

## MINUTES OF 129TH MEETING OF BOARD OF DIRECTORS

DATE	HELD AT	ON	TIME
19/5/96	KARACHI	19th May, 1996	

1. The one hundred and twenty ninth (129th) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan, was held on May 19, 1996, at Karachi.

## 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. A. Rauf Malik,           | Executive Director       |
| 7) Mr. Shahnawaz Khan,          | Advisor/Consultant (PHS) |
| 8) Mr. A.Q. Raashid,            | Secretary Board          |

2. Mr. Naeem Baig, Joint Secretary (Insurance), could not attend and leave of absence was granted to him. The Chairman directed Secretary Board to draft a letter to Secretary Commerce to nominate Mr. Naeem Baig to attend the future meetings of the Board.

3. The Meeting commenced with recitation from Holy Quran.

## ITEM NO. 1 CONFIRMATION OF THE MINUTES OF 128TH MEETING OF THE BOARD OF DIRECTORS.

4. The minutes of the 128th 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

5. "that the minutes of 128th meeting of the Board of Directors be and are hereby confirmed".

## Item No. 2. PURCHASE OF BUILDING (HASHOO CENTRE) ABDULLAH HAROON ROAD, KARACHI.

ED(F&A) Memorandum dated 16.5.1996.

6. The Board was informed that a request was received from Regional Chief (South) to make arrangements for accommodation of his office and possible shifting of Zonal Office (South) at some appropriate place. Similar request was made by the Regional Chief (G&P) for space around 60,000 sq.ft. for new Zone of Group and Pension and his regional office. In addition to this, Principal Office in Building No.9 is overcrowded, and some departments need shifting from Building No.9. Keeping the situation in view, it was felt appropriate to purchase some building to accommodate the above mentioned offices. Hiring such large space requirement is not cost effective in the long run besides its non-availability in one block/building. For this purpose, an advertisement was given in daily JANG and daily DAWN dated 16.3.1996 wherein proposals were invited from the owners of buildings interested to sell in following areas of Karachi:

- 1) Abdullah Haroon Road

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- 2) I. I. Chundrigar Road
- 3) M. A. Jinnah Road

7. In response to the advertisement, a proposal was received from Murtaza Construction Corporation (Pvt.) Limited, Karachi to sell the basement and 4th to 7th floors and parts of 2nd and 3rd floors of their building namely HASHOO CENTRE at Abdullah Haroon Road, Karachi having constructed area of 1,29,000 sq.ft. They demanded Rs.26.38 crores @ Rs.2200/- per sq.ft. excluding wall partitioning and false ceiling. Inclusive of these two items the demand would go up to about Rs.2,400/- per Sq.Ft. For assessment of the price and suitability of the building, two Technical Committees comprising of following Officers were constituted :

Committee No.1:

- i) G. M. (Engg: & Maintenance)
- ii) G. M. (REM)
- iii) Zonal Head (Southern Zone) Karachi

Committee No.2:

- i) G. M. (REM)
- ii) D.G.M. (Engg: & Maintenance)
- iii) Zonal Head (Southern Zone) Karachi

8. In addition to this M/s. Surti & Partners, Chartered Architects & Town Planners were also given the task to evaluate the price of the proposed building. Both the Technical Committees and the Architect submitted their reports which were considered in the meetings of the Management Committee held on 11.4.1996 at Islamabad and on 17.4.1996 at Karachi.

9. The Technical Committee No.1 recommended the price @ Rs.1844 per sq.ft. with following break-up :

- a) Cost of construction of Basement Rs. 600/- per sq.ft.
- b) Cost of Construction of 2nd to 7th floors. Rs.1300/- per sq.ft.  
Average price Rs.1112/- per sq.ft.
- c) Proportionate cost of land @ Rs.45000/-per sq.yd. (Rs.732 per sq.ft.)
- d) Add cost of wall partitioning and false ceiling @ Rs.200/- per sq.ft. Rs.2044/-

10. The Technical Committee No.2 recommended the price @ Rs.1876/- per Sq.Ft. with following break-up:

- a) Cost of Construction of Basement. Rs. 570/- per Sq.Ft.
- b) Cost of Construction of 2nd to 7th floors. Rs.1400/- per Sq.Ft.  
Average price Rs.1208/- per Sq.Ft.

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c) Proportionate price of land @ Rs.38,000/-per Sq.Yd.  
(Rs.618 per Sq. Ft.)

d) Add cost of wall partitioning  
and false ceiling  
@ Rs.200/- per sq.ft. Rs.2076/-

The Architect evaluated the building as under:

a) Cost of Construction of Basement. Rs.800/- per sq.ft.

b) Cost of Construction of 2nd to 7th floors. Rs.1800/- per sq.ft.  
Average price Rs.1536/- per sq.ft.

c) Proportionate price of land @ Rs.38,000/- per sq.yd.  
(Rs:618 per sq.ft)

d) Add cost of wall partitioning  
and false ceiling  
@ Rs.200/- per sq.ft. Rs.2354/-

11. After going through the reports of both the Technical Committees and evaluation certificate of the Architect, the Management Committee considered the following aspects also:

- 1) If a building with similar specifications is constructed, it will be completed not before 3 years.
- 2) State Life building at Gujrat is costing Rs.1600/- per sq.ft. excluding lift, airconditioning and curtain walls. Similarly, proposed Karachi building, tenders for which have been finalized, is costing Rs.2200/- per sq.ft, which does not include lifts, HVAC airconditioning etc.
- 3) Following extra charges are paid for construction of a building :
  - (a) Consultants Fees 5%.
  - (b) Management Charges 3 to 5%.
  - (c) Fees of Civic agencies 2 to 3%.
  - (d) State Life Insurance Corporation had sold a plot on the same Abdullah Haroon Road one and half years back @ Rs.36,000/- per sq.yd. During this period, prices of land in Karachi, particularly at Abdullah Haroon Road, I.I. Chundrigar Road, M.A. Jinnah Road and Shakra-e-Faisal have reportedly increased from 20 to 30%.

12. Keeping in view the above mentioned factors, the Management Committee held negotiations with the representative of Murtaza Construction Corporation (Pvt.) Ltd. regarding settlement of price. After lengthy discussions on 11.4.1996

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and 17.4.1996, the Management Committee was successful in bringing down the demanded price (Inclusive of partition wall and false ceiling) from Rs.2400/- per sq.ft. to Rs.1700/- per sq.ft. with the following break-up :

- a) Proportionate price of land @ Rs.40,000/- per sq.yd. (Rs.651/- per sq.ft.)
- b) Cost of construction Rs.1049/- per sq.ft.

13. The Committee also got commitment from the representative of Murtaza Construction Corporation (Pvt.) Ltd. that following works will be completed by them within three months, not later than 31st July, 1996:

- i) Spacious and modern bathroom construction.
- ii) Proper water proofing of the roof.
- iii) Adequate power supply to run the airconditioners.
- iv) Aluminum windows.
- v) Provision for central telephone and telex points.
- vi) First class finishes which means plastic emulsion paint, aluminum doors & windows & partitioning walls according to requirement of State Life.
- vii) False ceiling.

14. It was further decided to make payment of 30% of the total sale consideration in advance. The advance will be subject to completion of the work in all respect by 31.7.1996. Beyond this period a mark-up @ 18% per annum will be charged.

15. The above matter was placed before the 212th Meeting of Executive Committee which was held at Karachi on April 17/18, 1996. The Executive Committee was of the view that the Management Committee had made a very good bargain and accorded approval for the proposal to purchase the basement and 4th to 7th floors and parts of 2nd and 3rd floors of Hashoo Centre @ Rs.1700/- per sq.ft. The Executive Committee also approved the payment of 30% of the total price in advance and mark up on the amount at 18% per annum if the building is not delivered complete in all respects by 31.7.1996. It was decided that final payment be made for the area subject to physical measurement.

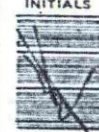
16. As the amount involved was over Rs. 20 million, the matter was placed before the Board of Directors for consideration and final approval. After detailed discussion, the Board approved the purchase of HASHOO CENTRE. Accordingly it was resolved as under:

RESOLVED:

17. "that State Life may purchase the proposed space of 1,29,000 sq.ft. at HASHOO CENTRE @ Rs.1700/- per sq.ft. & payment of 30% of the total price in advance may be made. Mark up on the amount at 18% per annum is payable if the building is not delivered complete in all respects by 31.7.1996."

Action: GM (REM)

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# STATE LIFE

INSURANCE CORPORATION OF PAKISTAN

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### ITEM No.3. STAFF STRENGTH.

ED(F&A) Memorandum dated 16.5.1996.

18. The Board of Directors in 121st Meeting held on 14th February, 1995, approved the Manpower Budget for the calendar years 1995-1996 and sanctioned the following staff strength.

	APPROVED POSTS	EXISTING (PERSONS IN POSITION)
a) Regional & Zonal Offices	3593	4328
b) Principal Office (all station)	1073	850
c) Group & Pension	248	351
Total	4914	5529

19. The Board was informed that consequent upon creation of the new Regions and Zonal Offices for Life and Group business and to facilitate rapid expansion of business and improving the service to the policyholders, the Zonal Heads and Regional Chiefs have been requesting for approval of additional staff strength. Moreover, the business performance of the Corporation, specially the New Business has been much greater than that envisaged in the last revision of approved staff strength.

20. Three new Zones have been created and one region, i.e. Multan Region has also been announced thus increasing the total number of Regional offices from 3 to 4, and Zonal Offices from 24 to 27.

21. For Group & Pension, an additional number of 120 posts were recommended to cater to the increased requirements of the G&P Division. This requirement has been created due to the fact that new structure for G&P has been evolved wherein minimum staff strength has to be provided to each new Sector/Zone. This new structure comprises of 2 Regions, 10 Zones and 24 Sectors as compared to 2 Zones and 15 Sectors which existed earlier. Out of these, certain sectors would be working at the same station where Zones exist; therefore they would not need full-fledged strength. However new Sectors would require full strength. Similarly new Zones would need fresh staffing arrangement.

22. As far as Ordinary Life business is concerned, the following criteria for determining the overall approved staff strength of Zonal and Regional Offices was taken into consideration:

- a) Two persons per thousand policies in force subject to a minimum of 39 persons for a newly created zone and 29 persons for a Regional Office.
- b) For large zones, in order to keep increase in the staff strength within reasonable limits, the ratio is kept at 1.50 persons per 1000 policies.

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23. On the basis of this criteria, the total staff strength for Zonal and Regional Offices works out to 4559 on 22,74,000 policies which are expected to be in force by the end of 1996 as against 3593 sanctioned posts.

24. For Principal Office the ratio for determining the staff strength has been kept the same as last year, i.e., .50 employees per thousand policies in force but no increase in the approved staff strength for Principal Office is being recommended as number of vacant posts is 223 as at 15.5.1996.

25. For Group & Pensions Division, the ratio of staff to total premium income from G&P operation, i.e. one person per Rs. 50 lacs premium for the last three years was taken into consideration and based on this ratio on the projected premium income of Rs. 1.75 billion the approved strength works out to 350 as against 248 approved posts. In G&P Division the existing strength is 351 which will break even on the premium of Rs.1.75 billion.

26. The Board after discussing the staff requirements approved the new staff strength as under:

NEW APPROVED STAFF STRENGTH

a) Regional & Zonal Offices	4559
b) Principal Office (all station)	1073
c) Group & Pension	470
Total	6102

27. The Board also authorised the Executive Committee to allocate these additional posts to different departments, in different grades in different zones and regions after detailed analysis of premium income, number of policies in force, extent of computerization, budget, minimum staff requirements of newly established zones etc. Accordingly it was resolved as under:

RESOLVED:

28. "that the new approved staff strength of State Life would be 6102. The Executive Committee is authorised to allocate the additional posts to different departments, in different grades in different zones and regions after detailed analysis of premium income, number of policies in force, extent of computerization, budget, minimum staff requirements of newly established zones etc."

Action: DGM(P)

ITEM NO.4 ANY OTHER MATTER

(i) Residential and Commercial Plots in New City (Zone 5) Islamabad.

29. The Board was informed that the National Housing Au-

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iv) The National Housing Authority will provide performance guarantee to the effect that the project would be completed within specified period of three years. In case obligations are not fulfilled, the National Housing Authority would be responsible to return the amount paid by State Life Insurance Corporation with a penalty equal to prevalent interest rate of commercial bank on the paid amount.

31. The Board was informed that the project seemed to be feasible because it was backed by the Capital Development Authority & National Housing Authority which is controlled by Government of Pakistan, Ministry of Housing & Works. The National Housing Authority was ready to give performance guarantee as well as undertaking to pay back the amount paid by State Life Insurance Corporation with interest. In this situation no doubt can arise regarding genuineness of the project.

32. Keeping in view the rapid rise of prices in settled sectors of Islamabad, it may be presumed that this is a good investment. It will not be out of place to mention here that in January, 1996, plots of 666 sq.yds in sector F-11 were auctioned by the Capital Development authority at the rate of 43 lacs plus 3% Income Tax & Capital Value Tax. If the residential & commercial plots in New City are purchased at such a low price, State Life will earn very reasonable profit in near future.

33. In view of the above the Board of Directors was requested to approve the proposal to purchase 500 residential & 500 commercial plots in sector "A" of the New City, on discounted rates mentioned above. The proposal to have an option to purchase additional 500 residential plots at later stage was also considered.

34. The Board approved the purchase of 500 residential & 500 commercial plots subject to the guarantee/letter of comfort from National Housing Authority or Capital Development Authority. Accordingly it was resolved as under:

RESOLVED.

35. "The purchase of 500 residential and 500 commercial plots in New City, Islamabad is approved subject to guarantee/letter of comfort from NHA or CDA. The Board will be informed of the guarantee/letter of comfort in next Board Meeting." Action: GM(REM)

(ii) Advance Copies of Extracts.

36. The Board of Directors authorised Secretary Board to issue extracts from minutes of meetings of Board/Executive Committee in advance prior to Chairman's signature, in order to expedite action.

37. It was decided that the next meeting will be held at Lahore.

38. The meeting ended with a vote of thanks to the Chair.

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