

MINUTES OF THE 117TH MEETING OF THE BOARD OF DIRECTORS.

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PRINCIPAL OFFICE KARACHI	26TH JUNE 1994	
<p>The One hundred and Seventeenth (117th) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 26th June, 1994 at the Corporation's Principal Office, Karachi.</p>			
<p>PRESENT</p>			
<ol style="list-style-type: none"> 1. Mr. A. R. Siddiqi, Chairman 2. Mr. Nazir A. Jajvi, Executive Director 3. Mr. M. Javed Ashraf Hussain, Executive Director 4. Mr. S. Z. H. Jafri, Executive Director 5. Mr. M. Hafeez Malik, Executive Director 6. Mr. S. Gulrez Yazdani, Secretary Board 			
<p>2. Also attended by Special invitation:</p>			
<ol style="list-style-type: none"> 1. Mr. Muhammad Latif GM (B&A) 2. Mr. Shamsuddin Solangi GM (P&GS) 			
<p>3. The Meeting commenced with recitation from the Holy Quran.</p>			
<p><u>LEAVE OF ABSENCE</u></p>			
<p>3. The Secretary informed the Board that Mr. Javed Masud, Additional Secretary, Ministry of Commerce/Director of the Corporation had intimated his inability to attend the 117th meeting of the Board because of unforeseen and pressing engagements in Islamabad and had sought leave of absence. The requested leave of absence was granted.</p>			
<p>ITEM NO.1: CONFIRMATION OF MINUTES OF 116TH MEETING OF THE BOARD OF DIRECTORS—HELD ON 18TH APRIL, 1994 AT KARACHI.</p>			
<p>4. Minutes of the 116th meeting of the Board of Directors held on 18th April 1994 at Karachi were placed before the Board for confirmation.</p>			
<p>5. It was pointed out that in paragraph 18 of the minutes, last line should be amended to read as "Finance for 7 years at the best possible rates say around 20% or above". The Board of Directors agreed to the above amendment and resolved:</p>			
<p><u>RESOLVED</u></p>			
<p>"that subject to above amendment the minutes of 116th meeting of the Board of Directors be and are hereby confirmed".</p>			
<p style="text-align: right;">Action G.M (Inv)</p>			
<p>ITEM NO.2. <u>REVIEW OF ANNUAL ACCOUNTS FOR THE YEAR ENDING 31ST DECEMBER, 1993</u> (ED Finance Memorandum dated 19.6.1994)</p>			
<p>6. E.D (Finance) presented before the Board of Directors the resume of Corporations Annual Accounts for the year ended 31st December, 1993. The Directors were informed that the gross income of the Corporation from all sources in 1993</p>			


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increased by only 12% over 1992. Compared to the 16.2% increase in 1992 over 1991 it reveals a decrease in the annual rate of growth. The Board took note of the increase in renewal income (13.1% in 1993 compared to 10.1% in 1992) and felt the need for further improvements. The Board members were of the view that the recommendations of the Persistency Committee should be implemented and they also advised a follow-up.

7. The performance of Real Estate Division was also brought under review and the Board of Directors was informed that the gross rental income increased by 12.0% in 1993 as against the increase of 30.9% in 1992. The Board members felt that momentum for increase in rental income be maintained.

8. Discussing the payments, a special concern was expressed regarding surrenders which increased by an alarming rate of 25.8% in 1993. The Board was informed by General Manager (B&A) that surrenders position is disturbing and needs to be addressed immediately. However, it was pointed out that these surrender figures include replacement of policies. The Board observed that an effective system is required to be developed so as to check and follow up surrenders. Noting that at present there is no effective mechanism of accountability for surrenders, the Board felt that Zonal Heads should also be fully involved and advised that with the objective to check surrenders the matter be brought on the agenda of monthly zonal heads meeting.

9. Administrative expenses of the Corporation increased by 28.6% in 1993 over 1992 against a rise of only 11.5% in 1992 over 1991. The sudden jump in administrative expenses was attributed primarily to increase in expense on salaries, allowances, advertisement, utility charges, training etc. However, there was a general feeling that administrative expenses need to be controlled.

10. It was observed by the ED (Investment) that among other things the memorandum on annual accounts should also show:

- i) Expense ratio of Group & Pensions Division.
- ii) Structure and Composition of investment Portfolio of the Corporation.
- iii) Yield obtained on Real Estate Portfolio
- iv) Persistency

11. Noting the timely completion of accounts this year it was observed that it is perhaps the second time that the annual accounts have been completed before June of the following year. Appreciating the efforts made this year it was stressed that early completion of accounts be made a regular feature and efforts be made to complete the exercise even earlier.

12. After detailed discussion on the proposal made by Mr. Hafeez Malik E. D (S&D) and seconded by Mr. S. H. Z. Jafri, E.D (PHS) the following resolution was passed by the Board.

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<p><u>RESOLVED</u> "that the annual accounts for the year ended 31st December 1993 alongwith annexed notes be and are hereby approved. Further, Mr. A. R. Siddiqi Chairman, Mr. S. Z. H. Jaferi, Executive Director and Mr. M. Javed Ashraf Hussain, Executive Director are authorised to sign the audited accounts of the Corporation for the year 1993." Action G.M (B&A)</p> <p>ITEM NO.3 APPOINTMENT OF STATUTORY AUDITORS FOR THE CORPORATION'S <u>ACCOUNTS FOR THE YEAR 1994</u> (ED) Finance memorandum dated 19.6.1994</p> <p>13. The panel of auditors of the Corporation once appointed normally continue for a period of five years. Last year was the last of the 5 year cycle of the panel of previous auditors of the Corporation. The Board was, therefore, required at current session to appoint new auditors for the Corporation for a new cycle subject to confirmation on an annual basis.</p> <p>14. The three existing auditors had completed their five year cycle last year but keeping in view the need for some continuity and the auditors understanding of the corporation, it was decided to retain one from the existing panel and to appoint two new auditors.</p> <p>15. M/s. Sajjad Haider and Co. Chartered accountants have audited State Life's accounts in UAE from 1985 and have performed the job satisfactorily. An audit fee of DHM 12000 plus out-of-pocket expenses amounting to DHM 2000 were paid to them in 1993. It was proposed to retain M/s Sajjad Haider and Co. at the same fee considering the past performance. The Board therefore approved their retention as State Life's auditors for UAE for 1994.</p> <p>16. Discussing the issue the Board expressed satisfaction on the performance of the outgoing auditors and approved the appointment of new auditors for auditing 1994 annual accounts of the Corporation in Pakistan and in the UAE and passed the following resolutions.</p> <p><u>RESOLVED</u></p> <p>i) "that the panel of following firms of Chartered Accountants may be appointed as auditors for auditing 1994 annual accounts of the Corporation."</p> <ol style="list-style-type: none"> 1. M/s Ford Rhodes Robson Morrow, Karachi. 2. M/s Khalid Majeed Hussain Rehman Karachi. 3. M/s Riaz Ahmad and Company, Lahore. <p>ii) "Sanction is accorded for an amount of Rs.450,000 and Rs.200,000 for auditors fee and their out-of-pocket expenses for the year 1994."</p> <p>iii) "M/s Sajjad Haider & Co. be appointed as auditors for State Life UAE to audit its accounts for 1993 with Audit fee of DH 12000 and Dh 2000 as out of</p>			

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pocket expenses."

Action G.M (B&A)

OTHER MATTERS

LISTING OF ALPHA INSURANCE ON THE STOCK EXCHANGE

17 Listing on Stock Exchange of M/s Alpha Insurance Company which is 88.1% owned by State Life was also discussed. The Board was informed that the listing on Stock Exchange requires a fair amount of work to be undertaken and decisions taken before the company can be finally listed on stock exchange. The valuation of shares, the quantity/percentage of the shares which the State Life will offload, transfer of management etc. are some of the issues which need to be analysed and decided upon before listing of the company on stock exchange.

18. The Board discussed in great detail and after discussion resolved as under:-

RESOLVED

"that ED (investment) is hereby authorized to under take the necessary preparatory work required for listing of M/s Alpha Insurance on the Stock Exchange and resubmit the case to the Board for a final decision on the issue."

Action G.M (Inv.)

STAFFING POSITION, UPGRADATION AND CREATION OF POSTS

19. The Board of Directors also discussed the existing staff position of the Corporation particularly in the light of the ever increasing work load in different Division and Departments. It was appreciated by the Board that the work load has increased in last couple of years but there has not been a corresponding increase in staff/offers.

20. To help meet the critical requirements, it was agreed by the Board to upgrade;

- i) Two (2) posts of Assistant General Manager (AGM) to that the Deputy General Manager (DGM).
- ii) Eight (8) posts of Manager to that of Assistant General Managers.
- iii) Four (4) posts of Deputy Manager to that of Manager.

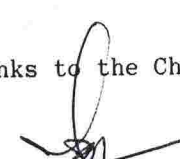
21. In addition, it was decided to create two posts as under:

- i) One (1) post of DGM (B&A) at Faisalabad.
- ii) One (1) post of AGM (G&P) at Rawalpindi.

22. The Board accordingly resolved as under:-

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<p><u>RESOLVED:</u></p> <p>A) "that the following posts of AGM be upgraded to that of a DGM.</p> <ul style="list-style-type: none"> i) Assistant General Manager (B&A), Karachi Zone. ii) Assistant General Manager (S&D), Lahore Zone," <p>B) "that the following posts of Managers be upgraded to that of AGM.</p> <ul style="list-style-type: none"> i) Manager (N.B.), Hyderabad Zone. ii) Manager (Overseas), Principal Office. iii) Manager (P&GS), Hyderabad Zone. iv) Manager (IA&E), Principal Office. v) Manager (CD), Lahore Zone. vi) Manager (CD), Rawalpindi Zone. vii) Manager (N.B), Peshawar Zone. viii) Manager (S&D), Rawalpindi Zone." <p>C) "that the following posts of Deputy Manager be upgraded to that of Manager.</p> <ul style="list-style-type: none"> i) Deputy Manager (Investment), Principal Office. ii) Deputy Manager (Agency), Hyderabad Zone. iii) Deputy Manager (N.B), Sukkur Zone. iv) Deputy Manager (N.B), Karachi Zone." <p>D) "It is decided to create the following posts.</p> <ul style="list-style-type: none"> i) Deputy General Manager (B&A), Faisalabad Zone. ii) Assistant General Manager (G&P), Rawalpindi Zone." 			
23.	<p>The meeting ended with a vote of thanks to the Chair.</p> <p style="text-align: right;">Action G.M. (P&GS)</p> <p style="text-align: center;">  CHAIRMAN </p>		
<p style="text-align: right;">CHAIRMAN'S INITIALS</p> 