

MINUTES OF 142ND MEETING OF THE BOARD OF DIRECTORS

LECTORS	HELD AT	ON	TIME
TE BOOK	KARACHI	26/27 TH OCTOBER, 1998	

CONFIDENTIAL AND RESTRICTED

MINUTES OF 142ND MEETING OF THE BOARD OF DIRECTORS

The one hundred and forty second (142ND) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 26th and 27th October 1998 at Karachi.

PRESENT

- | | |
|-----------------------------|--|
| 1. Sayed Muzafar Ali Shah | Chairman |
| 2. Mr. Mohammad Sulaiman | Director/Additional Secretary (Commerce) |
| 3. Mr. Imtiaz Rasool | Executive Director |
| 4. Mr. Rasool Bakhsh Baloch | Executive Director |
| 5. Mr. Mohammad Latif | Executive Director |
| 6. Mr. J.M. Pereira | Executive Director |
| 7. Mr. Jamil Irqzada | Consultant by invitation. |
| 8. Mr. Samee-ul-Hasan | Consultant Actuary by invitation. |
| 9. Mr. M. Mazharuddin | GM (Actuarial) by invitation. |
| 10. Mr. Akbar Ali Hussain | Secretary Board. |

2. The meeting commenced with recitation of verses from the Glorious Quran by Mr. Imtiaz Rasool, Executive Director and with recitation from Holy Bible by Mr. J. M. Pereira.

ITEM 1. CONFIRMATION OF MINUTES OF 141ST MEETING OF THE BOARD OF DIRECTORS.

3. The minutes of 141ST meeting of Board of Directors held on 26th September 1998 were placed before the Board. Mr. Rasool Bakhsh Baloch, Executive Director proposed and Mr. Imtiaz Rasool, Executive Director, seconded that the minutes be confirmed with the following amendment. Accordingly.

4. It was resolved as under:

RESOLVED

"that the minutes of 141ST meeting of Board of Directors held on 26th September 1998 be and are hereby confirmed with the following amendments:

Item 3(v) Para 41(iv) of 141ST meeting to now read as:-

that a representation be made to the Government for non-deduction of withholding tax from maturity proceeds also on the plea that tax on interest income of such proceeds is already assessed and paid by State Life on accrual basis.

Action
D.M(BS)

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Item 7 Para 51 - Appointment of Statutory Auditors:
Para 51 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.

Item 19 Para 80(ii) - Extended Reinstatement Period:
The word Floors in the first line to be replaced by the word Floods

Item 3(l) Para 23 - of 141st Meeting - Adjustment of Premium against Commission of Field Workers - to now read as follows:
The Board of Directors also agreed to allow adjustment of premium to the SRs, SOs and SMs upto 25% 10% and 5% of their respective premium against commission only for the current year through normally 5% adjustment is allowed against premium which is increased to 25% subject to recording of reasons where there is no debit.

ITEM 2. IMPLEMENTATION AND COMPLIANCE REPORTS ON 137TH, 138TH, 139TH, 140TH AND 141ST MEETINGS OF THE BOARD OF DIRECTORS HELD ON 5TH AND 6TH FEBRUARY 1998, 12TH APRIL, 1998, 30TH JUNE 1998, 20TH AUGUST 1998 AND 26TH SEPTEMBER 1998 RESPECTIVELY

137th Meeting

Item 3(a), Para 16 - Service to Policyholders

Action:
ED(PHS)

5. The Board requested to ED(PHS) to inform the field force of the availability of the facility to the policyholder to deposit premium in any zone of his convenience and get an official receipt on the spot.

Item 3(b), Para 22(d) - State Life Health Insurance Scheme

Action:
ED(G&P)

6. ED(G&P) informed the Board that the implementation of the above scheme is still pending. The Board requested ED(G&P) and ED(P&GS) to immediately put the above scheme into effect and make every possible effort to bring down the medical expenses.

Item 3(b), Para 22(c) - Health and Pension Schemes

Action:
ED(G&P)

7. The Board requested ED(G&P) to expedite the above schemes and allocate target for sale of above policies. GM(Act.) informed the Board that software for the management of Health and Pension Schemes were available with M/s. Morshid Associates, to which the Board instructed that G&P Division should coordinate with M/s. Morshid Associates and if found suitable State Life should purchase the same.

Item 4(i), Para 48 - Budget Estimates 1998 and Revised Budget Estimates 1997 - Checking of quality of business submitted and under written in December

8. The Board of Directors resolved as under:

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RESOLVED

Action: ED(PHS)

"that the results of the checking of business submitted and under written in December 1997 be presented as an item for review of the Board and the same be circulated to the Executive Directors in the next couple of days."

Item 6(i), Para 65 - Figures on Lapses and Revivals, and Early Death Claims be included in the quarterly MIS.

Action: ED(PHS)

9. The Board requested ED(PHS) to submit figures on Lapses and Revivals, and Early Death Claims in the next Board Meeting.

Item 6(i), Para 66 - Incorporation of Cost Benefit Analysis for various business in the Main Computer through a suitable program

Action: ED(B&A)

10. ED(B&A) informed the Board that the program for Cost Benefit Analysis has been incorporated in the PCs but not on the Mainframe Computer and the Cost Benefit Analysis for the three quarters for all the businesses i.e. Individual Life, Group & Pension, International, Real Estate and Investment Divisions will be submitted in the next Board Meeting. ED(P&GS) informed that a letter has been written to State Life Employee's Federation that the future raises in salary packages to employees would be related to productivity.

Self Subscribed Schemes of Group and Pension

Action: ED(G&P)

11. The Board requested ED(G&P) and GM(Act.) to prepare a paper explaining the risk involved in self subscribed schemes in the event of catastrophes and calamities. Such self subscribed schemes are currently being maintained for Federal Government Employees, EOBI and Postal Life Insurance. Further more an effort has to be made for merger of the administration of the above insurance which is currently being looked after by Establishment Division, Labour and Manpower Division and Communication Division.

Item 6(ii), Para 101 - Right Sizing and Mergers of Group Regions and Zones

Action: ED(G&P)

12. ED(G&P) informed that the exercise of closure of Group Regions and merger of Group Zones has been completed. The Board requested ED(G&P) and ED(P&GS) to arrange for adjustment of employees rendered surplus as a result of the above exercise.

Item 6(iii), Para 104 - Double Tier in Saudi Arabia.

Action: ED(Int'l)

13. ED(Int'l) informed that recommendations to eliminate the double tier system in Saudi Arabia through a proper administrative structure would be submitted to the Board after intended visit of the Chairman to Saudi Arabia.

Item 6(iii), Para 104 - Rationalization of salaries of overseas Officers/Staff

Action: ED(P&GS)

14. The Board requested ED(P&GS) to examine the same and after consultation with foreign office and submit his recommendations in the next Board Meeting.

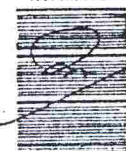
138th Meeting

Item 2, Para 20 - Rechecking of at least 25% of the Business submitted and under written in December

Action: ED(PHS)

15. ED(PHS) informed the Board that a report in schedule form indicating Zone, Name of Underwriter, Name of Field Worker and the nature of irregularity, together with recommendation for its avoidance in future will be submitted in the next Board Meeting.

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Item 2, Para 20(b) - Submission of Zone-wise list of Early Death Claims.

Action
ED(PHS)

16. ED(PHS) informed the Board that the Zone-wise list of Early Death Claims with name of Underwriter, Field Channel, Name of Medical Examiner and Cause of Death will be submitted in the next Board Meeting. The Board requested ED(PHS) to ensure that review petition is filed before the Wafaqi Mohtasib within the prescribed time and if even then the decision is against State Life a representation be made to the President of Pakistan. The Board also desired that GM(Coord.) based at Islamabad should be made responsible to follow up the cases with the Wafaqi Mohtasib. The Board further instructed that a representation be filed even if it is time barred and where State Life case is strong and defensible it should be aggressively and fully defended.

Item 16, Para 79 - Re-Launching of U.K. operations

Action
ED(Int'l)

17. ED(Int'l) informed the Board that four applications received in response to overseas and internet advertisement for appointment of an experienced Manager/Actuary for re-launching of life insurance operations in U.K., were scrutinized by the Committee of Executive Directors and an offer has been made to one of the applicants who is the pensioner of the Government of U.K., however, the expectation are on the higher side and acceptance of the offer is still awaited.

Item 20, Para 92 - Settlement of Dispute with Co-operative Insurance Society in respect of Co-operative Insurance Building, Shahrah-e-Quaid-e-Azam, Lahore.

Action
GM(PI)

18. The Board instructed GM(RE) to follow up the above matter and ensure early settlement.

Item 25, Para 101 - State Asset Management Company Limited

Action
ED(Int'l)

19. The Board decided that the sale of State Asset Management Company Limited be advertised in the newspaper.

139th Meeting

Item 4, Para 24 - Revision in Pay and Allowances of Officers of State Life Insurance Corporation of Pakistan

Action
ED(P&G)

20. Mr. Mohammad Sulaiman, Director/Additional Secretary, Ministry of Commerce, requested ED(P&G) to remind him for follow up of the recommendation of the management submitted to the Ministry for approval.

Item 3(v), Para 23 - Investment Income

Action
ED(Int'l)

21. The Board felt that State Life could go ahead with sale of investment in shares of companies other than those being privatized where good offer was received and State Life was making money as it is noted that shares have fetched better prices if decision to buy or sell is based on market forces.

Item 5(ii), Para 30 - Closing Down of Regional Office, merger of Zones and to abolish the post of Regional Chief of Individual Life.

Action
ED(S&D)

22. ED(S&D) informed the Board that the Zones have been put on notices to improve their business performance to justify their existence, otherwise they would be closed down after the close of business year.

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Action: ED(Inv.)	<p>Item 13, Para 55,56 <u>Proposal from Mr. Akbar Khan, a Malaysian Investor, pertaining to development of a major Finance and Trade Centre in Karachi on land belonging to State Life.</u></p> <p>23. ED(Inv.) informed the Board that M/s. THK were delaying the above and are interested in purchasing and keeping the plot for themselves, however, State Life is pursuing the matter.</p>			
Action: ED(Inv.)	<p>Item 16, Para 64 - <u>Proposal for sale/transfer of State Life property to Bureau of Immigration, Government of Pakistan.</u></p> <p>24. ED(Inv.) informed that the Bureau of Immigration was no longer interested in the State Life property and that Maqboolabad property was being rented out.</p>			
Action: ED(Sys.)	<p>Item 17, Para 73 - <u>Selection and Appointment of Consultant for ISO-9002 Certification of State Life.</u></p> <p>25. ED(Sys.) informed the Board that final letter has been sent to the shortlisted consultants and 10th November, 1998 is the last date for submission of quotation. It is expected that the consultant would be appointed in the month of November 1998.</p>			
Action: ED(B&A)	<p>Item 22, Para 86 - <u>Revision of delegation of Financial Powers to various officers and authorities of the Corporation.</u></p> <p>26. ED(B&A) informed the Board that the chart of delegation of financial powers is being released and in case any amendment is required the same will be notified subsequently.</p>			
Action: ED(Inv.)	<p>Item 24, Para 89 - <u>Pre-IPO Placement of Rs.150 million in Equity of Al-Noor Fertilizer Industries Ltd.(ANFII).</u></p> <p>27. ED(Inv.) informed the Board that a letter has been written to the management of M/s. Al-Noor Fertilizers Ltd. and their response if any would be put up to the Board in the next meeting.</p>			
Action: ED(Inv.)	<p>Item 29(ii), Para 97,99,100 - <u>Opening up Account with Central Depository Company - CDC.</u></p> <p>28. ED(Inv.) informed the Board that the agreement with Central Depository Company will be signed in a day or two.</p>			
Action: ED(Inv.)	<p>Item 29(iii), Para 102 - <u>Dawood Leasing Ltd. Term Finance Certificate (TFC)</u></p> <p>29. ED(Inv.) informed the Board that the funds approved by the Board have not yet been drawn by Dawood Leasing Limited.</p>			
	<p><u>140th Meeting</u></p>			
Action: ED(CI)	<p>Item 6, Para 37 - <u>Replacement of existing Hardware.</u></p> <p>30. ED(CI) informed the Board that advice will be sought from the consultants who would be selected to re-write the existing systems and computerize all the function of State Life.</p>			

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Item 6, Para 40 – Computer Professionals

Action: ED(CD)
31. ED(CD) informed the Board that an advertisement has been given in the newspaper for recruitment of CEO for the Computer Software Development Company to be setup by State Life.

Item 9, Para 50 – Calendars

Action: DGM(P&GS)
32. The Board instructed DGM(P&GS) that the printing of calendars should be completed by 3rd week of November, 1998 and quotations be called from the shortlisted printers having competence to deliver on time by giving an advertisement in the newspaper mentioning that only prequalified printers are allowed to bid. DGM(A&SP) informed the Board that letters have been written to the various Zones asking them to submit their requirements which would otherwise be based on numbers supplied last year.

Action: GM(IC)
33. DGM(A&SP) informed the Board of the awards received from National Council of Culture and Arts in respect of Calendars, Posters, Diaries printed by State Life in 1997. The Board instructed GM(RE) that awards received so far by State Life should be put on permanent display on a revolving stand, cabinet or a showcase designed by an architect.

Item 9, Para 52 – Tahafuz Magazine

Action: DGM(A&SP)
34. The Board instructed DGM(A&SP) to ensure timely publication of Tahafuz Magazine within the next 15 days as it is an important link with the field force.

Item 10, Para 57 – Terminated Area Managers

Action: ED(S&D)
35. The Board instructed that in case of rejection of appeals a letter be written informing them the reasons for rejection of their appeals.

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Item 2, Para 9 – Seminars on Inferences and Historical Analysis of State Life business

Action: ED(Act)
36. ED(Act) informed the Board that the seminars have been conducted in all the Regions except for Karachi where it will be held shortly.

Item 3(ii), Para 30 – Group and Pension Business

Action: ED(G&P)
37. ED(G&P) informed the Board that a Manager(Dev.) is yet to be appointed in the Divisional Office.

Action: ED(G&P)
38. ED(G&P) further informed that a paper will shortly be submitted by Mr. M. Mazharuddin, GM(Act.), on National Accident Death Insurance and pitfalls of self insurance for Benevolent Fund in case of catastrophes and national calamities.

Item 17, Para 72 – Position Paper on Medical facilities available to retiring officers of the Corporation

Action: ED(P&CS)
39. Mr. Mohammad Sulaiman, Director/Additional Secretary, Ministry of Commerce, requested that he should be reminded in Islamabad so that he could inform the Minister for Commerce of the decision of the Board and its announcement at an appropriate time.


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Action ED(S&D)	<p>Item 19, Para 82(ii) - Policy Plans</p> <p>40. The Board requested ED(S&D) that the plans approved by the Board in its previous meeting be included in the Rate Book to be published at an early date.</p>		
Action GM(Act)	<p>Item 27, Para 112 - New Plans</p> <p>41. GM(Act.) informed the Board that the bar chart of action plan for launching of protection policy with profits in March 1999 will be submitted in the next meeting of the Board.</p>		
Action DGM(P&GS)	<p>Item 27, Para 113 - Provision for clip on mike</p> <p>42. DGM(P&GS) informed that the above decision will be implemented shortly.</p>		
<p>ITEM 3. <u>LATEST AND DETAILED BUSINESS PROGRESS REPORTS IN THE NEW FORMAT WITH COMMENTARY SHOWING COMPARISON WITH THE BASE i.e. LAST YEAR AND TARGET OF THE CURRENT YEAR</u></p>			
<p>(i) <u>SALES & DEVELOPMENT (LIFE)</u> ED(S&D) MEMORANDUM DATED 22-10-1998.</p>			
<p>43. ED(S&D) presented before the Board the review of Individual Life Business for and upto the period ending 20th October, 1998 and informed the Board that total Individual Life FYP was Rs.645.462 million as compared Rs.697.508 million in the corresponding period of last year and showing a deficit of 7.46%.</p>			
<p>44. ED(S&D) informed that about 38% of the target premium has been achieved till 20th October, 1998 and that on year to date basis only 6 Zones are in plus over the corresponding last year. He further informed that 2/3 of the premium is generated by 1/3 of the total Zones.</p>			
<p>45. The Board resolved as under:-</p>			
<p>RESOLVED</p>			
Action ED(S&D)	<p>(i) "that for the remainder 2 months of the year 1998, the entire concentration should be on sales promotion and effective steps be taken to meet the premium targets.</p>		
Action ED(S&D)	<p>(ii) "that a graph be prepared comparing the monthly and to date actual premium for the current year with that of the last year and the target figures for the current year.</p>		
Action ED(S&D)	<p>(iii) "that effective steps be taken to counter crisis of succession of management.</p>		
Action ED(S&D)	<p>(iv) "that a complete business analysis be carried out by ED(B&A) and recommendation be made to arrest declining trend in business profitability."</p>		

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(ii) GROUP & PENSION BUSINESS
ED(G&P) MEMORANDUM DATED 16-10-1998.

46. ED(G&P) presented before the Board review of the performance (G&P) Business for an upto 30th September 1998.

47. ED(G&P) presented before the Board review of performance of G&P business for and upto 30th September, 1998. The Board was informed that on a year-to-date basis upto 30th September, 1998 the group premium income was Rs.817.63 million as compared to Rs.820.56 million in the corresponding period of 1997 thus showing a deficit of 0.36% only. As against budgeted target for 1998 of Rs.1600 million, the achievement was 51.10% whereas persistency is estimated to be 87.37%.

48. In the Northern Region, the Corporate Zone has shown an increase of 98.11% over corresponding period last year whereas Faisalabad, Peshawar, Rawalpindi and Lahore Zones have shown a deficit of 9.99%, 12.02% and 6.16% respectively. In the Southern Region, Hyderabad and Karachi Western have shown an increase of 43.88% and 1.81% respectively over last year whereas Karachi Central has shown a decrease of 25.39%.

49. The total number of policies lapsed during the first nine months of 1998 is 175 with a premium loss of Rs.57.486 million were as 100 new groups have been obtained with a total premium of Rs.14.609 million.

50. ED(G&P) informed the Board that the following strategy would be adopted to meet the targeted figure for the year 1998.

(i) Designing of some unconventional schemes such as School Fee Continuation Plan, Welfare Scheme for Army Personnel and Housing Scheme for Pakistan Army personnel on the lines of Housing Schemes for Airforce and Navy personnel.

(ii) Karachi (Western) Zone intends to insure the depositors of banks. For this purpose it is currently negotiating with UBL to get its depositors incurred with State Life. Zonal Head (West), is trying his utmost to insure the group which will bring an approximate annual premium income of Rs.100 million. The scheme, if implemented, will act as a door opener for the insurance of depositors of other banks.

(iii) Efforts are also being made to enhance the coverage of existing group insurance schemes, of the employees of UBL, HBL and other financial institutions.

(iv) Efforts are being made for the revival of National Accidental Insurance Scheme and for bringing back Federal Government Employees Group Insurance Scheme on our books. Hajj Insurance scheme has been made optional under Hajj scheme for 1999. Booths will be opened in various Hajj camps to motivate intending pilgrims for obtaining insurance certificates.

Action ✓
ED(G&P)

Action ✓
ED(G&P)

Action ✓
ED(G&P)

Action ✓
ED(G&P)

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(iii) INTERNATIONAL BUSINESS

ED(INT'L) MEMORANDUM DATED 19-10-1998.

51. ED(Int'l) presented before the Board the business progress report of overseas territories which showed that the Division has secured FYP of Rs.45,000,556 (US \$978,273) for and upto the month of 30th September 1998 as compared to Rs.46,655,372 (US \$1,014,247) in the corresponding period of last year. However the number of policies has decreased by 12%. The Second Year Persistency of International Division has dropped to 39% upto 30th September, 1998 as compared to 50% for the previous year whereas Renewal Persistency is static at 73% for the year 1998 as compared to corresponding period of the previous year. The FYP of Kuwait has increased by 80% for and upto 30th September, 1998 whereas the FYP of UAE and Saudi Arabia has fallen by 3% and 17% as compared to corresponding period of the previous year.

52. ED(Int'l) further informed that the business in Kuwait Zone is progressing and results achieved are satisfactory whereas due to recent arrangement of appointment of Field Managers in Saudi Arabia, it is expected that improvement in business will be achieved. UAE Zone will cover up the deficiency in October, 1998 and will show a sizeable increase in the last quarter of 1998. ED(Int'l) informed the Board that the paid up capital requirement for operating in Kuwait is more than that of UAE.

(iv) REAL ESTATE PROJECTS AND INCOME, EXPENSES ON SALARIES PAID TO THE OFFICERS AND STAFF OF R.E.D. TO BE SHOWN SEPARATELY.

GM(RE) MEMORANDUM DATED 14-10-1998.

53. GM(RE) presented before the Board the financial progress statement for the period 1st January, 1998 to 14th October, 1998 which showed that the actual expenses was Rs.153.07 million as against Rs.152.53 million for the corresponding period of last year and prorata budgeted expense figure for the period amounting to Rs.127.98 million.

54. The Board instructed GM(RE) to take all necessary steps to control administrative expenses which is showing an increasing trend and put up a clarification to the Board explaining increase in electricity and water charges and property insurance expenses over last year.

55. GM(RE) informed the Board about the status of the ongoing projects. He informed that the individual life Zone can be shifted to State Life Building at Larkana which was now complete except for installation of Chillers, similarly State Life Building at Mirpurkhas was ready excepting for false ceiling and airconditioning. GM(RE) further informed that work was satisfactorily progressing and nearing completion at Gujrat and Dera Isma'il Khan. GM(RE) informed that the cost per sq.ft for Gujrat State Life Building was more than that of Faisalabad because of superior specification.

56. The Board resolved as under:

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RESOLVED

Action: GM(RE)

(i) that the rent be splitted up separately for use of space and for consumption of electricity for airconditioning and water pumps and Generator on the basis of covered area which would increase in proportion to increase in electricity tariffs from time to time. GM(RE) to prepare and submit a paper in this respect.

Action: GM(RE)

(ii) that GM(RE) in future to give the following details also in the project information submitted to the Board: (a) total cost approved (b) total cost incurred to-date and (c) time over runs and cost over runs and reasons thereof."

(v) INVESTMENT INCOME

ED(INV) MEMORANDUM DATED 20-10-1998.

57. ED(Inv) presented before the Board review of investment portfolio from 1st January, 1998 to 16th October, 1998 showing an investment income of Rs.4.845 million upto 30th September, 1998. On aggregate basis, total purchase including right shares and sales during the year to-date amounted to Rs.220.8 million and Rs.157.42 million respectively. The capital gains realized from the sales were Rs.95.07 million. In addition State Life also realized Rs.3.18 million through the swapping and security lending of FIBs during the period from 1st October, 1998 to 16th October, 1998.

58. ED(Inv) informed that State Life has approximately 11% of its portfolio in liquid investment i.e equities, debentures, TFCs and deposits in banks, whereas 76% of its portfolio is invested in Government Securities which is rolled over and 7% constitutes loans to policyholders and 4.86% in Real Estate.

59. The Board resolved as follows:

RESOLVED

Action: ED(Inv)

(i) that a representation be made to the Government requesting payment of interest in cash to improve liquidity though the principal amount may be rolled over."

Action: ED(Inv)

(ii) that State Life should dispose off those shares where it is making money and where privatization is not involved.

ITEM 4. RATIFICATION OF MINUTES OF 242ND, 243RD, 244TH, 245TH, 246TH & 247TH EXECUTIVE COMMITTEE MEETING HELD ON 27TH, 31ST AUGUST AND 9TH SEPTEMBER, 1998, 21ST SEPTEMBER, 1998 24TH SEPTEMBER 1998, 29TH SEPTEMBER AND 8TH OCTOBER, 1998 RESPECTIVELY:

60. The Board of Directors resolved as under:

RESOLVED:

Action: DG(MBS)

that the decisions taken in the 242nd to 246th meetings of the Executive Committee held between 27th August, 1998 and 8th October, 1998 be and are hereby ratified.

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ITEM 5. RATIFICATION OF PROPOSAL FOR PURCHASE OF IDBP BUILDING AT QUETTA - APPROVED BY BOARD OF DIRECTORS BY CIRCULATION
GM(RE) MEMORANDUM DATED 01-10-1998.

61. The Board of Directors resolved as under:-

RESOLVED

(i) that an offer of Rs.52.5 million to be submitted by SLIC., for purchase of IDBP building at Quetta, accompanied by a bank draft of 10% of the offer in the name of IDBP and an additional amount of 3.5% of the successful offer to be deposited as income tax, earlier approved by the Board through circulation on 01st October 1998 be and is hereby ratified.

Action
DCM(BS)

(ii) that Mr. Imtiaz Rasool ED(LA&E) to conduct an enquiry to investigate the possibility of leakage of offer and submit recommendation for its avoidance in future and lay down a system to minimize the number of people to be involved in handling of such tender.

Action
ED(LA&E)

(iii) that post audit be carried out for payments to be involved in the tender in future."

Action
ED(LA&E)

ITEM 6. FINAL RECOMMENDATION FOR AWARD OF CONTRACT FOR COMPLETE SOFTWARE DEVELOPMENT INCLUDING REMOVAL OF MILLENNIUM BUG:

62. The Board of Directors did not consider the above, as the memorandum was not received from ED (B&A).

ITEM 7. QUALIFICATION/TECHNICAL ALLOWANCE OF COMPUTER/ ACCOUNTING PROFESSIONALS
ED(CD/B&A) MEMORANDUM DATED 22-09-1998.

63. The Board of Directors resolved as under:

RESOLVED

(i) that all officers possessing the following computer related qualifications and working in development/maintenance of software on the main frame computers be and are hereby allowed the following, qualifications/technical allowances with effect from 01-10-1998".

Action
ED(CD)

- Graduation in Computer Science from Universities approved by University grants commission. Rs.2,000/- per month
- Post Graduation in Computer Science from Universities approved by University grants commission. Rs.3,000/- per month
- PHD in Computer Science from Universities approved by University grants commission. Rs.5,000/- per month

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Action
ED(CD)

(ii) "that the recommendations in sub-para 4.2, 4.3.2, 4.3.3 and 4.3.4 of Para-4 of the memorandum of qualification/technical allowance to computer professional be re-submitted after scrutinizing the same objectively and indicating therein financial implications and allowing the allowance and subsequent increases to all employees of State Life possessing the above qualification.

Action:
ED(CD)

(iii) "that the recommendations in sub para 5.1, 5.2, 5.3, 5.4. of Para - 5 of the memorandum of qualification / technical allowance to qualified accountants be resubmitted to the Board with detailed working of financial implications arising there from.

Action
ED(CD)

(iv) "that a list of fully qualified Chartered Accountants and Cost and Management Accountants still working with State Life together with a list of Chartered Accountants and Cost and Management Accountants who have left State Life with date of their leaving be prepared and submitted to the Board.

ITEM 8. APPROVAL OF AUDITED ACCOUNTS TOGETHER WITH AUDITORS REPORT THEREON FOR THE YEAR ENDED DECEMBER 31, 1997:
ED(B&A) MEMORANDUM DATED: 13-10-1998.

64. The Board of Directors resolved as under:

RESOLVED

✓
Action
ED(B&A)

(i) "that the audited accounts of State Life Insurance Corporation of Pakistan for the year ended 31st December 1997 together with the auditors report thereon be and are hereby approved/subject to reversal of provision made in the annual accounts of 1996 amounting to Rs.18,328,610 in respect of reinsurance claims and Rs.2 million in respect of adhoc reinsurance premium and that the audited accounts would be signed by the Chairman, Executive Director (B&A), Executive Director (P&GS) and DGM(B&A)."

Action
ED(B&A)


(ii) "that a letter be written to all the Regional Chiefs, Regional Accountant, Zonal Heads and Zonal Accountants informing them of the abnormal variances in the revised estimates submitted by them for the year 1997, at the time of approval of the budget for the year 1998 and the final audited figures and seeking clarification as to the assumptions used in preparation of the revised estimate and instructing them that due care and diligence be kept while submitting the estimates for the year 1998 at the time of approval of the budget for the year 1999.

Action
ED(B&A)

(iii) "that the Regional Chiefs, Regional Accountant, Zonal Heads and Zonal Accountants be explained that incorrect estimates could lead to higher unachievable target for the next year and higher budgetary allocations for expenditure."

Action
ED(S&D)

(iv) "that a high powered Committee be appointed to look into abnormal fall in renewal premium and persistency between the final revised estimates and audited figures on accrual basis where the difference is about Rs.1 billion and which has negated the last 10 years trend."

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ITEM 9. COMPREHENSIVE REPORT ON DEFECTS IN THE EXISTING COMPUTER SOFTWARE SYSTEM
ED(CD) MEMORANDUM DATED 26-10-1998.

Action ✓
ED(CD)

65. ED(CD) placed before the Board a position paper on defects in the existing computer software system which was noted by the Board, which desired that the same be discussed with the consultant at the time of awarding contract for re-engineering of computer software system.

ITEM 10. REPORT ON DEFALCATION
ED(PIIS) MEMORANDUM DATED 23-09-1998.

Action ✓
DGM(IS)

66. Due to paucity of time, the consideration of the above item was deferred.

ITEM 11. CONSIDERATION OF EFFECTIVE MEASURES TO CONTROL THE ALARMING INCREASE IN MEDICAL EXPENSES PER EMPLOYEE AND PER OFFICER INCLUDING WITHDRAWAL OF MEDICAL FACILITIES TO INDEPENDENT & EARNING SPOUSES OF THE EMPLOYEE
ED(P&GS) MEMORANDUM DATED 26-10-1998.

Action ✓
DGM(IS)

67. Due to paucity of time, the consideration of the above item was deferred.

ITEM 12. TRAINING BEFORE PROMOTION.
ED(HRD/CHAIRMAN) MEMORANDUM DATED 08-09-1998.

68. The Board resolved as under:

RESOLVED:

"that the proposal of training before promotion be discussed with the representative of the field workers and re-submitted in the next meeting of the Board".

Action ✓
GM(HRD)

ITEM 13. RECOMMENDATION OF STANDING COMMITTEE CONSTITUTED FOR CONSIDERATION OF REVIEW PETITION FILED BY CH.ABDUL NASIR:

Action ✓
ED(S&D)

69. The Board did not consider the above, as the memorandum was not received from ED(S&D).

ITEM 14. CRITICAL ANALYSIS OF INVESTMENT PORTFOLIO
ED(INV) MEMORANDUM DATED 18-09-1998.

Action ✓
DGM(IS)

70. Due to paucity of time, the consideration of the above item was deferred.

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ITEM 15. PRE IPO PLACEMENT OF RS.150 MILLION IN EQUITY AL-NOOR FERTILIZER INDUSTRIES LIMITED

Action:
ED(INV)



71. The Board did not consider the above, as the memorandum was not received from ED(Investment) who informed the Board, that a letter has been written to the management of M/s. Al-Noor Fertilizer Industries Limited, soliciting their view point.

ITEM 16. STATE ASSET MANAGEMENT COMPANY ED(INV) MEMORANDUM DATED 14-10-1998.

Action:
ED(INV)



72. The Board of Directors resolved as under:

RESOLVED

"that an advertisement be placed in the Newspapers for sale of shares of State Asset Management Company."

ITEM 17. INFERENCES AND RECOMMENDATIONS ON HISTORICAL ANALYSIS OF STATE LIFE'S BUSINESS GM(ACT) MEMORANDUM DATED 22-06-1998.

Action:
DGM(BS)



73. Due to paucity of time, the consideration of the above item was deferred.

ITEM 18. RATIONALIZATION OF SALARIES OF OVERSEAS OFFICERS/STAFF

Action:
ED(P&GS)



74. The Board did not consider the above, as the memorandum was not received from ED(P&GS).

ITEM 19. PERFORMANCE CRITERIA GM(HRD) MEMORANDUM DATED 24-06-1998.

Action:
GM(HRD)

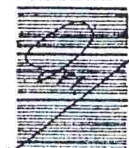


75. The Board of Directors resolved as under:

RESOLVED

(i) "that effective 1999, every officer be asked compulsorily to submit a report on his performance as per specimen given below and monthly reports be taken in to account while filling ACR's and who so ever do not submit the monthly performance reports should get zero in ACR's".

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SPECIMEN OF PERFORMANCE REPORT MENTIONED ABOVE:

Date:

Ref:

PERFORMANCE REPORT FOR THE MONTH OF

Job Performed during the Month

1. No. of Notes prepared.
2. No. of Letters drafted/replies sent
3. Budget stamps affixed
4. Reports, Statistics prepared (Pages)
5. Investments made or retrieved
(No. of Institutions)
6. No. of Vouchers prepared or audited.
7. (If any of the jobs performed is incapable of listing, please ignore)

Signature : _____ Name : _____

Designation : _____ Deptt. : _____

PO/Zone : _____

ITEM 20. UPGRADATION/CREATION OF TWO POSTS OF ASSISTANT MANAGER IN HYDERABAD ZONE
ED(P&GS) MEMORANDUM DATED 22-09-1998.

76. The Board of Directors resolved as under:

RESOLVED

"that since there are already 7 Assistant Managers in surplus, creation of two additional post of Assistant Managers or upgradation of post of Executive Officers to Assistant Managers would still leave a surplus, the recommendation of ED(P&GS) is declined with the instruction that request of the Employees Union for making room for promotion of Superintendents to Assistants Managers be met by transfers of Assistant Managers to their original place of posting".

Action
ED(P&GS) ✓

ITEM 21. INTRODUCTION OF NEW COMPUTER COURSES - STATE LIFE COMPUTER TRAINING INSTITUTE
ED(HRD/CHAIRMAN) MEMORANDUM DATED 22-09-1998.

77. The Board of Directors resolved as under:

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RESOLVED

Action
GM(HRD)

(i) "that the fees per students charged for Course A involving computer Orientation and Disk Operating System, Professional Word Processing, Introduction to Spread Sheet and Designing respectively and Course B consisting of Database Application Design and Computer Networking Methods respectively be increased from Rs.800/- and Rs.1200/- respectively to Rs.1000/- and Rs.1500/- for courses A and B respectively.

Action
GM(HRD)

(ii) "that the courses of 6 new packages with enhanced fees proposed to be introduced at State Life Computer Training Institute mentioned in the memorandum of ED(HRD) be and a hereby approved.

Action
GM(HRD)

(iii) "that registration fees of Rs.200/- per students and proposed tuition fees for Rs.500/- per week for each course payable monthly in advance is also hereby approved."

ITEM 22. OVER DUE AMOUNT IN RESPECT OF DEBENTURE LOAN TO COLONY TENTILE MILLS
ED(INV) MEMORANDUM DATED 15-10-1998.

Action
DGM(HS)

78. Due to paucity of time, the consideration of the above item was deferred.

ITEM 23. AIRCONDITIONING OF STATE LIFE BUILDINGS, MIRPURKHAR AND LARKANA
GM(RE) MEMORANDUM DATED 19-10-1998.

79. The Board resolved as under:

RESOLVED

Action
GM(HR)

"(i) that the lowest tender of M/s. SABRO (the only local manufacturers) for supply of locally manufactured Chillers and air handling units for State Life Building at Mirpurkhas and State Life Building at Larkana amounting to Rs.6,040,251 and Rs.7,542,752 respectively be and is hereby approved.

Action
GM(HR)

"(ii) that the estimated cost of installation and cost of alteration to accommodate local equipment at State Life Building at Mirpurkhas and State Life Building at Larkana upto ~~Rs.~~ Rs.800,000 and Rs.600,000 be and is hereby approved.

ITEM 24. HVAC WORKS IN STATE LIFE BUILDING - FAISALABAD
GM(RE) MEMORANDUM DATED 19-10-1998.

80. The Board resolved as under:

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<p>Action: ED(IA&E)</p> <p>Action: ED(IA&E)</p>	<p>RESOLVED</p> <p>“(i) that Mr. Imtiaz Rasool, ED(IA&E), is hereby authorized to look into the grievances and issues of M/s. Habibullah Associates with respect to supply of Chillers for State Life Building project at Faisalabad and take necessary action deemed fit by him.</p> <p>“(ii) that the possibilities for self import of Chillers by State Life and stop gap tender and local purchase be also looked into while making a decision.</p>		
<p>Action: ED(IA&E)</p> <p>Action: GM(RE)</p> <p>Action: ED(IA&E)</p> <p>Action: GM(RE)</p>	<p>ITEM 25. STATE LIFE BUILDING PROJECT – FAISALABAD, ISSUES OF M/S. BUILDERS ASSOCIATES GM.(RE.) MEMORANDUM DATED: 19-10-1998.</p> <p>81. The Board resolved as under:</p> <p>RESOLVED</p> <p>“(i) that Mr. Imtiaz Rasool, ED(IA&E), is hereby authorized to look into the grievances and issues of M/s. Builders Associates with respect to State Life Building project at Faisalabad and take necessary action deemed fit by him in the over all interest of the Corporation.</p> <p>“(ii) that in case of dispute on any matter between the Divisional Head and the Accountant, the decisions of the Divisional Head (RE) would prevail, however, the decision of the Divisional Head as well as the observation/objection of the dissenting officers would be noted on the file which would then be sent to ED(RE) and ED(B&A) who would decide the matter jointly.</p> <p>“(iii) that in future post audit would be carried out.</p> <p>“(iv) that the work on the project should start immediately and time is allowed upto January 31, 1999 for completion of the project without LD charges.”</p>		
<p>Action: ED(P&GS)</p>	<p>ITEM 26. PERMISSION TO ALLOW THE EMPLOYEES (GRADE 1 TO 7, MN-1 TO MN-III & SS-I TO SS-II) OF THE CORPORATION TO PERFORM HAJJ ON THE EXPENSE OF STATE LIFE ED(P&GS) MEMORANDUM DATED 15-10-1998.</p> <p>82. After discussion, the Board of Directors resolved as under:</p> <p>RESOLVED</p> <p>“that since the last date for submission of Hajj applications in banks is 31st October 1998 and as per the CBA agreement for the year 1997-1998, at least 12 employees of the Corporation selected through balloted are to be sent to perform Hajj on the expense of the Corporation and any deviation from the agreement in response to Ministry of Commerce’s letter No. 2(5)/97-Ins.(I) dated 8th October 1998 banning performance of Hajj on Government expense, would result in breach of contract and referral of the matter to the Ministry of Law and Justice would involve time, it</p>		


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<p>is decided that the employees of the Corporation shall be sent to perform Hajj on the expense of the Corporation. However, in future the guidelines of the Government would be strictly adhered to and the employees of the Corporation shall be allowed to perform Hajj only at their own expense.</p> <p><u>ITEM 27(i). REPLACEMENT OF OLD LIFTS IN DIFFERENT STATE LIFE BUILDINGS</u> GM(RE) MEMORANDUM DATED 23-10-1998.</p> <p>Action DCIM(BS) ✓ 83. Due to paucity of time, the consideration of the above item was deferred.</p> <p><u>ITEM 27(ii). SIGNIFICANT MILESTONES ACHIEVED AND TASKS FINISHED SO FAR IN THE YEAR 1998 BY THE DIVISIONS UNDER THE JURISDICTION OF THE RESPECTIVE EXECUTIVE DIRECTORS:</u></p> <p>Action DCIM (BS) ✓ 84. Due to paucity of time, it was desired by the Board that the above item be taken up for presentation in the next meeting of the Executive Committee.</p> <p><u>ITEM 27(iii) PRESENTATION OF PRIORITY PROGRAMS AND TASKS TO BE FINISHED DURING THE LAST TWO MONTHS OF THE CURRENT YEAR 1998, PRIORITY PROGRAMS AND TASKS TO BE FINISHED MONTH WISE IN THE NEXT YEAR 1999 AND PRIORITY PROGRAMS AND TASKS TO BE FINISHED MONTH WISE IN THE YEAR 2000:</u></p> <p>Action DCIM(BS) ✓ 85. Due to paucity of time, the consideration of the above item was deferred to the next meeting of the Board.</p> <p><u>ITEM 28. ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.</u></p> <p>(i) <u>REPRESENTATION OF STATE LIFE EMPLOYEES FEDERATION AND STATE LIFE FIELD WORKERS FEDERATION.</u></p> <p>86. Mr. Mumtaz H. Bukhari, President, State Life Employee's Federation and Mr. M. Iqbal Khan, President, State Life Field Worker's Federation, were invited on their request.</p> <p>87. The President, Employee's Federation conveyed to the Board the apprehension of the employees regarding exercise being carried out on irregular appointments. He informed the Board that there was uneasiness prevailing amongst the staff that State Life is carrying out downsizing and that they would be retrenched from the Corporation and that such step would be detrimental to the business of the Corporation as appointees were the blood relatives of the existing employees. He further informed that appointments was made as per CBA agreement and were based on test, interview and experience with relaxation in age allowed however no waiver in qualification was allowed and all the conditions and criteria laid down by the administration were complied with in their appointments.</p>		

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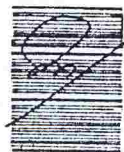
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<p>✓</p>	<p>88. The President pointed out that the business and life fund of the Corporation has gone up many times since nationalization however the increase in number of employees has not gone up in the same proportion as increase in the number of policies and the increase in premium. He suggested that the following steps be taken instead of retrenchment of the appointees.</p> <ul style="list-style-type: none"> (i) Regional Offices be closed down which will bring down expenses incurred in their maintenance. (ii) One Zone be kept in one city, however, district wise premium collection centre can be setup. The Federation would provide a list of Zones to be delisted. (iii) Cut Down expenditure on overtime and medical facilities. (iv) Reduction in staff be carried out by offering Golden Hand Shake, Voluntary Retirement, Removal of dead wood, drug addicts and medical unfit employees. (v) Retrenchment of professionals including Doctors, Engineers who could get gainful employment elsewhere. (vi) Removal of employees who were appointed on the basis of fake certificates. (vii) Adjustment of 1995 appointees against retirement by the year 2004 of 90% of the staff in employment at the time of nationalization. <p>(ii) ACHIEVEMENTS, PROBLEMS AND REVITALISATION – STATE LIFE INSURANCE CORPORATION OF PAKISTAN CONSULTING ACTUARY'S PRESENTATION DATED 26th OCTOBER, 1998.</p>			
<p>✓</p>	<p>89. Mr. Samee-ul-Hasan, Consulting Actuary, was invited who presented before the Board the achievements, problems and steps to be taken for revitalisation of State Life. He pointed out some of the achievements of State Life which is as follows:</p> <ul style="list-style-type: none"> (i) State Life has played a very vital role in spread of life insurance through out Pakistan. Though only 1% of the population has been insured, more than 25% of Pakistani families are covered by either group or individual life insurance or both. (ii) Financial strength: 31st December 1996 actuarial valuation showed Life Fund Rs.45.582 billion, Net liability 37.454 billion, surplus 9.128 billion. (iii) Assets have not been depleted by bad investments. Life Fund intact. (iv) Successful in expanding Group Life portfolio. (v) Successful in adding protection value to policies through Family Income Benefit Riders and other Riders, and built-in Term Insurance. (vi) Ratio of life insurance in force to GDP is ahead of other countries in the region. <p>90. The Consulting Actuary laid down the following operational standard for State Life's performance.</p>			<p>CHAIRMAN'S INITIALS</p> 

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- (i) Life Fund, the individual life business sold through the field force: three most important visible, operational, variables are:
 - (a) rate of growth of FYP. New business growth is essential to have high renewal premium and a big life fund.
 - (b) Persistency. Almost the whole FYP is spent on commissions and expenses, as such this makes sense only if renewals come in as a result of good persistency, which brings in maturity benefits and continuation of life covers to the policyholders whereas poor persistency is unethical since it means policies are sold to policyholders with little chance of their getting the benefits they were sold on.
 - (c) Expense ratio: its importance is obvious both for State Life and policyholders.
 - (d) Investment yield: is important for profitability and for giving good returns to policyholders and shareholders.
- (ii) Operational standard ranges and performance
 - (a) Rate of FYP Growth: standard range minimum 5% per annum compound net of inflation, maximum 10% per annum compound net of inflation. Real growth rate beyond 10% per annum is not usually sustainable for long periods, though it happened over 1982-1992. The State Life's performance has been distorted by occasional ill-advised attempts to make a great leap forward, the most notable example was in 1995 when a target FYP of Rs.2 billion was set versus Rs.1.197 billion in 1994. This fantasy growth rate of 67% was accomplished on paper only.
 - (b) Persistency: 2nd year persistency standard range minimum 70% p.a., maximum 80%. Persistency in the 3rd year would be much better than 2nd year but would improve further from 4th year onwards. Standard 3rd and later years persistency is taken as a simplified 88% minimum and 92% maximum including an estimated 2% for APL. State Life's 2nd year persistency has dropped to unacceptable levels from 72% in 1989 within the standard range to 54% in 1997 whereas the 3rd and later years persistency average for last 11 years comes to 86%.
 - (c) Expense Ratio: The legal standard is in the Insurance Rules 1958. Broadly, taking, State Life's business pattern into account, the bench mark is 7.5% of group life premiums, 89% of FYP and 15% of renewal premium. State Life's renewal expense ratio duly certified by the actuary has gone up from 23.7% in 1987 to 40.97% estimated for 1997. The drain on the life fund is high: each 1% cost Rs.43.64 million in 1997. The main reason for the high renewal expense ratio are:-
 - (i) First year field cost of almost 90% as a result renewal premiums have to pay not only for renewal commissions and cost but also for most first year administration cost.

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<p>(ii) Massive increase in employee strength from 3000 in 1993 to 6500.</p> <p>(iii) Inadequate real growth of FYP and poor persistency.</p> <p>91. The Consulting Actuary informed the Board that the following steps be taken in the field and commission structure to reduce the renewal expenditure to 15%.</p> <p>(i) Updating of all Rupee parameters: (a) the rules provide higher commissions on meeting specified rupee targets. However 23 years of inflation have meant that higher commissions are being paid to a far greater proportion of persons and the average cost is higher than originally envisaged (b) only Rs.300 p.a. renewal commission is needed for 2nd and later agent's license renewals without new business. The above parameters were fixed in 1958 which the Government should be requested to revise.</p> <p>(ii) System of licensing of agents and employers of agents should be revamped to ensure a proper professional exams before licensing.</p> <p>92. The Consulting Actuary then projected the renewal expense ratio for State Life for the next 10 years under three scenarios: Worst case, Best case and Middle with real FYP growth of 2.5%, 7.5% and 5%, 2nd year persistency of 52.5%, 75% and 70%, employers of agents FY cost of 45%, 35% and 40% respectively and real group life growth of 2.5% consistently FY agent cost of 40%, inflation at 10%, salary increase at 10% p.a., attrition of present employees by superannuation and new recruitment of 1% p.a. He explained that the result of the projection would be that renewal expense ratio for worst case, best case and middle case would come down from 44%, 41% and 42% respectively in 1999 to 35%, 20% and 24% respectively in 2008 and contribution to life fund in 2003 would be Rs.3.628 billion for the worst case, Rs.6.782 billion for the best case and Rs.5.555 billion for the middle case.</p> <p>93. The Consulting Actuary highlighted the following operational problems of State Life and the action plan to be adopted to overcome the same:</p> <p>I. First Year Premium:</p> <p>(i) Improvement in Agent Productivity: There should be a serious scrutiny of the applicant for SR ship and the selection procedure should be strictly followed and at each point of promotion there should be a serious interview and scrutiny to ensure that dummies and benamies are not be promoted. In 1997, the average number of policies sold per SRs on the book was 3.3. This compares with an average of 20-25 policies per SR per year in other countries of the region.</p> <p>(ii) Performance Standard should be drastically raised: The Consulting Actuary suggested the existing and proposed field performance standard which is given below:</p> <p>(iii) Weeding out of not performing Field Workers: In State Life even if the SR produces one policy he is not thrown out, as such effort is not made by him to improve his performance nor is he interested in post sale service. Further more if such low standards are set then the whole system performs to these low standards. Finally State Life ends up in paying Second Year and Renewal premiums unnecessarily.</p>			

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	<p>(vii) <u>Non Improvement in Persistency by reducing the commission in the First Year and increasing it in later years:</u></p> <p>3. <u>Expense Control:</u> (a) All rupee limits in the Insurance Act and Rules relating to agents and employers of agents licensing, commissions and overriding commission needs to be updated by the Government (b) for next 10 years new employee recruitment should be limited to 50 a year for specialized positions like accountants, actuaries and IT specialist and all posts should be filled after advertisement and proper selection (c) non personal administrative cost should not increase by more than inflation minus 5% p.a. (d) advertisement cost should be restricted to 1.5% of the FYP and advertisements should be spread through out the year and not concentrated towards the end of the year and further more the efficiency of the advertisement should be measured in terms of cost per 1000 persons reached, adjusted for power of the impact and for the buying power of the persons reached.</p> <p>4. <u>Dynamization of the Renewal Premium:</u> Taking into account inflation renewal premiums should not be fixed in advance as inflation in the renewal administration cost increase the expense ratio.</p> <p>5. The Consulting Actuary also presented before the Board the following institutional problems which has resulted in destabilization of State Life administration and demoralization of its personnel:</p> <p>(i) Frequent changes of Chairman at random intervals and lack of serious consideration to the professionals for Chairmanship and for appointment to the Board and</p> <p>(ii) Heavy interference by the Government functionaries, for solution of which the following steps were suggested.</p> <p>(a) Buying off of the Governments share holding by the life fund in which case the Corporation will become a mutual company own by the policyholders which is the case of many giant companies in the USA and Japan. Under mutualization the policyholders will take the full 100% where as currently the Government takes only 2.5% of the actuary surplus.</p> <p>(b) The paid up capital of the Corporation which is only Rs.100 million should be increased as the life fund is well in excess of over Rs.50 billion.</p> <p>(c) The Government should be compensated by the new owners of the Corporation on the same basis as the former owners were compensated at the time of nationalization in 1972 by paying them 20 times the annual average of the actuarial surplus transferred to shareholders during the previous six years. The life fund can be used for making this one off payment to the Government which will get its money and the control of the Corporation will be retained by the Pakistani and not surrendered to the foreigners who would otherwise have a virtual monopoly over a vital sector of the national economy</p>		
	<p style="text-align: right;">CHAIRMAN'S INITIALS</p> 		

STAFF STRENGTH

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✓ (d) The management of the mutualized State Life should have 11 members out of which 4 should be policyholders Directors, 4 Executive Directors should be promoted from within the Corporation having experience in life insurance and having at least 5 years service before superannuation age and there should be 3 ex-officio non Executive Directors who are distinguished professionals nominated by Instituted of Chartered Accountants or Pakistan Society of Actuaries and the Pakistan Bar Council.

94. The meeting ended with mutual vote of thanks.

[Signature]
CHAIRMAN

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