.

Amendment of
section 2.

2. Section 2 (1) of the principal Act is hereby amended by the addition of the following definitions in their proper alphabetical order:-

‘ “**accident**” refers to an unforeseen event occurring as a result of the operation of an external cause or causes and which produces physical injury to the insured person;

“**common law union**” means the relationship that is established when a man and a woman who are not legally married to each other or to any other person cohabit together continuously as husband and wife for a period of at least five years;

“**Minister**” means the Minister responsible for Social Security.’

Amendment of
Section 23.

3. Section 23 of the principal Act is hereby amended by the addition of the following as subsection (3) after subsection (2):-

“ (3) Without prejudice to any other provision of this Act, if the Board by reason of an error made in good faith has paid to an insured person by way of benefit any amount exceeding the amount due at a particular time, the excess payment may be set off against any benefit which falls due to that person within six years after the date of the overpayment.”

Amendment of
Section 32.

4. Section 32 of the principal Act is hereby amended by adding the following new paragraph (f) immediately after paragraph (e):-

“(f) if the organisation which had nominated him requests the Minister in writing the termination of his appointment.”

5. Section 38 of the principal Act is hereby amended as follows:-

Amendment of
Section 38.

(1) by repealing subsection (2) and replacing it with the following:-

“(2) The terms and conditions of the staff of the Board, including those of the Chief Executive Officer, shall be determined by the Board.”;

(2) by repealing subsection (3) and replacing it with the following:-

“(3) With the prior approval of the Minister, the Board may make Staff Rules to regulate the conditions of service of all its employees, including the Chief Executive Officer, which may include matters concerning discipline, leave, termination of appointment and retirement.”

6. Section 39 of the principal Act is hereby amended by the addition of the following **Proviso** at the end thereof:

Amendment of
Section 39.

“Provided that the maximum amount allowed as administrative expenses shall not exceed such percentage of the annual contributions collected by the Board during the preceding year as the Minister may from time to time determine on the recommendations of the Actuary and after consultation with the Board.”

7. Section 40 of the principal Act is hereby amended in subsection (2) thereof by the addition of the following as new paragraph (e) immediately after paragraph (d):-

Amendment of
Section 40.

“(e) to be employed in the several districts as marshals who shall have all the powers, rights, privileges and duties as those of marshals of the Supreme Court. “

Amendment of
Section 41.

8. Section 41 of the principal Act is hereby repealed and replaced by the following:-

“Board
protected
by Public
Authorities
Protection
Act. CAP. 31.

“41. The Board and the officers and employees of the Board shall be entitled to the same protection under the Public Authorities Protection Act as if they were included in the definition of “public authority” given in section 2 of that Act.”

Repeal and
replacement of
section 45.

9. Section 45 of the principal Act is hereby repealed and replaced by the following:-

Actuarial
review
of operation of
the Act.

“45. (1) The Board shall, with the assistance of an actuary approved by the Minister, review the operation of this Act during the period ending on 31st December in every year and at each such review shall make a report to the Minister not later than the 31st March next following on the financial condition of the Fund and the adequacy or otherwise of the contributions to support the benefits, having regard to its liabilities under the Act.

(2) The Minister shall, as soon as possible after receiving the report in accordance with subsection (1), and on the recommendation of the Board and after consultation with the stakeholders, adjust the contributions and benefits based on such report.

(3) The Minister shall, within thirty days of the receipt of the report referred to in subsection (1) above, lay a copy thereof before the National Assembly and cause a summary of the report to be published in the *Gazette* and in at least one newspaper of general circulation in Belize."

10. Section 46 of the principal Act is hereby amended as follows:-

Amendment of
Section 46.

- (i) by repealing subsection (5) and replacing it by the following:-

" (5) Any money forming part of the reserves of the Fund may from time to time be invested by the Board in accordance with the Investment Framework set out in the Third Schedule to this Act and on the recommendations of the Social Security Investment Committee.";

Third
Schedule.

- (ii) by the addition of the following new subsections (6) and (7) immediately after subsection (5):-

" (6) Any decision or action taken by the Board involving the investment of the Fund, which is contrary to the recommendations made by the Social Security Investment Committee shall be voidable at the instance of the Investment Committee, and every member of the Board who wilfully participated in such decision or action shall, without prejudice to any civil liability which may be incurred by reason of any loss occurring to the Fund, be guilty of an offence and shall be liable on summary conviction or on indictment (at the discretion of the Director of Public Prosecutions) to a fine which shall not be less than ten thousand dollars but which may extend to twenty thousand dollars, or to

imprisonment for a term which shall not be less than two years but which may extend to five years, or to both such fine and term of imprisonment.

(7) For the purpose of subsection (6) above, every person who was a member of the Board at the material time shall be deemed to have participated wilfully in such decision or action as aforesaid unless he adduces evidence to show that such decision or action was taken without his consent."

Amendment of
Section 47.

11. Section 47 of the principal Act is hereby amended as follows:-

- (i) in subsection (1), by adding the following words "who shall report to the Board by way of the Audit Committee" immediately after the words "appointed by the Board".
- (ii) by the addition of the following new subsections immediately after subsection (3):-

" (4) All risks to the Fund shall be fully disclosed in the financial statements of the Board so as to inform the public of every potential liability.

(5) The audited financial statements of the Board shall be included in the annual report to be laid before the National Assembly under section 48."

Amendment of
Section 48.

12. Section 48 of the principal Act is hereby amended by the addition of the following *Proviso* at the end of subsection 2 (a):-

"Provided that the Board may by resolution in writing addressed to the Minister, for good and

sufficient cause, request an extension for a further period of up to thirty days to submit such report to the Minister.”

13. Section 49 of the principal Act is hereby repealed and replaced by the following:-

Repeal and replacement of section 49.

Social Security
Investment
Committee.

“49. (1) There shall be established a committee to be called the Social Security Investment Committee (hereinafter called the “Investment Committee” or “the Committee”) which shall be appointed by the Minister from among persons of proven knowledge and experience in the investment of moneys and shall consist of the following:-

- (i) two persons appointed by the Minister;
- (ii) one person to be nominated by the National Trade Union Congress of Belize;
- (iii) one person to be nominated by the employers’ organisations;
- (iv) the Chief Executive Officer, who shall be an *ex-officio* member without a right of vote.

(2) No person who is a member of the Board shall be appointed or remain a member of the Committee.

(3) The Minister shall appoint one of the members to be the Chairman, and the Committee shall appoint one of the other members to be the Deputy Chairman of the Committee.

(4) The period of appointment of members of the Committee shall be three years, but a retiring member shall be eligible for reappointment.

(5) The Minister may terminate the appointment of a member of the Committee for misbehaviour or physical or mental incapacity after consulting the organisation which had nominated such member.

(6) A member of the Committee shall be deemed to have vacated his office:-

- (a) if his appointment is terminated by the Minister under this Act;
- (b) if he becomes bankrupt or compounds with his creditors or makes any assignment of his remuneration for their benefit or takes advantage of any provision of the Bankruptcy Act;
- (c) if he becomes of unsound mind;
- (d) if he resigns his office by writing under his hand addressed to the Minister and the resignation is accepted by the Minister;
- (e) if he absents himself, except with leave granted by the Chairman for good and sufficient cause, from three consecutive meetings of the Committee; and
- (f) if the organisation that had nominated him requests in

writing addressed to the Minister the termination of his appointment.

(7) At any meeting of the Committee, at least three members, including the Chairman or the person acting as the Chairman, shall constitute the quorum.

(8) All decisions of the Committee shall require a majority of the members present and the Chairman shall have a casting vote.

(9) The Committee shall make recommendations to the Board on the investment of moneys in the Fund.

(10) In discharging its functions, the Committee shall follow the Investment Framework set out in the Third Schedule to this Act subject to the provisions of this section.

Third
Schedule.

(11) If any member of the Committee or other person present at a meeting of the Committee has a financial or other interest, directly or indirectly, in any contract or proposed contract or other matter to be considered by the Committee, he shall forthwith disclose the fact of his interest to the Committee and he shall not participate in the discussion, consideration or voting on such a contract or other matter, and the fact of such disclosure shall be recorded in the minutes of the said meeting.

(12) Every member of the Committee or other person present at a meeting of the

Committee who knowingly contravenes the requirements of subsection (11) above for private gain shall be guilty of an offence and shall be liable on summary conviction or on indictment (at the discretion of the Director of Public Prosecutions) to a fine which shall not be less than ten thousand dollars but which may extend to twenty thousand dollars, or to imprisonment for a term which shall not be less than two years but which may extend to five years, or to both such fine and term of imprisonment.

(13) The Committee may co-opt one or more persons to attend any particular meeting of the Committee for the purpose of advising or assisting the Committee, but no such person shall have any right to vote.

(14) The Board shall appoint a fit and proper person to act as Secretary to the Investment Committee.

(15) Members of the Committee may be paid such fees and allowances for their services as the Board may consider reasonable.

Third
Schedule.

(16) Subject to this Act and the Third Schedule, the Committee may regulate its own proceedings and shall meet at such times and places as the Chairman may appoint.

(17) Subject to this Act, in the exercise of its functions the Committee shall not be under the direction or control of any other person or authority.

Amendment of
Section 55.

14. Subsection (1) of section 55 of the principal Act is hereby repealed and replaced with the following:-

Authority
for
prosecutions.

“55. (1) Proceedings for an offence under this Act or any regulations made thereunder shall not be commenced except by or with the consent of the Director of Public Prosecutions or the Board or any person authorised by the Board in that behalf.”

15. Section 56 of the principal Act is hereby amended in subsection (2) thereof by substituting the word “six” for the word “three” occurring therein.

Amendment of
Section 56.

16. The principal Act is hereby amended by the addition of the following as new section 57A immediately after section 57 in Part IV:-

Addition of
new section
57A.

General
penalty.

“57A. Every officer or member of the Board or of the Investment Committee who wilfully contravenes or fails to comply with the provisions of this Act or of regulations made thereunder shall be guilty of an offence and shall, unless a higher penalty is specifically provided for such offence, be liable on summary conviction to a fine not exceeding five thousand dollars or to imprisonment for a term not exceeding one year, or to both such fine and imprisonment.”

17. Section 69 of the principal Act is hereby amended by repealing the definition of the term “diagnostic procedure” occurring therein and replacing it by the following: -

Amendment of
Section 69.

‘ “diagnostic procedure” means any procedure to identify a disease or illness condition by examination and following established medical protocol.’

18. Section 73 of the principal Act is hereby amended by repealing subsection (4) thereof.

Amendment of
Section 73.

Amendment of
Section 74.

19. Section 74 of the principal Act is hereby amended as follows:

- (1) by repealing subsection (6) thereof;
- (2) by repealing subsection (8) thereof , and replacing it with the following:-

“(8) The Board shall maintain separate administrative, financial, accounting and other records with respect to NHI Scheme, and shall maintain separate accounts, separate internal auditing, separate independent external auditing and separate administrative processing of benefit claims and appeals. All provisions of this Act relating to the financial, accounting and other records of the Board shall apply to the financial, accounting and other records of the NHI Scheme. On no account shall the moneys of the NHI Scheme be used as or form part of any other Social Security moneys and on no account shall the moneys of the Social Security Fund be used as or form part of any other moneys of the NHI Scheme.”

Amendment of
Section 75.

20. Section 75 of the principal Act is hereby amended as follows:

- (1) in subsection (2) paragraph (a) thereof, by substituting the words “Chief Executive Officer” for the word “Manager”;
- (2) in subsection (2) paragraph (b) thereof, by substituting the word “Chairman” for the word “Manager”;
- (3) in subsection (2) paragraph (e) thereof, by substituting the words “two representatives” for the words “one representative” occurring

therein and by adding the following at the end thereof:-

“one representative from the Belize Chamber of Commerce and Industry and one representative from the Belize Business Bureau;”

- (4) in subsection (2) paragraph *(f)* thereof, by substituting the words “two representatives” for the words “one representative” occurring therein;
- (5) in subsection (2) thereof, by adding the following new paragraphs *(g)*, *(h)*, *(i)* and *(j)* after paragraph *(f)*:-
 - “(g) one representative to be nominated by the Belize Council of Churches;
 - (h)* one representative to be nominated by the Organisation of Insurance Companies of Belize;
 - (i)* one representative to be nominated by the Leader of the Opposition;
 - (j)* one representative to be nominated by the Minister of Finance.”;
- (6) in subsection (3) thereof, by adding the following new paragraph *(f)* after paragraph *(e)*:

“(f) any other similar matters relating to the NHI Scheme.”;
- (7) by the addition of the following new subsections (5), (6), (7), (8), (9), (10) and (11) after subsection (4) thereof:-

“(5) The Minister shall appoint a Chairman of the NHI Committee from amongst the membership thereof and the NHI Committee shall appoint a Deputy Chairman from amongst the membership thereof who will be entitled to act as Chairman in the absence of the Chairman.

(6) The period of appointment of the members shall be five years for the Chairman and three years for the members.

(7) The Minister may terminate the appointment of a member of the NHI Committee for misbehaviour or for physical or mental incapacity.

(8) A member shall be deemed to have vacated his office:-

- (a) if his appointment is terminated by the Minister under this Act;
- (b) if he become bankrupt or compounds with his creditors or makes any assignment of his remuneration for their benefit or takes advantage of any provision of the Bankruptcy Act;
- (c) if he becomes of unsound mind;
- (d) if he resigns his office by writing under his hand addressed to the Minister and the resignation is accepted by the Minister;
- (e) if he absents himself, except with leave granted by the Minister, from three consecutive meetings of the Committee; or

- (f) if the organisation which had nominated him requests termination of his appointment in writing addressed to the Minister.
- (9) Any decision of the NHI Committee shall be taken by a majority of the members present and, in the event of an equality of votes, the Chairman or the person acting as the Chairman shall have a casting vote.
- (10) At any meeting of the NHI Committee, seven of the members thereof, including the Chairman, of whom at least two shall be governmental members shall constitute the quorum.
- (11) The members of the NHI Committee shall be entitled to the same protection under the Public Authorities Protection Act as if they were included in the definition of "public authority" given in section 2 of that Act."

CAP. 31

21. Section 76 of the principal Act is hereby amended as follows:

Amendment of
Section 76.

- (1) by repealing subsection (1) and replacing it with the following: -
- “(1) All NHI health care providers shall at all times be accredited and licensed by the Ministry of Health and other accrediting medical institutions and shall be registered by the Board as NHI providers;”
- (2) by substituting the words “NHI Committee” for the word “Board” occurring therein.

Repeal and replacement of the Second Schedule.

22. The Second Schedule to the principal Act is hereby repealed and replaced by the Schedule appended to this Act captioned "Second Schedule".

Addition of Third Schedule.

23. (1) The principal Act is hereby amended by the addition of the Schedule to this Act captioned "Third Schedule" as the Third Schedule to the Act after the Second Schedule.

Third Schedule

(2) The Minister may from time to time on the recommendations of the Board amend the Third Schedule by Order published in the *Gazette* and every such Order shall be subject to negative resolution.

Substitution of "Chief Executive Officer" for "Manager" or "General Manager".

24. (1) The principal Act is hereby amended by substituting the words "Chief Executive Officer" for the word "Manager" wherever occurring therein.

(2) In every Act, rule, regulation or order, a reference to the Manager or General Manager of the Social Security Board shall be read and construed as a reference to the Chief Executive Officer.

Commencement.

25. This Act shall come into force on a day to be appointed by the Minister by Order published in the *Gazette*.

SECOND SCHEDULE

[Section 28]

Composition and Proceedings of the Social Security Board

1. The Board shall be appointed by the Minister from among persons of integrity and high standing and shall consist of :- Composition.

- (i) five persons appointed by the Minister in his discretion;
- (ii) two persons nominated by the National Trade Union Congress of Belize;
- (iii) two persons nominated by the employers' organisations; of whom one shall be nominated by the Belize Chamber of Commerce and Industry and one shall be nominated by the Belize Business Bureau;
- (iv) the Chief Executive Officer of the Social Security Board, who shall be an *ex officio* member without a right of vote.

2. The Minister shall appoint one of the private sector members of the Board to be the Chairman of the Board. Chairman.

3. The Board shall appoint one of the other members to be the Deputy Chairman for a period of one year in the first instance. Deputy Chairman.

4. The Board shall appoint one of its officers to be the Recording Secretary and such Secretary shall:- Recording Secretary.

- (a) advise the Board on all aspects of its powers and functions under the Act;

- (b) conduct all other similar functions for the smooth operation of the Board and to ensure compliance with this Act and all other applicable laws, rules and regulations.

Term of Office.

5. The term of office of members shall be for a period of three years in the case of the chairman, and two years in the case of other members:

Provided that on the expiration of his term of office, any member shall be eligible for reappointment and such reappointment may be for the same term or for such shorter period as may be specified in the instrument appointing such member.

Vacancies.

6. Notwithstanding any vacancy in its membership but subject to the presence of the quorum, it shall be lawful for the Board to hold meetings and to carry out all its duties, functions and obligations under the Act:

Provided that the Minister shall take steps to fill any such vacancy as early as practicable.

Absence of chairman.

7. (1) In the case of the absence of the chairman, whether through illness or otherwise, the deputy chairman, if present, shall act as chairman.

(2) In the case of the absence of both the chairman and the deputy chairman, whether through illness or otherwise, the members present may appoint one of their number to act as chairman but the Minister may, if he thinks fit, appoint a person to act as chairman for such period as the Minister specifies.

Temporary absence of members.

8. In the case of the absence of any other member, whether through illness or otherwise, the Minister may, on the recommendation of the organization which had nominated such member, appoint a person to perform the functions of that member during his absence.

9. (1) The Board shall hold such meetings as, in the opinion of the chairman or at least three other members, are necessary for the efficient conduct of its affairs:

Meetings and
quorum.

Provided that as a rule the Board shall meet not less often than once a month.

(2) At any meeting of the Board, six of the members including the Chairman or member acting as Chairman, which shall include at least one member nominated by the National Trade Union Congress of Belize and one member nominated by the employers' organisations, shall constitute the quorum.

10. (1) Any question arising at any meeting of the Board shall be determined by a majority of the votes of the members present. The Chairman shall have, if there is an equality of votes, a second or casting vote.

Decisions.

(2) No decision or resolution which involves or affects the moneys of the Fund not budgeted for, or involving investments, shall be made by circulation ("round robin");

11. The Board may co-opt any one or more persons to attend any particular meeting of the Board for the purpose of advising or assisting the Board, but no such co-opted person shall have any right to vote.

Co-option.

12. If any member of the Board or other person present at a meeting of the Board is directly or indirectly interested in any contract or proposed contract or other matter he shall, at the meeting and as soon as is practicable after the commencement of the meeting disclose the fact of his interest and shall not participate in the discussion, consideration or voting on such a contract or other matter, and the fact of such disclosure shall be recorded in the minutes of the said meeting.

Personal
interest.

Penalty.

13. Every member or officer of the Board or other person present at a meeting of the Board who knowingly contravenes the requirements of paragraph (12) above for private gain, shall be guilty of an offence and shall be liable on summary conviction or on indictment (at the discretion of the Director of Public Prosecutions) to a fine which shall not be less than ten thousand dollars but which may extend to twenty thousand dollars, or to imprisonment for a term which shall not be less than two years but which may extend to five years, or to both such fine and term of imprisonment.

Audit Committee.

14. The Board shall form an Audit Committee which shall include members of the Board to review and approve all audit reports and all auditors, including the auditor referred to in section 47 who shall report to the Board by way of the Audit Committee;

Performance Report.

15. The Board shall prepare an annual performance report of all investments of the Fund, including all loans, donations, purchases and/or sales of mortgages and property and submit the same to the Minister who shall lay it before the National Assembly within two months or as soon thereafter as practicable.

Liability of Members.

Third Schedule.

16. For any decision or other action taken by the Board involving the investment of the Fund which is contrary to the Investment Framework contained in the Third Schedule, every member of the Board who was a party to such action and who wilfully disregarded the Investment Framework shall, without prejudice to any civil liability which may be incurred in that behalf, be guilty of an offence and be liable on summary conviction or on indictment (at the discretion of the Director of Public Prosecutions) to a fine which shall not be less than ten thousand dollars but which may extend to twenty thousand dollars, or to imprisonment for a term which shall not be less than two years but which may extend to five years, or to both such fine and term of imprisonment.

17. For the purpose of paragraph (16) above, every person who was a member of the Board at the material time shall be deemed to be a party to such decision or action as aforesaid unless he adduces evidence to show that such decision or action was taken without his consent.

Presumption.

18. The Board shall cause minutes to be kept of every meeting. Such minutes shall be confirmed by the Board and signed by the Chairman.

Minutes.

19. Subject to this Act and this Schedule, the Board may regulate its own procedure.

Procedure.

THIRD SCHEDULE

[Section 49]

INVESTMENT FRAMEWORK**INTRODUCTION**

1. Section 46 of the Social Security Act provides for the establishment of the Social Security Fund (hereinafter referred to as “the Fund”) and authorises the Social Security Investment Committee (referred to in this Schedule as “the Committee”) to make recommendations to the Social Security Board on the investment of the reserves of the Fund. The Board shall be the final authority on the management of the investment portfolio of the Board.

2. Section 49 of the Act provides for the establishment of the Social Security Investment Committee and sets out its composition, powers and duties.

OBJECTIVES

3. The Board’s Investment Portfolio shall be managed to accomplish the following:

- a.* Assure the availability of sufficient assets to pay benefits and liabilities when due;
- b.* Maximise the total rate of return within prudent and acceptable levels of risk and liquidity;
- c.* Ensure adequate diversification to avoid large losses and to preserve capital;
- d.* Grow assets at a rate to keep pace with inflation and a reasonable level of growth in benefits;

- e.* Assure the full utilisation of assets in a cost effective and efficient manner; and
- f.* Cause a positive impact on the economic growth and development of the economy.

INVESTMENT PRINCIPLES - GENERAL

4. Investments shall be made solely in the best interests of the Fund. The Board and the Committee shall discharge their fiduciary duties with the same degree of care, skill, prudence and diligence that a prudent person acting in a like capacity would exercise in comparable situations.

5. The Board and the Committee shall maintain the highest level of transparency and accountability, and they shall disclose all information on investments in the Board's annual audited financial statements.

6. A major consideration for the loans and mortgages shall be that adequate collateral must exist to cover any default. There shall be no exception to this predominant principle.

7. The Committee and the Board shall take into consideration the social and economic utility of the investments, but this shall be subsidiary to the primary objective of safety and profitability of the Fund.

8. The Board may in addition to local investments invest in secure financial instruments traded in foreign capital markets in keeping with its investment and policy guidelines.

PUBLIC NOTICE OF INVESTMENTS

9. The Committee shall give advance public notice of all proposed investments by the Fund by publishing in at least two consecutive issues of the Gazette and in at least two newspapers of general circulation in Belize a notice of its intention to lend or invest the moneys of the Fund, giving all pertinent details.

10. The Committee shall prepare an annual performance report of all investments of the Fund including all loans, donations, purchases and/or

sales of mortgages and property and submit the same to the Minister who shall lay it before the National Assembly as soon as practicable.

CATEGORIES OF INVESTMENT

11. For the purpose of this Schedule, investments shall be classified as follows, according to the maturity of the investment:

Short-term: up to one year

Medium-term: more than one year but up to five years

Long-term: more than five years

12. Not more than a stated percentage of the Long-term Benefit Branch reserves, as determined by the Board based on periodic actuarial recommendations, shall be invested in long-term investments. The Short-term Benefit Branch reserves shall be placed in secure short-term liquid investments with licensed or accredited financial institutions.

13. Long-term reserves may be invested in short-term, medium-term or long-term projects, but with a weighted average maturity not exceeding the expected actuarial period of equilibrium of the Long-term Branch.

VALUATION AND BENCHMARKS

14. The Board shall ensure that for the purpose of Financial Statements, assets shall be valued in accordance with generally accepted accounting principles, thus ensuring that the information about investments is as transparent as possible.

15. The Board shall require the actuary or a financial expert to submit for consideration by the Board a suitable set of benchmarks on fixed income investments and equity investments, to enable the Board to assess the performance of the Fund as compared to the financial markets.

PERFORMANCE ANALYSIS

16. Periodic analysis of each asset class and the Board's Investment Portfolio as a whole shall be carried out to determine nominal, risk-

adjusted, and inflation-adjusted (real) rates of return. The analysis shall include comparisons with target rates of return, and with appropriate benchmarks, to allow the Board to measure performance, to update the assets allocation strategy, and to make adjustments (as may be required) to the investment framework and strategy, subject to the provisions of this Schedule and the Act.

17. An actuarial analysis of the financial and investment performance of each benefit branch shall be submitted to the Board no later than one month following the finalization of the annual audited financial statement, as a supplement to the statutory actuarial valuations. The report shall assess the investment return in real and nominal terms, the level of sufficiency, and expected trends of each branch reserve. The analysis will assist the Board in the reformulation of the investment strategy for the following year.

RESTRICTIONS ON INVESTMENTS

18. Maximum levels of investment by category shall be set with reference to prudential rules and actuarial recommendations. The Board may exceed such ceiling under certain conditions (e.g., time limits), based on the recommendations of the Committee.

19. Investments in a given individual asset or security or in the assets or securities of a particular industry or entity shall be limited to a proportion of the Board's total Investment Portfolio. The Board's holdings shall not exceed more than a specific proportion of the total market value of a given type of asset or of the assets of a particular industry or entity.

20. The Board shall not extend guarantees or collaterals that could negatively affect or restrict the availability or disposition of the Fund in approving investments.

21. Investments in certain categories of obligations shall be prohibited, including loans without appropriate guarantees or adequate collaterals or on terms which would not be acceptable in the financial services sector, unquoted shares, and investments which raise major risks of conflicts of interest.

22. No single investment shall exceed 20% of the total amount of the Reserves, including economically targeted investments.

23. The relative maximum asset allocation by branch will be as follows, after deducting cash requirements for current operations:

| | Branch | | |
|------------------------------------|------------|---------------------|-----------|
| | Short-term | Employment Injury * | Long-term |
| Fixed income financial Obligations | 90% | 60% | 50% |
| Others | 10% | 40% | 50% |
| Total | 100% | 100% | 100% |

* Includes the disablement and death reserve.

24. The maturity of the investments shall be matched to the actuarial assessments as regards the maintenance of the minimum statutory reserve ratios and the cash-flow of each benefit branch.

PROCEDURE FOR HANDLING INVESTMENT PROPOSALS

25. Loan proposals shall be addressed to the Social Security Board through the Chief Executive Officer who will be responsible for the technical and financial evaluation of the proposal through the Investment Department before going to the Investment Committee.

26. Loan proposal documents shall be submitted to the Board through its Chief Executive Officer. After considering the proposal, if the Board is interested in investing in the area proposed, it will forward the documents to the Committee which will proceed to examine the completeness of the information required.

27. Any additional information required shall be requested by the Secretary of the Committee.

28. The applicants for loans shall be informed by the Board whether their applications have been accepted.

29. The repayment period and the terms for loans shall be determined on a case by case basis at the discretion of the Board; but interest rates shall not be accepted below the actuarial requirements.

MANAGEMENT OF INVESTMENT PORTFOLIO

30. To enable the Committee to better discharge its functions, there shall be established within the Social Security Board an Investment Department, staffed by competent and qualified personnel, which shall work under the control of the Chief Executive Officer and provide the Committee all necessary assistance, including the project evaluation of all loans and equity applications.

31. The Investment Department shall also be responsible for the safe custody of all documents and valuables lodged in connection with approved loans and investments. It shall also perform regular accounting of all assets owned, purchased, or sold, as well as movements in and out of the Board's Investment Portfolio.

32. To protect the security of the Fund, in the light of possible changing trends in the investment areas, the Board and Investment Committee shall carry out regular monitoring of the status of the Board's investments and the general state of the business and obtain quarterly reports on these matters.

33. Any substantial investment of the Reserve Fund in private enterprises shall be safeguarded by having Social Security representation on the Board of the investment enterprise.

PERFORMANCE REPORTS

34. Apart from annual performance reports required by paragraph 15 of the Second Schedule, the Board shall submit comprehensive half-yearly reports to the Minister

Second
Schedule.

on the status of the Investment Portfolio, including adherence to this Framework, the performance of the investments and relevant related matters. The annual report shall be accompanied by the reports of the external auditor and the actuary. The Minister shall lay such reports before the National Assembly and instruct the Board to publish a summary thereof in the Gazette and in at least one national newspaper of general circulation in Belize.