

MINUTES OF 137TH MEETING OF BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	5th & 6th Feb, 1998	

The one hundred and thirty seventh (137th) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan, was held on 5th and 6th February, 1998 at Karachi.

PRESENT:

-
- | | |
|-----------------------------|-------------------------------|
| 1) Sayed Muzafar Ali Shah ✓ | Chairman |
| 2) Mr. Mohammad Sulaiman | Additional Secretary/Director |
| 3) Mr. A. Rauf Malik ✓ | Executive Director |
| 4) Mr. Mazhar Hussain ✓ | Executive Director |
| 5) Mr. M. Mazharuddin | GM(P&GS/Act)
by invitation |
| 6) Mr. A.Q. Raashid | Secretary Board in attendance |

2. The meeting commenced with recitation of verses from Glorious Quran by Secretary Board.

ITEM NO.1 CONFIRMATION OF THE MINUTES OF 136th MEETING OF THE BOARD OF DIRECTORS.

3. The minutes of 136th meeting of the Board of Directors held on 04-12-1997 were confirmed with certain amendments as given below. Accordingly it was resolved as under:

RESOLVED

4. "that the minutes of 136th meeting of the Board of Directors held on 04-12-1997 be and are hereby approved with the following amendments:

(i) Item No.5 - Control of Expenses

5. Para 35, a new sub para (p) be added to read "In view of over employment, only critical vacancies equivalent to about 50% of the existing vacancies would be filled by promotions."

Action: GM(P&GS)

(ii) Item No. 11 - Appointment of Statutory Auditors.

GM(B&A) Memorandum dated 5th February, 1998.

✓ 6. Para 41 relating to appointment of M/s. Sajjad Haider & Co., Chartered Accountants, Dubai, U.A.E. The line "subject to final approval by Ministry of Commerce, Government of Pakistan" is deleted.

Action: GM(B&A)

(iii) Item No. 12 - Delegation of powers to Regional Chiefs for promotion of Sales Managers to Area Managers.

ED(F&A) Memorandum dated 05-01-1998.

✓ 7. Para 42 relating to delegation of powers to Regional Chiefs is amended to read, "Regional Chiefs

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would process the promotion of Sales Managers to Area Managers with duly audited figures on the basis of criteria for such promotions laid down by the Principal Office, and would send their recommendations for approval of Executive Committee."

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

ITEM NO. 2. IMPLEMENTATION REPORT

8. The Board appreciated the implementation of the decisions taken in the previous Board Meetings. It was, however, observed that the reports given by certain Divisions were not clear. Therefore, it was desired that the concerned Divisions should mention the subject clearly for a proper comprehension of their reports.

Action: GM(BS) all the time.

ITEM NO. 3. BUSINESS PROGRESS REPORTS

Regional Chief(South) Memorandum dt: 22-01-1998
Regional Chief(Central) Memorandum dt: 22-01-1998
Regional Chief(North) Memorandum dt: 15-01-1998
Regional Chief(Multan) Memorandum dt: 09-02-1998

(a) Life Business

9. The following Regional Chiefs (Life) presented review of their respective Regions and Zones for 1997 and gave their targets, plans and strategies for 1998:

- (1) Syed Zafar Abbas Shah, Regional Chief(South)
- (2) Mr. Akram Hussain, Regional Chief(Central)
- (3) Mr. M. Taj Mirza, Regional Chief(North)
- (4) Mr. Sh. Mushtaq Ahmad, Regional Chief(Multan)

10. The details of performance for 1997 were given as per working papers furnished by them.

11. The Board appreciated the 2nd year and renewal premium collections during 1997. It was informed that the final figures, when computed, would exceed the revised estimates. The Board desired that this tempo be maintained and that State Life should go for quality business with good persistency.

12. The Board, however, expressed its concern over some decrease in First Year Premium (Rs.1520 million in 1997 as against Rs.1695 million in 1996) increase in renewal expense ratio (percentage of management expenses to total income - 23.97% in 1997 as against 23.51% in 1996), increase in surrender of policies (Rs.1716 million in 1997 as against Rs.1549 million in 1996) death claims in revised budget of 1997 as compared to actual figures of 1996 (Rs.544 million in 1997 against Rs.470 million in 1996). Consequently, a decrease in accretion to Life Fund was observed.

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Targets for 1998

13. The Board desired that the FYP targets for 1998 would be fixed with 20% increase over the FYP targets for 1997. Accordingly, it was resolved as under:

RESOLVED

14. "that the following targets for Life Regions for 1998 be and are hereby fixed:

Rs. in million

"(a) First Year Premium

Region	Target for 1997	Target for 1998	% Increase over 1997 Target
South	500	600	20%
Central	675	810	20%
North	555	666	20%
Multan	465	558	20%
Total(Life)	2195	2634	20%

"(b) Second Year Persistency & Renewal Persistency

Region	2nd Year Persistency	3rd Yr. & over Persistency
South	75% minimum	92% minimum
Central	75% "	92% "
North	75% "	92% "
Multan	75% "	92% "

Action: DGM(S&D) by 02-03-1998

Service to Policyholders

15. In order to improve persistency and renewal premium, Mr. Mohammad Sulaiman proposed that the policyholders be informed through publicity that they could deposit their premiums in any zone of their convenience. Accordingly, it was resolved as under:

RESOLVED

16. "that a committee consisting of GM(BS/CCC), GM(B&A), GM(PHS), and DGM(CD) be and is hereby constituted. The terms of reference would be to offer the policyholder the facility to deposit his premiums in any zone of his convenience and get an official receipt on the spot. The Committee would decide and take steps to make this possible on Corporation basis and then announce this facility through the Press/Radio and TV."

Action: GM(BS/CCC)/GM(B&A)/GM(PHS)/DGM(CD)/AGM(A&SP) by 15-03-1998

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Item No.3(b) REVIEW OF G&P BUSINESS

GM(G&P) Memorandum dated 22-01-1998
Regional Chief, G&P North, Memorandum dt: Nil
Regional Chief, G&P South, Memorandum dt: Nil

17. GM(G&P), Regional Chief (North), Regional Chief (South) and Zonal Head, Karachi Central were invited.

18. GM(G&P) presented a brief account of G&P business. The Board noted with appreciation that Group Premium had increased from Rs.1,265 million in 1996 to Rs.1,310 million in 1997 registering a growth of 3.6%. The Board felt that they could have done better.

19. Mr. Sardar Amanullah Khan, Regional Chief, G&P North, gave a brief presentation with the help of transparencies. He pointed out that about 7000 companies were functioning in North Region out of which only 880 were covered by Group Insurance. He said that there was a vast market for Group Insurance.

20. Mr. Nasir Javed, Regional Chief, South, gave business review for 1997 for South Region. He was assisted by Mr. Ilyas Mehdi Naqvi.

Targets for G&P Business for 1998

21. The Board decided that Group Regions would show an increase of at least 20% over their respective targets for 1997. Accordingly, it was resolved as under:

RESOLVED

22. "that the following targets for Group Regions be and are hereby fixed for 1998:

(a)	Rs. in million		
	Premium Target for 1997	Premium Target for 1998	% Increase for 1998
North	755	906	20%
South	745	894	20%
Total	1500	1800	

M.I.S.

"(b) that Regional Chief (G&P) North would devise an MIS for group business. He would introduce the same in his region and send a copy to GM(G&P), P.O. and Regional Chief(South) for similar action.

Health & Pension Schemes

"(c) that Regional Chief (North), would also sell Health Insurance Schemes for small groups on experimental basis and would sell Pension Schemes for which there was a vast market".

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State Life Health Insurance Scheme

"(d) that, to begin with, the G&P Division would take over the Health Insurance of State Life, and modalities for the same would be worked out by GM(Act.), GM(B&A) and GM(G&P). Dr. Ghazala Nabees along with her officers and staff in medical department would assist in formulating and implementing the scheme."

Action: GM(Act)/GM(B&A)/GM(G&P)/CMA, P.O. by 15-03-1998

Item No.3. (c) INTERNATIONAL BUSINESS

AGM(Int'l) Memorandum dated 15-01-1998

(i) First Year Premium

23. Mr. Azad A. Khan AGM(Int'l) was invited. He informed that U.A.E. and Saudi Arabia offices produced FYP of Rs.53 million and Rs.35 million respectively in 1997, an increase of 16% and 85% respectively over 1996.

24. On the other hand, Kuwait had produced FYP of Rs.9 million in 1997 showing a decrease of 11% over 1996. The 2nd year persistency was mentioned to be 70%, 69% and 70% in 1997 for U.A.E., Kuwait and Saudi Arabia respectively.

25. International Division as a whole had secured FYP of Rs.97 million in 1997 giving an increase of 30% over 1996.

(ii) Second Year Persistency

26. The overall 2nd year persistency was estimated to be 70%. The Renewal Premium for 1997 as per revised budget estimates was Rs.68 million as against Rs.59 million in 1996, registering an increase of 15%.

Targets for 1998

27. The Board observed that the targets for 1998 set by International Division were too low and there was a need to set higher targets in 1998 specially when bases were small. Accordingly, it was resolved as under:

RESOLVED

28. "that the following targets for International Division for 1998 be and are hereby fixed:

(a) <u>Targets for 1998</u>	<u>Rs. in million</u>			
	<u>F.Y.P. target for 1997</u>	<u>F.Y.P. target for 1998</u>	<u>Minimum 2nd Year Persistency</u>	<u>Minimum Renewal Persistency</u>
U.A.E.	60	80	72%	92%
Kuwait	20	30	72%	92%
Saudi Arabia	40	100	72%	92%
<u>Total</u>	<u>120</u>	<u>210</u>	<u>72%</u>	<u>92%</u>

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"(b) further that the overseas figures be continued to be mentioned in US Dollars."

Action: AGM(Int'l) by 02-03-1998

Item No.3.(d) REAL ESTATE DIVISION

GM(RE) Memorandum dated 20-01-1998

29. GM(RE), Mr. Abdul Majid Khan was invited. He was assisted by Mr. S.A. Lalani, AGM(B&A/RE).

30. The Board noted with concern that the yield from Real Estate had drastically reduced from 10% in 1993 to 5% in 1997 due to tremendous increase in number of employees.

31. Mr. Mohammad Sulaiman asked reasons for purchase of A.C. Chillers from abroad when local airconditioning equipment was available. GM(RE) informed that a report had been sent to Ministry of Commerce for A.C. Chillers which were previously imported. However, he informed that for all current works, local airconditioning and other equipments were being procured for State Life Projects as far as possible and available.

32. The Board discussed Real Estate matters in detail and resolved as under:

RESOLVED

Surplus Engineers and Others

33. "that it was a matter of great concern that the yield from Real Estate business had greatly reduced due to tremendous increase in number of employees. GM(RE) would utilize the Real Estate Engineers and others profitably or help them in finding a better future elsewhere.

Purchase of Local Material

34. "further that GM(RE) would follow Government instructions strictly with regard to purchase of local material instead of foreign material.

Building Projects

35. "also that GM(RE) would review the projects referred to Ministry for approval of CDWP and to send revised recommendations. New projects be pursued according to the need of State Life to house its own offices. Such projects which are beyond the need of State Life be pursued only where there is a large demand for office space on rental basis.

Rent for State Life Offices

36. "also that GM (RE) would examine the rates of rents being charged by it for State Life offices and would rationalize the same both for Life and Group offices."

Action: GM(RE) by 15-03-1998

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<p>ISO 9000 -----</p> <p>37. ✓ The Board resolved that State Life should apply for ISO 9000 and Systems Division should engage a well qualified consultant for the same. ✓ Action: DGM(Systems) by 15-03-1998</p> <p>38. The proceedings of the Board for the second day i.e. 06-02-1998 commenced with recitation of Darood-e-Taj by the Chairman.</p> <p>Item No.4(i) BUDGET ESTIMATES 1998 AND REVISED BUDGET ESTIMATES 1997. ----- GM(B&A) Memorandum dated 22-01-1998</p> <p>39. GM (B&A) Mr. Mohammad Latif was invited to present the Budget. He was assisted by Mr. Ansar Hussain, DGM (B&A).</p> <p>40. The expenses for 1997 and budget for 1998 were reviewed item by item.</p> <p>41. It was expected that the FYP for 1997 would be higher when final figures were available. Similarly the Second year and Renewal Premiums were expected to exceed the revised budget estimates.</p> <p>42. It was noted with concern that expenses on medical had increased from Rs.47 million and Rs.45 million in 1996 to Rs.58 million and Rs.56 million in 1997 for Staff and Officers respectively. The budgets for medical expenses for 1998 should be the same as for 1997. More details on control of medical expenses are given against item No.7(j).</p> <p>43. It was also noted with concern that in spite of increased salary and staff welfare bill, no discernible improvement in productivity was observed.</p> <p>44. After detailed discussions, the Board resolved as under:</p> <p>RESOLVED -----</p> <p>45. ✓ "that a suitable letter be sent to the CBA for increase in productivity of members of the staff in relation to the increased wages and that future increases in emoluments and perquisites would depend on productivity of the employees concerned.</p> <p>46. "that if performance of the Corporation is low, perks of the employees may be reduced instead of allowing any increase. Action: GM(P&GS) by 15-03-1998</p> <p>47. "that maximum efforts be made to reduce administrative expenses, as well as control over the increasing trend of surrender of policies, early death claims and bogus group claims on the one hand and to increase premium income on the other. Action: GM(B&A)/GM(G&P)/GM(PHS)/DGM(S&D) regularly</p>			

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✓ 48. "that to check the quality of business submitted and underwritten in December, i.e., last month of the year, PHS Division would get the same rechecked by underwriters other than the original underwriters in each Zone. For this purpose, if necessary, retired underwriters may be engaged for a month on a fixed honorarium or on per case basis.
Action: GM(PHS) by 02-04-1998

✓ 49. "that the Regions/Zones would distribute the budget to the respective centres for the entire year and control the same on monthly basis.

50. "that FYP estimate for 1997 for Pakistan is increased from Rs.1320 million to Rs.1400 million. The FYP target for Pakistan for 1998 remains Rs.1600 million.

51. "that FYP target for 1998 from International business operation is increased from Rs.120 million to Rs.210 million.

52. "that estimate of surrender of policies for 1998 is decreased from Rs.2200 million to Rs.2000 million.

53. "that after incorporating the above changes, the budget estimates for 1998 and revised budget estimates for 1997 as also the capital budget for 1998 be and are hereby approved as under:

	Rs. in Million	
	Revised Estimates for 1997	Budget Estimates for 1998
a) Total Gross Income	14578.500	16549.000
b) Total Policy Payments	4668.200	5558.200
c) Total Payments to Field Workers	1773.371	2027.080
d) Total Administrative Expenses	1925.260	2012.100
e) Capital Budget		56.000
f) Carry forward of unutilised Capital Budget of 1997 to 1998		74.230

(Details are given in Annexures A,B,C,D & E)."

Action: GM(B&A) by 02-03-1998

Item No.4(ii) ECONOMY AND AUSTERITY MEASURES
GM(B&A) Memorandum dated 22-01-1998

54. In addition to the directions of the Board as given in item No.4(i), the Board took the following decisions and resolved as under:

RESOLVED

55. ✓ "that the services of 169 employees on daily wages be dispensed with, and regular surplus staff be posted in their place."

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<p>56. The other suggestions contained in the memorandum of GM(B&A) were considered as given under relevant items.</p> <p style="text-align: center;">Action: GM(P&GS)/GM(B&A) by 15-03-1998</p> <p>Item No.5. <u>HISTORICAL ANALYSIS OF STATE LIFE BUSINESS</u> ----- GM(Act.) Memorandum dated 27-11-1997</p> <p>57. Consideration on the item was again deferred for the next Board meeting.</p> <p style="text-align: center;">Action: GM(BS) by 02-03-1998</p> <p>Item No.6(i) <u>COST BENEFIT ANALYSIS OF VARIOUS BUSINESSES.</u> ----- GM(Act.)/GM(B&A) Memorandum dated 04-02-1998</p> <p>(i) <u>Life Business</u></p> <p>58. The analysis of Life Business was presented by GM(Act) and GM(B&A).</p> <p>59. The Board noted with concern decrease in First Year Premium.</p> <p>60. The accretion to Life Fund was estimated to be only Rs.146 million in 1997 as compared to Rs.439 million in 1996. The overall expense ratio was estimated to be 46.48% as against 47.97% in 1996 and 49.58% in-1995.</p> <p>61. The productivity per Area Manager decreased to Rs.1.85 million in 1997 estimates, as compared to Rs.2.28 million in 1996 and Rs.3.33 million in 1995.</p> <p>62. Total administrative expenses per employee had increased from Rs.0.23 million in 1996 to Rs.0.28 million in 1997 estimates.</p> <p>63. The Board noted the situation with concern and required additional information. Accordingly, it was resolved as under:</p> <p>RESOLVED -----</p> <p>64. ✓ "that the figures for 1993 and 1994 and projections for 1998 for Corporation, for Regions and for Zones be also added and the comparisons be prepared regularly on quarterly basis and MIS on quarterly achievements be provided. These comparisons be submitted at the next Board meeting along with the final figures for 1997.</p> <p>65. "that figures on Lapses and Revivals, and Early Death Claims be included in the quarterly MIS.</p> <p>66. "that the Cost-Benefit Analysis for various businesses be incorporated in the Main Computer through a suitable programme. Future raises in salary packages to employees be given cautiously and be related to productivity.</p> <p>67. "that the productivity of field and office staff be increased through holding regular meetings at all levels.</p>			

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68. ✓ "that disciplinary action be taken against those employees who come late, and/or do insufficient work during office time.

69. "that there should be no overtime except in rare circumstances as in June and December closings.

70. "that every employee be asked to work hard to justify the expenses being incurred on him. It must be realized by every employee that if the Corporation does not improve, there would be no increase in salaries in future.

71. "that a committee of GM(P&GS), GM(B&A) and DGM(S&D) should devise and launch various contests in following areas to give a boost to Zones of Individual Life to do good business from the very beginning of 1998 and achieve the following:

- (a) Quality recruitment,
- (b) taking early start,
- (c) improving 2nd year persistency and renewal persistency,
- (d) reducing early death claims,
- (e) reducing frauds,
- (f) reducing surrender of policies and increasing revival of lapsed policies,
- (g) increasing retention of field force,
- (h) increasing productivity and activity ratios of SRs, SOs and SMs,
- (i) reducing overall expense ratio,
- (j) thereby increasing net accretion to life fund."

72. All these contests would be devised by the said committee and be launched from 1st March 1998. ✓

Action: GM(P&GS)/GM(B&A)/DGM(S&D) by 01-03-1998

73. A&SP Division would commence a campaign for recruitment of quality sales representatives on TV/Radio/Press from 1st March 1998.

Action: AGM(A&SP) by 01-03-1998

Right Sizing/Mergers

Individual Life Business

74. The Board noted that until 1993 there were only 10 Individual Life Zones throughout the country in four provinces: 3 in Sindh at Karachi, Hyderabad & Sukkur, 5 in Punjab at Lahore, Rawalpindi, Faisalabad, Multan and Gujranwala and one each in the provinces of NWFP and Baluchistan at Peshawar and Quetta respectively.

75. In the next three years, 1994-1996 rapid expansion took place. The number of Life Zones increased from 10 to 28 with four full-fledged Regions for life business. The number of permanent employees corresponding increased through rapid recruitment; Officers from 1710, Staff from 2202 to 4303 and Area Managers from 447 to 720. This rapid

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<p>expansion resulted in tremendous increase in expense ratio; from 34 in 1993 to 42.5 in 1996 and corresponding increase in expenses from Rs.1747 million to Rs.3258 million.</p> <p>76. The idea to expand business and to bring service to door-steps of policyholders was excellent had it been carried out in a planned and phased manner, but it appeared that every thing was done hurriedly and rapidly which ultimately resulted in considerable increase in cost with no resultant increase in business. The productivity per employee and per production centre had considerably diminished.</p> <p>77. In early 1997 the Board of Directors of State Life had taken decisions to restructure and reduce the number of Zones, but these decisions were not implemented due to political and other repercussions.</p> <p>78. The Board felt that such a situation could not be allowed to continue for long. It was, therefore, necessary to review the whole situation in its true perspective at the end of the business year 1997 when the year-end business figures were available. The position was reviewed with Regional Chiefs and Divisional Heads, who gave their recommendations for right-sizing and mergers.</p> <p>79. On the basis of the picture that emerged, the Board resolved as under:</p> <p>RESOLVED</p> <p>-----</p> <p>Southern Region</p> <p>-----</p> <p>✓ "(a) that Karachi Eastern and Karachi Central Zones be and are hereby merged and named as Karachi Northern Zone. Mirpur Khas Zone is merged with the original Hyderabad Zone and Larkana Zone with Sukkur Zone. Larkana and Mirpur Khas would continue to function as Sub-zones.</p> <p>Multan Region</p> <p>-----</p> <p>"(b) that Vehari and D.G. Khan Zones be and are hereby merged with the original Multan Zone. Bahawalpur and Rahim Yar Khan Zones are merged together with Headquarter at Rahim Yar Khan. Sahiwal Zone would continue to function as the full-fledged Zone. Vehari, D.G.Khan and Bahawalpur Zones would continue to function as Sub-zones.</p> <p>Central Region</p> <p>-----</p> <p>"(c) that Lahore Central and Lahore Western Zones be and are hereby merged together to form the original Lahore Zone. Gujranwala, Sialkot, Faisalabad and Sargodha would continue to function as full-fledged Zones.</p> <p>Northern Region</p> <p>-----</p> <p>"(d) that Kohat and Swat Zones be and are hereby merged</p>			

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with original Peshawar Zone. Islamabad and Abbottabad Zones are merged together with Headquarter at Abbottabad. Mirpur (A.K.), Rawalpindi and Gujrat Zones would continue as full-fledged Zones.

"(e) that the proposed restructuring would result in reduction of Life Business Zones from 28 to 18.

"(f) that the number of Regions are reduced from 4 to 3, i.e., Southern at Karachi, Central at Lahore and Northern at Islamabad.

"(g) that the smaller Zones which have been merged with the old Zones would be considered for upgradation as full-fledged Zones as soon as their business performance improves and increases." ✓

80. Since the re-structuring and re-organizing decisions taken in 1997 could not be implemented, it was considered necessary to have Government support. The Board authorized the Chairman to send the recommendations about rightsizing/mergers of Zones and Regions to Ministry of Commerce for very early clearance. ✓

81. ✓ In the meantime, a committee comprising GM(P&GS), GM(B&A), GM(PHS) and DGM(S&D) would review the staffing position of the restructured zones and regions. The committee would make adjustments of staff and officers keeping in view the requirements of restructured Zones. The committee would also carry out territorial adjustments if needed keeping in view the convenience of field force and policyholders. In short the committee would consider all related and connected matters including transfer of records, so that the new zones start functioning smoothly and properly. ✓

Action: GM(P&GS)/GM(B&A)/GM(PHS)/DGM(S&D) by 15-03-1998

Field Promotions/Demotions

82. ✓ "that Regional Chiefs would send their recommendations to P.O. about promotions/demotions in their respective Regions in the first week of March 1998. ✓

Non performing Managers (Development) and Area Managers under Accelerated Promotion Scheme.

83. ✓ "that the performance of all Managers (Development) and Area Managers promoted under Accelerated Scheme would be reviewed by the Zonal Heads/Regional Chiefs concerned and action would be taken by them in accordance with the terms of their indemnity bonds and laid down procedures, respectively.

Non performing Area Managers Under Regular Promotion Scheme.

84. "that the cases of Area Managers under Regular Promotion Scheme, who did not fulfill their respective targets would be referred to Principal Office.

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<p>85. "that the demoted Area Managers and Sales Managers be given their previous field if the latter are available and willing for attachment.</p> <p>86. "that the surplus office staff who have aptitude to sell would be persuaded by Zonal Heads to work in the field on commission." ✓ Action: DGM(S&D) by 15-03-1998</p> <p>Item No.6(ii) COST BENEFIT ANALYSIS OF GROUP & PENSION BUSINESS. ----- GM(G&P) Memorandum dated 28-01-1998</p> <p>87. The Board noted with concern negative contribution of G&P Division of Rs.24.978 million to Life Fund in 1997 estimates.</p> <p>88. After detailed discussions, the Board resolved as under:</p> <p>RESOLVED -----</p> <p>89. "that estimated negative contribution of Rs.24.978 million to the Life Fund for the year 1997 is noted with great concern.</p> <p>90. ✓ "that the figures for 1993, 1994, 1995 and 1996 along with projections for 1998 for Corporation, Zones and Sectors be also added for a proper comparison. The projections be split up into quarterly figures and MIS on quarterly achievements be provided regularly as well as at the next Board meeting. ✓</p> <p>91. "that all efforts be made to increase premium income, to retain existing businesses, to revive lapsed policies, to reduce expenses and payment of bogus claims, thereby to ensure a sizable positive contribution to Life Fund in 1998.</p> <p>92. ✓ "that a contest be drawn by GM(P&GS), GM(B&A) and GM(G&P) to give a boost to good business from the very beginning of 1998, so that the G&P Zones:</p> <p>(a) take early start, (b) retain existing groups, (c) revive lapsed groups, (d) increase productivity, (e) maximize enrolling new groups, (f) reduce expenses, (g) decrease claim payment ratio, (i) avoid payment of bogus claims, (j) thereby, maximize accretion to Life Fund.</p> <p>Action: GM(P&GS)/GM(B&A)/GM(G&P) by 15-03-1998.</p> <p>93. ✓ "that GM(G&P) would present a Profit and Loss Analysis for major Groups insured with G&P Division." ✓</p> <p>Action: GM(G&P) by 15-03-1998</p>			

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Right Sizing and Mergers of Group Regions and Zones

94. The Board was informed that until 1993 there were only two Group Life Zones in the country, one in the South at Karachi and other in the North at Lahore.

95. In the next three years, 1994/1996 rapid expansion took place. The number of Group Life Zones were increased from 2 to 11 with additional two full-fledged Regions for Group Life business. This rapid and hurried expansion resulted in increase in manpower and corresponding cost.

96. The idea to expand business and to bring service to door-steps of group policyholders was excellent had it been carried out in a planned and phased manner, but it appeared every thing was done hurriedly and rapidly which ultimately resulted in considerable increase in cost with no resultant increase in business. The productivity per employee and per production centre had considerably diminished.

97. In early 1997 the Board of Directors of State Life had taken decisions to restructure and reduce the number of Group Zones, but these decisions were not implemented due to political and other repercussions.

98. The Board felt that such a situation could not be allowed to continue for long. It was, therefore, necessary to review the whole situation in its true perspective at the end of the business year 1997 when the year-end business figures were available. The position was reviewed with Regional Chiefs (Group) and Divisional Heads, who gave their recommendations for right-sizing and mergers.

99. On the basis of the picture that emerged and in order to curtail heavy expenses on G&P Division, the Board decided to abolish Group Regions and merge the following Zones of G&P. It was resolved as under:

RESOLVED

Group Life Business

✓ "(a) that in the Group Life Business, the two Regions be and are hereby closed. The control would be exercised by the Divisional Head (G&P) at the Principal Office as was the case pre 1994. Karachi Eastern (Group) and Karachi Western (Group) Zones be and are hereby merged together to form one Zone. Karachi Central and Hyderabad Zones would continue to function as full-fledged Zones.

(b) "that Sialkot Zone is merged with original Lahore Zone. Likewise, Multan and Faisalabad Zones are merged together with headquarters at Faisalabad. Sialkot and Multan would continue to function as Sectors. Rawalpindi, Peshawar and Corporate Zones would continue to function as full-fledged Zones." ✓

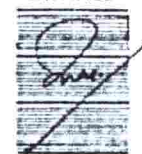
100. Since the re-structuring and re-organizing decisions taken in 1997 could not be implemented, it was considered necessary to have Government support. The Board authorized the Chairman to send the recommendations about closing Group

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<p>Regions and right-sizing/mergers of Group Zones to the Ministry of Commerce for very early clearance.</p> <p>101. In the meantime a committee comprising GM(P&GS), GM(B&A) and GM(G&P) would review the staffing position of the restructured Zones. The committee would make adjustments of staff and officers keeping in view the requirements of restructured Zones. The committee would also carry out territorial adjustments, if any, keeping in view the convenience of group policyholders. In short the committee would consider all related and connected matters including transfer of records, so that the new Zones start functioning smoothly and properly.</p> <p style="text-align: center;">Action: GM(P&GS)/GM(B&A)/GM(G&P) by 15-03-1998</p> <p>ITEM NO.6(iii) COST-BENEFIT ANALYSIS OF INTERNATIONAL BUSINESS.</p> <p style="text-align: center;">----- AGM(Int'l) Memorandum dated 21-01-1998</p> <p>102. It was noted that the total income from International Division was Rs.208.3 million (1997 estimates) as against Rs.161.1 million in 1996 giving an increase of 29%.</p> <p>103. The Board noted that the accretion to Life Fund from International Business had increased from Rs.27.9 million in 1996 to Rs.31.5 million in 1997.</p> <p>104. After detailed discussions, the Board resolved as under:</p> <p>RESOLVED</p> <p style="text-align: center;">-----</p> <p>"(a) that accretion to Life Fund be increased substantially in 1998 by increasing premium (First Year, 2nd year and Renewal premium) and decreasing administrative expenses, surrenders and early death claims.</p> <p style="text-align: center;">Double Tier in Saudi Arabia</p> <p style="text-align: center;">-----</p> <p>✓ "(b) that Int'l Division would put up a report on how double payments were being made on the business in Saudi Arabia. The Division would give recommendations to eliminate the double tier system in Saudi Arabia through a proper administrative structure. It would also indicate if any business target was included in the agreement entered into with Gulf Cooperation Insurance Company Limited.</p> <p style="text-align: center;">Rationalise Salaries of Overseas Officers/Staff</p> <p style="text-align: center;">-----</p> <p>✓ "(c) that the salaries of officers/staff posted overseas be rationalized in order to bring the same in line with the practice in foreign office or Banks. GM(P&GS) and GM(B&A) would put up recommendations for revision of salaries of overseas employees.</p> <p>"(d) that the officers who do not perform well in overseas offices would be called back earlier than three years.</p>			

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Contest

✓ "(e) that GM(B&A) and AGM(Int'l) would draw and launch a contest to give a boost to International Zones to do good business from the very beginning of 1998 and achieve the following:

- (a) Quality recruitment,
- (b) taking early start,
- (c) improving 2nd year persistency and Renewal persistency,
- (d) reducing early death claims,
- (e) reducing frauds,
- (f) reducing surrender of policies and increasing revival of lapsed policies,
- (g) increasing retention of field force,
- (h) increasing productivity and activity ratios of SRs, SOs and SMs,
- (i) reducing overall expense ratio,
- (j) thereby increasing net accretion to life fund."

105. All these contests would be devised by the said committee and be launched from 1st March 1998.

Action:GM(B&A)/AGM(Int'l) by 15-03-1998

Item No.7(a to i & k) DETAILED YEAR END REVIEW OF PRINCIPAL OFFICE DIVISIONS.

106. Consideration on items Nos.7(a to i and k) was deferred due to paucity of time and the same would be taken up at the next Board meeting.

Action:GM(BS) by 02-03-1998

Item No.7(j) HEALTH OF EMPLOYEES AND MEDICAL EXPENSES

GM(P&GS) Memorandum.

107. Dr.Ghazala Nafees, AGM (Medical), Principal Office, was invited. The Board expressed its concern over the increase in medical expenses for staff and officers from Rs.47 million and Rs.45 million in 1996 to Rs.58 million and Rs.56 million in 1997 respectively.

108. Dr.Ghazala explained that the medical expenses had increased due to increase in number of staff and officers. Also that the prices of medicines and hospital charges had increased by 11% and 15% to 20% respectively.

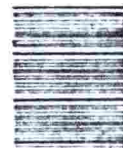
CONTROL OF MEDICAL EXPENSES

109. After detailed discussions, the Board resolved as under:

RESOLVED

✓ "(a) that the Chief Medical Advisor P.O. is authorised to take effective steps to control medical expenses in the 2 nos. Regions and Principal Office and ensure elimination of bogus bills. The Medical Advisers in the

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to take
the 2 nos

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Zones and Regions be taken into confidence for control of excessive expenses and a post-audit of medical expenses at Regional/Zonal level be conducted by Medical Department P.O.

"(b) that there would be no post facto approvals, and no special approvals/recommendations for incurring expenses beyond the normal medical rules.

"(c) that Medical Department would draft a suitable letter to officers and staff to invite their attention to the increasing medical expenses and to seek their cooperation in reducing the same.

"(d) that expensive hospitals be delisted and new hospitals offering the same standard of facilities be enlisted.

"(e) Cases of costly treatments i.e. Cardiac surgeries, Dialysis be carried out at Government/Trust hospitals instead of private clinics.

"(f) that a list of employees who did not incur any medical expenses in 1997 be sent to Chairman for suitable recognition.

"(g) that the Medical Department would design and follow a Management System to achieve the said objectives.

"(h) that an incentive scheme for reduction in medical expenses be drawn by GM(P&GS), GM(B&A) and CMA, P.O.

Para 5 of GM(P&GS) Memorandum.

"(i) that For appointment of doctors on retainership basis by the Zone/Region the CMA at P.O. should be invariably 'informed' (instead of 'consulted').

Para 8.

"(j) that Medical Department would coordinate medical rules awareness programmes for all Zones through HRDD.

"(k) that a Personal Computer for Medical Department with extra monitor for CMA, P.O. be and is hereby approved."

Action:GM(P&GS)/GM(B&A)/CMA,P.O. by 15-03-1998

Item No.8. PERQUISITES AND FRINGE BENEFITS FOR OFFICERS

ED(F&A) Memorandum dated 03-12-1997.

GM(P&GS) Memorandum dated 23-01-1998.

110. After thorough discussions and consideration of memorandum dated 23-01-1998 from GM(P&GS), the Board approved the recommendations of ED(F&A) as given in his memorandum dated 03-12-1997 (circulated earlier to the Board) on the condition that the benefits would be adjusted as and when new pay scales for officers are decided.

111. Accordingly, it was resolved as under:

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RESOLVED

✓ 112. "that the increase in perquisites and fringe benefits for officers would take effect from 01.01.1998 as under:

(1) House Maintenance Subsidy.

From 5% of basic pay to 10% of basic pay.

(2) Car Rental.

For those officers who are entitled to car but are not provided the same by the Corporation:

- | | |
|---------------------------------|-------------------------------|
| (a) For General Manager | From Rs. 3300/- to Rs. 4000/- |
| (b) For Dy. General Manager | From Rs. 3000/- to Rs. 3600/- |
| (c) For Asstt. General Manager | From Rs. 2850/- to Rs. 3400/- |
| (d) For Manager (Development) | From Rs. 2700/- to Rs. 3250/- |
| (e) For Dy. Manager G&P(Dev) | From Rs. 1200/- to Rs. 1450/- |
| (f) For Asstt. Manager G&P(Dev) | From Rs. 400/- to Rs. 500/- |
| | From Rs. 500/- to Rs. 600/- |

(3) Car Maintenance Allowance.

For those officers who are not entitled to car but are maintaining the same on their own:

- | | |
|---------------------|------------------------------|
| (a) For Manager | From Rs. 945/- to Rs. 1150/- |
| (b) For Dy. Manager | From Rs. 765/- to Rs. 925/- |
| (c) For EO/AM | From Rs. 650/- to Rs. 800/- |

(4) Conveyance Allowance

To all other officers who do not fall under above two heads, the rate of Conveyance Allowance is revised from Rs. 600/- to Rs. 750/- per month.

(5) Utilities

- | | |
|-----------------------|------------------------------|
| (a) For EO to AM | From Rs. 476/- to Rs. 675/- |
| (b) For DM to Manager | From Rs. 567/- to Rs. 800/- |
| (c) For AGM | From Rs. 665/- to Rs. 900/- |
| (d) For DGM to GM | From Rs. 756/- to Rs. 1000/- |

(6) Newspapers


- | | |
|-------------------------|-----------------------------|
| (a) For EO | From Rs. 225/- to Rs. 250/- |
| (b) For AM | From Rs. 240/- to Rs. 300/- |
| (c) For Dy. Manager | From Rs. 285/- to Rs. 350/- |
| (d) For Manager | From Rs. 330/- to Rs. 400/- |
| (e) For AGM | From Rs. 390/- to Rs. 500/- |
| (f) For DGM | From Rs. 480/- to Rs. 600/- |
| (g) For General Manager | From Rs. 525/- to Rs. 650/- |

(7) Entertainment Expenses

- | | |
|-------------------------|-------------------------------|
| (a) For EO | From Rs. 546/- to Rs. 650/- |
| (b) For AM | From Rs. 562/- to Rs. 675/- |
| (c) For Dy. Manager | From Rs. 710/- to Rs. 850/- |
| (d) For Manager | From Rs. 811/- to Rs. 975/- |
| (e) For AGM | From Rs. 1014/- to Rs. 1200/- |
| (f) For DGM | From Rs. 1326/- to Rs. 1600/- |
| (g) For General Manager | From Rs. 1404/- to Rs. 1700/- |

113. "that the total additional cost not to exceed Rs. 20.2 million. Further that, the perquisites and fringe benefits granted at _____, shall also be available to all officers including _____ onists as already entitled.

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The above perquisites and fringe benefits be adjusted as and when new pay scales for officers are decided.

Action:GM(P&GS) by 15-03-1998

Performance Appraisal/Award

114. "that a system of reward and punishment be introduced in State Life. In this connection, GM(G&P) and DGM(HRDD) would put up analysis of the recommendations given earlier by the consultants M/s. Ferguson with regard to performance appraisal/award."

Action:GM(G&P)/DGM(HRDD) by 15-03-1998

Item No.9. RE-LAUNCHING OF U.K. OPERATION.

AGM(Int'l) Memorandum dated 24-01-998

115. Consideration on the item was deferred for the next Board meeting.

Action: GM(BS) by 02-03-1998

Item No.10. TAMEER-I-PAKISTAN CORPORATION LIMITED.

GM(Inv.) Memorandum dated 01-01-1998

116. The Board considered memorandum dated 01-01-1998 by ED(Inv). After detailed discussion, the Board resolved as under:

RESOLVED

117. "that a financial analysis of the proposal for State Life's contribution towards financing Tameer-i-Pakistan Corporation Limited be done by an expert. If it is found that the returns on investment in Tameer-i-Pakistan Corporation Ltd. are less than what State Life is earning elsewhere, the concerned Ministry be informed accordingly. The security of funds and liquidity of funds be also determined by the financial expert to safeguard the interest of policyholders' funds.

118. "further that Sayed Muzafar Ali Shah, Chairman, State Life, may act as Director on the Board of Tameer-i-Pakistan Corporation Ltd. as desired by Government."

Action:GM(Inv.) by 15-03-1998

Item No.11 SUPPLY OF INSTALLATION OF PASSENGER ELEVATOR FOR STATE LIFE BUILDING LARKANA.

ED(RE) Memorandum dated 01-01-1998.

119. The Board was informed that the State Life Building at Larkana was being constructed. The building consists of a basement, a ground floor, four upper floors and lift machine room at 5th floor. The building was designed by M/s. NESPAK, Lahore, with proposal and final drawings for two lifts.

120. The Board was informed that Larkana Zone was insisting for provision of lift facility because of health reasons and convenience of policyholders, employees, tenants and their

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clientle, and also because the building was a quality building in a prime location and would also be airconditioned. Real Estate Division was also in favour of providing the lift facility. However, ED(RE) did not recommend installation of lift in the building.

121. The Chairman, however, observed that State Life Building at Larkana was a prestigious airconditioned building with ground plus five floors (ground + basement + 4 floors + 5th floor for plant and machine room) and agreed with the technical advice of Real Estate Engineers to provide at least one lift in the building for private corporate tenants in the building. It was also observed that Larkana was the most productive zone per Area and per Sector in the Corporation.

122. After a thorough discussion, the Board on the basis of technical advice approved provision of one lift in the building for the present.

123. However, a provision would be made for the second lift if and when justified for addition in future.

124. Accordingly, it was resolved as under:

RESOLVED

125. "that supply and installation of a lift from M/s. Duncan Stratton & Co. at a tender cost of Rs.6.43 million for State Life Building, Larkana, be and is hereby approved with provision for a second lift as and when so justified in the future."

Action: GM(RE) by 10-03-1998

Item No.12 STATE LIFE BUILDING AT GUJRAT - SUPPLY AND INSTALLATION OF CURTAIN WALL.

GM(RE) Memorandum dated 13-01-1998

126. After due deliberation, the Board approved the proposal of GM(RE) as given in his memorandum dated January 13, 1998 for locally produced material i.e. Alcop's offer of Rs.25.508 million as against the pre qualified international and local firms lowest bid of Rs.42.5 million.

127. The Board, however, desired that the quality of material be ensured as provided in the tender specifications. It was required that all suppliers in future must certify that the material supplied is the same as specified and tendered. Also that if it is subsequently proved otherwise, then suppliers' undertaking be there that they would replace the material with specified quality or would refund the price. ✓

128. Accordingly, it was resolved as under:


RESOLVED

129. "that the lowest offer of M/s. Alcop for Rs.25.508 million for curtain wall and temporary enclosure be and is hereby approved.

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<p>130. "further that the quality of the material be ensured by Real Estate division as provided in the tender specifications. All suppliers in future must certify that the material supplied is the same as specified and tendered. Also, that if it is subsequently proved otherwise, then suppliers' undertaking be there that they would replace the material with specified quality or would refund the price." Action: GM(RE) by 02-03-1998</p> <p>Item No.13. STATE LIFE BUILDING AT GUJRAT - SUPPLY AND INSTALLATION OF ALUMINUM CLADDING. ----- GM(RE) Memorandum dated 19-01-1998</p> <p>131. The Board considered the recommendation of GM(RE) as given in his memorandum dated 19-1-1998 and accorded its approval for award of aluminum cladding work to M/S. ALCOP for a total cost of Rs.13.98 million @ Rs.330/-per sft.</p> <p>132. The Board, however, desired that if there is no PSI, then corresponding British Standard of the material be ensured.</p> <p>133. Accordingly, it was resolved as under: RESOLVED -----</p> <p>✓ 134. "that award of aluminum cladding work to M/s. Alcop for a total cost of Rs.13.98 million @ Rs.330/- per sft. be and is hereby approved.</p> <p>135. "further that if there is no PSI, then corresponding British Standard of the material be ensured." Action: GM(RE) by 02-03-1998</p> <p>Item No.14. SUPPLY OF SPARE PARTS FOR "GOLDSTAR" LIFTS INSTALLED IN DIFFERENT STATE LIFE BUILDINGS. ----- GM(RE) Memorandum dated 21-01-1998</p> <p>136. The Board considered the recommendation of GM(RE) as given in his memorandum dated 21-1-1998 and approved, in principle, the proposal for procurement of spares as per tender quantities.</p> <p>137. Mr. Mohammad Sulaiman, desired that a list of spare parts being purchased be sent to him.</p> <p>138. The Board also desired that ED(RE) should re-negotiate with lowest bidder for obtaining a further discount owing to latest fall in South Korean currency & prices.</p> <p>139. Accordingly, it was resolved as under: RESOLVED -----</p> <p>✓ 140. "that a list of spare parts for Gold Star lifts being purchased be sent to Additional Secretary, Commerce.</p>			

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141. "that the proposal for procurement of spares for Gold-star lifts from M/s. ZIAFCO Engineers and Contractors as per tender quantities be and is hereby approved in principle.

142. "further that ED(RE) would re-negotiate with lowest bidder for obtaining a further discount owing to latest fall in South Korean currency & prices."

Action: GM(RE) by 15-03-1998

Item No.15. INVESTMENT IN SPECIAL GOVERNMENT BONDS.
GM(Inv.) Memorandum dated 22-01-1998

143. The Board considered memorandum dated 22-1-1998 from GM(Inv) and desired that the matter of reinvestment of State Life Funds @ 17.25/- from 1-7-1997 be vigorously pursued with State Bank and if there is any hesitancy on the part of State Bank, the latter be asked to return the entire amount to the Corporation.

144. Accordingly, it was resolved as under:

RESOLVED

145. "that the matter of reinvestment of State Life Funds @ 17.25/- from 1-7-1997 be vigorously pursued with State Bank and if there is any hesitancy on the part of State Bank, the latter be asked to return the entire amount to the Corporation."

Action: GM(Inv) by 07-03-1998

Item No.16. WRITING OFF OLD OUTSTANDING BALANCE AGAINST INACTIVE FIELD WORKERS.
GM(B&A) Memorandum dated 28-01-1998

146. The Board considered the contents of memorandum dated 28-01-1998 from GM(B&A) and observed that little efforts appeared to have been made to recover at least from Sales Managers, who were approachable between the years 1972-88, as the amount recovered (Rs.0.356 million) was small. With this observation, the Board approved writing off old outstanding balances against inactive field workers amounting to Rs.8.359 million.

147. Accordingly, it was resolved as under:

RESOLVED

148. "that the old outstanding balances against inactive field workers appearing in the books of Karachi Zone amounting to Rs.8.359 million be and are hereby written off."

Action: GM(B&A) by 02-03-1998

Item No.17. CRITICAL ANALYSIS OF THE INVESTMENT PORTFOLIO.

GM(Inv.) Memorandum dated 03-02-1998

149. Consideration of the item was deferred for next Board meeting.

Action: GM(BS) by 02-03-98

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Item No.18. UTILIZATION OF BUDGET FOR COMMERCIAL ENTERTAINMENT FOR DEVELOPMENT OF GROUP LIFE BUSINESS DURING THE YEAR 1998.

GM(B&A) Memorandum dated 03-02-1998

150. As recommended in the memorandum dated 03-02-1998 from GM(B&A), the Board approved specific allocation of Rs. One million, out of the proposed budget under the head advertisement expenses for the year 1998, as commercial entertainment by G&P Division during the year 1998. The expenses would be incurred with the approval of Chairman.

151. Accordingly, it was resolved as under:

RESOLVED

152. ✓ "that the specific allocation of Rs. One million, out of the proposed budget under the head advertisement expenses for the year 1998, as commercial entertainment for development of group life business by G&P Division during the year 1998 be and is hereby approved. The expenses would be incurred with the approval of Chairman."

Action: GM(B&A) by 10-03-1998

Item No.19. APPOINTMENT OF CHAIRMAN AND ADMINISTRATOR OF STATE LIFE INSURANCE CORPORATION EMPLOYEES CONTRIBUTORY PROVIDENT FUND.

GM(B&A) Memorandum dated 03-02-1998

153. ✓ The Board considered the memorandum dated 03-02-1998 from GM(B&A) and approved the appointment of Mr. Mohammad Latif, GM(B&A), as Chairman State Life Insurance Corporation Employees Contributory Provident Fund in place of Mr. Zafar Mehmood, transferred.

154. The Board also approved the appointment of Mr. Chippa M. Rafique, DGM(CD), as Administrator of State Life Insurance Corporation Contributory Provident Fund, to fill the vacancy created on the appointment of Mr. Muhammad Latif as Chairman of the said Fund.

155. Accordingly, it was resolved as under:

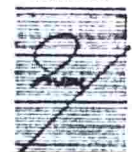
RESOLVED

156. "that Mr. Mohammad Latif, GM(B&A), be and is hereby appointed as, Chairman, State Life Insurance Corporation Employees Contributory Provident Fund in place of Mr. Zafar Mehmood.

157. "further that the appointment of Mr. Chippa M. Rafique, DGM(CD), be and is hereby approved as Administrator of State Life Insurance Corporation Contributory Provident Fund."

Action: GM(B&A) by 02-03-1998

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Item No.20. STATE LIFE REST HOUSES/RESIDENTIAL ACCOMMODATIONS LYING VACANT.

GM(RE) Memorandum dated 03-02-1998

158. The Board considered memorandum dated 03-02-1998 from GM(RE) and decided that the following Rest Houses be given on maximum possible commercial rents;

- (i) 11-J, PECHS, Karachi.
- (ii) 24-D, Gulberg Lahore.
- (iii) 133-J, Gulberg, Lahore.

159. The Executive Directors who are currently staying in 11-J, PECHS, Karachi, be accommodated else-where subject to their house rent ceilings.

160. The Board also decided that the following huts may be retained for the recreation of officers and staff of the Corporation:

- i) Ayubia, Kahanaspur.
- ii) Paradise Point Hut, Karachi .
- iii) Sandspit Hut, Karachi.

161. Accordingly, it was resolved as under:

RESOLVED

162. "that the following Rest Houses be given on maximum possible commercial rents;

- (i) 11-J, PECHS, Karachi.
- (ii) 24-D, Gulberg Lahore.
- (iii) 133-J, Gulberg, Lahore.

163. "also that the following huts be retained for the recreation of officers and staff of the Corporation:

- i) Ayubia, Kahanaspur.
- ii) Paradise Point Hut, Karachi .
- iii) Sandspit Hut, Karachi."

Action: GM(RE) by 15-03-1998

Item No.21. PROCUREMENT OF GRANITE FOR STATE LIFE BUILDING PROJECT-GUJRAT.

ED(RE) Memorandum dated 23-12-1997

164. The Board considered memorandum dated 23-12-1997 from ED(RE) and approved the purchase of granite for Rs.9.25 million on the basis of lowest tender, with specifications to be tested and certified by Real Estate Division.

165. Accordingly, it was resolved as under:

RESOLVED

166. "that the purchase of granite for Rs.9.25 million on the basis of lowest tender of M/S Thor Mineral, with

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specifications to be tested and certified by Real Estate Division, be and is hereby approved." ✓

Action: GM(RE) by 15-03-1998

Item No.22. STATE ASSET MANAGEMENT COMPANY (SAMCO)

GM(Inv.) Memorandum.

167. The Board considered the memorandum from GM(Inv) and decided in favour of option to sell the State Asset Management Co. to the foreign buyer as indicated in letter No.1(15)/95-Ins.I, dated October, 1997 from Ministry of Commerce.

168. The Board asked GM(Inv) to request the Ministry to send the offer/s of interested buyers to State Life for negotiations. ✓

169. Accordingly, it was resolved as under:

RESOLVED

170. "that the State Asset Management Co. be sold to the foreign buyer as indicated in letter No.1(15)/95-Ins.I, dated October, 1997 from Ministry of Commerce.

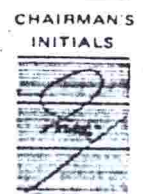
171. "further that GM(Inv) to request the Ministry to send the offer/s of interested buyers to State Life for negotiations."

Action: GM(Inv) by 30-03-1998

172. The meeting ended with mutual vote of thanks.


CHAIRMAN

Continued (Annexures)



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Annexure "A"

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
BUDGET ESTIMATES
FOR THE YEAR 1997 (REVISED) AND 1998

I N C O M E

Rs. in million

WORKING CODE	TITLE OF ACCOUNTS	REVISED ESTIMATES 1997	BUDGET ESTIMATES 1998
A. PREMIUM INCOME:			
650 TO 672	<i>First year Premium</i>		
	PAKISTAN	1400.000	1600.000
	OVERSEAS	120.000	210.000
	TOTAL	1520.000	1810.000
676 TO 677	<i>Renewal Premium Second Year</i>		
	PAKISTAN	1100.000	970.000
	OVERSEAS	40.000	83.000
	<i>Third Year & Above</i>		
	PAKISTAN	4200.000	4900.000
	OVERSEAS	68.000	100.000
	Total Renewal Premium	5408.000	6053.000
683 TO 686	<i>Group Premium</i>		
	PAKISTAN	1340.000	1600.000
	OVERSEAS	-	-
	TOTAL	1340.000	1600.000
690	<i>Annuity & Single Premium</i>	6.000	8.000
	TOTAL PREMIUM INCOME:-	8274.000	9471.000
B. INVESTMENT & OTHER INCOME			
693 TO 697	<i>Interest on Policy Loans</i>	300.000	375.000
	<i>Dividend & Interest of other Investment Income (Gross)</i>	5747.000	6400.000
	<i>Rental Income (Gross)</i>	255.000	300.000
	<i>Misc./Other Income and Adjustments</i>	2.500	3.000
	TOTAL OTHER INCOME:-	6304.500	7078.000
	TOTAL GROSS INCOME:-	14578.500	16549.000

CHAIRMAN'S INITIALS



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MINUTES OF 137TH MEETING OF BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	5th & 6th Feb, 1998	

Annexure "B"

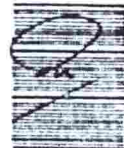
STATE LIFE INSURANCE CORPORATION OF PAKISTAN
BUDGET ESTIMATES
FOR THE YEAR 1997 (REVISED) AND 1998

PAYMENTS TO POLICYHOLDERS

Rs. in million

WORKING CODE	TITLE OF ACCOUNTS	REVISED ESTIMATES 1997	BUDGET ESTIMATES 1998
755 TO 763	<u>Death Claims</u>		
	PAKISTAN	530.000	640.000
	OVERSEAS	14.000	18.000
	TOTAL	544.000	658.000
764	<u>Claim Investigation Expenses</u>		
	PAKISTAN	4.000	4.000
	OVERSEAS	-	-
	TOTAL	4.000	4.000
765 TO 769	<u>Maturity Claims</u>		
	PAKISTAN	1080.000	1370.000
	OVERSEAS	45.000	50.000
	TOTAL	1125.000	1420.000
770 -A, G	<u>Group Claims</u>		
	PAKISTAN	1135.000	1290.000
	OVERSEAS	-	-
	TOTAL	1135.000	1290.000
771	<u>Group Profit Commission</u>		
	PAKISTAN	140.000	160.000
	OVERSEAS	-	-
	TOTAL	140.000	160.000
	<u>Annuities</u>	4.000	4.000
	<u>Surrenders</u>		
	PAKISTAN	1700.000	2000.000
	OVERSEAS	16.000	22.000
	TOTAL	1716.000	2022.000
738 to 786	<u>Bonus to Policyholders</u>	0.200	0.200
	TOTAL POLICY PAYMENTS:-	4668.200	5558.200
		=====	=====

CHAIRMAN'S INITIALS



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MINUTES OF 137TH MEETING OF BOARD OF DIRECTORS

HELD AT KARACHI	ON 5th & 6th Feb, 1998	TIME
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Annexure "C"

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
BUDGET ESTIMATES
FOR THE YEAR 1997 (REVISED) AND 1998

PAYMENTS TO FIELD WORKERS Rs. in million

WORKING CODE	TITLE OF ACCOUNTS	REVISED ESTIMATES 1997	BUDGET ESTIMATES 1998
790 TO 792	Agency Commission First Year	586.720	698.660
808 TO 811	Overriding Commission First Year	547.200	651.600
804	Agency Commission Annuity	0.450	0.600
823 TO 824	Overriding Commission Annuity	0.090	0.120
812	Production Bonus to Area Managers	30.400	36.200
805	FIELD PRIZES & AWARDS		
(i)	Field Contests (FYP/ Renewal Premium)	18.000	27.500
796,815 & 816	Field Group Insurance	12.700	10.640
825	Field Medical Expenses	33.901	30.400
826	Field Office Expenses/ Allied Facilities	110.177	97.500
TOTAL FIRST YEAR & OTHER COST:-		1339.638	1553.220
799 T 801	Agency Commission Renewal	327.527	354.000
817 TO 821	Overriding Commission Renewal	102.806	114.760
TOTAL RENEWAL COST:-		430.333	468.760
793	Agency Commission Group	2.600	4.000
822	Overriding Commission Group	0.710	1.000
805	Prizes & Awards Group	0.050	0.100
TOTAL GROUP COST:-		3.400	5.100
GRAND TOTAL:-		1773.371	2027.080

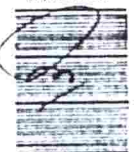
CHAIRMAN'S INITIALS



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MINUTES OF 137TH MEETING OF BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	KARACHI	5th & 6th Feb, 1998		
Annexure "D"				
STATE LIFE INSURANCE CORPORATION OF PAKISTAN BUDGET ESTIMATES FOR THE YEAR 1997 (REVISED) AND 1998				
ADMINISTRATIVE EXPENSES				
Rs. in million				
WORKING CODE	TITLE OF ACCOUNTS	REVISED ESTIMATES 1997	BUDGET ESTIMATES 1998	% INCREASE (DECREASE) OVER REVISED ESTIMATES
809	Salaries	904.000	942.000	4.2
810	Travelling Expenses	110.000	110.000	0.0
811	Auditors Fees	2.260	2.600	15.0
812	Medical Fees	15.000	16.000	6.7
813	Law & Professional Charges	7.000	7.000	0.0
814	Advertisement	52.000	54.000	3.8
815	Printing & Stationary	42.000	43.000	2.4
816	Policy Stamps	17.000	18.000	5.9
817	Staff Welfare	190.000	192.000	1.1
818	Postage, Telegram & Telephones	77.000	77.000	0.0
819	Utilities	88.000	90.000	2.3
820	Entertainment	13.000	13.000	0.0
822	Bank Charges	11.000	11.000	0.0
823	Conference & Meeting	18.000	20.000	11.1
824	Prizes & Awards	2.000	2.500	25.0
825	Training Expenses	14.000	15.000	7.1
826	Computer Expenses	10.000	12.000	20.0
828	Miscellaneous Expenses	89.000	90.000	1.1
829	Rents (State Life Buildings)	58.000	84.000	44.8
830	Rents (Other Buildings)	49.000	54.000	10.2
831	Bad Debts	-	-	-
834	Depreciation	84.000	84.000	0.0
835	Gratuity, Pensions, Provident Fund Contribution	73.000	75.000	2.7
836	Donations	-	-	-
967	Prov. for deprn. in value of invts.	-	-	-
TOTAL ADMINIST. EXPENSES		1925.260	2012.100	4.5

CHAIRMAN'S
INITIALS


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MINUTES OF 137TH MEETING OF BOARD OF DIRECTORS

HELD AT	ON	TIME
KARACHI	5th & 6th Feb, 1998	

Annexure "E"

STATE LIFE INSURANCE CORPORATION OF PAKISTAN

SUMMARY OF CAPITAL BUDGET FOR 1998

(Rs. in million)

(a) For Zones/S.A.F. etc. (35.000 + 4.000)	39.000
(b) Group & Pension	7.000
(c) P&GS	10.000

	56.000

Following un-utilized capital budget of 1997 carried forward to 1998:

(Rs. in million)

(a) Computerization	55.700
(b) Cash Counters	10.530
(c) Human Resource Development Division	8.000

	74.230

CHAIRMAN'S
INITIALS



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