

MINUTES OF 149TH MEETING OF THE BOARD OF DIRECTORS

IR ORS	HELD AT	ON	TIME
E BOOK	KARACHI	15-11-1999	

CONFIDENTIAL AND RESTRICTED

MINUTES OF 149TH MEETING OF THE BOARD OF DIRECTORS

The one hundred and forty ninth (149th) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 15th November, 1999 at 1.30 p.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. J.M. Pereira | Executive Director |
| 7. Mr. Akbar Ali Hussain | Secretary Board |

Mr. Mohammad Latif, ED(B&A) who was on leave did not attend the meeting and was granted leave on absence.

2. The meeting was also attended by Mr. Akram Hussain, Incharge S&D, at the request of the Board.

3. The meeting commenced with recitation of verses from the Glorious Quran by Mr. Akram Hussain.

ITEM 1. CONFIRMATION OF MINUTES OF 148TH MEETING OF THE BOARD OF DIRECTORS.

4. The minutes of 148th 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 148th meeting of Board of Directors held on 11th and 12th September, 1999 be and were hereby confirmed with the following amendments:"

Action: DGM(BS)

Resolution in para 52 of item 10 of 148th meeting of the Board to read as follows:

"that Mr. Aslam Sabir, DGM(PIIS), be and was hereby appointed as Administrator of State Life Insurance Corporation 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."

Resolution in para 78 of item 16(v) of 148th meeting of the Board to read as follows.

(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 GM(RI) should confirm that the offer was technically in order and covers the required work as per laid down specification and that price-wise the quotation was reasonable keeping in view the quantum of work.

Action: GM(RI)

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Action: GM(RE)

(a) 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.

Action: 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."

ITEM (2) RATIFICATION OF 255TH MEETING OF THE EXECUTIVE COMMITTEE HELD ON 22ND OCTOBER, 1999.

6. The minutes of 255th meeting of the Executive Committee held on 22nd October, 1999 were placed before the Board for ratification.

7. Accordingly, it was resolved as under:

RESOLVED

(i) "that the decisions taken in the 255th meeting of the Executive Committee held on 22nd October, 1999 be and were hereby ratified."

(ii) "that AGM(Law) be and was hereby requested to send a brief of cases filed against Mr. S.Z.H. Jafri and Mr. Muhammad Latif, Executive Directors, representing State Life on the Board of M/s. Metropolitan Steel Corporation and M/s. Suraj Ghee Industries respectively."

ITEM (3) RATIFICATION OF APPROVAL OF ACTUARIAL VALUATION AND RECOMMENDATION OF BONUS TO POLICYHOLDERS BY THE BOARD THROUGH CIRCULATION ON 30-9-1999 ED(ACT.) MEMORANDUM DATED 30-9-1999.

8. Secretary Board presented before the Board for ratification the memorandum of ED(Act.) regarding actuarial valuation and recommendation of bonus to policyholders approved by the Board through circulation on 30th September, 1999. The increase in the bonus rate was due to fall in the number of policies in force on 31-12-1998 as compared to 31-12-1996.

9. Accordingly, it was resolved as under:

RESOLVED

"that the memorandum of ED(Act.) regarding actuarial valuation and recommendation of bonus to policyholders approved by the Board through circulation on 30th September, 1999 be and was hereby ratified."

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Action: DGM(BS)

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**ITEM (4) APPROVAL OF ADMINISTRATIVE MANUAL
ED(P&GS) MEMORANDUM DATED NOVEMBER 12, 1999.**

10. ED(P&GS) presented before the Board Manual of Delegation of Administrative Powers compiled by M/s. Ferguson Associates Pvt. Ltd. which was based on relevant laws, rules, regulations, instructions, and other documents identified by the State Life Management containing reference to Administrative Power. The following laws, rules and regulations formed the basis for preparation of the Manual.

- (a) Insurance Act, 1938.
- (b) Insurance Rules, 1958.
- (c) Life Insurance (Nationalization) Order 1972.
- (d) Life Insurance (Nationalization) Rules 1972.
- (e) SLIC Insurance (General) Regulations 1972.
- (f) SLIC Employees (Service) Regulations 1973.
- (g) SLIC Employees (Medical) Regulations, 1973, Circulars and Instructions upto Dec., 31, 1988
- (h) SLIC Revised Leave Rules for Officers - January 1, 1989.
- (i) SLIC Revised Leave Rules for Staff - March 17, 1984.
- (j) State Life Employees (Pension) Regulations, 1986.
- (k) State Life Pension and Gratuity Rules.
- (l) SLIC Employees Contributory Provident Fund Regulations, 1975.
- (m) Power(s) of attorney/sub power of attorney given to Chairman and Executive Directors by the Board of Directors.
- (n) Minutes of the meeting of the Executive Committee and Board of Directors.

11. The manual consisted of :

- (i) The introduction in which the following topics had been discussed :
 - (a) Preambles (b) Objectives of Manual (c) Scope (d) Clarifications
 - (e) Upgrading the lists of the Manual Holders.

(ii) Over all policies with respect to the Delegation of Administrative Powers.

(iii) Various schedules of Delegation of Administrative Powers. These schedules contain suggestions by the consultant in connection with the Delegation of Powers to the various levels of officers at Principal Office and all the Zonal levels.

12. The power of the Chairman and Executive Directors incorporated in the power of attorney otherwise, have also been included in the Manual of the delegation of administrative powers. In case a question arises as to whether or not the powers exercised by the Chairman or Executive Directors were in accordance with the rules, the AGM(Law) and/or Secretary Board of Directors, would be competent to issue the necessary certificate to this effect.

13. Accordingly, it was resolved as under:

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Action: ED(B&A)

(iii) "that ED(B&A) be and was hereby requested to update guidelines for delegation of financial powers in line with the recommendation of approved chart/manual within one week."

ITEM (6) APPROVAL OF INTERNAL AUDIT & EVALUATION MANUAL GM(IA&E) MEMORANDUM DATED NOVEMBER 8, 1999.

18. GM(IA&E) presented before the Board a manual of Internal Audit & Evaluation prepared by M/s. Yousuf Adil Saleem & Co., Chartered Accountants for approval. Quotations were called from five renowned firms of Chartered Accountants on State Life panel of auditors:

- (i) M/s. Taseer Hadi Khalid & Co., Chartered Accountants, Karachi.
- (ii) M/s. Khalid Majid Hussain Rehman, Chartered Accountants, Karachi.
- (iii) M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants, Islamabad.
- (iv) M/s. Riaz & Co., Chartered Accountants, Lahore."
- (v) M/s. Sajjad Haider & Co., Chartered Accountants, Dubai, UAE.

19. Accordingly, it was resolved as under:

RESOLVED

Action: GM(IA&E)

(i) "that IA&E Manual consisting of audit approach, guidance of audit procedures, and standard forms along with reporting formats prepared by M/s. Yousuf Adil Saleem & Co. after incorporating the comments and suggestions of the Executive Directors and the Divisional Heads be and was hereby approved for implementation in all the Divisions, Regions and Zones of the Corporation with effect from 1-1-2000."

Action: GM(IA&E)

(ii) "that it would be the duty of the employee processing the voucher to inform Principal Office, IA&E Division of errors noted by them as part of internal control/internal check and corrective action taken."

Action: GM(IA&E)

(iii) "that a training program be launched by IA&E Division in coordination with HRD Division and M/s. Yousuf Adil Saleem & Co. to familiarize the officials of the processing departments with their new responsibilities for Internal control within the Principal, Regional and Zonal Offices."

ITEM (7) MEMORANDUM OF AGREEMENT BETWEEN THE C.B.A. STATE LIFE EMPLOYEES FEDERATION & THE MANAGEMENT. ED(P&GS) MEMORANDUM DATED NOVEMBER 9, 1999.

20. ED(P&GS) informed the Board that the State Life Insurance Employees Federation of Pakistan, Collective Bargaining Agent (C.B.A) had submitted a Charter of Demands 1999-2000 on 9th February, 1999 under IRO, 1969. In return the Management of State Life Insurance Corporation of Pakistan submitted a list of issues raised by the Management vide its letter dated May 21, 1999.

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21. The C.B.A, in their original Charter had demanded an increase of 50% in existing pay structure and 75% in allowances and other fringe benefits. In terms of the decision of the Federal Government to settle the issues through bilateral negotiations with the C.B.A., the Management of the Corporation constituted following committees for negotiations and ascertaining the ways and means to resolve the issues in a fair and objective manner:-

Negotiating Committee.

- | | | |
|-----|------------------------------|------------------|
| 1. | Executive Director (G&P) | Convener |
| 2. | Executive Director (HRDD) | Member |
| 3. | Executive Director (P&GS) | Member |
| 4. | Executive Director (B&A) | Member |
| 5. | General Manager (IA&E) | Member |
| 6. | General Manager (RED) | Member |
| 7. | General Manager (Actuarial) | Member |
| 8. | Dy. General Manager (B&A) | Member |
| 9. | Dy. General Manager (System) | Member |
| 10. | Dy. General Manager (P&GS) | Member |
| 11. | Asstt. General Manager (Law) | Member |
| 12. | Manager (Personnel) | Member/Secretary |

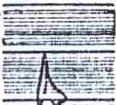
Sub-Negotiating Committee.

- | | | |
|----|-------------------------------|------------------|
| 1. | General Manager (RED) | Convener |
| 2. | General Manager (IA&E) | Co-convener |
| 3. | General Manager (Actuarial) | Member |
| 4. | Dy. General Manager (B&A) | Member |
| 5. | Dy. General Manager (Systems) | Member |
| 6. | Dy. General Manager (P&GS) | Member |
| 7. | Asstt. General Manager (Law) | Member |
| 8. | Manager (Personnel) | Member/Secretary |

Quantification Committee

- | | | |
|----|------------------------------------|-------------|
| 1. | Dy. General Manager (P&GS) | Convener |
| 2. | Dy. General Manager (B&A) | Member |
| 3. | Asstt. General Manager (Actuarial) | Member |
| 4. | Asstt. General Manager (P&GS) | Member |
| 5. | Dy. Manager (P&GS) | Coordinator |

22. After prolonged negotiation over a period of approximately four months, a bilateral agreement was signed with C.B.A. on 7th October, 1999. This agreement would remain enforce for a period of 2 years w.e.f. 1st January, 1999. The estimated increase allowed for the tenure 1999-2000 was as under:

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Description	Existing Cost 31.12.1998 Rs. In '000'	Increase Demanded Rs. In '000'	Increase Agreed Rs. In '000'	% Increase Agreed
Pay Items	159,035	88,553	27,351	17.20
Allowance (fixed)	263,051	253,979	45,997	18.18
Variable (Allowance)	24,766	26,326	3,888	15.70
Fringe Benefits	160,387	291,581	21,401	13.34
Grand Total	597,239	660,373	98,637	16.52

23. As per the agreement signed between CBA and the Management a total impact of approximately 16.52% increase had been allowed for the years i.e. 1999 and 2000. The increase allowed was less than the rate of inflation prevalent in the country during the last two years.

24. The copies of the Charter of Demands, List of issues raised by the Management, Memorandum of Agreement, the resultant financial impact and increase as percentage of the pay roll as at 31-12-1998 were placed at Annexures A, B, C & D to the memorandum of ED(P&GS). The additional financial impact over the previous year as evident from the above table was of Rs. 98.637 million which worked out at 16.52% of the Pay Roll as at 31.12.1998.

25. National Insurance Corporation and Pakistan Insurance Corporation had also allowed increase in salaries to its employees.

26. The Board of Directors were requested to consider and approve the above proposal.

27. Accordingly, it was resolved as under:

RESOLVED

(i) "that the Agreement signed between the Management and the CBA on 7th October, 1999 be and was hereby approved subject to the CBA agreeing to incorporate the following clause in page 29 of the agreement after the sentence that union activities will be conducted in accordance with the provisions of IRO-1969.":-

"this commitment is made notwithstanding any thing stated above. In case of disagreement this clause will prevail."

(ii) "that adhoc relief at a uniform rate of Rs.300/- per month notified vide office memorandum No. F.1(17)Imp./97(ii), dated 26th March 1997 of the Finance Division Regulation Wing allowed to employees of Public Sector Corporations and autonomous/semi-autonomous bodies who were in BPS 1 - 16 or equivalent." be and was hereby approved.

(iii) "it was further resolved that arrears of salaries and wages as per new agreement with C.B.A. be paid as of January 1, 1999.

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Action: ED(P&GS)

Action: ED(P&GS)

Action: ED(P&GS)

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ITEM (8) MEMORANDUM ON APPOINTMENT OF AUDITORS TO CARRY-OUT SPECIAL AUDIT OF STATE LIFE.
ED(G&P) MEMORANDUM DATED NOVEMBER 15, 1999.

28. ED(G&P) informed the Board that the bogus claims in favour of a private company M/s. Shah Sons, Karachi, had been detected in Western Zone G&P Karachi. ED(G&P) and ED(B&A) had constituted a Committee comprising of Divisional Accountant G&P, AGM(G&P) Central Zone Karachi, Manager (IA&E), P.O., and Zonal Head G&P, Western Zone to hold preliminary inquiry and submit its findings. The Committee in its preliminary report informed that bogus claims had been paid and proposed that necessary disciplinary action be taken against the involved employees.

29. GM(IA&E) informed that the situation was alarming and it was apprehended that some other payments of such nature could have escaped the usual internal check and controls.

30. GM(IA&E) suggested that a special audit of all the premium receipts and claim payments in zones of Group Life as well as Individual Life be got done through a firm of Chartered Accountants. A copy of terms of reference of the special audit of group life and individual life was enclosed as Annexure 'A' and 'B' to the memorandum of GM(IA&E)

31. Accordingly, it was resolved as under:

RESOLVED

(i) "that a Committee consisting of ED(G&P) as Convenor, ED(P&GS) and GM(IA&E) be and was hereby constituted for advertising bids for the special audit of State Life through a audit firm or by a group of audit firms of Chartered Accountants and award of work to the successful bidders."

(ii) "that the terms of reference suggested by GM(IA&E) be and was hereby approved."

(iii) "that ED(G&P) be and was hereby authorized to sign and execute the agreement with the successful bidders."

ITEM (9) APPOINTMENT OF SECRETARY - STATE LIFE INSURANCE CORPORATION EMPLOYEES' CONTRIBUTORY PROVIDENT FUND.
ED(B&A) MEMORANDUM DATED OCTOBER 29, 1999.

32. ED(B&A) proposed that approval be given by the Corporation under regulation 4(2) of the State Life Insurance Corporation Employees' Contributory Provident Fund to the Administrators to appoint Mr. Rehmat Iqbal, Deputy Manager (CPF), as Secretary, State Life Employees' Contributory Provident Fund, in place of Mr. Peter Vaz who had been transferred from CPF Department, P.O., to B&A Department, Hyderabad Zone.

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ED(G&P)

GM(IA&E)

ED(G&P)

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33. Accordingly, it was resolved as under:

RESOLVED

"that approval be and was hereby given by the Corporation under regulation 4(2) of the State Life Insurance Corporation Employees' Contributory Provident Fund to the Administrators to appoint Mr. Rehmat Iqbal, Deputy Manager (CPF), as Secretary, State Life Employees' Contributory Provident Fund, in place of Mr. Peter Vaz who had been transferred from CPF Department, P.O., to B&A Department, Hyderabad Zone. "

Action: ED(B&A)

ITEM (10) WAIVER OF LATE FEE
ED(PHS) MEMORANDUM DATED NOVEMBER 2, 1999.

34. ED(PHS) presented before the Board a memorandum regarding post facto approval of the waiver of late fee which was approved by the Chairman on September 23, 1999 at the request of field force and Sales Executives as per past practice. It was felt by the Sales Executives and PHS Division that relaxation in late fee would be helpful in collecting reasonable amount of renewal premium in the prevalent economic conditions. The relaxation of late fee accrued on policy premium due to late payment was first allowed vide circular No. DGM/PHS/CIR/279/85 dated 13-11-1985. On 6th March 1996, Revival Campaign was introduced by orders of the then Chairman vide circular No. DGM/PHS/PO/CIR/R-2/96 dated 6th March, 1996. The scheme continued till 30th June, 1999 intermittently.

35. The approval of the Board was asked for in respect of the Scheme, details of which are as follows:

A. Partial Waiver of Late Fee:

1. If premium was tendered late by six months or less of the due date, then total late fee would be waived.

2. Thereafter 50% subject to a maximum of Rs.2000/- or 25% of total late fee (which ever was greater) would be waived.

3. The late fee would be waived on written request of the policyholder with an undertaking that if he/she surrenders the policy or avails loan thereon within 13 months of the date of waiver, the late fee so waived would be recovered from the proceeds of such payment(s).

4. No late fee would be waived if a Survival Benefit would become due or if the policy was maturing within thirteen months.

B. Total Waiver of Late Fee:

1. Total late fee would be waived by way of endorsement on the policy document on a written undertaking from the policyholder that if he/she surrenders the policy or avails loan within three years of the date of waiver, the late fee so waived would be recovered from such payments(s).

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2. No waiver of late fee would be allowed on the above basis if any Survival Benefit was becoming due or if the policy was maturing within next three years.

36. Accordingly, it was resolved as under:

RESOLVED

(i) "that post facto approval be and was hereby given of the scheme for waiver of late fee which was approved by the Chairman on September 23, 1999 at the request of Field Force and Sales Executives as per past practice."

(ii) "that the above concession would be allowed only upto 31-12-1999 after which the existing system would be continued i.e., 50% late fee subject to maximum of Rs.1000/- would be waived within the budget limit allocated to the Zones @ 0.001% of their preceding year's renewal premium."

**ITEM (11) POSITION PAPER ON STATUS OF Y2K COMPLIANCE.
ED(CD) MEMORANDUM DATED NOVEMBER 12, 1999.**

37. ED(CD) presented before the Board a position paper on status of work on Y2K compliance which was noted by the Board. Consultant (CD) informed that the current status was, that 98% of the programs had been submitted and randomly tested on dummy data. These programs had been taken up by Computer Division personnel to implement in Karachi Eastern Zone (KEZ). Implementation in KEZ had been underway since 5th November, 1999 and was expected to be completed by 16th November, 1999. Karachi Southern Zone (KSZ) implementation was to be taken up in the following week. A three-member team had been formulated to implement these programs, as well as a Y2K patch for the Unix Operating System in all the remaining computerized zones which was expected to take approximately one month.

38. The second part of the project that involves convergence of Cobol to Oracle programs at the Principal Office of SLIC was at present under process. The Cobol programs had been prioritized into priority I programs that were required by end of year 1999, and priority II & III programs that were required by March 2000. In priority I programs, 3 systems out of 5 had been completed and submitted for 1st Quality Assurance and remainder were to be submitted by November 5, 1999. Live Parallel Run would be conducted from 1-15th December. Priority II & III programs were to be completed and submitted for 1st Quality Assurance by 30th November 1999 and parallel run would be conducted from 15-30th December 1999.

39. In addition to the above, as part of Internationally followed procedures, a complete contingency plan had also been formulated and was under progress. This contingency plan involves Cobol to Cobol conversion and Y2K compliance and would ensure complete continuity of all essential services and operation beyond December 31, 1999.

40. The Board desired that as agreed M/s. CresSoft should carry out the work of implementation and testing and resolve problems that were identified in the course of testing. M/s. CresSoft should own and accept the changes that were incorporated by State Life employees in the course of live runs. The Board also instructed that the data coming to the Principal Office from the Zones should be integrated and M/s. CresSoft should hand over the logic and detailed flow charts to State Life. The Board also requested ED(CD) to have the view point of Consultant(CD)/DGM(CD)/AGM(CD) & M/s. CresSoft recorded.

Action: ED(PHS)

Action: ED(PHS)

Action: ED(CD)

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ITEM (12) POSITION NOTE ON ISO-9000 PROJECT.
ED(SYS) MEMORANDUM DATED NOVEMBER 12, 1999.

Action: ED(Sys)

41. DGM(BS) presented before the Board the position note of the ED(Sys) relating to progress of work on ISO-9000 which was noted by the Board. The Board expressed that the manuals being prepared by various Divisions to obtain ISO-9000 certification would be a great help at the time of re-engineering of systems. The Board further desired that the target date i.e. 30th June 2000 should be met.

ITEM (13) MEMORANDUM ON SELECTION AND APPOINTMENT OF CONSULTING FIRM FOR COMPUTERIZATION OF ALL FUNCTIONS OF STATE LIFE.
ED(CD) MEMORANDUM DATED NOVEMBER 12, 1999.

42. The Board at its 148th meeting instructed Consultant (CD) to re-examine the scope of work and analyze the various proposals in its light. The Board also instructed Consultant (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.

43. Consultant(CD) informed the Board that the terms of reference was satisfactory in all respect, however, the quotations requested pertained only to the software aspect and did not include the communication setup or hardware that would be required for completion of the project. The technical responses from the responding firms were examined, and were also found to be satisfactorily complete, in comparison with TOR. Hence although all firms would complete the job, however, the quality of the software, the extent of re-engineering, the ease of maintenance, all depend on the skills of the developers. Such features depend primarily on the quality of the manpower involved, and the project management from State Life.

44. The CresSoft had submitted a quotation that was very low which was due to reduced time quoted for job completion i.e. less than 2 years as compared with the other quotations. An estimate of a reasonable quotation based on 2.5 years was found to be at least 50% to 100% greater than that quoted by M/s. CresSoft.

45. The issue of successful completion of the project based on the relatively low quotation was also discussed with M/s. CresSoft. However, the rationale as stated by the firm was that a very low profit margin had been associated with the project, the primary objective being to have a successful implementation at State Life to be used as reference for their international contract. With the heavy involvement and guidance from the State Life consultant and with full cooperation from State Life, the above project could be satisfactorily completed. However, the quality of the final product would certainly not match with consulting firms with higher quotations.

46. Consultant (CD) suggested that based on the current heavy involvement of both CresSoft and State Life Computer Division personnel in the Y2K project, it was not recommended that the new project be awarded until after satisfactory completion of the Y2K project by January 2000.

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47. Accordingly, it was resolved as under:

RESOLVED

"that since almost 2 years have passed from the date of advertisement for pre-qualification of software companies for the above work and no decision had been finalized due to various reasons, a fresh advertisement be given in the newspaper calling for technical and financial bids for the above work based on a scope of work which should cover all the requirements to take State Life into the next millennium."

Action: ED(CTD)

ITEM (14) POSITION PAPER ON REPORT SUBMITTED BY HRD CONSULTANT M/S. COOPERS AND LYBRAND ON DIAGNOSTIC STUDY/GAP ANALYSIS OF HRD DIVISION.
ED(HRD) MEMORANDUM DATED NOVEMBER 12, 1999.

48. ED(HRD) presented before the Board a position paper on report submitted by HRD Consultant M/s. Cooper and Lybrand on diagnostic study/gap analysis of HRD Division which was noted by the Board.

49. Human Resources Development Division had already reviewed and finalized its comments on the said report however final action plan based on the recommendations would be ready within a fortnight after the comments/suggestions regarding training need and action plan are received from all the Divisions.

50. Accordingly, it was resolved as under:-

RESOLVED:

That ED (HRD) be and was hereby authorized to implement the recommendations given by the consultant in their report.

Action: ED(HRD)

ITEM (15) IMPLEMENTATION REPORT OF DECISIONS TAKEN IN THE 136TH TO 148TH MEETING OF THE BOARD OF DIRECTORS.

51. The DGM(BS) presented before the Board the implementation report of decisions taken at its 136th to 148th meeting of the Board of Directors which was noted:

Recovery of excess cost from the Area Managers

52. A Committee comprising of ED(G&P) as Convenor and ED(B&A), ED(Inv.), Incharge (S&D) as members was constituted to go through the existing agreement with the field force in respect of excess cost and submit recommendation to the Board at its next meeting 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 the excess cost had been outstanding. The Committee was requested to also come with a recommendation for the future, so that such accumulation did not take place.

Current Status of Promotion Exercise up to General Manager

53. The Board decided that the promotion exercise be completed at the earliest to fill up 50% of the existing vacancies on the staff strength on as it is basis.

Action: ED(PACS)

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Action: ED(P&GS)

54. It was also approved by the Board that all irregular appointees, the list of which had been provided to the Ministry of Commerce would not be considered for promotions/confirmations, pending final decision by the Government. Similarly the employees against whom there were pending inquiries would also not be considered for promotions.

Field Force for Kuwait

55. ED(Int'l) informed the Board regarding the current status of sending of Sales Managers from Pakistan to Kuwait and Saudi Arabia to strengthen the existing field force.

56. Accordingly, it was resolved as under:

RESOLVED

Action: ED(P&GS)

"that ED(P&GS) be and was hereby requested to write to the Ministry of Commerce for obtaining permission for overseas travel of Chairman, Executive Directors, General Managers, Computer Professionals and other employees to its overseas offices for business purposes.

Selection of Investment Advisor.

57. ED(Inv.) informed the Board that the Committee constituted by the Board at its 147th meeting had finalized the scope of work and called quotations from 32 brokerage houses. A pre-bid meeting was held with all the brokerage houses to explain the scope of work and answer any query which they had thereon. After receipt of proposals the Committee had short-listed five firms, financial proposals of which was being evaluated by Investment Division. The Board requested ED(Inv) to negotiate and finalize the selection of the firm to be appointed as Investment Advisor by next week.

58. Accordingly, it was resolved as under:

RESOLVED

Action: ED(Inv)

"that ED(Inv.) be and was hereby authorized to execute the contract with the firm selected by the Committee constituted by the Board at its 148th meeting and to incorporate clause of termination in the agreement."

Golden Hand Shake Scheme

59. ED(P&GS) informed that the Committee constituted to review and finalize the staff strength had submitted its report to the Chairman and the Executive Directors. The Board noted the same and resolved as under:

RESOLVED

Action: ED(P&GS)

"that a summary of irregular appointments be prepared by ED(P&GS), detailing therein the irregularities in respect of qualification and bogus certificates and the same be sent to the Ministry for submission to the relevant authorities. The summary should also include the list of professional employees who could be regularized to take advantage of their experience with State Life and permission be sought for implementing various alternatives available to the management including offering of Golden Hand Shake Scheme."

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ITEM (16) BUSINESS PROGRESS REPORTS WITH COMMENTARY SHOWING COMPARISON WITH LAST YEAR & TARGET OF THE CURRENT YEAR AS OF AUGUST 1999.

- (i) SALES & DEVELOPMENT (LIFE).
ED(S&D) MEMORANDUM DATED NOVEMBER 12, 1999.
- (ii) GROUP & PENSION BUSINESS.
ED(G&P) MEMORANDUM DATED NOVEMBER 11, 1999.
- (iii) INTERNATIONAL BUSINESS.
ED(INT'L) MEMORANDUM DATED NOVEMBER 11, 1999.
- (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 NOVEMBER 12, 1999.
- (v) INVESTMENT INCOME.
ED(INV) MEMORANDUM DATED NOVEMBER 12, 1999.

60. The business progress reports of the various operating Divisions for the period January 1, 1999 to October 31, 1999 were presented before the Board which was noted.

ITEM (17) APPROVAL OF HEALTH INSURANCE BUSINESS
ED(G&P) MEMORANDUM DATED NOVEMBER 12, 1999.

61. The Board was informed that Actuarial Division, in consultation with G&P Division and Chief Medical Advisor had developed a Health Insurance Plan, and the same would initially be implemented on the Company's employees. Dr. Ghazala Nafees along with her officers and staff in medical department would assist in formulating and implementing the scheme.

62. In line with the above mentioned decision, the Actuarial Division in close liaison with the medical department and after consulting Mr. Sameeul Hasan, Consulting Actuary had designed Health Insurance Scheme for State Life employees. The following salient features of the scheme were highlighted.

- i. The scheme would provide medical benefits to State Life active employees and their dependents within Pakistan.
- ii. It would not include post retirement medical coverage and medical facilities to field personnel.
- iii. The medical benefits would be the same as were being provided to officers and staff presently. However, fixed monthly medical allowance which was paid to staff through pay roll was not included in the scheme.
- iv. Separate contract for coverage of officers and staff would be signed between P&GS and G&P Divisions of State Life Insurance Corporation of Pakistan.
- v. Annual premium as worked out by the Actuarial Division for each officer and staff covered under the scheme would be as follows:

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Officers Rs.24,580/-
Staff Rs. 7,932/-

- vi. The Health Insurance contracts would be annually renewable and the premium rates would be subject to revision.
- vii. State Life would pay annual premium in advance to G&P Division which would provide medical benefits to active officers and staff as mentioned above.

63. The existing arrangements for providing medical facilities to staff, officers and field force were as under:

- i. Medical facilities were provided by State Life to its employees through medical departments working at P.O. and medical cells at Karachi, Lahore and Rawalpindi Zones. Medical facility at remaining zones was arranged by respective P&GS Department through technical assistance of a doctor from PIIS/New business. These medical cells were also responsible to approve panels, process bills and arrange payments there against.
- ii. Medical services were provided by Medical Department at P.O. and Medical Cells at Zones and also extended through approved medical attendants, consultants, hospitals, labs/X-ray centers and chemist.
- iii. The medical department and medical cells are working under direct control of P&GS Division at P.O. and respective zonal P&GS. The Chief Medical Advisor's opinion was sought only for technical guidance and for getting special approvals. Administrative cost of employees working for providing medical facilities are booked to P&GS at the respective location.

64. Accordingly, it was resolved as under:

RESOLVED

Action: ED(G&P)

- (i) "that a new zone within G&P Division located at Principal Office, Karachi, be and was hereby created namely "Health Insurance Zone" headed by the Chief Medical Advisor as Zonal Head with immediate effect. The Zone would become operational with effect from 01-01-2000."

Action: ED(G&P)

- (ii) "that Health Insurance Zone would be an independent accounting entity having its own zone code, inter office current account code and bank account. Separate books of accounts would be kept for Health Insurance Zone centrally at Principal Office."

Action: ED(G&P)

- (iii) "that existing medical department at Principal Office be re-organized and merged into zonal organization."

Action: ED(G&P)

- (iv) "that Medical Cells working at Zones would become Cells of Health Insurance Zone and would be reporting functionally to the Zonal Head Health Insurance Zone. However, administratively they would continue to work under Zonal P&GS."

Action: ED(G&P)

- (v) "that Health Insurance Cells be created at other Zones where medical cells did not exist at present."

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Action: ED(G&P)	(vi) "that Health Insurance Zone would comprise of S&D, Policy Holder Service, P&GS, Budget & Account and IA&E Departments. "		
Action: ED(G&P)	(vii) "that Health Insurance Zone at P.O. as well as Cells at respective Zones/Locations would be responsible for providing medical facility to staff and officers of State Life at the respective location."		
Action: ED(G&P)	(viii) "that Medical facilities and services to the field force at zones would be the responsibility of the respective Zonal Agency Administration Department independently having no link with health insurance zone/cells. ✓"		
Action: ED(G&P)	(ix) "that Health Insurance cover to retired officers would be provided by Health Insurance Zone on the same basis as proposed by the Actuarial Division i.e. cost plus basis."		
Action: ED(G&P)	(x) "that the premium value on Health Insurance cover to retired officers would be Rs.1.6 million i.e. Rs.1.3 million (actual medical cost incurred on retired officers for the year 1998) plus 20% on the same as service charges. This would be subject to adjustment at each year end on actual cost basis."		
Action: ED(G&P)	(xi) "that Systems Division be designed the job for development of software to be used by Health Insurance Zone on the pattern as proposed by the Actuarial Division for installation and use by 31-12-1999."		
ITEM (18) <u>DEATH CLAIM OF LATE KOU YUNANBAI OF M/S.CHASHMA NUCLEAR POWER PROJECT UNDER POLICY NO.SI.GP-94620294.</u>			
ED(G&P) MEMORANDUM DATED NOVEMBER 14, 1999.			
65. ED(G&P) presented before the Board a memorandum regarding death claim of late Kou Yunanbail of M/s. Chashma Nuclear Power Project under policy No.SI.GP-94620294.			
66. M/s. Chashma Nuclear Power Plant was maintaining group insurance policy with State Life since 1992 which also provides cover to Chinese personnel working on the project.			
67. Employees upto 65 years were insured under the policy and on attaining the age of years, the cover ceases automatically. Late Kou Yunanbai, a Chinese National, insured in a sum of Rs.400,000 expired on 25-10-1998 at the age of 65 years and one month. The death claim was, therefore, not payable and had been declined by the G&P Rawalpindi Zone.			
68. The management of the above organization had been pressing for settlement of the death claim by way of relaxation of the condition of maximum insurable age of 65 years.			

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69. In a recent communication, Member Finance, Pakistan Atomic Energy Commission, Islamabad, had informed that as per PAEC-Chinese Plant Contract, life insurance cover was to be provided to all the Chinese nationals at work, irrespective of their age. A request was, therefore, received by State Life that the claim be admitted as a special case.

70. Ministry of Commerce, Government of Pakistan, Islamabad, vide their letter No.1(7)97-Ins.I dated November 13, 1999, had also advised that as the matter involves condonation of terms of contract, the same be considered by the Board and a decision taken.

71. Accordingly, it was resolved as under:

RESOLVED

(i) "that since the claim was not payable in terms of the agreement with M/s. Chashma Nuclear Power Project, and there did not exist any provision in the law/rules whereby the claim could be paid, the claim be therefore declined.. Further more, payment of the claim would set a bad precedent."

(ii) "that ED(G&P) be and was hereby requested to find out if there was any such precedence and if there was any provision in the law/rules whereby the above claims could be paid and if there were business considerations which necessitated such payment."

Action: ED(G&P)

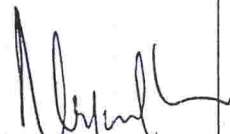
Action: ED(G&P)

ITEM (19) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

(i) CORPORATION'S MAINTAINED CAR FACILITY FOR DIVISIONAL HEAD, GROUP & PENSION DIVISION AS ALLOWED TO REGIONAL CHIEFS.
ED(G&P) MEMORANDUM DATED NOVEMBER 12, 1999.

72. The item was deferred by the Board till its next meeting.

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


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