

MINUTES OF 128TH MEETING OF BOARD OF DIRECTORS

DATE	HELD AT	ON	TIME
10th March, 1996	ISLAMABAD		

1. The one hundred and twenty eighth (128th) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan, was held on 10th March, 1996, at Islamabad.

PRESENT:

- | | |
|---------------------------------|--------------------|
| 1) Mr. M. Zaheer Khan, | Chairman |
| 2) Mr. M. Javed Ashraf Hussain, | Executive Director |
| 3) Mr. Mehmood Ali Bhatti, | Director |
| 4) Mr. M. Hafiz Malik, | Executive Director |
| 5) Mr. S. Gulrez Yazdani, | Executive Director |
| 6) Mr. Shahnawaz Khan, | Executive Director |
| 7) Mr. A. Rauf Malik, | Director |
| 8) Mr. A.Q. Raashid, | Secretary Board |

2. The Meeting commenced with recitation from Holy Quran.

3. It was noted with concern that nominee Director of Ministry of Commerce is usually absent from the Board Meetings. In the last 20 Board Meetings the nominee Director of Ministry of Commerce had attended only 9 meetings. It was resolved that this may be brought to the notice of Secretary Commerce who may advise the nominee Director to attend the Board Meetings regularly.

Action: GM(BS)

4. The Chairman and the Directors welcomed Mr. A. Rauf Malik on the Board and decided to delegate full powers of an Executive Director. Accordingly it was resolved:

RESOLVED

5. "that Mr. A. Rauf Malik be and is hereby coopted as a full member of the Board of Directors of State Life and is delegated all the powers of an Executive Director."

Action: GM(P&GS)/DGM(P)
Action: AGM(Law)

ITEM NO. 1 CONFIRMATION OF THE MINUTES OF 127TH MEETING OF THE BOARD OF DIRECTORS.

6. The minutes of the 127th meeting of the Board of Directors were placed before the Board for confirmation and the Board confirmed the same. Accordingly it was resolved as under:

RESOLVED

7. "that the minutes of 127th meeting of the Board of Directors be and are hereby confirmed".

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ITEM NO. 2 RATIFICATION OF THE DECISIONS TAKEN IN THE 206TH TO 210TH MEETINGS OF THE EXECUTIVE COMMITTEE.

8. The Board took note and ratified the minutes of the 206th to 210th Meetings of the Executive Committee. The Board accordingly resolved:

RESOLVED

9. "that the decisions taken in the 206th to 210th Meetings of the Executive Committee be and are hereby ratified."

ITEM NO.3 STATE LIFE COMMERCIAL CUM CONVENTION/CONFERENCE COMPLEX - KARACHI.

ED (RE) Memorandum dated 5th March, 1996.

10. Briefly explaining the background of the case, the Executive Director Real Estate informed that the project was approved by the Board of Directors in 1994 in the 120th Meeting at a total cost of Rs. 1 billion with Civil Works and Public Health Engineering Works at Rs. 0.60 billion. The original covered area was 4,50,000 sft with the building having ground plus 25 floors and two basements. Later, with the addition of one more basement and two floors with further modification of various floors, the covered area has increased to 7,05,000 sft. The cost was estimated at Rs. 1,264,851,969. Presently the drawings are under submission to the Cantonment Board and are at final stage of approval.

11. In response to the advertisement for Civil and Public Engineering Works placed in the press on 5th May, 1995, ten international firms were prequalified with the help of consultants on 12th October, 1995. Since details of electrical works were not finalized by that time, it was decided to call separate tenders for electrical, airconditioning and lift/elevator works.

12. Tenders were opened in the presence of members of the Tender Committee on 31-01-1996. The comparative statement of tenders is as under:-

a) M/s. China National Complete Plant.	Rs. 1,493,125,500.00
b) M/s. Daelim, Korea.	Rs. 1,817,390,925.20
c) M/s. Arabian Construction Co. U.A.E.	Rs. 1,841,455,016.00
d) M/s. Mostazafan & Janbazan - Iran.	Rs. 1,947,264,020.00

13. The tenders were sent to the Consortium of Consultants for scrutiny and their evaluation report. The Consultants after a detailed scrutiny of the tenders recommended the

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lowest bidder M/s. China National Complete Plant for the purpose. They were invited for negotiations on various items on 27-2-1996, 28-2-1996 and 29-2-1996 and attended by following persons from State Life:

- i) Mr. Abdul Majid Khan - GM(Engg.)
- ii) Mr. Hasan M. Naqvi - Advisor.
- iii) Mr. Hasan Abidi - M/s. PEPAC - Consortium Consultants.
- iv) Mr. S. Manzar Hussain - AGM(Civil).
- v) Mr. Manzoor Ahmed - AGM(B&A) RE.

14. The following were the major issues discussed with the Contractors:

- a) To review their rates for items of granite, concrete works, structural steel and aluminium works as these rates were higher than the Consultants' estimate and the tendered amount consequently was 18% above the estimated cost.
- b) The contractors were also given an option that State Life may supply the item of granite free of cost to the contractors and delete the supply portion by the contractor.
- c) Certain other clarifications were also sought from the contractors.

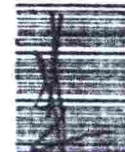
15. The contractors vide their letter of 28th February, 1996, did not agree with our suggestions and requested for the acceptance of their tender as a whole. However, they offered to advance the schedule of completion by six months.

16. The matter was then referred to the Tender Committee. Meeting of the Tender Committee was held on 04-03-1996. The Tender Committee deliberated the entire issue. The lowest bidder was also called for discussion. The Tender Committee negotiated with the contractor on various issues. The lowest bidder after threadbare discussions offered a rebate of 2% in their overall price as alternative to their earlier offer to advance the schedule of completion by six months.

17. The Tender Committee after thorough deliberations recommended to award the work to the lowest tenderer M/s. China National Complete Plant for a total price of Rs. 1,493,125,500/- (less 2% rebate) for Civil and Public Health Engineering Works.

18. The Board of Directors after examining the details approved to award the work to the lowest bidder M/s. China National Complete Plant Import & Export Corporation (Group), for a total amount of Rs.1,493,125,500 (with 2% discount). It was also decided that ground breaking should be done by the end of March, 1966. The Board accordingly resolved:

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RESOLVED

19. "that the civil and public health engineering work of State Life Commercial Cum Convention/Conference Complex - Karachi be and is hereby awarded to the lowest tenderer M/s. China National Complete Plant for a total price of Rs. 1,493,125,500/- (less 2% rebate)."

Action: GM(E&M)PO

SHOPPING MALL AT LAHORE.

20. Mr. Mehmood Ali Bhatti proposed that a Shopping Mall be constructed by State Life at Lahore. The Board agreed to the proposal and decided to ask M/s. Surti Architects to prepare a feasibility for a Shopping Mall at Raiwind Road or at any other good location within three months. It was resolved:

RESOLVED

21. "that the M/s. Surti & Partners, Architects be asked for locating a suitable plot of land at Lahore at a reasonable price and put up a feasibility within three months for construction of a Shopping Mall."

Action: GM(REM),Islamabad

ITEM NO. 4 BUSINESS PROGRESS REPORT FOR THE YEAR 1995.

ED(S&D) Memorandum dated 6th March, 1996.

FIRST YEAR PREMIUM

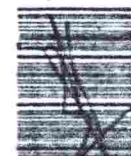
22. The Board of Directors noted with satisfaction that the target of First Year Premium of Rs. 2 billion set by the Corporation for 1995 was achieved. Following facts were also brought to the notice of the Board.

i. A total number of 4,39,807 policies were sold as against 3,00,492 policies last year.

ii. The 2nd year persistency for 1995 was 65.71% and the 3rd year and onwards persistency of the Corporation was 91.33%.

iii. A total of Rs. 3504 million were collected towards renewal premium as against Rs. 2999 million collected in the preceding year. The growth in renewal premium was to the extent of 16.83%.

iv. The renewal premium target achieved during the year was 96.47%.

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23. ED(S&D) informed that for year 1996, the Corporation has targeted to achieve 2.50 Billion of FYP and 90% 2nd Year Persistency. In addition a great deal of emphasis would be laid on recruitment of young, educated and dynamic persons as Sales Representatives from all walks of life particularly from rural areas so that the benefit of life insurance is made available even to people living in villages and small towns. In 1995 a total of 47,073 new Sales Reps. were recruited as against 26,479 new Sales Reps. recruited in the preceding year. The increase achieved was 78%. In the year 1996, however, the Corporation has planned to recruit more than 1 lac new Sales Reps. from all over the country which is expected to prove a KEY TO rapid development of business.

24. The Board of Directors were also informed that unprecedented increase in business in 1995 was mainly due to re-structuring of the organisational set-up. The number of Zones was increased from 10 to 24 in 1995. These Zones were divided into three Regions and each Region was put under Regional Chief selected from amongst the senior most development executives. The reorganisation and creation of additional Zones and Sub-Zones has laid foundation for rapid development of business.

REAL ESTATE

25. The Board was informed that suitable plots of land had been purchased in almost all the Zones except Swat and Vehari. The rental income from the old buildings had also increased.

INVESTMENT

26. It was noted that Mr. S. Gulrez Yazdani has transformed the whole concept of investment. The funds which were kept in the Banks earlier have now been used to bring in around 18% return. The astute and sagacious handling of the investment portfolio by Mr. S. Gulrez Yazdani was lauded by the Board.

SERVICE TO POLICYHOLDERS.

27. The Board was informed that all the 24 Zones had started issuing new policies and the services to policy holders had improved.

INTERNATIONAL OPERATIONS

28. The International operations have also improved. Dubai has been made the headquarter for providing entire Policyholder Service for all the Middle East operations.

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INDUCTION OF QUALIFIED PERSONS.

29. Qualified persons like Doctors, Engineers, MBA graduates and Chartered Accountants have been recruited on merit to meet the growing need of the Corporation.

RESTRUCTURING OF GROUP & PENSION DIVISION

30. The Group and Pension Division has also been restructured. Two regions namely North and South regions have been created and the number of Zones have been increased from 3 to 10 Zones. Out of these, one Zone will be functioning as direct (Corporate) Zone.

31. The Board applauded the dynamic leadership of the Chairman for achieving First Year Premium of Rs. 2 billion and 2.5 crore during 1995 which was an increase of almost 100% over last year. The other aforesaid revolutionary steps were also taken by the Corporation under his leadership to fully prepare it for the 21st century.

32. The services of the Executive Directors/Directors, Regional Chiefs, Zonal Heads, Sector Heads, Area Managers and Field Force, Staff and Officers were also appreciated by the Board.

Action: DGM (S&D)

ITEM NO. 5 ANY OTHER ITEM

i) BUILDING AT PLOT 61, JINNAH AVENUE, ISLAMABAD.

33. The Board approved the design of M/s. Sohail & Pasha Architects for Islamabad and decided to start construction of the building (ground + 2 floors), but required to have provision for addition of more floors later. It was further decided to pay the Architects for ground plus two floors only.

Action: DGM(Civil), North, Islamabad

ii) GRANT OF COST OF LIVING ALLOWANCE

ED(F&A) Memorandum dated 10.3.1996.

34. The Board was informed that the State Life Insurance Employees Federation of Pakistan (CBA) submitted a representation for payment of 7% Cost of Living Allowance to unionised staff on the basis of payment made to the non-unionised employees of the Corporation in pursuance of Government of Pakistan, Finance Division O.M. No. 1(40)-IMP/95(ii) dated 29-6-1995. They had also submitted in support of their request copies of the orders of some financial institutions i.e. State Bank of Pakistan, Habib Bank Limited, United Bank Limited, Investment Corporation of

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Pakistan, National Development Finance Corporation allowing payment of CLA to their unionised staff.

35. The Board considered office memorandum No. F.1(40)IMP/95-86 dated 25.1.1996 from Finance Division (Regulation Wing) intimating thereby that "the employees having CBA are excluded from Finance Division's instructions issued vide O.M.NO.1(40)IMP/95(ii) dated 29.6.1995. However the management of the Corporation may consider the employees demand as per their rules and budgetary resources of the Corporation."

36. The Board was informed that annual financial impact for 7% increase would be to the extent of Rs. 9.450 million.

37. The Board of Directors after considering the various aspects of the proposal and in view of the continued inflationary trend in the country, allowed payment of 7% CLA to the unionised staff. Accordingly the Board resolved:

RESOLVED

38. "that 7% cost of living allowance to unionised staff of State Life be and is hereby approved w.e.f. 1.6.1995.

Action: GM(P&GS)/DGM(P)

iii) UPGRADATION OF POST OF REGIONAL CHIEF CENTRAL AS REGIONAL DIRECTOR CENTRAL.

ED(F&A) Memorandum dated 7.3.1996.

39. The Board of Directors after considering the proposal of ED(F&A) approved to upgrade the post of Regional Chief Central as Regional Director for the Central Region with no financial implications. Accordingly it was resolved:

RESOLVED

40. "that the post of Regional Chief Central be and is here by upgraded as Regional Director for Central Region without any financial implications".

Action: GM(P&GS)/DGM(P)

iv) RETENTION OF SERVICES OF MR. SHAH NAWAZ KHAN.

41. The Chairman acknowledged the services of Mr. Shah Nawaz Khan in PHS and underwriting matters. It was noted that Mr. Shahnawaz Khan was going to retire from service of the Corporation on 2.4.1996 on attaining the age of superannuation. It was decided to retain Mr. Shah Nawaz Khan

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as an Advisor/Consultant at a total pay package of not less than what he is presently getting from State Life. The Board accordingly resolved:

RESOLVED

42. "that after retirement of Mr. Shah Nawaz Khan, Executive Director (PHS), on 2.4.1996, his services be retained as an Advisor/Consultant initially for a period of two years at a package of not less than what he is availing at present. His contract will be renewable at the discretion of the Chairman."

43. Mr. Shah Nawaz Khan thanked the Chairman and the Board for the confidence reposed in him.

Action: GM(P&GS)/DGM(P)

v) ASSET MANAGEMENT COMPANY.

44. ED(Inv.) informed that the names of eight Directors of State Life on the Board of Asset Management Company had been given for the purpose of registration only. However, it was upto the Board to decide the names of the Directors who would actually represent State Life on the Board of Asset Management Company.

vi) CHENAB TEXTILE MILLS

45. ED(Inv.) informed in detail the Board of Directors about the outstanding issue regarding buy back of shares of M/s. Chenab Textile Mills in which High Court had given a decree in favour of State Life and rejection of the appeal of Mian Tajamul by the Supreme Court. Board was also informed of the decision of Wafaqi Mohtasib where State Life was directed to return the shares against the payment of Rs. 563,700. The latest position was that State Life had submitted an appeal to the President of Pakistan against the decision of Wafaqi Mohtasib.

46. In order to settle the long outstanding dispute, the Board proposed that Mr. Mehmood Ali Bhatti, Director State Life, may try to resolve the issue through arbitration between State Life and Mian Tajamul. Accordingly the Board resolved:

RESOLVED

47. "that Mr. Mehmood Ali Bhatti be and is hereby nominated to act as arbitrator between State Life and Mian

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