

MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	11/12-9-1999	

CONFIDENTIAL AND RESTRICTED

MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

The one hundred and forty eighth (148th) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 11th and 12th September, 1999 at 10.00 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. Rasool Bakhsh Baloch | Executive Director |
| 4. Mr. Imtiaz Rasool | Executive Director |
| 5. Mr. Umair Khan | Executive Director |
| 6. Mr. Mohammad Latif | Executive Director |
| 7. Mr. J.M. Pereira | Executive Director |
| 8. Mr. Akbar Ali Hussain | Secretary Board |

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

3. The meeting was also attended by Mr. Akram Hussain, Incharge S&D, and Dr. Sayeed Ghani, Consultant/Divisional Head(CD), at the request of the Board.

ITEM 1. CONFIRMATION OF MINUTES OF 147TH MEETING OF THE BOARD OF DIRECTORS.

4. The minutes of 147th meeting of Board of Directors held on 11th & 12th September 1999 were placed before the Board. ED(Inv.) proposed and ED(P&GS) seconded that the same be confirmed.

5. Accordingly, it was resolved as under:

RESOLVED

(a) "that the minutes of 147th meeting of Board of Directors held on 11th and 12th September, 1999 be and were hereby confirmed with the following amendments:

(i) Resolution in Para 109 of item 42 of 147th meeting of the Board to now read as follows:

"that the request of Mr. Chippa M. Rafique for I,PR be and was hereby refused and he be duly compensated for the services he would render by granting him an addition of Rs.4000/- per month as a special allowance to his existing monthly emoluments w.e.f. 1-4-1999."

(ii) The word ED(S&D) be replaced with the word Incharge(S&D) in paras 84,85 and 88.

(iii) The name of the Area Manager, Mr. Javed Iqbal Nchas, in para 89 be read as Mr. Javed Iqbal Minhas.

Action: DGM(BS)

CHAIRMAN'S INITIALS

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MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
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	<p>(iv) "that resolution in para 89(I) of item 28 of 147th meeting to now read as follows: "that though none of the Area Managers as of 31-12-1998 met the laid down criteria for promotion, however, to motivate the Area Managers, the following outstanding Area Managers be and were hereby promoted as Assistant General Managers. The deficiencies mentioned against their names as per laid down criteria were waived/condoned by the Board on a one time basis with the condition that this would not be taken as a precedent for the future."</p> <p>Agenda Papers</p> <p>6. The Board of Directors had requested all the Executive Directors and the Divisional Heads to arrange for submission of agenda papers to the Board Secretariat at least three days before the meeting and that the agenda papers should be in future original print out for all the Directors and photocopies be avoided."</p> <p>ITEM (2) BUSINESS PROGRESS REPORTS WITH COMMENTARY SHOWING COMPARISON WITH LAST YEAR & TARGET OF THE CURRENT YEAR AS OF AUGUST 1999.</p> <p>(i) SALES & DEVELOPMENT (LIFE). ED(S&D) MEMORANDUM DATED SEPTEMBER 10, 1999</p> <p>(ii) GROUP & PENSION BUSINESS. ED(G&P) MEMORANDUM DATED SEPTEMBER 8, 1999.</p> <p>(iii) INTERNATIONAL BUSINESS. ED(INT'L) MEMORANDUM DATED SEPTEMBER 8, 1999.</p> <p>(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 SEPTEMBER 7, 1999.</p> <p>(v) INVESTMENT INCOME. ED(INV) MEMORANDUM DATED SEPTEMBER 8, 1999.</p> <p>7. Business Progress Reports of all the above operating divisions were presented before the Board for the period ended August 31, 1999. Individual Life showed a year to date increase of 2.58% whereas Group Life showed an increase of 2.94% over the corresponding period of last year. On year to date basis, the Corporation procured FYP of Rs.541.16 million as against Rs.527.53 million during the corresponding period of last year and as against proportionate target of Rs.752 million. All the regions excepting Multan region showed a positive trend ranging from 4% to 6% over last year whereas there was a decrease of 17% in the business of Multan region. G&P Division had shown a premium income of Rs.729 million as against Rs.708 million for the corresponding period of last year. Karachi Central Zone, Karachi Western Zone, Peshawar Zone, Hyderabad Zone had shown an increase whereas Lahore Zone, Rawalpindi Zone and direct P.O. had shown a decrease in business over last year. The Board appreciated the efforts of group life and individual life division and hoped that they would continue their hard work and improve upon the targets assigned to them for the year 1999.</p> <p>8. The over all trend in business in the International Division showed a decline in almost all areas except renewal premium collection and persistency. Renewal persistency was 64%. Shortage of manpower, lack of training and status of zones from legal point of view were given as the reasons for the unsatisfactory performance. FYP secured by UAE</p>			<p>CHAIRMAN'S INITIALS</p> <p>_____</p> <p>_____</p> <p>_____</p>

Action: All EDs/DHs

Action: ED(G&P)
Incharge(S&D)

CHAIRMAN'S INITIALS

MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
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was US\$ 0.4802 million (equivalent to Rs.24.850 million) which showed a decrease of 5% against the FYP secured in the same period of last year. The Second Year Persistency achieved till August 31, 1999 was 36%. FYP secured by Kuwait was US\$ 0.0502 million (equivalent to Rs.2.5980 million) which showed a decrease of 40% against the FYP secured in the same period of last year. The Second Year Persistency achieved till August 31, 1999 was 34%. FYP secured by Saudi Arabia was US\$ 0.7826 million (equivalent to Rs.40.502 million) which showed a decrease of 6% against the FYP secured in the same period of last year. The Second Year Persistency achieved till August 31, 1999 was 51%.

9. Steps like agreement with M/s. Warba Insurance Co. in Kuwait, induction of new manpower to supplement the existing field force in Kuwait and Saudi Arabia were expected to bring about a positive change in the coming months. These steps has enabled State Life to acquire a better legal status, and raise its sales activities through better supervision and motivation. ED(Int'l) further informed the Board of the procedure adopted for short-listing and selection of Sales Manager to be sent to Kuwait and Saudi Arabia to supplement the existing field force. Their performance and credibility were verified and authenticated by the Zonal Head before finalization of selection. The field force being sent to Kuwait and Saudi Arabia would pay for their ticket and other expenses and would be reporting administratively to the sponsor in Saudi Arabia as per agreement.

10. The Chairman informed the Board that deposit certificates of Dhs. 1,000,000 kept with Government of Dubai, Department of Economic Development by State Life as security was returned as it was no longer required because of increase in paid-up capital of State Life and the confidence of the UAE Government in its financial credibility.

11. After deliberation, the Board resolved as under:

RESOLVED

(i) "that ED(Int'l) be and was hereby authorized to arrange to secure better office premises in UAE."

Action: ED(Int'l)

(ii) "that ED(Int'l) be and was hereby requested to take all necessary steps to operate offices of State Life in UAE on a professional basis and arrange to send a trainer to impart training to the field force in State Life offices in UAE, Kuwait and Saudi Arabia."

Action: ED(Int'l)
ED(HRD)

(iii) "that ED(Int'l) be and was hereby requested to send a software engineer for computerization of the State Life offices in UAE, Kuwait and Saudi Arabia and installation of software and training of end-users to bring about efficiency in service to the policyholders and to meet the current needs of the development in information technology."

Action: ED(Int'l)
ED(CD)

(iv) "that Ministry of Commerce be informed about the names of Sales Managers who are being posted at State Life offices in Kuwait and Saudi Arabia to supplement the existing field force."

Action: ED(Int'l)


**ITEM (3) GOLDEN HANDSHAKE SCHEME.
ED(P&GS) MEMORANDUM DATED SEPTEMBER 10, 1999.**

12. In pursuance of decision taken under 138th meeting of Board of Directors held on 12.04.1998 at Karachi, a committee comprising of ED(B&A), GM(P&GS), GM(RED), GM(PHS) was constituted to work out the resizing/restructuring of State Life for determining the surplus officers/staff. The above committee proposed strength of officers and staff of individual life and G&P strength on Pakistan basis as under:


CHAIRMAN'S
INITIALS

[Signature]

MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT		ON		TIME
MINUTE BOOK	KARACHI		11/12-9-1999		
Cadre	Existing staff strength As on 31.12.1997	Proposed for the year 1998.	Surplus		
-----	-----	-----	-----		
Officers	1167 + 142 = 1309	1104 + 102 = 1206	63 + 40 = 103		
Grade 1 to 7	2411 + 226 = 3637	2548 + 153 = 2701	863 + 73 = 936		
Total	4578 + 368 = 4946	3652 + 255 = 3907	928 + 113 = 1041		
<p>13. ED(P&GS) further pointed out that Government of Pakistan vide DO letter No.35/2/97-RWIII dated 12.08.1997 issued by the Establishment Division, Islamabad and communicated by the Ministry of Commerce letter No.2(1)97 A.VIII dated 20.08.1997 had introduced Golden Hand Shake/Early Retirement Benefit Scheme for the Government and Public Sector Organizations including Autonomous/Semi-autonomous department on voluntary basis.</p> <p>14. State Life had also initiated work on the said scheme and a paper in this regard was prepared and submitted to the Board of Directors. However, the Board did not approve the same as it was felt that the Corporation had deviated from the guidelines provided by the Government. Later on, the scheme was deferred by the Government as per their letter No.291/97.A.VII dated 06.01.1998 Government of Pakistan Ministry of Commerce, Islamabad.</p> <p>15. ED(P&GS) further informed the Board that on the instructions of Ministry of Commerce, an exercise for determining the number of irregular appointments made in the Corporation during 1995 and 1996 by way of violation of the criteria of appointments was carried out and relevant data was sent to Ministry of Commerce. Ministry of Commerce had been asking the Corporation to provide additional data on the various patterns, which was being provided to the Ministry from time to time.</p> <p>16. The expenses of the Corporation continue to increase, on account of large number of staff and officers, as such it was proposed that the matter of Golden Hand Shake/Early Retirement Benefit scheme could be reactivated and immediately introduced in the Corporation on the same lines and pattern as was directed by the Government. The draft of scheme in the light of observation made by the Government nominee on the Board of Directors of State Life had been accordingly prepared for approval of the Board and for forwarding it to the Ministry of Commerce for obtaining their concurrence. In case the scheme was approved, the employees option once exercised in favor of Golden Hand Shake/Early Retirement benefit scheme could not be taken back. However, the Corporation would have sole discretionary power either to accept or reject the option of the employee due to exigencies of work and in the interest of the Corporation.</p> <p>17. After deliberation, it was resolved as under:</p> <p>RESOLVED</p> <p>(i) "that a Committee was constituted comprising of Divisional Heads of P&GS, B&A, PHS and Systems Divisions which would review and finalize the strength of the Corporation by identifying categories of surplus officers/staff and determine its financial impact."</p> <p>(ii) "that the committee should list out names of employees who have been recruited on the basis of bogus certificates and who are not qualifying the post advertized, however, professionals and qualified employees who have performed well even though they may be irregular appointees should be retained."</p>					
Action: ED(P&GS)					
Action: ED(P&GS)					
					<p>CHAIRMAN'S INITIALS</p> 

MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	KARACHI	11/12-9-1999		
<p>Action: ED(P&GS)</p>	<p>(iii) "that a Golden Hand Shake/Early Retirement scheme laid down by the Government for the Government Servants and for the employees of Public Sector Corporations/Autonomous/Semi-autonomous bodies on voluntary basis as under be and was hereby approved for employees of State Life who have opted for either pension or gratuity scheme after taking into consideration the comments of Mr. M. Amjad Virk, Joint Secretary, Ministry of Commerce, Islamabad, received by State Life vide Ministry of Commerce's U.O. Note No.PA/JS(F.T)/97, dated 30-10-1997."</p> <p><u>Golden Handshake for employees with service upto 10 years</u> Golden Handshake may be offered to the employee with service upto 10 years equivalent to 3 months basic salary for each completed year of service.</p> <p><u>Early Retirement Benefit</u></p> <p>a) <u>More than 10 years and upto 20 years of service</u> Early retirement benefits may be offered to the employees with more than 10 years and upto 20 years of service equivalent to the pensionary benefits as admissible to employees with 25 years of service including the commutation benefits.</p> <p>b) <u>More than 20 years and upto 25 years of service</u> The employees with more than 20 years and upto 25 years of service may be offered early pensionary benefits as admissible to employees with 30 years of service including the commutation benefits.</p> <p>c) More than 25 years of service may be offered maximum pensionary benefits including the commutation benefits.</p> <p>ITEM (4) <u>POSITION PAPER ON PROGRESS ON Y2K COMPLIANCE.</u> ED(CD) MEMORANDUM DATED SEPTEMBER 7, 1999.</p> <p>18. ED(CD) presented before the Board a position paper on progress on Y2K compliance which was noted by the Board. Dr. Sayeed Ghani, Consultant/Divisional Head(CD) informed the Board that the project had picked up considerable momentum and there were currently three teams of 7 to 8 people each working simultaneously on various aspects of the project. The main target was to have the first version of the software ready by October 31, 1999 after which there would be two parallel runs in November and December 1999 respectively leading to live run by December 15, 1999.</p> <p>19. The quality assurance and project and plan for phase-1 had been agreed whereby it would be ensured that by October 30, 1999 all Zones would have Y2K compliant programs installed and running which would involve resolving first level of problems detected by State Life, testing on Eastern Zone data, implementation at Southern Zone and final roll out to remaining computerized zone. Phase-2 would consists of M/s. CresSoft ensuring correctness of program logic and verification and comparing sample reports generated from common data in format given by State Life and its migration from ASCII to ORACLE data and complete data migration from VAX to the new ORACLE Server after which parallel run of the entire system would be carried out including resolution of any problems resulting therefrom. The complete system would be live from December 15, 1999 onwards.</p> <p>20. ED(CD) informed the Board that the Computer Division had developed a fall back plan to meet any exigencies that could arise.</p>			<p>CHAIRMAN'S INITIALS</p> <p></p>
Action: ED(CD)				
Action: ED(CD)				

MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	11/12-9-1999	
	<p>ITEM (5) <u>POSITION PAPER ON SELECTION AND APPOINTMENT OF CONSULTING FIRM FOR COMPUTERIZATION OF ALL FUNCTIONS OF STATE LIFE AND REPLACEMENT OF EXISTING HARDWARE.</u> ED(CD) MEMORANDUM DATED SEPTEMBER 10, 1999.</p> <p>21. Dr. Sayeed Ghani, Consultant/Divisional Head (CD), presented before the Board a paper on selection of firm for complete software development. He informed the Board that the criteria selected by him for assessment of the vendor was as follows:</p> <ul style="list-style-type: none"> a) Current understanding of the systems of State Life b) Local support and strength of presence in the software market c) Proposals submitted and d) Financial quotation <p>22. As regards (a) & (b) above M/s. CresSoft have a significant advantage as they were already involved since last 8 months in fixing of Y2K problem involving conversion of COBOL programs into ORACLE and were one of the largest software development company in Pakistan having a large presence in Karachi and Lahore. M/s. PRAL had demonstrated a better understanding of overall State Life activities and had submitted the proposals accordingly, whereas, as regards price quoted, M/s. CresSoft <u>was</u> by far the lowest amongst all the bidding firms.</p> <p>23. After deliberations, the Board deferred the above item to its next meeting with instruction to Divisional Head (CD) to re-examine the scope of work and analyze the various proposals in its light. The Board instructed Divisional Head(CD) to resubmit his recommendation for consideration of the Board at its next meeting after having ensured that the price quoted by each consulting firm had taken into account each and every item of work mentioned in TOR/scope of work, and that the solution offered was state of the art and not out dated and that price quoted was reasonable.</p> <p>ITEM (6) <u>POSITION PAPER ON STATUS OF WORK ON ADMINISTRATIVE AND FINANCIAL MANUAL.</u> ED(P&GS)/PRESENTATION BY M/S. A.F. FERGUSON AND CO. - DATED SEPTEMBER 10, 1999.</p> <p>24. ED(P&GS) presented before the Board a progress report on preparation of draft manual of delegation of financial powers by the consulting firm of M/s. A.F. Ferguson Associates which was noted by the Board.</p> <p>25. Mr. Munawarali H. Cassobhai of M/s. A.F. Ferguson Associates was invited by the Board to give a briefing on status of the work on preparation of the administrative and financial manual. The Board was informed that the work on the above manual was in progress and meetings were being held with the concerned officers of State Life and the final recommendation on administrative and financial manuals would be submitted to ED(P&GS)/ED(B&A) within a fortnight. The Board requested ED(P&GS) to circulate the recommendations received from the consultant to the all Executive Directors for their comments which should be communicated to the consultant for possible incorporation in the manual. The finalized manual should then be submitted to the Board at its next meeting for its approval and subsequent implementation.</p>		

Action: ED(CD)

Action: ED(P&GS)


CHAIRMAN'S INITIALS

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MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS MINUTE BOOK	HELD AT KARACHI	ON 11/12-9-1999	TIME	
	<p>ITEM (7) SELECTION OF FUND MANAGER/INVESTMENT ADVISOR. ED(INV.) MEMORANDUM DATED SEPTEMBER 10, 1999.</p> <p>26. Technical and financial proposals were called from various firms for appointment of Fund Manager/Investment Advisor for the Investment Division to re-structure State Life's Investment Portfolio. The Investment Advisor was also required to streamline the various functions of the Investment Division and for functional training of its employees on portfolio management and various functions related thereto. Investment in equities required proper analysis of the securities and active dealing in the market to improve return and to obtain capital gains for which the Investment Division of State Life was less than adequately equipped. Offers were, therefore, invited from the various Brokerage Houses asking them to submit their proposals to act either as consultant/Investment Advisor or as Fund Manager to gear up investment activities of State Life. The proposals were received from the following Brokerage House/Corporate members of Karachi Stock Exchange:</p> <ol style="list-style-type: none"> 1. M/s. Jahangir Siddiqui & Co. Ltd. 2. M/s. Westminster and Eastern Financial Services Ltd. 3. M/s. Credit Agricole Indosuez. 4. M/s. Jardine Fleming <p>27. Mr. M. Yasin Lakhani who does not have fund management/consultancy facilities did not submit the proposal.</p> <p>28. The Board at its 147th meeting held on July 26,27 & 28 ,1999 had requested ED(Inv) to analyze and carry out a thorough review of the proposals submitted by the various firms/brokerage houses and submit recommendations to the Board at its next meeting for consideration and necessary approval.</p> <p>29. ED(Inv) recommended appointment of M/s. Jahangir Siddiqui & Co. Ltd, and M/s. Jardine Fleming as Fund Manager on a trial basis for a limited period of three months in respect of a selected equity portfolio of about Rs.1 billion at market value as on the date of appointment comprising both of active and inactive equities, subject to clearance of Law Division of State Life with regard to requirement of Insurance Law and that there was no conflict of interest in the appointment of Fund Manager. The fee of the Fund Manager would be related to the additional return generated over and above the average return (capital gains plus dividends) generated by State Life's portfolio over the past three years in line proposed by M/s. Jardine Fleming. In case of non/under performance no fee would be payable, however, the Fund Manager would also undertake to indemnify State Life for any losses if it was established that such losses resulted through their negligence.</p> <p>30. The Board felt that there could be conflict of interest if a brokerage house were to manage funds for State Life, rather State Life should rely on its internal resources to manage its portfolio in the light of recommendation provided by professional investment Advisor/Consultant. The Investment Advisor/Consultant would be required to provide consultancy services in the initial phase of restructuring and modernizing of State Life's portfolio and thereafter only to evaluate its portfolio performance, commissioning of software, setting up of department. The Advisor would also identify and recommend key buy/sell points for existing and potential stocks for short-term and long-term portfolio and mark to market portfolio on a daily basis and its integration with the settlement system.</p>			<p>CHAIRMAN'S INITIALS</p> <p>_____</p> <p>_____</p> <p>_____</p>

MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	KARACHI	11/12-9-1999		
<p>Action: ED(Inv)</p> <p>Action: ED(Inv) ED(PHS)</p>	<p>31. After deliberation, it was resolved as under:</p> <p>RESOLVED</p> <p>(i) "that a Committee consisting of ED(Inv), ED(PHS) and ED(B&A) with Divisional Head (Investment) as member Secretary, be and was hereby constituted to finalize scope of work and analyze the proposals submitted by M/s. Jahangir Siddiqui & Co. Ltd, M/s. Jardine Fleming and M/s.W.I. Carr. The Committee was also hereby authorized to call quotations from other brokerage houses as well and select one of the firms as Investment Advisor/Consultant based on scope of work and evaluation of their technical and financial proposals regarding services to be provided and price quoted and negotiate, finalize and execute agreement."</p> <p>(ii) "that ED(Inv) & ED(PHS) be and were hereby authorized to implement advice of the Investment Advisor so appointed on a day to day basis to judge their performance."</p> <p>ITEM (8) APPROVAL OF AUDITED ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 1998 TOGETHER WITH AUDITORS REPORTS THEREON. ED(B&A) MEMORANDUM DATED SEPTEMBER 10, 1999.</p> <p>32. ED(B&A) presented before the Board, as required under Article 30 of the Life Insurance (Nationalization) Order, 1972, the 26th Annual Report on the operations of State Life Insurance Corporation of Pakistan along with audited Balance Sheet as at 31st December, 1998 and Revenue Account for the year ended 31st December, 1998, which were audited by a panel of auditors namely:</p> <ul style="list-style-type: none"> i) M/s. Khalid Majid Husain Rahman, Chartered Accountants, Karachi. ii) M/s. M. Yousuf Adil Saleem & Company, Chartered Accountants, Karachi. iii) M/s. S. M. Masood & Co., Chartered Accountants, Lahore. iv) M/s. S. P. Amjad & Company, Chartered Accountants, Lahore, <p>33. The said panel of auditors were appointed on the recommendations of the Board of Directors of the Corporation, pursuant to Article 28 of the Life Insurance (Nationalization) Order, 1972. The accounts of the Corporation at UAE were audited by M/s. KPMG., Chartered Accountants, Dubai, and UAE, who were also appointed by the Board of Directors of the Corporation.</p> <p>34. ED(B&A) presented before the Board the highlights of accounts for the year 1998 as follows:</p> <p>INCOME</p> <p>First Year Premium</p> <p>35. First year premium (including annuities/single premium) for Individual Life business decreased from Rs.1,489.6 million to Rs.1,306.1 million recording a decrease of 12.3% as against a decrease of 12.3% during the previous year, due to economic instability in the country.</p> <p>Renewal Premium</p> <p>36. Renewal Premium (2nd year plus 3rd year and above) for Individual Life business stood at Rs.4,413.1 million as compared to Rs.4,363.7 million during the corresponding period of last year, showing an increase of 1.1% as compared to a decrease of 7% during the last year.</p>			<p>CHAIRMAN'S INITIALS</p> 

MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	11/12-9-1999	
<p><u>Group Premium</u></p> <p>37. Group Premium Income reduced from Rs.1,412.9 million during 1997 to Rs.1,244.4 million during the current year recording a decrease of 11.9% as compared to an increase of 11.4% during the previous year.</p> <p><u>Investment Income</u></p> <p>38. Gross Investment Income including Capital Gains but excluding income from Real Estate increased from Rs.5,860.7 million during 1997 to Rs.6,802.9 million during the current year showing an increase of 16.1%. Investment (Admin.) expenses for the year 1998 were Rs.10.5 million as against Rs.6.7 million during 1997, enhanced by 56.7%. Provision for diminution in market value of investment increased from Rs.5.0 million to Rs.882.6 million. Net Investment Income during 1998 increased to Rs.5,909.8 million as compared to Rs.5,849.0 million in 1997 showing an increase of 1.0%, as compared to decrease of 1.0% in the previous year.</p> <p>39. The yield on average Life Fund in 1998 was 11.8% as against 13.0% in 1997.</p> <p><u>Real Estate Income</u></p> <p>40. Real Estate Income before deduction of expenses was Rs.280.4 million during the year under report as compared to Rs.248.4 million during the previous year recording an increase of 12.9% as compared to an increase of 6.9% during the previous year. Real Estate expenses during the year were Rs.194.2 million as against Rs.196.4 million during the last year, down by 1.1%.</p> <p><u>Miscellaneous Income</u></p> <p>41. Miscellaneous Income including other receipts stood at Rs.15.9 million in contrast to Rs.9.9 million during the previous year.</p> <p><u>Total Income</u></p> <p>42. The total income of the Corporation decreased from Rs.13,177.1 million during the year 1997 to Rs.12,975.5 million during the year under report, recording decrease of 1.5% as compared to decrease of 3.5% during the previous year.</p> <p><u>OUTGO</u></p> <p><u>Payments to Policyholders</u></p> <p>43. Total payments to policyholders increased from Rs.4,341.1 million to Rs.4,714.8 million during 1998, recording an increase of 8.6%.</p> <p>44. Details of payments to policyholders under major heads and the variance percentages are given below:</p> <p><u>Payment to Field Workers</u></p> <p>45. Payments to field workers decreased from Rs.1,599.1 million to Rs.1,381.2 million during the year under review recording a decrease of 13.6% which was mainly due to decrease in FYP.</p> <p><u>Total Outgo</u></p> <p>46. A comparative summary showing total outgo of the Corporation classified under three major categories are listed below: -</p>			

CHAIRMAN'S INITIALS



MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT		ON		TIME
MINUTE BOOK	KARACHI		11/12-9-1999		
(Rupees in Million)					
	1996	1997	% Change over 1996	1998	% Change over 1997
i) Payment to Policyholders	4,097.2	4,341.1	6.0	4,714.9	8.6
ii) Payment to Field Workers	1,814.8	1,599.1	(11.9)	1,381.2	(13.6)
iii) Administrative Expenses	1,443.4	1,536.4	6.4	2,354.4	53.2
ACCRETION TO LIFE FUND					
47. Gross accretion to Life Fund during the year under report was Rs.4,525.0 million as compared to Rs.5,700.5 million during the previous year, decreasing by 20.6% as against a decrease of 9.4% in the previous year. Reason for decrease in Life Fund was due to provision of Rs.61.3 million, Rs.747.1 million and Rs.882.6 million to meet shortfall in Gratuity, Pension as per 1996 valuation and for diminution in market value of investment respectively.					
OPERATION AT A GLANCE					
48. The performance of Individual Life, International Business, Group Life, Investment and Real Estate operations together with their contribution to the Life Fund, position of the life fund of the Corporation as a whole along with some significant ratios are enumerated below:					
(Rupees in Million)					
	1996	1997		1998	
a) INDIVIDUAL LIFE BUSINESS(Pakistan)					
i) Premium Income	6,250.9	5,657.6		5,513.5	
Less: Outgo (excluding policy payments)	3,075.6	2,914.0		3,511.2	
Contribution to Life Fund	3,175.3	2,743.6		2,002.3	
ii) Premium Income	6,250.9	5,657.6		5,513.5	
Less: Outgo (including policy payments)	5,889.0	5,879.7		6,992.3	
Contribution to Life Fund	361.9	(222.1)		(1,478.8)	
b) INTERNATIONAL BUSINESS(Individual Life)					
i) Premium Income	140.9	195.7		205.7	
Less: Outgo (excluding policy payments)	103.7	128.1		132.3	
Contribution to Life Fund	37.2	67.6		73.4	
ii) Premium Income	140.9	195.7		205.7	
Less: Outgo (including policy payments)	163.2	215.8		237.2	
Contribution to Life Fund	(22.3)	(20.1)		(31.5)	
c) GROUP LIFE BUSINESS:					
Premium Income	1,266.0	1,412.9		1,244.4	
Less: Outgo	1,303.2	1,381.1		1,220.9	
Contribution to Life Fund	(37.2)	31.8		23.5	

CHAIRMAN'S
INITIALS



MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON			TIME
MINUTE BOOK	KARACHI	11/12-9-1999			
		(Rupees in Million)			
		1996	1997	1998	
	LIFE FUND :				
	Total Income [a(i)+b(i)+c+d+e+f]	13,831.4	13,385.2	14,062.8	
	Less: Outgo (excluding Individual Life Policy Payments)	4,663.7	4,631.0	5,951.7	
	Total Accretion to Life Fund	9,167.7	8,753.6	8,111.1	
	Less : Individual Life Policy Payments (Pakistan + International Business)	2,872.9	3,053.1	3,586.1	
	Gross Accretion to Life Fund	6,294.8	5,700.5	4,525.0	
	Less: Appropriation during the year:				
	a) Govt. share of surplus	-	(206.2)	-	
	b) Provision for Income Tax	(51.7)	(66.2)	(75.3)	
	Life Fund at beginning of year	39,338.7	45,581.8	51,009.9	
	Life Fund at the end of year	45,581.8	51,009.9	55,459.6	
	% increase in Life Fund	15.9	11.9	8.7	
	h) YIELD ON AVERAGE LIFE FUND	15.2	13.0	11.8	
	i) Renewal Expense Ratio:				
	a) Excluding provision for gratuity & pension	35.0	38.9	38.0	
	b) Including provision for gratuity & pension			56.3	
				(Rupees in Million)	
		1996	1997	1998	
	ii) % of Total Management Expenses to Premium Income:				
	a) Excluding provision for gratuity & pension	42.5	43.2	42.0	
	b) Including provision for gratuity & pension			53.6	
	iii) % of Total Management Expenses to total income:				
	a) Excluding provision for gratuity & pension	23.9	23.8	21.1	
	b) Including provision for gratuity & pension			28.8	
	iv) % of Total Outgo to total Income:				
	a) Excluding provision for gratuity & pension	53.9	56.6	55.2	
	b) Including provision for gratuity & pension			65.1	
	v) % of Group Life Management Expenses to Group Premium Income	6.2	6.6	6.9	
	49. ED(B&A) requested the Board to consider and approve the Revenue Account, Profit and Loss Account and Profit & Loss Appropriation Account for the year ended 31st December 1998 and the Balance Sheet as at 31st December 1998 along with the Auditors Report and the notes thereon.				

CHAIRMAN'S INITIALS

MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	11/12-9-1999	
	<p>50. After deliberation, it was resolved as under:</p> <p>RESOLVED</p> <p>(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 were hereby approved and that the audited accounts would be signed by the Chairman, Executive Director(B&A), Executive Director(PHIS) and DGM(B&A).</p> <p>(ii) "that ED(B&A) was requested to discuss and resolve the various issues that were raised with respect to qualification to the accounts and notes to the accounts and have the said notes amended accordingly."</p> <p>(iii) "that Zone-wise details of surrenders be prepared giving break up of auto-surrenders and cash surrenders, date of issue of the policy and name of SR, SO, SM, Area Manager and Manager S&D(Dev.) who were promoted on the basis of above policies."</p> <p>(iv) "that with effect from 1-1-2000, minimum qualification of field force to be recruited would be Intermediate with no powers of condonation/relaxation to any level of management including Regional Chief and Zonal Head and the same be incorporated in the revised contract with the field force."</p> <p>(v) "that existing field force be encouraged and motivated to improve their qualification to at least Intermediate level and the same be incorporated in the revised contract with the field force."</p> <p>(v) "that a break down be given of income from various heads of Government Securities."</p> <p>(vi) "that cash flow be made part of the audited accounts."</p> <p>(vii) "that the accounts for the year 1999 be got audited and approved by the Board by 31st May, 2000 and a list of schedules required from Computer Division together with dates be submitted by ED(B&A) to ED(CD)."</p> <p>(viii) "that Law Division should take all necessary steps to oppose cases going to the Supreme Court by contesting leave to appeal."</p> <p>(ix) "that B&A/Investment Division should minimize time lag in transfer of money/encashment of security to avoid overdraft."</p> <p>(x) "that B&A/Investment Division prepare and submit to the Ministry of Commerce a break down of outstanding tax refund and double taxation on Special Government Bonds."</p> <p>(xi) "that auditors be invited to the next meeting of the Board of Directors for discussions on qualification to the auditor's report and notes to the accounts."</p> <p>ITEM (9) <u>APPOINTMENT OF ADMINISTRATOR - STATE LIFE INSURANCE CORPORATION EMPLOYEES' CONTRIBUTORY PROVIDENT FUND.</u> ED(B&A) MEMORANDUM DATED AUGUST 23, 1999.</p>		<p>CHAIRMAN'S INITIALS</p> <p><i>[Handwritten Signature]</i></p>
	<p>51. ED(B&A) proposed that Mr. Aslam Sabir, DGM(PHIS), be appointed as</p>		


MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	11/12-9-1999	
	<p>Administrator of State Life Insurance Corporation Employees' Contributory Provident Fund in place Mr. A.Q. Raashid, GM(P&GS), who has retired from the services of the Corporation on 4th June 1999. The Board approved the above proposal and resolved as under:</p> <p><u>RESOLVED</u> "that Mr. Aslam Sabir, DGM(PHS), be and was hereby appointed as Administrator of State Life Insurance Corporation Employees' Contributory Provident Fund in place Mr. A.Q. Raashid, GM(P&GS) who has retired from the services of the Corporation on 4th June 1999.</p> <p>ITEM (10) <u>APPOINTMENT OF TRUSTEE STATE LIFE INSURANCE CORPORATION OF PAKISTAN EMPLOYEES' PENSION FUND.</u> <u>ED(B&A) MEMORANDUM DATED AUGUST 23, 1999.</u></p> <p>52. ED(B&A) proposed that Mr. Aslam Sabir, DGM(PHS), be appointed as Administrator of State Life Insurance Corporation of Pakistan Employees' Pension Fund in place Mr. A.Q. Raashid, GM(P&GS), who has retired from the services of the Corporation on 4th June 1999. The Board approved the above proposal and resolved as under:</p> <p><u>RESOLVED</u> "that Mr. Aslam Sabir, DGM(PHS), be and was hereby appointed as Administrator of State Life Insurance Corporation Employees' Contributory Provident Fund in place Mr. A.Q. Raashid, GM(P&GS), who has retired from the services of the Corporation on 4th June 1999.</p> <p>ITEM (11) <u>RECOVERY OF EXCESS COST FROM THE AREA MANAGERS.</u> <u>GM/INCHARGE(S&D) MEMORANDUM DATED 16-8-1999.</u></p> <p>53. Mr. Akram Hussain, Incharge(S&D), presented before the Board a proposal for recovery of excess cost from the Area Managers which had accumulated as of 31-12-1998 to Rs.70 million. It was recommended that a sum of Rs.24,000/- per annum be recovered in equal installments of Rs.2000/- per month from the Area Managers against their outstanding balances during the years 1996, 1997 and 1998 which would result in recovery of approximately 50% of the total accumulated amount, and the balance 50% be written off. The Board decided to defer the consideration of the above matter to its next meeting and decided to constitute a Committee comprising of ED(B&A), ED(INV) and Incharge(S&D) who would go through the existing agreement with the field force in respect of recovery of excess cost and submit their recommendation whereby the entire outstanding of Rs.70 million would be recovered without hardship to the field workers. The field workers should be explained of the opportunity cost lost by State Life over the period of outstanding excess cost. The Committee was requested to also come with a recommendation for the future so that such accumulation do not take place.</p> <p>ITEM (12) <u>POSITION PAPER ON CURRENT STATUS OF PROMOTION EXERCISE UPTO GENERAL MANAGER.</u> <u>ED(P&GS) MEMORANDUM DATED SEPTEMBER 10, 1999.</u></p> <p>54. The Board at its 147th meeting held on July 26, 27 & 28, 1999 had ratified the revised promotion criteria for officers which required that last 10 years ACRs would form the basis for promotion. ED(P&GS) informed that in most of the cases 10 years ACRs</p>		

Action: ED(B&A)

Action: ED(B&A)


Action: ED(INV)/
ED(B&A)

CHAIRMAN'S
INITIALS


MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	KARACHI	11/12-9-1999		
	<p>were not available on record though the incumbents were otherwise eligible for promotion as per laid down criteria approved by the Board as such it was recommended that the condition of ACRs be relaxed on one time basis and promotions be carried out on the basis of last 3 years ACRs provided the incumbent fell within 50% of overall seniority of his grade/cadre. ED(P&GS) also recommended that for the current promotion exercise, the ACRS for last 3 years received from different Divisions/Zones without countersigning be treated as final because countersigning officers have either retired from State Life service or have been transferred to other Divisions/Corporation of the Government. It was therefore difficult to contact them due to paucity of time as such the ACRs which were not countersigned would be got countersigned from the relevant officer after the promotion exercise.</p> <p>55. After deliberation, it was resolved as under:</p> <p>RESOLVED</p> <p>(i) "that a Committee be and was hereby constituted comprising of Divisional Heads of P&GS, B&A, PHS and Systems Divisions which would review and finalize in two weeks the strength of the Corporation by identifying categories of surplus officers/staff and determine its financial impact."</p> <p>Action: ED(P&GS)</p> <p>(ii) "that since 10 years ACRs were not available on record though the incumbents were otherwise eligible for promotion as per laid down criteria approved by the Board, the condition of ACRs be relaxed on one time basis and promotions be carried out on the basis of last 3 years ACRs provided the incumbent fell within 50% of overall seniority of his grade/cadre and there was no case of financial irregularity, defalcation and pending disciplinary proceeding/inquiries."</p> <p>Action: ED(P&GS)</p> <p>(iii) " that for the current promotion exercise, the ACRS for last 3 years received from different Divisions/Zones without countersigning be treated as final because countersigning officers have either retired from State Life service or have been transferred to other Division/Corporations of the Government and it was difficult to contact them due to paucity of time, however, such ACRs would be got countersigned from the relevant officers after the promotion exercise. In the above cases, Divisional Head (P&GS) should certify that the countersigning officers could not be contacted in spite of best efforts of the P&GS Division.."</p> <p>ITEM (13) APPROVAL OF STIPEND FOR FIELD FORCE IN KUWAIT. ED(INT'L) MEMORANDUM DATED SEPTEMBER 10, 1999.</p> <p>56. ED(Int'l) presented before the Board that Kuwait provides opportunities of much greater business as compared to the results achieved currently. The opportunities have further increased as a result of representative agreement entered into with M/s. WARBA Insurance Company, SAK, Kuwait, on August 10, 1999 whereby State Life would be able to operate without any conflict with the local laws. It had therefore been decided that the existing field force be strengthened by sending Sales Managers from Pakistan who had been selected after verification of their performance and clearance of their antecedents by the concerned Zonal Heads. The Sales Managers being sent to Kuwait would be remunerated on a commission basis based on their performance. In order to motivate them and enable them to overcome the financial hardship that they would face in an initial stages in a foreign land and an unknown market, incentive would have to be given to them. To mitigate the above problems, ED(Int'l) recommended that the stipend</p>			<p>CHAIRMAN'S INITIALS</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>

MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	KARACHI	11/12-9-1999		
<p>Action: ED(Int'l)</p>	<p>scheme which presently exists in Saudi Arabia be adopted with certain modification for field workers selected for Kuwait. The suggested stipend would be US\$ 500 for the first three months, which would subsequently be reduced to US\$ 400, US\$ 300 and US\$ 250 for the next fourth, fifth and sixth month respectively. This stipend would be inclusive of living allowance of US\$ 130 per month.</p> <p>57. After deliberations, it was resolved as under:</p> <p>RESOLVED</p> <p>"that recommended stipend of US\$ 500 for the first three months to be subsequently reduced to US\$ 400, US\$ 300 and US\$ 250 for the fourth, fifth and sixth month respectively be and was hereby approved subject to advice of Law Division of State Life as to whether it was permissible under the Insurance Act 1938 and under the Kuwaiti Laws and whether any Government approval was required for its implementation. If permissible, then a letter should be written to the concerned Ministry for its approval before disbursement. The above stipend would be inclusive of living allowance of US\$ 130 per month."</p> <p>ITEM (14) LEAVE PREPARATORY TO RETIREMENT. ED(P&GS) MEMORANDUM DATED SEPTEMBER 10, 1999.</p> <p>58. ED(P&GS) presented before the Board a proposal that the amendments made by the Board at its 136th meeting held on December 4, 1997 in the revised leave rule for officers prevalent since 1-1-1989 whereby LPR was made compulsory and the option allowed to officers under rule 17(1) thereof to encash his leave preparatory to retirement not exceeding 180 days subject to availability of leave to his credit was withdrawn, may be reviewed and previous rule may be restored. This would ensure smooth working of the Corporation which is already facing the problem of finding capable and competent officers to substitute the senior retiring officers. The Board desired that P&GS Division should prepare a list of officers who would be retiring during the year in advance and in consultation with the concerned Executive Director and Divisional Head take a decision as to which officer is to be refused LPR.</p> <p>59. After deliberation, it was resolved as under:</p> <p>RESOLVED</p> <p>"that the decision taken by the Board at its 136th meeting held on December 4, 1997 making LPR compulsory be maintained and that P&GS Division should prepare a list of officers who would be retiring during the year in advance and in consultation with the concerned Executive Director and Divisional Head take a decision as to which officer was to be refused LPR. The management would have the right to refuse LPR asked for by the officers. In cases where LPR was refused, the officer would be entitled to encashment of leave accumulated to his credit subject to a maximum of 180 days. This decision would be effective from 1-9-1999."</p> <p>ITEM (15) ISO 9000 PROJECT. ED(SYS) MEMORANDUM DATED SEPTEMBER 10, 1999.</p> <p>60. ED(SYS) presented before the Board a position note regarding progress on the work for ISO-9000 certification which was noted by the Board. The Board instructed to all concerned should extend fullest cooperation to System Division for timely completion of the task.</p>			<p>CHAIRMAN'S INITIALS</p> 
<p>Action: ED(Sys)</p>				

MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	11/12-9-1999	
	<p>ITEM (16) <u>PROVISION OF AIRCONDITIONER/REFRIGERATOR/CAR TO DIRECTORS ON THE BOARD</u></p> <p>61. ED(P&GS) informed the Board that as part of the Executive Directors/Chairman's package, it had approved that the Directors be provided with a split Air-conditioner and a Refrigerator and the Chairman be provided with two split Air-conditioners and a Refrigerator, however, the Government nominee Director was not provided with the same.</p> <p>62. Board having deliberated on the said information resolved as under:</p> <p>RESOLVED</p> <p>"that all Directors including the Government nominee Director be provided with the said facility of split Air-conditioner and a Refrigerator whereas the Chairman would be provided with two split Air-conditioners and a Refrigerator. The said items so provided to the Directors and Chairman respectively, in keeping with the prevalent Corporate practice would be retained by the Chairman/Directors and written off in the books of accounts on their leaving the Corporation either by transfer and on retirement. Furthermore, the part time Directors who had not been provided an official car would be provided with the same as and when required for official purpose."</p> <p>ITEM (16) <u>ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.</u></p> <p>(i) <u>RATIFICATION OF APPROVAL OF PROVISION TO MEET DEFICIT IN PENSION FUND THROUGH CIRCULATION BY THE BOARD ON 9-9-1999.</u> ED(B&A) MEMORANDUM DATED SEPTEMBER 9, 1999.</p> <p>63. The Secretary Board presented before the Board for ratification, the memorandum of ED(B&A) approved by the Board through circulation on 10-9-1999 regarding provision in the accounts for the year 1998 of Rs.747.064 million to meet deficit in Pension Fund. Mr. Samee-ul-Hasan, Consulting Actuary, vide his letter dated September 9, 1999 had also given his opinion to make special contribution for the full amount of short-fall in Pension Fund, as allowed by the Income Tax Department vide letter dated August 12, 1998.</p> <p>64. Accordingly, it was resolved as under:</p> <p>RESOLVED</p> <p>"that the proposal of ED(B&A) regarding provision in the accounts for the year 1998 of Rs.747.064 million to meet deficit in Pension Fund so as to avoid qualification in the audit report and to comply with the instructions of Finance Division approved by the Board through circulation on 10-9-1999 be and was hereby ratified."</p> <p>(ii) <u>RATIFICATION OF APPROVAL OF PROVISION TO MEET DEFICIT IN GRATUITY FUND THROUGH CIRCULATION BY THE BOARD ON 9-9-1999.</u> ED(B&A) MEMORANDUM DATED SEPTEMBER 9, 1999.</p> <p>65. The Secretary Board presented before the Board for ratification, the</p>		


Action: ED(P&GS)

Action: ED(B&A)

CHAIRMAN'S INITIALS



MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	KARACHI	11/12-9-1999		
<p>Action: ED(B&A)</p>	<p>memorandum of ED(B&A) approved by the Board through circulation on 10-9-1999 regarding provision in the accounts for the year 1998 of Rs.61.272 million to meet deficit in Gratuity Fund. Mr. Samee-ul-Hasan, Consulting Actuary, with some reservation about taxation, had also given his opinion to make provision for the amount of short-fall in gratuity liability vide his letter dated September 9, 1999.</p> <p>66. Accordingly, it was resolved as under:</p> <p>RESOLVED</p> <p>“that the proposal of ED(B&A) regarding provision in the accounts for the year 1998 of Rs.61.272 million to meet deficit in Gratuity Fund so as to avoid qualification in the audit report and to comply with the instructions of Finance Division approved by the Board through circulation on 9-9-1999 be and was hereby ratified.”</p> <p>(iii) <u>UTILIZATION OF THE SERVICES OF DR. SYED AKBER YAZDANI IN THE PAKISTAN 2010 CHAMPIONS OF REFORM NETWORK.</u> ED(P&GS) MEMORANDUM DATED SEPTEMBER 10, 1999.</p> <p>67. ED(P&GS) informed the Board that a request had been received from Chief Pakistan 2010 for loaning of services of Dr. Syed Akber Yazdani, Deputy Manager (NB), Department Karachi Southern Zone to the Pakistan 2010 champions of reform network for a period of one year while staying on the payroll of State Life. State Life had also referred the matter to the Ministry of Commerce for guidance which advised through its letter No.2(14)99-Ins.I dated 31.07.1999 that the issue may be examined in the light of section 29 of State Life Employees (Service) Regulation 1973 and the decision conveyed to concerned quarter under intimation to the Ministry.</p> <p>68. After deliberations, it was resolved as under:</p> <p>RESOLVED</p> <p>“that since the services of Dr. Syed Akber Yazdani, Deputy Manager (NB), Department Karachi Southern Zone were required essentially by the Corporation for underwriting purpose, the Corporation could not spare Mr. Yazdani for a period of one year, therefore, the request of loaning his services to Pakistan 2010 Champions of Reform Network be and was hereby refused.”</p> <p>(iv) <u>STATE LIFE BUDGET - 2000</u></p> <p>69. The Board desired that the budget for the year 2000 be prepared and submitted by ED(B&A) to the Board for approval at its meeting to be held in the first week of December 1999. All necessary help and assistance to meet the target date be extended to the B&A Division by Computer Division.</p> <p>(v) <u>REVISION IN PAY AND ALLOWANCES OF OFFICERS OF STATE LIFE INSURANCE CORPORATION OF PAKISTAN.</u></p> <p>70. ED(P&GS) informed that the Board at its 140th meeting held on August 20, 1998 had recommended the revision of pay scale of the various grade of officers as follows:</p>			<p>CHAIRMAN'S INITIALS</p> 

MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	11/12-9-1999	

Designation	Rate of Increase
Executive Officer	35%
Assistant Manager	26.3%
Deputy Manager	26.3%
Manager	26.3%
Assistant General Manager	17.5%
Deputy General Manager	17.5%
General Manager	17.5%

71. The above increase was subject to the following:

1. The effective date would be 1.1.1998.
2. Upon implementation of the new pay scales, 7% adhoc relief would no longer be payable.
3. With effect from 1.1.1998, the adhoc increase of Rs.20.2 million/year in perquisites and fringe benefits would seize and be recovered against the increase.
4. In future all increases as allowed to lower grade staff under the C.B.A. agreement should also be allowed to officers at the same time in promotion to be decided by the Board.

72. In pursuance of the above mentioned Board's decisions, the management wrote a letter to the Ministry of Commerce seeking its approval of recommendation of the Board, mentioning therein that the net financial impact after adjustment of 7% adhoc relief and perks worth Rs.20.2 million per annum with over all increase of 12.56%, was Rs.34.03 million per annum. The Ministry of Commerce conveyed their approval accordingly vide their letter dated 3.7.1999.

73. The Board was informed that the net take home ratio of increase in pay and allowances per month (before tax) of officers in grades of AGM to GM ranges between 1.18% to 1.62% as compared to increase of officers in grades from EO to Manager which was between 6% to 9.98%, as a result the officers have been disappointed and demotivated.

74. After deliberations, the Board resolved as under:

RESOLVED

"that since adjustment of 7% adhoc relief and perks allowed by the Board of Directors at its 137th meeting held on February 5, 1998 against increase recommended by the Board at its 140th meeting held on August 20, 1998 and approved by the Ministry of Commerce had resulted in a minimal increase in the salary of officers of the rank of GM, DGM and AGM as compared to Manager, Dy. Manager, Asstt. Manager and EO, it was hereby recommended for the sake of equity, that, the percentage increase in the pay scales for all the officers w.e.f. 1-1-1998 be made uniform @ 35% and a letter be written to the Ministry of Commerce for approval of the revised recommended pay scale."

Action: FD(P&CS)

CHAIRMAN'S INITIALS

[Handwritten Signature]

MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME								
MINUTE BOOK	KARACHI	11/12-9-1999									
	<p>(vi) <u>WOODEN PARTITIONING WORK FOR STATE LIFE BUILDING AT FAISALABAD.</u> GM(RE) MEMORANDUM DATED SEPTEMBER 3, 1999.</p> <p>75. GM(RE) presented before the Board that Faisalabad Zone was to be shifted in the new building which was nearing completion and internal partitioning work was required for zonal offices. Tenders had been invited for the partitioning work and the position of tenders in order of merit was as under:</p> <table border="0"> <tr> <td>1. M/s. Karimi Construction Company</td> <td>Rs.15,21,585.00</td> </tr> <tr> <td>2. M/s. Wood Link Furnishing</td> <td>Rs.16,95,220.00</td> </tr> <tr> <td>3. M/s. Wood Craft Industries</td> <td>Rs.18,16,700.00</td> </tr> <tr> <td>4. M/s. Ceaser & Company</td> <td>Rs.22,47,456.00</td> </tr> </table> <p>76. GM(RE) confirmed that the above offers were technically in order, covered the required work as per laid down specification and the price quoted was reasonable keeping in view the quantum of work. GM(RE) informed the Board that as per B&A Division's interpretation, under Clause-1.1 of Delegation of Financial Powers for Real Estate, partitioning work in the newly constructed Faisalabad and Gujrat buildings fall in the category of investment in Real Estate and as such requires approval of the EC/Board depending upon the quantum of investment. The Committee formed by the Chairman consisting of ED(G&P), ED(B&A), GM(RE) and AGM(B&A) recommended to the Board, that the contract for the partitioning work at Faisalabad be awarded to M/s. Karimi Construction Company for Rs.15,21,585. The Committee also recommended that to ensure and safeguard Corporation's interest, the contractor should deposit 10% of the contract amount (equivalent to the maximum amount of liquidated damages) in cash with State Life as security against any delay or default in which case the deposit would be forfeited. The Committee had asked M/s. Karimi Construction Company for a Bank Guarantee of 10% of the contract amount (equivalent to the maximum amount of liquidated damages), however, the contractor had expressed his inability to provide the Bank Guarantee.</p> <p>77. GM(RE) further informed that Gujrat Zone would be shifted to State Life Building at Gujrat which was nearing completion and partitioning work would have to be carried out for the Zonal offices. The estimated cost of the above work based on standard specification and drawings would be in the range of Rs.1.8 million. GM(RE) requested the Board to also give approval for calling of tenders as per laid down rules and practices of State Life and to give authority to award work to the firm whose quotation would be lowest and technically in order as per the required work and laid down specification.</p> <p>78. After deliberations, it was resolved as under:</p> <p>RESOLVED</p> <p>(i) "that the award of contract for the partitioning work at Faisalabad to M/s. Karimi Construction Company for Rs.15,21,585 be and was hereby approved subject to the condition that to ensure and safeguard Corporation's interest, the contractor should deposit 10% of the contract amount (equivalent to the maximum amount of liquidated damages) in cash with State Life as security against any delay or default in which case the deposit would be forfeited."</p>			1. M/s. Karimi Construction Company	Rs.15,21,585.00	2. M/s. Wood Link Furnishing	Rs.16,95,220.00	3. M/s. Wood Craft Industries	Rs.18,16,700.00	4. M/s. Ceaser & Company	Rs.22,47,456.00
1. M/s. Karimi Construction Company	Rs.15,21,585.00										
2. M/s. Wood Link Furnishing	Rs.16,95,220.00										
3. M/s. Wood Craft Industries	Rs.18,16,700.00										
4. M/s. Ceaser & Company	Rs.22,47,456.00										

Action: GM(RE)

CHAIRMAN'S INITIALS

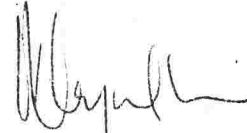
MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
E BOOK	KARACHI	11/12-9-1999	

Action: ED(G&P)
GM(RE)

(ii) "that ED(G&P) and GM(RE) be and were hereby authorized to call tenders for award of contract for the partitioning work at Gujrat and to award work to the firm whose quotation would be lowest and technically in order as per the required work and laid down specification. The award of work would be subject to the condition that to ensure and safeguard Corporation's interest, the contractor should deposit 10% of the contract amount (equivalent to the maximum amount of liquidated damages) in cash with State Life as security against any delay or default in which case the deposit would be forfeited."

79. The meeting ended with vote of thanks to the Chair.


CHAIRMAN

CHAIRMAN'S
INITIALS

