

MINUTES OF THE 124TH MEETING OF THE BOARD OF DIRECTORS

ORS	HELD AT	ON	TIME
BOOK	ISLAMABAD	3.7.1995	11.00 a.m.

The One hundred and twenty Fourth (124th) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 3rd July, 1995 at the Chairman State Life's Camp Office Islamabad.

PRESENT

1. Mr. M. Zaheer Khan, Chairman
2. Mr. Nazar Abbas, Director
3. Mr. M. Javed Ashraf Hussain, Executive Director
4. Mr. M. Hafeez Malik, Executive Director
5. Mr. Mehmood Ali Bhatti, Director
6. Mr. Shah Nawaz Khan, G.M. (PHS) by invitation
7. Mr. S. Gulrez Yazdani, Secretary Board

2. The meeting commenced with the recitation from the Holy Quran.

ITEM NO.1 Confirmation of the Minutes of 123RD meeting of the Board of Directors

3. It was observed that the name of Mr. Mehmood Ali Bhatti, Director was erroneously not indicated in the list of those present at the 123rd meeting of the Board. It was accordingly decided that the minutes of 123rd meeting of the Board of Directors be amended to include the name of Mr. Mehmood Ali Bhatti, Director in the list of Directors who were present at the meeting in paragraph 1 of the minutes. With these observations the Board resolved as under:

RESOLVED

"that the minutes of 123rd meeting of the Board of Directors as amended be and are hereby confirmed".

ITEM NO.2 Ratification of Minutes of 197th and 198th meeting of the Executive Committee

4. The Board took note and ratified the minutes of the meetings of the Executive Committee mentioned below:

- (1) 197th meeting held on 31st May 1995
- (2) 198th meeting held on 21st June 1995

The Board accordingly resolved that:

RESOLVED

"that the minutes of 197th and 198th meeting of the Executive Committee be and are hereby ratified."

CHAIRMAN'S
INITIALS



MINUTES OF THE 124TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
ISLAMABAD	3.7.1995	11.00 a.m.

ITEM NO.3

State Life Annual Accounts for the year ended 31.12.94
E.D. (B&A)'s memorandum dated 18.6.1995

5. E.D. (Finance) presented before the Board of Directors the resume of Corporations Annual Accounts for the year ended 31st December 1994. The Board was informed that the gross income of the Corporation from all sources increased by 14.4% in 1994, compared to only 12% increase in 1993 over 1992, which suggests a substantive increase in the annual rate of growth.

6. The Board noted the minor increase in the renewal premium income and felt that there was scope and need for further improvements. ED (S&D) explained the measures being taken for improving the renewal, like campaigns and competitions. It was felt that the recently concluded agreement with the field workers Federation where benefits have been linked with persistency instead of the First Year Premium will help improve the persistency. The positive trend in persistency was appreciated and regarded as a good development which needs to be re-enforced.

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 8.4% in 1994. The Board members were informed of the efforts being made for the increase in rental income and it was felt that these efforts be continued.

8. Discussing the payments, a special concern was expressed regarding surrenders which increased by 17.4% in 1994. Concern was shown by the Board members on the increasing expense ratios particularly the renewal expense which had increased to 27.5% in 1994 as compared to 26.1% in 1993.

9. Completion of accounts before the end of June was appreciated and the Board advised that the efforts for early completion of accounts be continued in future also.

10. After detailed discussions the Board passed the following resolution:

RESOLVED

"that the annual accounts for the year ended 31st December 1994 be and are hereby approved and that Mr. M. Zaheer Khan, Chairman, Mr. M. Hafiz Malik, Executive Director and Mr. M. Javed Ashraf Hussain, Executive Director are authorised to sign the audited accounts of the Corporation for the year 1994".

Action: E.D. (B&A)

CHAIRMAN'S
INITIALS



MINUTES OF THE 124TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
BOOK	ISLAMABAD	3.7.1995	11.00 a.m.

ITEM NO.4 Appointment of Statutory Auditors
E.D. (B&A)'s memorandum dated 22.6.1995

11. The item was discussed and was decided to defer it for final decision of the meeting of the Board.

Action: E.D. (B&A)

ITEM NO.5 Setting up of an Asset Management Company and Flotation of Open-end Mutual Funds
G.M. (Investment)'s Memorandum dated 20.6.1995 ✓

✓ 12. The agenda item was considered in detail in the 197th meeting of the Executive Committee held on 31st May 1995 and also in the 123rd meeting of the Board of Directors held on 15.6.1995. The Executive Committee in its 197th meeting had discussed the issue of setting up of State Life sponsored Asset Management company in extensive details and had approved the proposal as contained in para 17, 18 and 19 of the memorandum on the subject submitted to the Executive Committee. The proposals as contained in the three referred paragraphs and approved by the Committee can be summarized as under:-

* The proposal is futuristic, deserves merit and serious consideration, Executive Committee to clear the proposal for submission to the Board of Directors.

* Board of Directors may accord the clearance/approval for floating of State Life sponsored subsidiary Asset Management Company for flotation of Open End Mutual Funds along with the decision that the specific contracts, remunerations for services rendered terms of reference of consultants and other details may be finalised by the Executive Committee subsequently as the situation warrants. The service charges for these activities are fairly defined in the market and are certain accepted percentages are an accepted norm.

* Executive Committee to allow initiation of preliminary preparatory work on Asset Management Company which entailed limited expenditures and that M/s. Beg Associates be informed that State Life has positive interest in the proposal and that definite response will be subject to the approval of the Board of Directors of the Corporation.

* That the decision for establishment and promotion of subsidiaries falls within the purview of the Board of Directors of State Life.

13. The Board of Directors of the Corporation in its 123rd meeting had also discussed the proposal and had appreciated the initiative and the proposal for establishment of the State Life Sponsored Asset Management Company for flotation of Open End Mutual Funds. The Board for a final decision on the proposal had requested for the copies of; (i) recently published regulatory frame work, (SRO 392(1)/95 dated 15th May

CHAIRMAN'S
INITIALS



MINUTES OF THE 124TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
ISLAMABAD	3.7.1995	11.00 a.m.

1995), and (ii) the proposal and information on the proposed local associates. The Board had also directed that the process and basis on which local associates have been included be made part of the revised paper which may alongwith the documentation requested be submitted to the next meeting of the Board of Directors.

14. The revised memorandum containing the proposal in all its details alongwith attachments was placed before the current meeting was accordingly submitted for consideration of the Board and for accord of final approval/ clearance.

15. The Board members discussed the proposal in all details and resolved as under:-

RESOLVED

"(1) that the approvals accorded by the Executive Committee in its 197th meeting be and are hereby endorsed".

"(2) Executive Committee is authorised to decide on the operational matters, however, the Board of Directors be kept informed of the progress"

"(3) that the proposal submitted to the Board of Directors regarding setting up of State Life sponsored Asset Management Company be and is hereby approved".

Action: G.M.(Inv)

ITEM NO.6 Renovation and Refurbishing of Airconditioning System of State Life Building No.2, Karachi
G.M. (RE)'s memorandum dated 21.6.1995

16. The Board of Directors discussed the proposal in detail and felt that the proper airconditioning system is an essential requirements for any modern office building. It was also observed that to keep initial costs low there is a general trend towards the under provisioning for airconditioning which subsequently creates problems like recurring maintenance costs, installation of window airconditioners or some other supplementary airconditioning system to make the airconditioning and atmospheric controls effective.

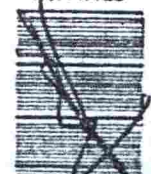
17. The Board members felt that the cost estimates and funding provisions should ensure the high quality and reasonable life time for the airconditioning system being installed and also called for precaution against under-provisioning. With these observations the Board on the issue resolved as under:-

RESOLVED

"that the proposal as contained in para 7 of the memorandum requesting award of work to the lowest bidder for a total amount of 71.86 million be and is hereby approved".

Action: G.M. (RE)

CHAIRMAN'S INITIALS



MINUTES OF THE 124TH MEETING OF THE BOARD OF DIRECTORS

BOOK	HELD AT	ON	TIME
	ISLAMABAD	3.7.1995	11.00 a.m.

ITEM NO.7 ✓ Procedure for Granting House Building
Loan to Field Staff
E.D. (S&D)'s memorandum dated 22.6.1995

18. The scheme for house building loan for Sales Managers which was approved in the 81st meeting of the Executive Committee was discussed in the detail. The draft procedures placed before the Board of Directors for grant of house building loan to Sales Manager of the Corporation had been prepared after detailed discussions amongst senior officers of B&A, Law and S&D Divisions including Mr. Riaz Ahmed Siddiqui, Advisor.

19. It was observed by the Directors that it has taken more than 10 years to prepare draft procedures which is an unwanted situation and such lapses needs to be avoided in future. The Board after discussion resolved as under:

RESOLVED

"that the procedures for granting House Building Loan to field staff as submitted be and are hereby approved."

Action: E.D. (S&D)

ITEM NO.8 ✓ Post Retirement Medical Facilities for Officers
E.D. (P&GS)'s memorandum dated Nil.

20. Ministry of Commerce had in January 1995 directed that medical facilities to retired officers be allowed as are presently admissible to the serving employees.

21. It was explained to the Board that the existing medical scheme for regular serving officers is admissible for self & family i.e. spouse and dependent children without limit in case of cost of medical attendance/medicines, and specialists consultations fee. In addition to this, hospitalization is also allowed. The dependent parents of an officer are entitled to hospitalization only at the cost of Corporation.

22. The Retired Officers Welfare Association had represented that medical facility to all retired officers be allowed without the present distinction of 25 years pensionable service and also for those who retired from 10.1.1984 to 31.12.92 irrespective of the fact whether they had opted for pension scheme or gratuity. ✓

23. It was explained to the Board that the financial impact of medical facility to regular serving officers is Rs.20,000,000 and for staff it is approximately Rs.12,000,000. The financial impact on the current scheme of medical facility to retired officers and their spouse (s) is estimated at approximately Rs.4,620,000/- for the year 1995 for nearly 300 pensioners.

24. The adoption of medical scheme as proposed for all the retired officers would have financial implication possibly to the extent of Rs.2,002,000 for 150 retired officers at an average of Rs.14,500 per officer/annum for those officers who retired between 1984 and end of 1992.

CHAIRMAN'S
INITIALS



MINUTES OF THE 124TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
ISLAMABAD	3.7.1995	11.00 a.m.

25. It was proposed to the Board that the present scheme may be so modified that medical facility be also allowed to officers who retired on or after 1.1.1993 on attaining the age of superannuation or on medical grounds on completion of at least 10 years qualifying pensionable service instead of existing limit of 25 years qualifying service. The additional financial impact of the proposed modification is estimated to be approx Rs.2,68,000 per annum at an average expense of Rs.14,500 per annum for 18 officers who retired on or after 1.1.1993 on completion of 10 years service with the Corporation.

26. The Board after detailed discussion resolved as under:-

RESOLVED

"that medical facilities also be allowed to officers who retired on or after 1st January 1993 on attaining the age of superannuation or on medical grounds on completion of a minimum of 10 years of service."

Action: E.D. (P&GS)

ITEM NO.9

Creation of the Post of DGM/AGM
DGM (P&GS)'s memorandum dated 13.6.1995

27. The Manpower Budget of the Corporation passed in the 121st meeting of the Board of Directors held on 13-2-1995 the post of AGM against which Mr. S. I. A. Rizvi is working as Zonal Head Sukkur was inadvertently not included in the proposed staff strength of Sukkur Zone.

28. The Board was also informed that presently two DGMs are working as Zonal Heads, Mr. M. Mushtaq Chaudhry, Zonal Head, Lahore Zone and Mr. Akbar Aziz, Zonal Head, Sheikhpura Zone, against only one approved post of DGM, where Mr. Akbar Aziz is placed as Zonal Head, Sheikhpura. Mr. Mushtaq Chaudhry is working against the non existent post of DGM as Zonal Head, Lahore.

29. The Board was, therefore, requested that in order to regularize the existing surplus strength of AGM/Zonal Head, Sukkur and DGM/Zonal Head, Lahore, one post of AGM and one post of DGM at Sukkur and Lahore Zones respectively may be created as it is essential to adjust the surplus strength in the respective grades. The measure will not involve any additional financial implication.

30. The Board discussed and approved the proposal considering the fact that no financial implication is involved. The Board accordingly resolved:

RESOLVED

"One post of AGM and one post of DGM at Sukkur and Lahore Zones respectively be and are hereby created to regularise the existing working officers"

Action: DGM (P&GS)

CHAIRMAN'S
INITIALS



MINUTES OF THE 124TH MEETING OF THE BOARD OF DIRECTORS

DATE	HELD AT	ON	TIME
1995	ISLAMABAD	3.7.1995	11.00 a.m.

OTHER MATTERS

ITEM NO. 10 ✓ Real Estate Engineering & Maintenance,
North Region, Delegation of Powers ✓

31. The Board of Directors was informed by ED (RE) that recently Real Estate Engineering & Maintenance division for the North Region has been established at Islamabad but still the processing and payments of Bills with respect to on going projects being undertaken in Northern Region namely at Faisalabad, D.I Khan, Islamabad and Gujrat are being made from the Principal Office Karachi. The supervision and Project Management for these Projects in the northern region is now being done from Islamabad.

32. In order to have control over Project Management, Progress and Quality of works the payments to contractors and consultants for projects in the Northern Region is proposed to be effected from Islamabad and for this purpose it is proposed that the Deputy General Manager (Engg. & Maint.) North be delegated financial powers of General Manager Real Estate Division (Engg. & Maint.).

33. The Board of Directors after discussion agreed with the proposal and felt that this decentralization and delegation of authority will help expedite the process. Accordingly the Board resolved:

RESOLVED

"that DGM (RE) Islamabad be entrusted powers of General Manager (RE) with respect to payment of Bill etc for civil engineering work being undertaken and award of work under his jurisdiction". ✓

Action: GM. (REM)

34. The Board was informed of the sudden death of Mian Muhammad Saleh, who was the President of Field Workers Federation of the Corporation for last 10 years. The Board recognized the immense contributions made by the late Mr. Mian Mohammed Saleh in promotion of the life insurance business in Pakistan. The Board of Directors offered Fateh prayed for the departed Soul.

35. With no other matter to discuss the meeting ended with a Vote of thanks to the Chair.

[Handwritten Signature]
CHAIRMAN

CHAIRMAN'S
INITIALS

