

## MINUTES OF 134TH MEETING OF BOARD OF DIRECTORS

RECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	9th September, 1997	
<p>The one hundred and thirty fourth(134th) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan, was held on 9th September, 1997, at Karachi.</p> <p><b>PRESENT:</b></p> <p>1) Mr. Syed Muzafar Ali Shah Chairman  2) Mr. M. Amjad Virk Joint Secretary (Adm./Ins.)  3) Mr. Zafar Mahmoud Executive Director  4) Mr. A. Rauf Malik Executive Director  5) Mr. Mazhar Hussain Executive Director  6) Mr. M. Mazharuddin General Manager(Act./P&amp;GS)  (By invitation)  7) Mr. A.Q. Raashid Secretary Board</p> <p>2. The meeting commenced with recitation from Holy Quran.</p> <p>3. The Board offered fateha for late Mr. Mehmood Ali Bhatti, who had participated in the previous meeting of Board of Directors held on 7th April 1997. It was also resolved to send the following condolence message to the bereaved family of Mr. Mehmood Ali Bhatti:</p> <p style="text-align: center;"><u>Condolence Message</u></p> <p>4. (i) "The 134th meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 9th September, 1997. It was attended by the following:</p> <p>1) Mr. Syed Muzafar Ali Shah Chairman  2) Mr. M. Amjad Virk Joint Secretary (Adm./Ins.)  3) Mr. Zafar Mahmoud Executive Director  4) Mr. A. Rauf Malik Executive Director  5) Mr. Mazhar Hussain Executive Director  6) Mr. M. Mazharuddin General Manager(Act./P&amp;GS)  7) Mr. A.Q. Raashid Secretary Board</p> <p>(ii) It was noted with utmost grief that Mr. Mehmood Ali Bhatti who had attended the 133rd meeting of the Board of Directors held on 7th April, 1997 was no longer with us.</p> <p>(iii) The Chairman and the Board of Directors offered fateha for Mr. Mehmood Ali Bhatti.</p> <p>(iv) Mr. Mehmood Ali Bhatti was a thorough gentleman. He had outstanding business and executive capabilities of head and heart.</p> <p>(v) During the association of Mr. Mehmood Ali Bhatti with State Life's Board of Directors, he contributed to the best of his ability to the decisions taken by the Board. The management of State Life feels that his sudden demise would be acutely felt for a long time.</p> <p>(vi) The Chairman and Executive Directors, on their own behalf as well as on behalf of all the Officers, Area Managers, Members of the Staff and Field Organizations of State Life Insurance Corporation of Pakistan convey their heartfelt condolences to the widow, children</p>			

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and other members of the family of Mr. Mehmood Ali Bhatti. May Almighty Allah rest his soul in eternal peace and may Allah give his family, children and other relatives courage to bear the irreparable loss - Amen."

Action:GM(BS)

5. The Chairman welcomed those present specially Mr. M. Amjad Virk, who had come from Islamabad, and also Mr. Mazhar Hussain who has recently joined State Life.

6. Mr. M. Amjad Virk welcomed Syed Muzafar Ali Shah and outlined the history of his success in the organizations served by him. Mr. Virk assured the Chairman of his full support as well as of the Government in making State Life regain its past glory. Syed Muzfar Ali Shah appreciated the kind remarks and said that the business of the Corporation was down both in terms of quantity and quality and the results upto end August were not encouraging. He, however, assured the Board that subject to his limited abilities and finite faculties he would try his utmost, seeking God's help and guidance.

ITEM NO. 1 CONFIRMATION OF THE MINUTES OF 133RD MEETING OF THE BOARD OF DIRECTORS.

Implementation Report

7. The Chairman suggested Secretary Board to include an Implementation Report on the previous meetings of Board of Directors in the agenda as standard item for all future meetings. The Implementation Report should contain a summary of each resolution and the action taken on the same.

Action: GM(BS)

Business Reports

8. The Chairman also desired that in future latest business reports from the following Divisions be placed before the Board as standard items:

- 1) Sales & Development
- 2) Group & Pension
- 3) Real Estate
- 4) Investment

Action: GM(BS)/GM(G&P/Inv.)/GM(RE)/DGM(S&D)

9. While considering the minutes of 133rd meeting of Board of Directors, Mr. M. Amjad Virk inquired about the decision taken in principle on the closure of certain Zones of G&P/S&D.

Clear Notice to Zones

10. After discussing the issue, it was resolved to give due notice to all Zones of G&P/S&D specifying the targets for





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<p>1997 in clear terms and notifying them that if the targets are not achieved by the end of December 1997, the deficient Zones would be down graded.</p>			
<p>11. It was also resolved that the targets given to the Zones be realistic &amp; achievable so that concerted efforts are made by all concerned to meet the set targets.</p>			
<p>12. The targets would include, inter-alia, i) First Year Premium, ii) Second Year Persistency and iii) Renewal Premium.</p>			
<p>Action:GM(G&amp;P)/DGM(S&amp;D)</p>			
<p>13. With the above observations, the minutes of 133rd meeting of the Board of Directors held on 7th April 1997, were confirmed.</p>			
ITEM NO.2.	MEMORANDUM OF AGREEMENT BETWEEN THE CBA STATE LIFE INSURANCE EMPLOYEES FEDERATION AND THE MANAGEMENT.		
<p>-----</p> <p>ED(Personnel Division) Memorandum dated July 23, 1997.</p>			
<p>14. The Board was informed that the State Life Insurance Employees Federation - the Collective Bargaining Agents(C.B.A), had submitted a Charter of Demands 1997-1998 on 25th February, 1997 under Section 26 of the I.R.O. 1969.</p>			
<p>15. The C.B.A. in the original Charter had demanded an increase of 114% in existing Pay Structure and 506% in other fringe benefits. In terms of the decision of the Federal Government to settle the issues through bilateral negotiations with the C.B.A., the Management of the Corporation constituted various committees for ascertaining the ways and means to resolve the issues in a fair and objective manner. After negotiations over a period of approximately four months, a bilateral agreement was signed and delivered to them on 15th July, 1997. This agreement would remain in force for a period of two years with effect from 1st January, 1997.</p>			
<p>16. A copy of the Charter of Demands, Memorandum of Agreement and the resultant financial impact were given at annexure A, B and C to the memorandum of ED(F&amp;A). The additional financial impact of the new agreement over the previous year was an increase of 23.11% over the existing Pay Roll, amounting to Rs.99.517 million per annum.</p>			
<p>17. Mr. M. Amjad Virk congratulated the team which had negotiated the agreement.</p>			
<p>18. It was noted that the total increased cost would be Rs.530.211 million and it was due to the addition of a large manpower in State Life.</p>			
<p>19. After due deliberation, the Board approved the Memorandum of Agreement signed between the Management and the CBA on 15th July, 1997 and payment of arrears of salaries and</p>			

  
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salaries as per revised pay structure. Accordingly it was resolved as under:

RESOLVED

"that the Memorandum of Agreement signed between the Management and the CBA on 15th July, 1997 be and is hereby approved.

"It was further resolved that arrears of salaries & salaries as per new pay structure be paid to the unionized staff as provided in the agreement of 15th July, 1997."

Action:GM(P&GS)

Trainee Executives

20. The issue of termination of contract of trainee executives on the instructions of the Caretaker Government was discussed and it was felt that it had caused a loss of professional manpower to State Life, as some of the trainees had completed the courses of Life Office Management Institute (LOMA-USA) and were quite efficient. The matter had been referred to the Government to allow re-employment of trainee executives after a proper selection procedure. Mr. M.Amjad Virk was requested to use his good offices for arranging the permission of the Government for re-employment of those trainee executives who are found suitable. A test and interview could be designed for determining the suitability of the executives.

Action:GM(P&GS)

ITEM NO.3. APPEAL FROM CHAUDHRY ABDUL NASIR AGAINST THE AWARD OF PUNISHMENT TO A LOWER POST.

ED(Personnel Division) memorandum dated July 24, 1997.

21. The Board was informed that consequent upon a disciplinary proceeding initiated against Ch.Abdul Nasir, Sector Head, Gujrat, on the ground of misappropriation in commission cheques, the Enquiry Officer appointed to investigate into the charges, reported that charges of misappropriation leveled against him were established. The report submitted by Enquiry Officer was accepted and Ch. Abdul Nasir was awarded punishment of reduction to lower post i.e. from Manager (Development) to Area Manager w.e.f. 24-04-1997.

22. Ch. Abdul Nasir had preferred an appeal dated 16-05-1997 through his Zonal Head for revision and review of the punishment awarded to him. The report of Enquiry Officer whereupon Ch.Abdul Nasir was awarded punishment, was placed as annexure "A" to the memorandum of ED(F&A).


23. The procedure for disposal of the appeal for revision

  
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<p>and review is contained under Regulation No.33(1),(2),(a),(b) as mentioned in Annexure "C" to the memorandum of ED(F&amp;A). According to the said regulation, the appeal of Ch. Abdul Nasir, Manager Development, in pay scale 10 could be put up before the Board of Directors for referring it to the Standing Committee of three Directors including the Chairman for consideration and submission of its recommendation to the Board for final orders thereon.</p> <p>24. The appeal of Ch. Abdul Nasir was, therefore, placed before the Board of Directors for constituting the Standing Committee for considering appeal and submission of its recommendation to the Board of Directors, for its consideration.</p> <p>25. The Board noted that the remarks of the Inquiry Officer given in the last para of his report reading "it is requested that Management may take a lenient view and warn Ch. Abdul Nasir to be careful in future for dealing such matters" were not appropriate, as an inquiry report should not contain any recommendation.</p> <p>26. With the above observations, the Board constituted a Standing Committee consisting of three Directors, i.e., Syed Muzafar Ali Shah, Mr. Zafar Mahmoud and Mr. Mazhar Hussain for considering the appeal of Ch. Abdul Nasir. Accordingly, it was resolved as under:</p> <p><b>RESOLVED</b></p> <p>-----</p> <p>"that a Standing Committee consisting of the three Directors, i.e., Syed Muzafar Ali Shah, Mr. Zafar Mahmoud and Mr. Mazhar Hussain be and is hereby constituted for considering appeal of Ch. Abdul Nasir, and submission of its recommendation to the Board of Directors at its next meeting for final orders thereon."</p> <p style="text-align: right;">Action:GM(P&amp;GS)</p> <p>ITEM NO.4. RATIFICATION OF GRANT OF GENERAL POWER OF ATTORNEY TO MR. MANZOOR AHMAD, A.G.M. DUBAI, U.A.E.</p> <p>-----</p> <p>ED(International Division) Memorandum dated April 10, 1997.</p> <p>27. The Board was informed that Mr. Manzoor Ahmad, son of Mr. Fazal Ahmad, had been appointed as Assistant General Manager, Dubai, U.A.E., on transfer of Mr. Agha Ashraf Abbas, Assistant General Manager to Principal Office, Karachi.</p> <p>28. Under the circumstances to facilitate regular business of State Life at Dubai, it had become necessary to grant General Power of Attorney in favour of Mr. Manzoor Ahmad, Assistant General Manager, Dubai.</p> <p>29. The General Power of Attorney was granted to Mr.</p>			

  
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<p>Manzoor Ahmed, Assistant General Manager, Dubai, through circulation, with effect from the date of taking charge by him of State Life's office at Dubai.</p>		
<p>30. The Board ratified the grant of General Power of Attorney to Mr. Manzoor Ahmed. Accordingly it was resolved as under:</p>		
<p>RESOLVED</p>		
<p>"that General Power of Attorney granted to Mr. Manzoor Ahmad, Assistant General Manager, Dubai, by circulation, from the date of taking charge by him of State Life's office at Dubai be and is hereby ratified."</p>		
<p>"FURTHER resolved that the said General Power of Attorney be executed under the State Life's seal affixed in the presence of any two Directors of State Life and be registered in due form of law."</p>		
<p style="text-align: right;">Action: AGM(Law)</p>		
<p>ITEM NO. 5. PURCHASE OF PLOTS IN ISLAMABAD NEW CITY PROJECT BY STATE LIFE.</p>		
<p>----- ED(Real Estate Division) Memorandum dated July 31, 1997.</p>		
<p>31. The Board was informed that in accordance with the decision taken at its 129th meeting held on 19th May 1996 (Item No.4-i) and 130th meeting held on 15th October, 1996 (Item No.10), State Life had decided to purchase from National Housing Authority (NHA) Islamabad, in their project known as "Islamabad New City", 200 commercial and 800 residential plots. During November, 1996, the Corporation came to know through Press that the Federal Government had directed NHA to dis-associate itself from the project of New City Islamabad. Due notice of that news was taken by State Life and, as a result, the Executive Committee at its 218th meeting held on 20th November, 1996 (Item No.8) decided that the matter be taken up with NHA to refund to State Life the two installments amounting to Rs.20.954 crore which were paid to NHA by State Life. A letter in that respect was sent on 26-11-1996.</p>		
<p>32. M/s. NHA, Islamabad, in their reply vide letter dated 13-03-1997, besides other facts, also emphasized that in order to protect their interest in the project, their Legal Consultants had taken legal action and that the Lahore High Court had supported their case and had directed the Federation to maintain status-quo in the matter through its order dated 17-11-1996. M/s. NHA on their part, had given State Life an assurance that they would continue with the development activities as planned and would honour their commitments and that the investments made by State Life in the subject project were safe and secure.</p>		


  
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<p>33. In the aforesaid context and background, State Life again wrote to M/s. NHA on 22nd April, 1997 and in their reply dated 12th May, 1997 M/s. NHA had stated that upon their filing a Writ Petition in the Lahore High Court against the expected withdrawal of NHA and CDA, the Honourable High Court while admitting the Writ Petition had granted status-quo. A copy of such order of the Lahore High Court dated 17.11.1996 had been sent to State Life.</p>			
<p>34. The case was fixed on 22-05-1997 for "regular hearing". NHA had also stated that their foreign partners M/s. Asia Challenge Investment Pte. Ltd., (ACI) in the Islamabad New City had taken over the financial and management control of M/s. M.G. Realtors alongwith all assets and liabilities. M/s. ACI were taking up the matter with Government of Pakistan at the highest level to restart the project shortly as a purely foreign owned venture. At the same time, M/s. NHA had also advised Mr. Sim Ching Chye, Managing Director, Asia Challenge Investments (Pte) Ltd. (ACI) for providing all possible cooperation to State Life in respect of any business relationship with the Islamabad New City project or finally refund of the investments made so far. A news item had already appeared in DAWN of 13-05-1997 about taking-over of the project by a consortium of foreign investors viz., M/s. Asia Challenge Investments (Pte) Ltd.,(ACI), the Singapore based investment company.</p>			
<p>35. A copy of above mentioned letter dated 12th May, 1997 from M/s. NHA was referred to Law Department of State Life for advice in the matter. The Law Division had given their views vide IOC dated 16th May, 1997 wherein they had stated "though the order of the Lahore High Court did not affect contractual obligations of State Life and National Housing Authority in terms of agreement executed between them, still the ground on the basis of which State Life claimed refund from NHA had lost its validity. If State Life still opts to claim refund and rescind the agreement executed with NHA, in that case the matter had to be decided by the Board of Directors".</p>			
<p>36. The Board noted the information given to it by Executive Director (Real Estate Division) without prejudice to its authority to re-examine the whole issue at an appropriate time.</p>			
<p>Action:GM(RE)</p>			
<p>ITEM NO. 6 INVESTMENT STRATEGY-1997.</p>			
<p>----- ED(Investment Division) Memorandum dated August 08, 1997.</p>			
<p>37. The Board was informed that at the 224th meeting of Executive Committee held on 11th April, 1997 (Item No.4), the Executive Committee had approved the Investment Strategy for the year 1997, proposed by the then Executive Director (Investment) in his memorandum dated March 14, 1997.</p>			

  
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38. The approval specified, inter-alia, increased emphasis on capital market operations in order to improve the quality of the quoted equity portfolio as well as to maximize/realize gains through judicious roll-over of the equities.

39. Subsequent events and developments had resulted in increased volatility and uncertainty in the stock market. This had enhanced the element of risk in equity transactions making it inadvisable for life insurance, like State Life, to participate in the capital market.

40. It appeared advisable for State Life to keep in abeyance any further purchase of equities either through the stock market or through direct participation for as long as the volatility and uncertainty prevailed on the stock market. The matter could be reviewed at sometime in the future provided the economic and business scenario so warranted.

41. ED(Investment) proposed that during the interim period all surplus funds including those intended to be diverted into the capital market may be invested in Government Securities particularly in Defence Saving Certificates (DSCs). DSCs currently yield 18% compounded annually for 10 years, whereas Government Securities such as Federal Investment Bonds generally yield less than this figure, which range between 15-1/2 to 18% per annum.

42. Mr. Talib Ali, DGM(Investment), was invited to inform the Board about the position of quoted shares. Mr. Talib Ali gave the following figures:

Position of Quoted Shares


	Book Value	Market Value
31.12.1996	Rs.4,249 million	Rs.5,481 million
31.07.1997	Rs.4,238 million	Rs.6,954 million

43. The matter of investment of State Life's funds was discussed in detail.

44. The Board, while agreeing to the proposal of Executive Director (Investment), felt that State Life should also consider investment in stock market on merit on case to case basis. Accordingly it was resolved as under:

RESOLVED

"that in addition to investment in Government Securities, State Life should also consider/explore the possibility of investing in stock market on merit on case to case basis. This strategy would be valid up to the end of 1997.

  
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<p>"Further resolved that a new investment strategy be drawn up for 1998 and be placed before the meeting of Board of Directors in December, 1997 for its consideration.</p>			
<p>Action:GM(Inv.)</p>			
<p>ITEM NO. 7. DISCONTINUATION OF SERVICES OF MR. IMTIAZ FARID, ASSISTANT MANAGER, CHAIRMAN'S SECRETARIAT.</p>			
<p>----- ED(Personnel Division) Memorandum dated Sept 5, 1997</p>			
<p>45. The Board was informed that Mr. Imtiaz Farid, aged more than 50 years with low academic qualifications was hired on contract basis as an Assistant Manager in Chairman's Secretariat, Principal Office, Karachi with effect from 20-10-1994.</p>			
<p>46. Initially, Mr. Imtiaz Farid was offered a consolidated salary of Rs.10,000/- per month. Thereafter on 23-3-1995, he was given a regular appointment in the grade of Assistant Manager with seven grade increments of the scale. His appointment offer was made on the specific instructions and approval of the Chief Executive of the Corporation. Neither did he appear in any test nor was any interview conducted. It was assessed at that time that Mr. Imtiaz Farid could be found suitable for helping the present P.R.O. in the Secretariat in routine protocol and other related duties.</p>			
<p>47. Unfortunately, it was found that not only was he too old but was also incapable of performing the protocol duties assigned to him. He remained on medical leave for a considerable period of time and a sum of Rs.2,99,867/- had been spent by the Corporation on his medical treatment including Rs.1,80,577/- on his bypass surgery.</p>			
<p>48. That presently the duties of protocol in Chairman's Secretariat did not warrant the retention of the services of this individual. Furthermore, he could not be usefully engaged by transfer to any other department. His appointment was ipso facto irregular and was made without adhering to normal rules and procedures. Moreover, there is no further utility in his retention with State Life.</p>			
<p>49. The proposal was placed before the 220th meeting of Executive Committee held on 12th January, 1997 (Item No.4), but the consideration on the same was deferred.</p>			
<p>50. The Board of Directors was requested to consider the dispensation of his services under Regulation 22(3) of the State Life Employees (service) Regulations, 1973, in the interest of the Corporation and approve the same.</p>			
<p>51. After due deliberations, it was resolved as under:</p>			

  
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RESOLVED

"that the matter of termination of Mr. Imtiaz Farid be referred to Commerce Ministry for advice/decision".

Action:GM(P&GS)

ITEM NO. 8. DISTRIBUTION OF PROFIT ON STATE LIFE EMPLOYEES CONTRIBUTORY PROVIDENT FUND FOR THE YEAR 1996.

-----  
ED(F&A) Memorandum dated September 9, 1997.

52. The Board was informed that the accounts of State Life Employees Contributory Provident Fund for the year 1996 had been finalized subject to audit.

53. Investment portfolio of the fund, as at 31.12.1996, is listed below:

- |                                |                |
|--------------------------------|----------------|
| a) Federal Investment Bonds    | Rs. 4,700,000  |
| b) Defence Saving Certificates | Rs.155,255,000 |
|                                | -----          |
|                                | Rs.159,955,000 |
|                                | -----          |

54. The net income of the Fund for the year 1996 was estimated at Rs.61.075 million as compared to Rs.47.021 million earned during 1995, up by 29.89%. The main factor for increase was the aging of Defence Saving Certificates, the yield on which increased with the increases in the holding period.

55. The approximate rate of return for the year 1996 on monthly members balances reduced by loan balances and accounting for accrued profit on contingent liability (Bangladesh balance) and Pension Fund balance worked out to 20.47%.

56. The Board was requested to consider allowing distribution of Income (as profit) to members of the fund @ 19% for the year 1996 on their monthly average balance i.e. contribution balance at the end of each month reduced by their monthly loan balance, if any. The income balance of 1.47% (20.47 - 19.0) was being retained to offset any decline in income in ensuing years and thus maintain a steady rate of profit. Using similar formula profit @ 18% was allowed to members of the Fund for the year 1995.

57. As per existing practice, the members are allowed interim profit @ 14% for the period the accounts of the Fund are not approved, in case they leave the Corporation due to death, resignation or retirement. The employees leaving the Corporation through death, retirement or resignation have to wait for final settlement of their account till the accounts of the Fund are approved. Most of the employees press hard for early settlement of their Provident Fund accounts.

  
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<p>58. It was proposed that those employees who do not remain in the service of the Corporation due to any reason could be allowed profit @ 1% below the last approved rate. The balance of 1% could be released after approval of accounts of the Fund for the respective year.</p> <p>59. The issue was discussed in detail. However the Board felt that the entire income of the Provident Fund should not be distributed. Accordingly, it was resolved as under:</p> <p>RESOLVED</p> <p>-----</p> <p>"that profit @ 1% for the year 1996 on the monthly average balance be distributed to members of the fund".</p> <p>"Further resolved that those who leave the Corporation due to death, resignation or retirement, be paid profit @ 17%. Subject to settlement later."</p> <p style="text-align: right;">Action:GM(B&amp;A)</p> <p>REVIEW OF GROUP &amp; PENSION BUSINESS</p> <p>-----</p> <p>60. Mr. J.M.Pereira, GM(G&amp;P), was invited to give a review of Group &amp; Pension business. Mr. Pereira informed the Board that during 1996 G&amp;P had secured premium of Rs.1,192 million. The target for G&amp;P premium for 1997 was fixed with an increase of 25%, at Rs.1,500 million.</p> <p>61. Mr. Pereira informed that upto the end of August 1997, premium of Rs.772 million had been secured against the target of Rs.800 million. However, the deficit will be made up in September 1997.</p> <p>62. The Board was informed that the strategy of State Life was to take all possible steps to retain large groups like Government, WAPDA, Army, Banks etc. The Board was informed that both Army and WAPDA groups had been retained after great effort because of stiff competition from other private companies. The Board recorded its appreciation of the efforts put in by all concerned.</p> <p>63. Mr. Pereira informed that some of the medium size groups which were lost to other companies were coming back to State Life as those companies had suffered a loss on certain groups.</p> <p>Greetings on Birth Days.</p> <p>-----</p> <p>64. It was decided that the top executives of the key groups be suitably greeted on their birthdays and appropriate gifts be presented to them, as a public relations effort.</p> <p>Incentives for G&amp;P Officers</p> <p>-----</p> <p>65. It was decided to offer incentives to G&amp;P officers for</p>			

  
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securing or retaining large new groups. GM(G&P) would put up an incentive scheme through proper channel.

Action:GM(G&P)

REVIEW OF REAL ESTATE DIVISION

No. of Buildings & Plots

66. Mr. Abdul Majid Khan, GM(RE), was invited to present a review of Real Estate Division before the Board. Mr. Majid informed that State Life owned 47 commercial buildings, 10 residential buildings and 18 plots.

Rental Income

67. GM(RE) informed that the rental income of Real Estate for 1996 was Rs.283 million and the target for 1997 was to increase the same by 10-15%.

Occupancy

68. The buildings owned by the Corporation had roughly the following occupancy ratios:

- 25% State Life occupation
- 15% Government occupation
- 60% Occupation by other organizations on rent.

69. Mr. Majid said that efforts were continuing to improve the return on Real Estate investments and collection of rents in time.

Running Projects

70. GM(RE) informed that currently work was continuing at six projects namely Hyderabad, Mirpurkhas, Larkana, Faisalabad, Gujrat and D.I. Khan. He informed that all those projects were expected to be complete by mid 1998.

Other Projects

71. GM(RE) informed that action on four other projects was pending for approval of Planning & Development Division as well as CDWP. He informed that the matter had already been referred to Ministry of Commerce. Mr. M.Amjad Virk was requested to get the approval of the competent authority expedited so that work on the four projects may start. GM(RE) may send a letter to Mr. M.Amjad Virk in this connection.



Real Estate Purchases During 1995 and 1996

72. The Board requested GM(RE) to put up the following information for consideration at the next meeting of the Board in respect of each Real Estate property purchased by State Life during 1995 and 1996:

  
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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	9th September, 1997	
<p>1) Total purchase price with date of purchase                  2) Present Market Value                  3) Opportunity cost of the amount invested</p> <p>Management Expenses of Real Estate Division                  -----</p> <p>73. It was observed that the management expenses of Real Estate Division were quite high. GM(RE) was, therefore, requested to identify the surplus staff and wasteful expenditure in Real Estate Division and put up his recommendation to utilise the surplus staff elsewhere and suitably employed, for consideration of Board of Directors.</p> <p style="text-align: right;">Action:GM(RE)</p> <p>REVIEW OF SALES &amp; DEVELOPMENT DIVISION                  -----</p> <p>74. The Board was informed that State Life had a massive increase in First Year Premium in 1995 over 1994. Undue pressure of First Year Premium during 1995 also badly affected the quality of business. As a consequence the persistency ratio, which used to be 70%, dropped to about 50% in 1996. The renewal ratio which used to be about 90% dropped to 76% in 1996.</p> <p>Target for 1997                  -----</p> <p>75. The Board was informed that the target for First Year Premium for 1997 was Rs.1965 million, whereas First Year Premium of about Rs.586 million only had been secured by the end of August 1997. It was, however, noted that almost 50% of the year's business was usually secured in the last quarter of the year. The S&amp;D team headed by worthy Director should now spend sleepless nights and make concerted and coordinated efforts to achieve the targets in First Year Premium, 2nd year Persistency and Renewal Persistency in the remaining period that they had.</p> <p style="text-align: right;">Action:DGM(S&amp;D)</p> <p>Historical Analysis                  -----</p> <p>76. The Board requested Mr. M. Mazharuddin, GM(Actuarial), to prepare an historical analysis of the real business of State Life for the information of the Board.</p> <p style="text-align: right;">Action:GM(Actuarial)</p> <p>77. The meeting ended with mutual vote of thanks.</p> <div style="text-align: right; margin-top: 20px;">                   CHAIRMAN             </div> <div style="text-align: right; margin-top: 10px;">                 CHAIRMAN'S INITIALS   </div>			