

MINUTES OF 145TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	25/27 th FEBRUARY, 1999	

CONFIDENTIAL AND RESTRICTED

MINUTES OF 145TH MEETING OF THE BOARD OF DIRECTORS

The one hundred and forty fifth (145th) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 25/27th February, 1999 at 11.00 a.m., at Board Room, 3rd Floor, State Life Building No.9, Principal Office, Karachi.

PRESENT

- | | |
|-----------------------------|--|
| 1. Dr. Najeeb Samie | Chairman |
| 2. Mr. Mohammad Sulaiman | Director/Additional Secretary (Commerce) |
| 3. Mr. Mohammad Latif | Executive Director (B&A/PHS) |
| 4. Mr. J.M. Pereria | Executive Director (S&D/Inv) |
| 5. Mr. Rasool Bakhsh Baloch | Executive Director (P&GS/Int'l/Law) |
| 6. Mr. Imtiaz Rasool | Executive Director (G&P/IA&E/Actuarial) |
| 7. Mr. Umair Khan | Executive Director (HRDD/CD/Sys) |
| 8. Mr. Akbar Ali Hussain | Secretary Board |

2. The meeting commenced with recitation of verses from the Glorious Quran by Mr. Imtiaz Rasool.

ITEM 1. CONFIRMATION OF MINUTES OF 144TH MEETING OF THE BOARD OF DIRECTORS.

3. The minutes of 144th meeting of Board of Directors held on 22/23rd January, 1999 were placed before the Board. ED(B&A) proposed and ED(S&D) seconded that the same be confirmed. Accordingly, it was resolved as under:

RESOLVED

“that the minutes of 144th meeting of Board of Directors held on 22/23rd January 1999 be and are hereby confirmed.”

Action:
DGM(BS)

ITEM 2. RATIFICATION OF MINUTES 248/249TH EXECUTIVE COMMITTEE MEETING HELD ON 5TH NOVEMBER, 1998 AND 17/19TH FEBRUARY, 1999.

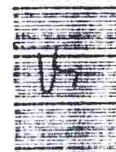
4. The minutes of 248/249th meetings of the Executive Committee held on 17/19th February, 1999 were placed before the Board for ratification. Accordingly, it was resolved as under:

RESOLVED

“that the decisions taken in the 248th/249th meetings of the Executive Committee held on 5th November, 1998 and 17/19th February, 1999, be and are hereby ratified.”

Action
DGM(BS)

CHAIRMAN'S
INITIALS



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ITEM 3. RATIFICATION OF MEMORANDUM FOR DISBURSEMENT OF BONUS TO OFFICERS OF STATE LIFE FOR THE YEAR 1997 PASSED BY THE BOARD THROUGH CIRCULATION.

5. The Secretary Board presented before the Board for ratification the memorandum of ED(P&GS) regarding disbursement of bonus to officers of State Life for the year 1997 approved by the Board through circulation on 04-01-1999.

6. Accordingly, the Board resolved as under:

RESOLVED

"that the memorandum of ED(P&GS) regarding disbursement of bonus to officers of State Life for the year 1997 approved by the Board through circulation on 04-01-1999 be and is hereby ratified."

Action:
ED (P&GS)

ITEM 4. MILLENNIUM READINESS. ED(CD) MEMORANDUM DATED 9-2-1999.

7. ED(CD) presented before the Board the status of work done regarding solution of Millennium Bug problem, decisions of which was taken in the 144th meeting of the Board held at Karachi on 22/23rd January, 1999 wherein it was decided that the above solution would be undertaken in-house and ten COBOL Programmers be inducted/engaged from outside on assignment basis to assist the Computer Division for timely completion of the work and necessary hardware equipment be purchased.

8. ED(CD) informed the Board that the response to the advertisement for hiring of COBOL Programmers was very poor and only nine applications were received who were also found to have the capability to carry out the assignment when they were asked to appear in a test and interview.

9. A meeting of the Executive Committee was held on 17/19th February, 1999 in which DGM(CD) and AGM(CD) expressed that it would be impossible for the Computer Division to carry out the above assignment in-house independently or under the project management of outside firms, firstly due to lack of in-house quality staff and secondly due to non-availability of programmers from outside to assist the in-house staff. After considering the recommendation of ED(CD) and the above statement of DGM(CD), the Executive Committee had requested for calling of fresh financial proposals from competing software firms for doing the entire work of solution of Millennium Bug for State Life on turn key basis. Since the M/s. PRAL had expressed its inability to do the job and M/s. IBM had quoted 18 months time period for the assignment, they were not requested to submit the financial proposals.

10. ED(CD) had then submitted before the Executive Committee the recommendation of the Computer Division that the solution of the problem from COBOL to ORACLE would be preferable as compared to COBOL to COBOL which was agreed to by the Executive Committee. ED(CD) had then submitted a summary of financial proposals received from the three competent firms which are as follows:

FIRMS	COBOL TO COBOL	COBOL TO ORACLE
PICL	6.0 MILLION	5.8 MILLION
NET PACE	8.9 MILLION	12.7 MILLION
CRESSOFT	12.5 MILLION	2.8 MILLION

CHAIRMAN'S INITIALS



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11. Based on the above quotations, the Executive Committee had decided to award the work for solution of Y2K problem by converting the programs in COBOL to ORACLE at the lowest quoted price to M/s. CresSoft.

12. The Board agreed to the above proposal and resolved as under:

RESOLVED

“(a) that previous decision of the Board pertaining to in-house of Y2K problem be reversed and the work be awarded on a turnkey basis to the lowest bidder i.e. M/s. CresSoft, who have quoted Rs.2.8 million.”

Action:
ED (CD)

“(b) that the recommendation of ED(CD) for solution of Millennium bug through conversion of existing programs from COBOL to ORACLE be accepted.”

Action:
ED (CD)

“(c) that ED(CD) be authorized to negotiate, finalize and execute the contract with M/s. CresSoft after consultation with Law Division with specific advice that a Performance/Bank Guarantee be obtained to ensure performance of the work according to the satisfaction of State Life and that the scope of work should be clearly defined and a termination clause be included in the contract so that adequate safeguard exists and State Life was able to terminate the contract if State Life at any stage felt that the work was not being properly executed or will not meet the deadlines. There should also be a clause for liquidated damages. Furthermore, a chart be prepared and incorporated in the agreement for review of the work at regular intervals. There should also be a three months warranty under sustained support (period after installation) and that the above work should be completed within a maximum period of one hundred and seventy six working days/eight months. A side letter should be obtained from M/s. CresSoft that the amount that would be paid to them for the solution of Millennium Problem would be adjusted against price that would be payable to them for re-writing of systems and development of software if the work was to be awarded to them by State Life in future.”

Action:
ED (CD)

ITEM 5. POSITION PAPER ON SELECTION AND APPOINTMENT OF CONSULTING FIRM FOR COMPUTERIZATION OF ALL FUNCTIONS OF STATE LIFE AND REPLACEMENT OF EXISTING HARDWARE.
ED(CD) MEMORANDUM DATED 23-02-1999.

13. ED(CD) informed the Board that as instructed by the Board in its previous meeting letters were sent to all the five competing software firms to inform State Life whether they have package solution like SAP-AG or ORACLE which can be customized to State Life, however, no response has so far been received. As regards, ERP solution, at the request of State Life M/s. Siemens, Pakistan, who are representatives of SAP-AG, Germany, made a presentation to the Chairman and all the Executive Directors on 4th February, 1999, after which they were asked to submit a formal proposal thereon including the financial impact and the time factor involved to complete the assignment.

Action:
ED(CD)

14. ED(CD) also informed the Board that Mr. Shahid Mir of M/s. Systems Research Pvt. Ltd. who was associated as a consultants with regard to the presentation made before the Board on 22/23rd January, 1999 had also submitted his report which was enclosed to the memorandum. The Board noted the above and requested ED(CD) to submit the proposal when received from M/s. Siemens Pakistan together with recommendations of Computer Division along with the proposals received so far from the others competing software firms for arriving at a decision to award work.

Action:
ED(CD)

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ITEM 6. APPROVAL OF SUBSIDY IN SALE OF CALENDARS TO FIELD FORCE.
ED(S&D) MEMORANDUM DATED 06-02-1999.

15. ED(S&D) presented before the Board a memorandum for approval of sale of 150, 000 Calendars at reduced rates of Rs.9/- against actual cost of Rs.15/- to qualifying Field Force members who have to meet certain premium requirements as such this concession is available only to those who earn it.

16. After discussions, the Board resolved as under:

RESOLVED

“(i) that sale of 150,000 Calendars at reduced rates of Rs.9/- against actual cost of Rs.15/- to qualifying Field Force members who have to meet certain premium requirements fixed by S&D Division be and is hereby approved with a total outlay of Rs.900,000/-.”

“(ii) that in future S&D Division in coordination with A&SP/P&GS Divisions will draft a calendar policy to be followed, and subsidized sale of calendars to Field Force at reduced rates will be debited to advertising cost or prizes and awards.”

Action:
ED (S&D)

Action:
ED (S&D)
ED(P&GS)
DGM(A&SP)

ITEM 7. DEFICIT IN THE PENSION FUND.
ED(B&A) MEMORANDUM DATED 03-02-1999.

17. ED(B&A) informed the Board that Pension Scheme followed by the Government was adopted by State Life for the Employees of the Corporation in 1984. The Corporation had made an initial contribution of Rs.55.255 million in 1988 and subsequently the contribution was made in accordance with the Income Tax Rules 1982 which allow the Employer to make contribution at 20% of annual pay of the pensionable employees. An actuarial valuation is carried out using the aggregate Actuarial Cost Method on the basis of which there is a accumulated deficit of Rs.747.864 million as of 31st December, 1996 which is likely to go up further in subsequent year if contribution is not made by State Life. The accounts of the Corporation are qualified each year by the auditors since the above liability has not been provided for in the financial statement.

18. ED(B&A) further informed the Board that in terms of Rule 87(3) of the Income Tax Rules, 1982 an employer, with the prior approval of the Commissioner of Income Tax, can make a special contribution to an approved Pension Fund to meet the deficit in the Fund. Accordingly the Corporation took up this matter with the Income Tax Commissioner through its Tax Adviser in 1997 and was able in obtaining approval from the Commissioner of Income Tax to make special contribution of Rs.747.064 million to State Life Insurance Corporation of Pakistan Employees' Pension Fund under Rule 87(3) of the Income Tax Rules 1982.


19. After discussions, the Board requested ED(B&A) to put up a paper in the next Board Meeting explaining the Pension and Gratuity Scheme, and if the amount could be paid in several installments. The Board after review of the said requested information would take a decision on the subject of making special contribution of Rs.747.064 million/or part thereof to cover the deficit in Pension Fund.

Action:
ED(B&A)

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	<p>ITEM 8. <u>DELEGATION OF POWER TO THE ADMINISTRATORS PROVIDENT FUND IN RESPECT OF ALLOCATION OF PROFIT TO THE MEMEBRS. ED(B&A) MEMORANDUM DATED 02-02-1999.</u></p> <p>20. ED(B&A) presented before the Board a memorandum recommending that the power to approve the rate of profit for distribution to the members of the State Life Employees' Contributory Provident Fund be delegated by the Board to the Administrators of State Life Employees' Contributor Provident Fund. AGM(Law) had given an opinion that under Regulation(4) of the State Life Employees' Contributory Provident Fund Regulations-1975, the Corporation has the authority to appoint the Administrators of the Fund in such manner and for such term as it may determine from time to time. Based on the above reading of the Regulation, the Corporation can determine the manner and terms and conditions of the appointment of the Administrators, if the power to approve rate of profit has been given to the Administrators, they can do so and intimate the Corporation accordingly. If such power had not been granted then in terms of Regulation (11), of State Life Insurance Corporation Employees' Contributory Fund the Corporation itself shall declare the rate of profit.</p> <p>21. After detail discussion, the Board resolved as under:</p> <p><u>RESOLVED</u></p> <p>"that the Administrators of State Life Employees' Contributory Provident Fund be and are hereby authorized to approve distribution of profit to members of the Fund each year in accordance with Regulation(11) of State Life Insurance Corporation Employees' Contributory Provident Fund Regulations-1975 and intimate the same to the Board accordingly at its next immediate meeting."</p> <p>ITEM 9. <u>UTILIZATION OF VACANT AREAS IN STATE LIFE BUILDINGS - MAKING THE GOUND FLOOR OF PEOPLE MEDIA BUILDING FULLY FUNCTIONING AFTER COMPLETION OF THE WORKS ESTIMATED COST RS.27 MILLION. GM(RE) MEMORANDUM DATED 25-01-1999.</u></p> <p>22. The Memorandum of GM(RE) was placed before the Board for consideration in which he has informed the Board that State Life Offices are in occupation of around 21739 Sq. ft. space in State Life Building No.9 known as Buland Markaz located in Blue Area, Islamabad which can conveniently be adjusted in Peoples Media Foundation Building and the space so vacated in State Life Building No.9, can be rented out at around Rs.24 per Sq. ft. aggregating to Rs.4.5 Million per annum additional Revenue to State Life. However, the expenditure for completion of the building will be around Rs.1 million in case if it were to be rented out to any other tenant, however, if the Zonal offices were to be moved then partitions, air-conditioning and other finishing works will cost around Rs.2.7 million. The cost of completion of incomplete work can be recovered from the vendors who were supposed to complete the building in all respects before handing it over to State Life, however, State Life will have to file a suit in the court of law for recovery. The completion of the works will take at least 90 days from the date of award of work to the contractor. ED(S&D) and ED(G&P) have agreed to the proposal for utilization of State Life Building, G-8 Markaz, Islamabad, for Regional and Zonal Office of Individual Life and Group Life.</p> <p>23. Accordingly it was resolved as under:</p>			<p>CHAIRMAN'S INITIALS</p> 

Action:
ED (B&A)


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<p>Action: GM (RE)</p> <p>Action: ED(P&GS) ED(S&D) ED(O&P)</p> <p>Action: GM (RE) AGM(Law)</p>	<p><u>RESOLVED</u></p> <p>“(i) that the necessary work be carried out to complete Peoples Media Foundation Building, G-8 Markaz, Islamabad, with total expenditure around Rs.2.7 million.”</p> <p>“(ii) that before commencement of work, a formal office order be issued by P&GS conveying the decision for utilization of State Life Building, G-8 Markaz, Islamabad, for Regional and Zonal Office of Individual Life and Group Life to enable Real Estate Engineers at Islamabad to prepare a proper plan in consultation with them.”</p> <p>“(iii) that good lease agreements to be entered into with tenants be drafted so that litigation is avoided and the interest of the Corporation is fully protected.”</p>		
	<p>ITEM 10. <u>RECOMMENDATION OF THE STANDING COMMITTEE CONSTITUTED FOR CONSIDERATION OF REVIEW PETITION ON FILED BY MIAN RIZWAN MAJEED, EX-AREA MANAGER. ED(S&D) MEMORANDUM DATED 06-02-1999.</u></p> <p>24. ED(S&D) presented before the Board the recommendation of the Standing Committee consisting of the Chairman, ED(B&A) and ED(S&D) constituted for consideration of appeal of Mian Rizwan Majeed, Ex-Area Manager, against his dismissal from service.</p> <p>25. Accordingly it was resolved as under:</p>		
<p>Action: ED (S&D) ED(P&GS)</p>	<p><u>RESOLVED</u></p> <p>“that the appeal of Mian Rizwan Majeed, Ex-Area Manager, against his dismissal from service be and is hereby rejected as there was no cogent reason for acceptance of the same.”</p>		
	<p>ITEM 11. <u>RATIFICATION OF MEMORANDUM FOR DISTRIBUTION OF INCOME TO MEMBERS OF STATE LIFE EMPLOYEES CONTRIBUTOR PROVIDENT FUND FOR THE YEAR 1997 PASSED BY WAY OF CIRCULATION BY THE EXECUTIVE COMMITTEE. ED(B&A) MEMORANDUM DATED 02-02-1999.</u></p> <p>26. ED(B&A) presented before the Board a memorandum for post facto approval of the Board of Directors for distribution of profit at 19% for the year 1997 to the members of the State Life Employees' Contributory Provident Fund recommended by the Administrators of the Fund and approved by the Executive Committee through circulation as proposed by ED(B&A) vide his memorandum dated 2-12-1998.</p> <p>27. The Board accordingly resolved as under:</p>		
<p>Action: ED (B&A)</p>	<p><u>RESOLVED</u></p> <p>“that profit at 19% for the year 1997 to the members of the State Life Employees' Contributory Provident Fund recommended by the Administrators of the Fund and approved by the Executive Committee through circulation as proposed by ED(B&A) vide his memorandum dated 2-12-1998 be and is hereby approved.”</p>		

CHAIRMAN'S INITIALS



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<p>Action: ED (P&GS) ED(B&A)</p> <p>Action: ED (P&GS) ED(B&A)</p>	<p>ITEM 12. <u>QUALIFICATION ALLOWANCE TO ACCOUNTING PROFESSIONALS.</u> ED(B&A) MEMORANDUM DATED 04-02-1999.</p> <p>28. ED(B&A) presented before the Board the memorandum for allowing qualification allowance to Accounting Professionals i.e. Chartered Accountants and Cost and Management Accountants which was deferred by the Board at its 143rd meeting held on 19th December, 1998. ED(B&A) stated that handsome pay package was being offered to qualified Accountants by State Bank of Pakistan, PIA and other reputed organization which could not be matched by State Life as such it was necessary to allow qualification allowance to motivate them and to retain them in State Life. Similar qualification allowance is already being given to Actuarial/Computer Professionals also.</p> <p>29. It was resolved as under: <u>RESOLVED</u> “(a) that all qualified Accountants possessing the professional qualification FCA/FCMA & ACA/ACMA who have been appointed during 1995 and onwards irrespective of their place of posting and are not being paid the qualification allowance, may also be allowed qualification allowance like the old qualified accountants w.e.f. 01-01-1999. However, the qualified accountants would be required to work in the B&A Division as and when the management so desires and qualification allowance of those officers who refuse to be transferred to B&A Division will be withdrawn.”</p> <p>“(b) that qualification allowance may be enhanced upward and fixed @ Rs.4,000/- per month to all Associate Member Accountants (ACA/ACMA) and @ Rs.5,000/- per month to all Fellow Member Accountants (FCA/FCMA) with effect from 01-01-1999.”</p>		
<p>Action: ED(P&GS) ED(Inf'l)</p>	<p>ITEM 13. <u>FOREIGN TRANSFER AND POSTINGS.</u> ED(P&GS) MEMORANDUM DATED 09-02-1999.</p> <p>30. ED(P&GS) presented before the Board a memorandum on plan for foreign posting of State Life Officers in pursuance of Ministry of Commerce letter dated 21-1-1999 which was noted by the Board with instructions that foreign postings to be made by the Corporation be sent to the Ministry of Commerce for approval before implementation as per letter No.3(14)/98-Ins.I, dated 25-02-1999 of Ministry of Commerce.</p>		
<p>Action: ED(S&D)</p>	<p>ITEM 14. <u>POSITION PAPER ON INCREASE IN AUTHORIZED AND PAID-UP CAPITAL OF STATE LIFE INSURANCE CORPORATION OF PAKISTAN.</u> ED(B&A) MEMORANDUM DATED NIL.</p> <p>31. ED(B&A) presented before the Board a position paper on proposal for increase in authorized and paid-up capital of State Life to meet the requirement of UAE Federal Insurance Laws which was noted by the Board.</p> <p>ITEM 15. <u>BUSINESS PLANS INCLUDING ADVERTISING PLAN FOR THE YEAR 1999 BASED ON MARKETING PLAN AND INVESTMENT PLANS.</u></p> <p>32. The above item could not be discussed as the memorandum was not received from ED(S&D).</p>	<p>CHAIRMAN'S INITIALS</p> 	

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ITEM 16. REPORT ON DEFALCATION.
ED(PHS) MEMORANDUM DATED 10-02-1999.

33. ED(PHS) presented before the Board a report on defalcation for review with recommendations for curbing the same.

34. After due deliberations, the Board resolved as under:

RESOLVED

“(i) that acceptance of personal cheques of field workers as premium with proposal forms should be discontinued forthwith as large amounts are lost by the workers in case of failure to recover the amount from the proposers. To overcome this loss they become financially vulnerable and indulge in defalcation of Renewal Premium. The possibilities of defalcations be minimized by not allowing more than seven days for encashment of cheques at the close of the year.”

Action:
ED (PHS) /
D(B&A)

“(ii) that management should take severe action against the defalcating worker with unwavering determination. The workers/employees who defalcate or issue forged/fake receipt etc. should be terminated/suspended and their photographs be published in the newspapers. The recovery of the amounts for which State Life becomes liable should be recovered from the rest of the team and all employees including the Zonal Head, Budget and Accounts, Internal Audit and Administration who are found to protect the individual who is involved in defalcation. The Chairman to issue detailed instructions in this regard.”

Action:
ED (PHS)
ED(B&A)
ED(P&GS)
GM(I&AE)

“(iii) that immediate action be taken against those mentioned in the list of defalcation submitted by ED(PHS) to the Board along with the memorandum and if feasible FIR be lodged for defamation of the Corporation.”

Action:
ED (PHS)
ED(P&GS)

“(iv) that all payments to policyholders made through cross cheques be despatched directly to policyholder or claimant or to the bank for credit to his account.”

Action:
ED (PHS)
ED(B&A)
M(I&E)

“(v) that a Committee be and is hereby constituted consisting of ED(HRD) and ED(G&P) to examine the cases of defalcation submitted to the Board along with the above memorandum and take necessary action and submit its report to the Chairman within seven days along with recommendations to streamline the procedure for handling of cases of defalcations and action to be taken against persons involved in such cases from the level of field force to the Principal Office including persons who fail to take necessary action in this regard.”

Action:
ED (HRD)
ED(G&P)

ITEM 17. POSITION PAPER ON IMPLEMENTATION OF GUIDELINES AND CHART OF DELEGATION OF FINANCIAL POWERS FOR OFFICERS APPROVED IN PRINCIPLE BY THE BOARD IN ITS 139TH MEETING HELD ON 30TH JUNE, 1998.
ED(B&A) MEMORANDUM DATED 10-02-1999.

35. ED(B&A) presented before the Board the revised delegation of financial powers for officers of State Life after incorporating therein suggestions received from the Executive Directors and taking into account the re-organization within the Corporation. The guidelines and chart of delegation of financial powers was discussed by the Board at its 139th meeting held on 30th June, 1998 wherein it was decided that the guidelines be circulated to all the Executive Directors and amendments if any proposed be

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incorporated therein with subsequent notification to the Board. The financial powers as regard Real Estate Division was approved by the Board of Directors in its 138th meeting of the Board held on 12th April, 1998 and has become effective from 01-10-1998.

36. The Board resolved as under:

RESOLVED

"that the Chairman be and was hereby authorized to finally review and after having incorporated the changes, if any, approve the said chart of delegation of financial powers."

Action:
ED (H&A)

ITEM 21. BUSINESS PROGRESS REPORTS WITH COMMENTARY SHOWING COMPARISON WITH LAST YEAR AND TARGET OF THE CURRENT YEAR.

(i) SALES & DEVELOPMENT (LIFE)
ED(S&D) MEMORANDUM DATED 05-02-1999.

37. ED(S&D) presented before the Board the preliminary estimates of First Year Premium of Individual Life Business for the year 1998 and gave a Region-wise and Zone-wise breakdown of business achievements. It was noted by the Board that except for Karachi Southern Zone and Quetta Zone in the South Region and Sialkot and Islamabad Zones in the Central and Northern Region, the remainder of the Zones have shown a negative trend over previous year.

38. The Board resolved as under:

RESOLVED

"(i) that Zonal Heads whose performance was poor should be replaced with suitable Manager (Development) and outstanding Area Managers."

Action:
ED (S&D)

"(ii) that appreciation letters be sent to the Zonal Heads whose performance was better than last year."

Action:
ED (S&D)

ITEM 22. ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

(iii) STATE LIFE NEW BUILDINGS UNDER CONSTRUCTION.
GM(RE) MEMORANDUM DATED 22-02-1999.

39. GM(RE) presented before the Board a position paper on status of new buildings under constructions and issues relating thereto which was noted by the Board.

(iv) PURCHASE OF PLOTS IN ISLAMABAD NEW CITY PROJECT BY STATE LIFE.
GM(RE) MEMORANDUM DATED 23-02-1999.

40. GM(RE) presented before the Board a position paper on plots purchased in Islamabad New City which was noted by the Board.

41. The Chairman briefed the members of the Board of the discussions held with Board of Investment in the meeting at Islamabad about SLIC investment in Islamabad New City Project. It was told that State Life reiterated its claim of refund of the total investment of Rs.209.5 million alongwith premium at SLIC's investment rate. The corporation also insisted and stressed upon NHA for fulfillment of contract agreement between SLIC and NHA was responsible for State Life's investment in this project.

Action:
GM(RE)

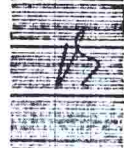
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<p>Action: GM(RE)</p> <p>✓</p>	<p>42. The Board of Investment discussed various other options, which also included for having a joint venture of State Life with M/s. Asia Challenge Investment (Pvt) Ltd. The Chairman Board of Investment preferred for an arrangement through which the Islamabad New City Project could be revived in the broader interest of State Life as well as other public liabilities and for a regular profit generation in due course of time.</p> <p>(v) <u>STATE LIFE BUNGALOW NO.11-J, BLOCK-6, P.E.C.H.S., KARACHI.</u> <u>ED(RE) MEMORANDUM DATED 24-02-1999.</u></p> <p>43. GM(RE) informed the Board that during 1998, the total income of the guest house located on a plot of 1000 sq.yds with a covered area of 4200 sq.ft. was Rs.22,000/- as against an expenditure of Rs.250,000/- which does not include telephone expenses, taxes and other miscellaneous expenses. In January 1998, the Board decided that this guest house be rented out on commercial rents, however, except for schools who were willing to pay rent up to Rs.90,000/- per month, the response was otherwise very poor. An offer has been received from a firm of Chartered Accountants M/s. Avais Haider Zaman Rizwani and Co. whose credentials have been verified by Real Estate Division.</p> <p>44. The Board resolved as under: RESOLVED</p> <p>“(i) that State Life Guest House located at 11-J, Block-6, P.E.C.H.S., Karachi, be given on rent to M/s. Avais Haider Zaman Rizwani and Co., Chartered Accountants, on the following among other terms and conditions:</p> <p>(a) Rent - Rs.70,000/- per month (b) Security Deposit - Rs.2,10,000/- (3 months rent) (c) Rent Escalation - 30% after every 3 years. (d) Other Terms and Conditions - Carpets will be used by the tenants.</p> <p>“(ii) that the entire fixture and furniture of the house would be removed and disposed off and existing telephone lines will be surrendered to PTC.”</p>		
<p>Action: GM(RE)</p> <p>✓</p>	<p>(vi) <u>REINSTATEMENT AS AREA MANAGERS CATEGORY “B” TO MR. REHMATULLAH BHULLA FORMER AREA MANAGER, LAHORE, WESTER ZONE.</u> <u>ED(S&D) MEMORANDUM DATED 24-02-1999.</u></p>		
<p>Action: GM(E)</p>	<p>45. ED(S&D) informed the Board that services of Mr. Rehmatullah Bhulla, Former Area Manager Category “B”, Lahore Western Zone, was terminated on 8th August 1995 for poor performance. The Board in its 141st meeting had considered the memorandum of ED(S&D) regarding representation of Mr. Rehmatullah Bhulla for reinstatement, however, since the rules do not permit reinstatement the Board was of the considered view that the laid down rules should not be violated otherwise it would create a bad precedent. Mr. Rehmatullah Bhulla has also filed the suit before the Senior Civil Judge, Sheikhpura, as well as petition before the Chairman, NIRC, against the termination of his services. Subsequently, he withdrew the Civil Suit. In the matter before the Chairman, NIRC, the Chairman remarked that since the petitioner had received all his emoluments and old dues after termination, the petitioner has failed to make out a case of Unfair Labour practice as such his petition was dismissed on 12-06-1996.</p>		

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	<p>46. ED(S&D) further informed the Board that Mr. Rehmatullah Bhulla had again represented his case for reinstatement on the following grounds which were not before the Board previously.</p> <p>a) that other Area Manager with similar or poorer performance than his, were not terminated and, therefore, his termination was a case of victimization and discrimination.</p> <p>(b) No Show Cause Notice was issued to him before his termination. His termination was unauthorized and issued by the Zonal Head whereas in the case of Area Manager, the Zonal Head is neither appointing or removing authority.</p> <p>47. ED(S&D) submitted before the Board for consideration and review as it has been established that the incumbent was subjected to discrimination and victimization as such it was proposed as follows:</p> <p>(a) It was proposed that he may be reinstated effective 8-8-1995.</p> <p>(b) Keeping in view his long association and the services rendered in the promotion and development of business in rural area, the period of his termination may be treated as extra-ordinary leave without pay which will enable him to avail the Pensionary/Gratuity benefits.</p> <p>(c) Any decision taken in favour of Mr. Rehmatullah Bhulla should be subject to his written undertaking that he would not claim the arrears of pay and allowance.</p> <p>48. The Board resolved as under:</p> <p><u>RESOLVED</u></p> <p>“that a legal opinion be solicited as to the consequences of reinstatement of Mr. Rehmatullah Bhulla and whether it would tantamount to retracting from the stand earlier taken by State Life in the court, if it is accepted that there is a case of discrimination against him.</p> <p>(vii) <u>MEDICAL FACILITY TO RETIRED OFFICERS OF THE CORPORATION.</u> ED(P&GS) MEMORANDUM DATED 23-02-1999S.</p> <p>49. ED(P&GS) informed the Board that it was decided in its 141st meeting of the Board held on 26-9-1998 to extend medical facilities to those officers who retired from the services of the Corporation on attaining the age of superannuation or on medical grounds on completion of a minimum of 10 years service before 1-1-1993 on the same pattern as was being allowed to the officers retired after 1-1-1993. The following resolution was passed by the Board.</p> <p>“that medical facilities allowed presently to officers who retired on or after 1st January 1993 on attaining the age of superannuation or on medical grounds on completion of a minimum of 10 years of service be also extended to all retiring officers of the Corporation who retired on attaining the age of superannuation or on medical grounds on completion of a minimum of 10 years of service.”</p>		

tion:
ED(S&D)/
AGM(Law)

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50. Since the effective date of this facility was not specified in the Board's resolution, ED(P&GS) proposed that the effective date of the aforementioned medical facility to retired officers may be fixed by the Board as 1-3-1999 and only those medical expenses which would be incurred on or after 1-3-1999 may be allowed for reimbursement within prescribed scope as mentioned against this medical facility and any claim of reimbursement of expenses incurred before 1-3-1999 shall not be entertainable.

51. The Board having discussed the matter at length resolved as under:

RESOLVED

"that the resolution passed by the Board in its 141st meeting held on 26-09-1998 approving the above medical facility be kept in abeyance as the financial position of the Corporation did not warrant that the above additional expenditure be incurred."

tion:
(P&GS)

(ix) REAL ESTATE BUSINESS.
GM(RE) MEMORANDUM DATED 26-02-1999.

52. GM(RE) submitted before the Board the various steps taken by the Real Estate Division to implement the decision of the Board taken in its 120th meeting held on 20th December 1994 regarding increase of gross investment in Real Estate Business from 3% to 10% of its investment portfolio. GM(RE) informed the Board of the decision of the Cabinet Division to get all new projects costing Rs.100 million and above undertaken by the Government or the Public Sector to get it cleared from the CDWP/ECC.

53. GM(RE) informed the Board that total investment of the Corporation which had to be stopped because of the above decisions was as follows:

(i) State Life Towers, Karachi.	Rs.85.44
(ii) State Life Building at Davis Road, Lahore.	Rs.20.50
(iii) State Life Building on Plot No.7, Phase-II, Blue Area, Islamabad.	Rs. 6.13
(iv) State Life Building on Plot No.61, Blue Area, Islamabad.	Rs. 3.86
(v) State Life Building - Gujranwala.	Rs. 1.90
Total	Rs.117.83


54. The main expense was for the architect's fee for designing excepting Karachi Project wherein claims of the contractor were also paid.

55. GM(RE) also informed that designing work on Gujranwala Building Project was completed and drawing have been submitted to Gujranwala Municipal Corporation. The designing work of Building at Mirpur(AK) was awarded to a local architect to avoid cancellation of the plot due to non submission of drawings by State Life. The work on 4 highrise building projects in big cities i.e. Karachi, Islamabad and Lahore was deferred by the Board in its 138th meeting held on 12-04-1998 wherein it was decided by the Board that the Corporation should go for small buildings upto 4 floors without central air-conditioning in towns where State Life has no buildings. GM(RE) also pointed out that State Life has laid down fee structure for the architect at 3% of the total cost against their demand of 5% which has now been agreed to by the architect at 4%.

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<p>Action: GM(RE)</p> <p>Action: (RE)</p> <p>Action: ED(Inv.)</p> <p>Action: ED(G&P) (D&P&GS)</p>	<p>56. The Board was also informed that State Life had decided to purchase plots in cities where State Life does not have a plot or a building.</p> <p>57. The Board referred to its previous decision that further work on the above new projects be kept pending till better time, however, it noted that previously State Life undertook construction projects without lining up tenants and that dispute settlement procedure was not followed at the time of abandoning the projects. Feasibility was not prepared as to where the money would come from and what would be its expected pay back period.</p> <p>58. The Board inquired from GM(RE) if any amount could be salvaged from Rs.118 million already spent on the abandoned projects. It also instructed GM(RE) to hold back the money payable to the architect in respect of preparing the design for building at Mirpur(AK) as it was a condition that the architect would get the drawing approved by the Mirpur(AK) Development Authority.</p> <p>59. The Board also decided that an investment plan based on historic data be prepared in the light of expected returns on investment in Real Estate, Defence Saving Certificates, Regular Income Certificate of Deposit, equities, money market operations, TFCs etc. and after ensuring as to which investment with better management would give the best return.</p> <p>(x) <u>DOWNGRADING OF FAISLABAD (G&P) ZONE TO SECTOR OFFICE.</u> ED(G&P) MEMORANDUM DATED 27-02-1999.</p> <p>60. ED(G&P) informed the Board that Faisalabad and Multan Zones were established in the year 1996 at the time of restructuring of Group & Pension Division. However, during the year 1998, the management of the Corporation, keeping in view the economy and viability of the Zones, decided to downgrade Multan Zone as a Sector Office and to attach the same with Faisalabad Zone. As a result of this merger the premium income ratio of Multan Sector and Faisalabad Sector stood at 60.40. The expected increase in the business during the year 1998 has not been achieved and the Faisalabad Zone could only secure a total business of Rs.21 million as against the target of Rs.27 million out of which Rs.13 million belong to Multan Sector and 8 million is from Faisalabad Sector. The premium of Faisalabad Zone in 1997 was Rs.10 million. In the meeting held at Islamabad on 12-08-1998 which was presided over by Commerce Minister it was decided that if Faisalabad Zone could not double its business within three months it would be reemerged into Lahore Zone.</p> <p>61. The Board was further informed that the Zonal Organization at Faisalabad is costing about Rs.5 million annually, out of which about 50% can be saved provided the Zone is downgraded to a Sector Office and attached with Lahore Zone.</p> <p>62. In view of the fact state above, ED(G&P) proposed that Faisalabad Zone may be downgraded to a Sector Office and alongwith Multan Sector be attached with Lahore Zone as its Sector Offices with immediate effect.</p> <p>63. The Board resolved as under:</p> <p>RESOLVED</p> <p>"that in view of the fact stated above, Faisalabad Zone be and is hereby downgraded to a Sector Office and alongwith Multan Sector be attached with Lahore Zone as its Sector Offices with immediate effect."</p>	<p>CHAIRMAN'S INITIALS</p> 	

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(xi) QUALIFICATION/TECHNICAL ALLOWANCE TO COMPUTER PROFESSIONALS.

64. The Board in its 143rd meeting held on 19th December, 1998 had approved qualification allowance to Computer Professionals.

65. After discussions, the Board resolved as under:

RESOLVED

"that as proposed by ED(CD), the qualification/technical allowance approved by the Board in its 143rd meeting be and is hereby allowed to all Computer Professionals possessing the qualification mentioned in para 16(i) to 16(iv) of the minutes of the 143rd meeting irrespective of his place of posting, however, the officers/staff posted other than Computer Division would be required to work in the Computer Division as and when the management so desires and technical/qualification allowance of those officers/staff who refuse to be transferred to Computer Division will be withdrawn."

(xii) RECHECKING OF BUSINESS SUBMITTED UNDERWRITTEN IN DECEMBER 1996, 1997 AND 1998.

66. In order to curb writing of bad business in the month of December, the Board resolved as under:

RESOLVED

"that business submitted and underwritten in the month of December for the year 1996, 1997 and 1998 in each Zones be rechecked and a report in schedule form indicating Zone, name of underwriter, name of Field Worker and the nature of miss-statement/irregularities together with details of action taken be reported to the Board for consideration."

(xiii) STATE LIFE BUILDINGS - TENANCY - ISSUES AND RECOMMENDATIONS.

67. The Board reviewed the decisions taken in respect of above in its 143rd meeting and resolved as under:

RESOLVED

"that resolution given in para 21(i) and 21(ii) of the minutes of its 143rd meeting be amended to read as follows:

(i) "that the employees occupying residential accommodation in State Life properties be directed to pay either market rent or an amount equivalent to their house rent entitlement whichever was less and that the Chairman be and was hereby authorized to grant upto 25% concessions in market rent in exceptional cases."

(ii) "that the employees be directed to execute license agreement/allotment order prepared by the Corporation. In case any employee occupying residence in State Life Buildings refuses to sign license agreement and pay rent as mentioned in (i) above, disciplinary action be taken against him. An employee leaving the employment of the Corporation either on retirement or otherwise, will hand over the peaceful vacant possession of the premises within one month or within such extended period as may be allowed by ED(RE) or on his being asked by GM(RE) to vacate the same. The dues of the employees shall not be released unless the employee vacates the premises and pay all outstanding charges/rent."

Action:
ED(CD) ✓
ED(P&GS)


Action:
ED(PHS) ✓

Action:
GM(RE) ✓

Action:
ED(P&GS)

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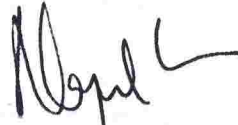
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<p>Action: GM(RE)</p> <p>Action: ED(P&GS)</p>	<p>(iii) "that since a number of officers have been transferred to Karachi and they need residential accommodation, the tenants of State Life who are occupying residential accommodation have been issued notices for vacating the premises in their possession as these premises are bonafidely required by State Life for use and occupation by its officers, as such ejection applications be filed on the aforesaid ground against those tenants who do not vacate the premises in their occupation within the stipulated period."</p> <p>(xiv) <u>TRANSFER OF OFFICERS WHO HAVE BEEN POSTED AT ONE STATION / DEPARTMENT FOR MORE THAN 20 YEARS.</u></p> <p>68. The Chairman informed the Board that a list of officers was prepared giving therein the date since when they were posted at their current station/department of posting. As a result of the exercise it was noted that many officers have been posted at the same station/department for years as such the management had decided to transfer those officers who have been at one station for more than 20 years which was appreciated and agreed to by the Board.</p> <p>69. The consideration of Item Nos. 18, 19, 20, 21(ii) to 21(v) and 22(i- ii, viii) was deferred by the Board until its next meeting.</p> <p>ITEM 18. <u>RATIONALIZATION OF SALARIES OF OVERSEAS OFFICERS/STAFF.</u> ED(P&GS) MEMORANDUM DATED 16-12-1998.</p> <p>ITEM 19. <u>PROMOTIONS ONLY TO THE EXTENT OF 50% OF CRITICAL VACANCIES.</u> ED(P&GS) MEMORANDUM DATED 09-02-1999.</p> <p>ITEM 20. <u>IMPLEMENTATION AND COMPLIANCE REPORTS ON 142ND, 143RD AND 144TH MEETING OF THE BOARD OF DIRECTORS HELD ON 28/29TH OCTOBER, 1998, 19TH DECEMBER, 1998 AND 22/23RD JANUARY, 1999.</u></p> <p>ITEM 21. <u>BUSINESS PROGRESS REPORTS WITH COMMENTARY SHOWING COMPARISON WITH LAST YEAR AND TARGET OF THE CURRENT YEAR.</u></p> <p>(ii) <u>GROUP & PENSION BUSINESS</u> ED(G&P) MEMORANDUM DATED 04-02-1999.</p> <p>(iii) <u>INTERNATIONAL BUSINESS</u> ED(INT'L) MEMORANDUM DATED 09-02-1999.</p> <p>(iv) <u>REAL ESTATE PROJECTS AND INCOME, EXPENSES ON SALARIES PAID TO THE OFFICERS AND STAFF OF R.E.D. TO BE SHOWN SEPARATELY.</u> GM(RE) MEMORANDUM DATED 12-02-1999.</p> <p>(v) <u>INVESTMENT INCOME.</u> ED(INV) MEMORANDUM DATED 30-12-1998.</p>			<p>CHAIRMAN'S INITIALS</p> 

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ITEM 22. ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

- (i) PITFALLS OF SELF - INSURANCE
ED(G&P) MEMORANDUM DATED 27-11-1998.
 - (ii) SELF SUBSCRIBED SCHEME
ED(G&P) MEMORANDUM DATED 10-12-1998.
 - (viii) REVIEW OF INVESTMENT PORTFOLIO.
ED(INV.) MEMORANDUM DATED 25-02-1999.
69. The meeting ended with vote of thanks to the Chair.


CHAIRMAN

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