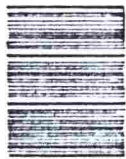


114TH MEETING OF BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	Lahore	Wednesday, 22nd Dec, 1993	11.00 a.m
<p>MINUTES OF THE 114TH MEETING OF THE BOARD OF DIRECTORS OF STATE LIFE INSURANCE CORPORATION OF PAKISTAN HELD ON 22ND DECEMBER 1993 AT ZONAL OFFICE, LAHORE.</p> <p><u>PRESENT</u></p> <ol style="list-style-type: none"> 1. Mr. Inaamul Haque, Chairman 2. Mr. Javed Masud, Director 3. Mr. S.Z.H. Jafri, Executive Director 4. Mr. M. Hafeez Malik, Executive Director 5. Mr. Nazier A. Jajvi, Executive Director 6. Mr. S. Gulrez Yazdani, Secretary Board. <ol style="list-style-type: none"> 1. The meeting commenced with the recitation from the Holy Quran. 2. The Chairman welcomed Mr. Javed Masud, Additional Secretary, Ministry of Commerce to the meeting of the Board of Directors of State Life. In his welcome remarks the Chairman said that State Life was fortunate that a civil servant of outstanding competence and calibre had joined its Board. He also thanked Mr. Javed Masud for his constant support and help to State Life. Mr. Javed Masud reciprocated the sentiments. <p>ITEM NO.1 <u>CONFIRMATION OF THE MINUTES OF THE 112TH MEETING OF THE BOARD OF DIRECTORS HELD ON 20TH SEPTEMBER 1993</u></p> <ol style="list-style-type: none"> 3. The Chairman placed before the Board for its confirmation minutes of the 113th meeting of the Board of Directors held on the 20th September 1993. 4. Leave of absence which had been sought by Mr. Nazier A. Jajvi, Executive Director, due to indisposition was not recorded in the minutes of 113th meeting. It was agreed to reflect the same in the minutes. 5. E.D. Actuarial pointed out that the minutes of the 113th meeting as recorded against Item No.7 "Bonus Declaration on Actuarial valuation 1992" though substantially correct required some changes to truly reflect the Actuarial valuation and bonus declaration. Since there was no substantive change and the actuarial valuation as placed 			
			<p style="text-align: right;"><i>Jajvi</i></p> <p>CHAIRMAN'S INITIALS</p> 

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before the 113th meeting of the Board of Directors remained unaltered, the Board therefore agreed to substitute the minutes recorded against Item No.7 of the 113th meeting with the following:

"Item No. 7 BONUS DECLARATION AND ACTUARIAL VALUATION 1992.

General Manager (Act.)'s Memorandum dated 19.9.1993

A detailed presentation of the Actuarial valuation of the corporation as at 31.12.1992 was made to the Board by the General Manager (Actuarial). In his presentation, General Manager (Actuarial) appreciated the domestic operations of the Corporation, however, overseas operations were considered as expensive.

The bonus recommendations made for 1992 are:

Bonus recommendation for Pakistan Rupee Business

I. WHOLE LIFE AND ENDOWMENTS

For with profits policies in force for the full sum assured as at 31.12.1992:

- a) Reversionary bonuses per thousand sum insured per annum

	<u>1991 & 1992</u>	
	For first Five Policy Years	From 6th policy year onwards
Whole Life	Rs. 52	Rs. 74
Endowments 20 years and over	Rs. 44	Rs. 66

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	15 to 19 years inclusive	Rs. 31	Rs. 53																				
	14 years and less	Rs. 16	Rs. 38																				
	<p>b) <u>Terminal Bonuses</u> will be paid on claims by death or maturity in 1993 and 1994, where more than 10 years' premiums have been paid. The rate will be Rs 20 per thousand sum insured for each year's premium paid in excess of 10 years subject to maximum of Rs 400 per thousand sum insured (Same as 1990 valuation).</p> <p>c) <u>Special Terminal Bonuses</u> will be paid on claims by maturity in 1993 and 1994 where a FAMILY INCOME BENEFIT rider is in force at maturity, and has been in force for more than 10 years. The rate will be Rs 10 per thousand basic sum insured under the policy for each year in excess of 10 years that the FIB rider has been in force, subject to a maximum of Rs 200 per thousand basic sum insured (Same as 1990 valuation).</p> <p>NOTE: Terminal and Special Terminal bonuses are especially sensitive to the future surplus of State Life. Hence, no indication can or should be given of Terminal and Special Terminal bonuses, if any, which may be allowed on maturities or death claims after 1994.</p> <p>d) Interim bonuses on death and maturity claims will be allowed till the next valuation, at the rates as mentioned in (a) above, subject to 'D' below.</p> <p style="text-align: center;">II. ANTICIPATED ENDOWMENTS</p> <p>For with profits Anticipated Endowments/ Three Stage/ Three Payment policies of whatever type in force for the full sum insured as at 31.12.1992:</p> <p>a) Reversionary bonuses for 1991 and 1992 will be at the following rates:</p> <p style="text-align: center;">Reversionary bonuses per thousand sum insured per annum</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">1991</th> <th style="text-align: center;">&</th> <th style="text-align: center;">1992</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">For first five policy years</td> <td></td> <td style="text-align: center;">From 6th policy year onwards</td> </tr> <tr> <td>20 years and over</td> <td style="text-align: center;">Rs. 31</td> <td></td> <td style="text-align: center;">Rs. 36</td> </tr> <tr> <td>15 to 19 years inclusive</td> <td style="text-align: center;">Rs. 21</td> <td></td> <td style="text-align: center;">Rs. 26</td> </tr> <tr> <td>14 years and less</td> <td style="text-align: center;">Rs. 15</td> <td></td> <td style="text-align: center;">Rs. 20</td> </tr> </tbody> </table> <p>b) They will not get Terminal bonuses.</p>				1991	&	1992		For first five policy years		From 6th policy year onwards	20 years and over	Rs. 31		Rs. 36	15 to 19 years inclusive	Rs. 21		Rs. 26	14 years and less	Rs. 15		Rs. 20
	1991	&	1992																				
	For first five policy years		From 6th policy year onwards																				
20 years and over	Rs. 31		Rs. 36																				
15 to 19 years inclusive	Rs. 21		Rs. 26																				
14 years and less	Rs. 15		Rs. 20																				

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- c) They WILL get Special Terminal bonuses in FAMILY INCOME BENEFIT rider cases, as mentioned in I.(c) above. The Special Terminal bonuses will be calculated on the basic sum insured under the policy, and not on the residual survival benefit.
- d) If the policyholder lets a Survival Benefit remain with State Life, a Special Reversionary Bonus will be added six months after the due date of the Survival Benefit. For Survival Benefits falling due in 1993 and 1994 which the policyholder opts to leave, Special Reversionary Bonuses will be allowed as follows:

Period between Survival Benefit due date and maturity date	Special Reversionary Bonus per Rs 1,000 Survival Benefit	Period between Survival Benefit due date and maturity date	Special Reversionary bonus per Rs 1,000 Survival Benefit
--	--	--	--

20 years	Rs 3,165	9 years	Rs 1,005
18	Rs 2,765	8	Rs 845
16	Rs 2,350	7	Rs 695
14	Rs 1,940	6	Rs 555
12	Rs 1,545	5	Rs 420
10	Rs 1,175	4	Rs 300

- e) Interim bonuses on death and maturity claims will be allowed till the next valuation, at the rates as mentioned in II (a) above, subject to 'D' below.

III. FAMILY INCOME BENEFITS WHERE POLICYHOLDER HAS DIED

Family Income Benefit to heirs or nominees of deceased policyholders will be increased from 1st January 1994, under with profits policies, as follows :

Year of Life Insured's death	Increase
1991 or earlier	15.0%
1992	7.5%

Note: The percentage increase will be allowed on the "actual present benefit including any increase of 15% or 7.5% made on 1st

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January 1992".

IV. EAST WEST MUTUAL ETC.

Policies issued by the East West Mutual, Grand Mutual, I.G.I., Pakistan Mutual, Standard and Union Insurance, former East Pakistani companies and LICl will not get Terminal or Special Terminal Bonuses.

C. Bonus Recommendation - Foreign Currency Policies

I. U.K. Policies expressed in Pound Sterling :
For with-profits policies inforce for full sum assured as at 31.12.1992.

Reversionary bonus rates per thousand sum assured per annum:

1991 & 1992

Whole Life	37
Endowments:	
20 years and over	32
15 to 19 years inclusive	21
14 years and less	12

PLUS Persistency bonuses from the 6th policy year onwards 4

Family Income Benefits in course of payment under all with profit policies for U.K. Pound Sterling will be increased from 1st January 1994, as under:

Year of Life Insured's death Increase

1991 or earlier	8%
1992	4%

Note: The percentage increase will be allowed on the "actual present benefit including any increase of 8% or 4% made on 1st January 1992".

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Interim Bonuses

Interim bonuses (including persistency bonuses where applicable) will be allowed till the next valuation at rates as mentioned in 'C' above, subject to 'D' below.

II. Policies expressed in US Dollar and Dirham :

(a) Policies expressed in Dirhams:

For with-profits policies inforce for sum assured as at 31.12.1992.

Reversionary bonuses per thousand sum insured per annum

1990, 1991 & 1992

Whole Life Dh 36

Endowments

20 years and over Dh 30
15 to 19 years inclusive Dh 21
14 years and less Dh 14

PLUS Persistency bonuses from the 6th policy year onwards Dh 3

Anticipated Endowments

20 years and over Dh 26
15 to 19 years inclusive Dh 18
14 years and less Dh 14

Interim bonuses (including Persistency bonuses, where applicable) on death and maturity claims will be allowed till the next valuation, at the rates mentioned at II (a) above, subject to 'D' below.

Anticipated Endowment policies will not receive any persistency bonus.

b) Policies expressed in Dollars:

For with-profits policies inforce for sum assured as at 31.12.1992.

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Reversionary bonuses per thousand sum insured per annum

1990, 1991 & 1992

Whole Life \$ 35

Endowments

20 years and over	\$ 28
15 to 19 years inclusive	\$ 20
14 years and less	\$ 13

PLUS Persistency bonuses from the 6th policy year onwards \$ 3

Anticipated Endowments

20 years and over	\$ 24
15 to 19 years inclusive	\$ 17
14 years and less	\$ 13

Interim bonuses (including Persistency bonuses, where applicable) on death and maturity claims will be allowed till the next valuation, at the rates mentioned at II (b) above, subject to 'D' below.

Anticipated Endowment policies will not receive any persistency bonus.

c) FAMILY INCOME BENEFITS WHERE POLICYHOLDER HAS DIED

Family Income Benefit to heirs or nominees of deceased policyholders will be increased from 1st January 1994, under with profits policies, as follows :

Year of Life Insured's death Increase

1990 or earlier	12%
1991	8%
1992	4%

Note: The percentage increase will be allowed on the "actual present benefit including any increase of 8% or 4% made on 1st January 1991.

Terminal Bonuses and Special Terminal Bonuses

Terminal bonuses, Special Terminal bonuses and Dread

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Disease Surgical Benefits will not be allowed to foreign currency policies.

D. NO CASH VALUE OF BONUSES FOR FIRST THREE POLICY YEARS

As is the existing practice, there will be no cash value of bonuses, whether declared or interim, until the policy has been in force for at least 3 complete years, i.e. until the 3rd policy anniversary has been reached. However, in case of a death claim, this condition will be waived and all bonuses whether declared or interim will be payable. Also, in the case of a death claim in the first 3 years, where the premiums are in arrears, in order to determine whether the policy could have been kept in force, cash values of bonuses will be taken into account.

A new benefit is being extended to with profit Pak Rupee policies which have been and are in force for 5 complete policy years or more on 31.12.1992. Under such policies if the life insured undergoes major surgery during the inter valuation period 1st January 1993 to 31st December 1994 on account of a specified dread disease, the corporation would pay 50% of the survival benefit, subject to a maximum payment of Rs 50,000/-. The amount payable will be adjusted against future survival benefits payments.

The Actuarial valuation indicates that the Corporation is in a sound

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financial position, investment performance of the corporation in Pak Rupee portfolio is satisfactory whereas investment in UAE, Dollar port-folio needs improvement. However, there is a need to take steps to arrest the deteriorating position of persistency.

The Board after detailed deliberations adopted the Actuarial valuation 1992, expressed appreciation of the work undertaken by GM(Actuarial) and resolved as.

RESOLVED

that the Actuarial valuation for the year 1992 be and are hereby adopted.

Action: GM (Actuarial)

6. The Board of Directors agreed to the above amendments and confirmed the minutes of the last Board meeting subject to above additions and passed the following resolution:

RESOLVED

"that subject to above amendments and additions the minutes of the 113th meeting of the Board of Directors held on 20th September 1993 be and are hereby confirmed."

ITEM NO.2 **IMPLEMENTATION REPORT OF DECISIONS TAKEN IN THE PREVIOUS BOARDS MEETING**

7. The Secretary presented to the Board of Directors implementation


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position of the decisions taken by the Board of Directors since 1st January 1993.

8. Taking note of the implementation position submitted to the Board of Directors it was decided that in the next meeting of the Board of Directors implementation position be submitted by the Secretary on the decisions taken by the Board of Directors in its meetings since 1st January 1992 i.e. for last 2 years.

Action: Secretary Board

ITEM NO.3 APPROVAL OF STATE LIFE'S ANNUAL BUDGET ESTIMATES FOR THE YEAR 1994 AND REVISED BUDGET FOR 1993

9. Executive Director (Finance) presented to the Board the budget estimates for the year 1994 alongwith revised budget estimates for the year 1993. Before going into the details of budget estimates he explained the methodology adopted by State Life for preparation of budget estimates. He informed that the business targets were agreed in consultation with the Zonal/Divisional Heads and the budget estimates developed accordingly. He explained the system of incentives and rewards and highlighted importance of persistency. He stated that business figures given in the memorandum for the first 11th months of the year were not reflective of the true picture of business for the year as almost 40% of business was concentrated in the last month rather last week of the year which in itself was a major problem and needed to be tackled.

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10. The Board was informed that in order to correct this undesirable practice the management of State Life had taken a firm decision to effect closing of the business on 30th December, 1993. Thus new business year would start as it should be from 1st January. The Chairman cautioned that due to closure of business strictly on the last day of December, there would be a substantial diminution in first year premium. However the non-genuine business costing Corporation vast sums of money would be eliminated. In the ultimate analysis State Life would be better off. The quality of business and persistency would greatly improve. The Executive Director (Finance) explained in detail to the Board of Directors the importance of persistency, reasons of its being low and the adverse impact of concentration of business in December on the final results. The Board thought that it would be worthwhile to pay the price in terms of lower business volume but secure better quality business.

11. The Board agreed that the persistency was a very crucial issue and the projections given in budget estimate of 65% and 85% were over optimistic and may not possibly be achieved. However it was felt that targets for persistency percentages needed to be kept higher for sending right signals to field workers.



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12. Discussing Group Life business it was observed that this was the area where competition from new entrants in life insurance business has already started its adverse impact was being felt by State Life particularly from the companies like EFU which have started aggressive under cutting of State Life rates. However, the Board expressed the hope that the State Life would be able to retain its share of Group business despite emerging new competition from the private sector and revamped Postal Life Insurance as a corporate entity.

13. Discussing investments in real estate the Board observed that to gauge the investments in Real Estate against the sole criteria of only the "returns" would not be proper. The development of the real estate reflects the strength of the company and creates a visible solid assets which inculcates confidence in the potential customer and thus generates business for the corporation. The visibility given by Real Estate is far superior in respects than many other methods/devices.

14. Discussing expenses on field officers it was observed that structural changes needed to be brought in the field workers and that the matter required to be looked into whether the total administrative expenses of State Life were in line with trends in other countries/companies in the sector which were operating under similar circumstances.

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<p>15. Renewal expense ratio of 27% as indicated in the revised estimates showed a jump of five (5) percentage points in one year, which was the largest ever single year to year jump. The Board observed that the expense ratio in parallel situation in other countries be looked into and State Life's should try not to exceed those levels.</p> <p>16. The Board was informed that now an increased emphasis was being placed by the Corporation on training of workers. Specifically a sales representative, in the future will have to qualify a basic training programme and would be also required to have a basic academic qualification of Secondary School Examination. Ultimately promotion of field workers would be also linked to passing of the professional examination/acquisition of professional qualifications.</p> <p>17. Discussing Gratuity, Pension and Provident Fund it was observed that there was substantial under provision and which was increasing every year because of add backs and increased income tax payments. The Board advised the B&A Division to submit a comprehensive report as to what can be done with tax liabilities on life fund.</p> <p>18. Analyzing the requirements of P&GS Division it was felt that the word 'Car' in the budget proposals be replaced with the word 'Vehicles' as the</p>			


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replacement is intended for different types of vehicles which had outlived their utility and their recurring maintenance costs were excessive. Purchasing new vehicles would be a sound economic decision. Further, vehicles were being purchased for business development projects.

19. The increase in the budget estimates for 1994 over revised estimates for 1993 were explained in detail. Some of the increases in expenses were beyond control because of Agreements with workers while increase in other expenses like in advertisements, training etc. have been necessitated by the requirements of the emerging competitive market.

20. It was agreed by the Board of Directors that part relating to Real Estate in the E.D. (Finance's) budget memorandum may be withdrawn as it would not be proper to approve/sanction amounts in the formate presented in the memorandum as there already exists a well set specific procedure for sanction of specific real estate projects by the Board.

21. Overseas operations of the State Life were also reviewed. Improvement in UAE business was appreciated. Discussion was also held on the Corporation's U.K business. The Chairman observed that while taking a final decision in this connection it would be very appropriate to recognise that UK operations of the Corporation provide it with a window to the world. He felt the U.K. business would provide State Life with much needed international

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exposure, new products development and a capacity to operate in a competitive environment. However a decision in the matter would be taken after an objective in depth analysis and keeping in view the strategic goals of the Corporation.

22. With the above observations the Board of Directors approved the Revised Estimates for 1993 and budget estimates for 1994 as presented (Annexed A-) and resolved as under:-

RESOLVED

"that the Budget Estimates for 1994 and Revised Estimate for 1993 be and are hereby approved."

Action: E.D.(Finance)

ITEM NO.4 REQUEST OF M/S. SUI SOUTHERN GAS COMPANY LTD. FOR TERM FINANCING OF PAK RS.500 MILLION FOR ITS EXPANSION PROJECT

23. The Board considered the Executive Director (Investment)'s Memorandum No.16(114)93 regarding issuance by M/s. Sui Southern Gas Company Limited's (SSGCL) of long term TFC's of Rs 500 million to State Life in collaboration with ICP.

24. The proceeds generated from the issue of TFC's would be utilized by the SSGCL to meet a part of the local currency capital cost of its expansion programme and rehabilitation of existing projects.

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25. In order to complete the expansion projects, the company will incur an estimated capital expenditure of Rs 20.038 billion during FY 1993-94 to FY 1997-98. It includes Rs 6.658 billion or US\$ 228 million (equivalent) in foreign exchange. Balance Local currency cost of the projects is to be financed through additional equity, bank borrowings and self-financing/consumer contribution.

26. Foreign currency cost of the project will be financed through ADB loan of US\$ 178 million, World Bank loan of US\$ 16 million and another loan of US\$ 34 million to be arranged from international loan giving agencies.

27. The short and long term financial position of the company is very sound. The debt/equity ratio ranged between 61/39 to 63/37. Similarly the current ratio remained between 1.09:1 to 1.37:1. The break up value of ten rupee share moved in the range of Rs 22.64 to Rs 32/-.

28. Under the ADB loan covenants the company is required to maintain current ratio of 1:1 and a debt equity ratio of 20:30. The fixed assets coverage will remain above the usual acceptable limit of 1.5 times through out the projected period. Debt Service Coverage which is projected to be 3.65 times by end of 1994 will lower down to 1.81 times by the end of year 1998. The loan covenants also provide for discipline wherein return on fixed assets in operations have been guaranteed by the Government of Pakistan at not less

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than 17%.

29. Projected sources and application of funds statement and internal cash generation statement, as prepared by the company, indicate that the company will have adequate funds to meet its obligations towards the repayment of long term finance, short term bank borrowings and pay dividends etc.

30. During the discussion Executive Director (Investment) explained to the Board that M/s. Sui Southern Gas Company Ltd. is financially a viable utility company and is required to observe financial discipline in terms of the covenants of loan agreement with ADB. Considering the strength of the company and viability of the project from economic, financial and marketing point of view the Board resolved as under:

RESOLVED

(i) "State Life Insurance Corporation of Pakistan may purchase Long Term Finance Certificate of Rs.400 million from M/s. Sui Southern Gas Company Limited on its usual terms and conditions:

- (i) The principal amount of financial assistance will be repaid by the company in seven (7) years including 2 years grace period, on six monthly basis. The first installment of the principal amount will be due after two years from the date of first draw down.

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(ii) The return on TFCs will be reckoned at a floating rate equal to 5% over average yield of last three immediate auctions of 10 year Federal Investment Bonds, for the following six (6) months, with a floor rate of 22% p.a.

(iii) The company shall pay the following charges:

- a). Project examination & professional assistance @ 0.25% of total financial assistance which has already been received by the State Life.
- b). Commitment charges @ 1.5% p.a. payable quarterly on the principal sum of financial assistance remaining un-disbursed after 60th day from the date of sanction.
- c). Legal documentation fee @ 0.125% of total financial assistance.
- d). Project monitoring fee @ 0.1% p.a. payable quarterly on the outstanding amount of assistance. The fee will accrue from the date of disbursement of funds.
- e). Initial Trusteeship Commission @ 0.125% of the total amount of principal and mark-up. Subsequently, Trusteeship Commission @ 0.125% of the total amount outstanding in the beginning of the year, payable in four quarterly installments on the last day of each quarterly installments on the last day of each quarter in that year commencing from the beginning of the year next after the date of trust deed.
- f). Central Excise Duty @ 1% p.a. on the outstanding amount of financial assistance on monthly basis. The billing shall be made

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on quarterly basis. In case the amount is not paid on due dates, mark-up at the prevailing rates will be charged on overdue installment(s) for the period of default.

(iv) The sanction of funds is subject to following additional conditions :

- a). Prior to disbursement of funds, the company will provide an undertaking to the effect that they will arrange the remaining financial assistance of Rs 860.000 million as provided in the financial plan.
- b). In consultation with the company, State Life Insurance Corporation & ICP will prepare a draw down schedule and disbursement of funds by SLIC & ICP will be made on proportional basis alongwith other funds i.e. share capital, internal cash generation (Rs 2.820 billion) and financial assistance by other bank(s)/DFI(s) as provided in the financial plan.
- c). State Life will have pari passu first charge over SSGCL net fixed assets and a floating charge over SSGCL transmission and distribution systems.
- d) State Life to have an option to appoint a loan director during the currency of the TFCs.

(ii) "Resolved further that Executive Director (Investment) be and is hereby authorised to sign and execute the agreement, contracts deeds and documents relating to the purchase of TFC's."

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ITEM NO. 5 REQUEST OF M/S. SUI NORTHERN GAS COMPANY LTD FOR TERMS FINANCING OF PAK RS.600 MILLION FOR ITS EXPANSION PROJECT

31. The Executive Director (Investment) presented and explained the memorandum submitted to the Board regarding issuance by M/s. Sui Northern Gas Company Limited (SSGCL) of long term TFCs of 500 million to State Life. These TFCs would be issued on floating markup basis at preferably the floor rate of 23% (but not below 22%) per annum. The proceeds from issue of TFCs will be utilised by SNGCL to meet part of the capital cost in local currency of the three major system expansion projects currently being undertaken by the company.

32. The company is undertaking an extensive upgrading of its existing transmission system to take up additional gas becoming available from different fields.

33. Sui Northern has already arranged foreign currency loans from the IBRD (World Bank). Required new equity is proposed to be raised shortly.

34. Discussing the matter in details and considering the strength of the company and viability of the projects the Board resolved as under:

RESOLVED

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(i) "State Life Insurance Corporation may on its usual terms and conditions purchase long terms of TFCs of Rs.500 million from Sui Northern Gas Company Ltd. on the floating markup basis possibly at the floor rate of 23% per annum or (in case of failure to do so) on the terms and conditions similar to those offered to Sui Southern Gas Company Ltd."

(i) The principal amount of financial assistance will be repaid by the company in 7-10 years including 2 years grace period, on six monthly basis. The first installment of the principal amount will be due after two years from the date of first draw down.

(ii) The return on TFCs will be a floating rate equal to 6% over average yield of last three immediate actions of 10 year Federal Investment Bonds, for the following six (6) months, preferably with a floor rate of 23% p.a. In case it would not be possible to secure this rate, on the rate similar to that offered to Sui Southern under Item No.4 ante.

(iii) The company to pay the following charges:

a). Project examination & professional assistance @ 0.25% of total financial assistance.

b). Commitment charges @ 1.5% p.a. payable quarterly on the principal sum of financial assistance remaining un-disbursed after 60th day from the date of sanction.

c). Legal documentation fee @ 0.125% of total financial assistance.

d). Project monitoring fee @ 0.1% p.a. payable quarterly on the outstanding

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amount of assistance. The fee will accrue from the date of disbursement of funds.

e). Initial Trusteeship Commission @ 0.125% of the total amount of principal and mark-up. Subsequently, Trusteeship Commission @ 0.125% of the total amount outstanding in the beginning of the year, payable in four quarterly installments on the last day of each quarterly installments on the last day of each quarter in that year commencing from the beginning of the year next after the date of trust deed.

f). Central Excise Duty @ 1% p.a. on the outstanding amount of financial assistance on monthly basis. The billing shall be made on quarterly basis. In case the amount is not paid on due dates, mark-up at the prevailing rates will be charged on overdue installment(s) for the period of default.

(iv) The sanction of funds is subject to following additional conditions :

a). Prior to disbursement of funds, the company will provide an undertaking to the effect that they will arrange the remaining finances required for the projects as provided in the financial plan.

b). In consultation with the company, State Life Insurance Corporation will prepare a draw down schedule and disbursement of funds i.e. share capital, internal cash generation and financial assistance by other bank(s)/DFI(s) as provided in the

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financial plan.

c). State Life will have pari passu first charge over SSGCL net fixed assets and a floating charge over SSGCL transmission and distribution systems.

d) State Life to have an option to appoint a loan director on the SNGPL's Board during the currency of the TFCs.

(ii) "Resolved further that Executive Director (Investment) be and is hereby authorised to sign and execute the agreement, contracts deeds and documents relating to the purchase of TFC's."

ITEM NO.6 REQUEST OF CHAIRMAN CHENAB TEXTILE MILLS LTD FOR SETTLEMENT REGARDING BUY BACK OF SHARES IN TERMS OF SALES/REPURCHASE AGREEMENTS IN RESPECT OF 80,500 SHARES OF THE COMPANY WITH MIAN TAJAMMAL HUSSAIN, MIAN NUSRAT-UD-DIN AND OTHERS

35. The Board considered in detail the memorandum alongwith Annexures submitted to it and decided that the legal process under-way may be allowed to continue at present. It resolved as under:-

RESOLVED

"The request be filed."

Action: E.D. (Investment)

OTHER MATTERS DISCUSSED WITH THE PERMISSION OF THE CHAIR

APPOINTMENT OF AUDITOR IN U.A.E.

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36. Article 51 of the UAE Laws - 1984 requires State Life's accounts to be audited in UAE by auditors registered in UAE's accountants and auditors register.

37. M/s. Sajjad Haider & Co., Chartered Accountant (Registered in UAE) have audited State Life's accounts in UAE from 1985 to 1992 and have performed the job satisfactorily at Audit Fee amounting to DH:12,000/- plus out of pocket expenses amounting to DH:2,000/- were paid in 1992.

38. The ED (Finance) suggested the Board to consider approving the appointment of M/s. Sajjad Haider & Co., for the audit of State Life Accounts for the year 1993 in UAE on the existing terms and conditions i.e. at audit Fee of DH:12,000/- plus DH:2,000/- as out of pocket expenses.

39. Considering the past performance of M/s. Sajjad Haider and Co., the Board resolved as under:

RESOLVED

"M/s. Sajjad Haider & Co. be appointed as auditors for State Life U.A.E. to audit its accounts for 1993 with Audit fee of DH:12,000 and DH:2000 as out of pocket expenses."


Action E.D.(Finance)

40. The Board of Directors of State Life offered "Fateha" and decided to send a condolence message to the family of Late Mr. Haider Mehdi who had

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<p>expired in Rawalpindi on 21.12.1993. The Board also condoled the death of other colleagues who had expired in the recent past and offered Fateha for them.</p> <p>41. With no other business to transact the meeting ended with a vote of thanks to the Chair.</p> <p style="text-align: right;"><i>[Signature]</i> CHAIRMAN</p>			
<p style="text-align: center;">CHAIRMAN'S INITIALS</p> 			

114TH MEETING OF BOARD OF DIRECTORS

RECTORS	HELD AT	ON	TIME
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STATE LIFE INSURANCE CORPORATION OF PAKISTAN.

Annexure "A"
BUDGET ESTIMATES FOR THE YEARS
1993 (REVISED) AND 1994.

(Rs. in Million)

TITLE OF ACCOUNTS	REVISED ESTIMATES 1993	BUDGET ESTIMATES 1994

A. PREMIUM INCOME:		

First Year Premium		

PAKISTAN	1086.500	1303.800
OVERSEAS	13.500	17.100
Total:	1100.000	1320.900
	=====	=====
Renewal Premium Second Year		

PAKISTAN	689.348	706.220
OVERSEAS	5.250	9.325
Third Year & above.		

PAKISTAN	2518.379	2822.800
OVERSEAS	36.963	37.900
Total:	3249.940	3576.245
	=====	=====
Group Premium		

PAKISTAN	979.000	1092.000
OVERSEAS	0.076	0.084
TOTAL	979.076	1092.084
	=====	=====
Annuity & Single Premium	2.160	7.800
TOTAL PREMIUM INCOME:-	5331.176	5997.029
	=====	=====

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HELD AT	ON	TIME
Lahore	Wednesday ,22nd Dec, 1993	11.00 a.m

Annexure "A"

(Rs. in Million)

TITLE OF ACCOUNTS	REVISED ESTIMATES 1993	BUDGET ESTIMATES 1994
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B. INVESTMENT & OTHER INCOME:

Interest on Policy Loans	176.963	217.808
Dividend & Interest	3382.214	4087.678
Rental Income (Gross)	154.094	181.925
Misc./Other Income and Adjustments	2.384	2.651
TOTAL OTHER INCOME:-	3715.655	4490.062
TOTAL GROSS INCOME:-	9046.831	10487.091

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RECTORS	HELD AT	ON	TIME
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STATE LIFE INSURANCE CORPORATION OF PAKISTAN.

Annexure "B"

BUDGET ESTIMATES FOR THE YEARS
1993 (REVISED) AND 1994

(Rs. in Million)

TITLE OF ACCOUNTS	REVISED ESTIMATES 1993	BUDGET ESTIMATES 1994
Death Claims		
PAKISTAN	296.452	355.742
OVERSEAS	2.050	2.100
Total:	298.502	357.842
Claim Investigation Expenses		
PAKISTAN	1.582	1.890
OVERSEAS	--	--
Total:	1.582	1.890
Maturity Claims		
PAKISTAN	685.300	764.400
OVERSEAS	27.000	35.000
Total:	712.300	799.400
Group Claims		
PAKISTAN	685.30	764.400
OVERSEAS	0.025	0.025
Total:	685.325	764.425

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114TH EETING OF BOARD OF DIRECTORS

	HELD AT	ON	TIME
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Annexure "B"

(Rs. in Million)

TITLE OF ACCOUNTS	REVISED ESTIMATES 1993	BUDGET ESTIMATES 1994
Group Profit Commission		
PAKISTAN	100.000	110.000
OVERSEAS	---	---
Total:	100.000	110.000
Annuities		
	4.020	4.550
Surrenders		
PAKISTAN	554.639	629.942
OVERSEAS	8.000	10.000
Total:	562.639	639.942
Bonus to Policyholders		
	0.550	0.750
TOTAL POLICY PAYMENTS:-	2364.918	2678.799

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STATE LIFE INSURANCE CORPORATION OF PAKISTAN.

 COMMISSION EXPENSES BUDGET PROPOSAL
 FOR THE YEARS 1992 (REVISED) AND 1993. Annexure "C"

(Rs. in Million)

TITLE OF ACCOUNTS	REVISED ESTIMATES 1993	BUDGET ESTIMATES 1994
Agency Commission First Year	423.500	508.547
Overriding Commission First Year	390.500	468.920
Agency Commission Annuity	0.162	0.585
Overriding Commission Annuity	0.024	0.117
Production Bonus to Area Managers	20.900	25.097
Stipend Scheme	--	--
FIELD PRIZES & AWARDS		
i) First Year Premium	9.636	9.900
ii) Renewal Premium	--	--
iii) Field Convention	3.600	5.000
Field Group Insurance	8.030	8.250
Field Medical Expenses	19.807	20.350
Field Office Expenses/ Allied Facilities	66.915	68.750
TOTAL FIRST YEAR & OTHER COST:-	943.074	1115.516

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Annexure "C"

(Rs. in Million)

TITLE OF ACCOUNTS	REVISED ESTIMATES 1993	BUDGET ESTIMATES 1994
Agency Commission Renewal	197.131	214.590
Overriding Commission Renewal	68.249	75.101
TOTAL RENEWAL COST:-	265.380	289.691
Agency Commission Group	2.545	2.839
Overriding Commission Group	0.979	1.092
Prizes & Awards Group	0.450	0.530
TOTAL GROUP COST:-	3.974	4.461
GRAND TOTAL:-	1212.428	1409.668

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DIRECTORS	HELD AT	ON	TIME
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STATE LIFE INSURANCE CORPORATION OF PAKISTAN.

Annexure "D"

BUDGET ESTIMATES FOR THE YEARS
1993 (REVISED) AND 1994

ADMINISTRATIVE EXPENSES

(Rs. in Million)

TITLE OF ACCOUNTS	REVISED ESTIMATES FOR 1993	PROPOSED ESTIMATES FOR 1994	% INCREASE (DECREASE) OVER REVISED ESTIMATES.
Salaries	375.605	432.991	15.3 (D-1)
Travelling Expenses	47.936	59.924	25.0 (D-2)
Auditors Fees	1.286	1.286	0.0
Medical Fees	8.306	9.395	13.1 (D-3)
Law & Professional Charges	5.580	5.375	-3.7 (D-4)
Advertisement	37.010	41.120	11.1 (D-5)
Printing & Stationery	20.441	23.815	16.5
Policy Stamps	8.815	9.450	7.2
Staff Welfare	54.100	60.867	12.5 (D-6)
Postage, Telegrams & Telephone	35.973	37.651	4.7 (D-7)
Utilities	25.925	26.303	1.5
Entertainment	5.779	6.109	5.7
Bank Charges	3.889	4.902	26.0
Conferences & Meetings	12.953	13.086	1.0 (D-8)
Prizes & Awards	1.108	0.930	-16.1
Training Expenses	9.471	13.360	41.1 (D-9)

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	HELD AT	ON	TIME
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Annexure "D"

(Rs. in Million)

TITLE OF ACCOUNTS	REVISED ESTIMATES FOR 1993	PROPOSED ESTIMATES FOR 1994	% INCREASE (DECREASE) OVER REVISED ESTIMATES.
Computer Expenses	6.285	6.505	3.5
Miscellaneous Expenses	45.250	56.730	25.4 (D-10)
Rents (State Life Buildings)	26.437	29.081	10.0
Rents (Other Buildings)	22.208	23.232	4.6
Bad Debts	--	--	
Depreciation	30.000	33.000	10.0
Gratuity, Pensions, Provident Fund Contribution	44.735	52.552	17.5 (D-11)
Depreciation in value of Investments	--	--	
TOTAL ADMINISTRATIVE EXPENSES:	829.092	947.664	14.3

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