

MINUTES OF 154TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME										
MINUTE BOOK	KARACHI	11 TH JULY' 2000											
<p><u>CONFIDENTIAL AND RESTRICTED</u></p> <p>The one hundred and fifty fourth(154th) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 11th July, 2000 at 10:00 a.m., at Board Room, 3rd Floor, State Life Building No.9, Principal Office, Karachi.</p> <p><u>PRESENT:</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">1. Mr. Samee-ul-Hasan</td> <td>Chairman</td> </tr> <tr> <td>2. Mr. Rasool Bakhsh Baloch</td> <td>Executive Director</td> </tr> <tr> <td>3. Mr. Imtiaz Rasool</td> <td>Executive Director</td> </tr> <tr> <td>4. Mr. Mohammad Latif</td> <td>Executive Director</td> </tr> <tr> <td>5. Mr. Akbar Ali Hussain</td> <td>Secretary Board</td> </tr> </table> <p>2. The meeting was also attended by Mr. Tahseen Iqbal, Joint Secretary Ministry of Finance, Mr. Saleem Iqbal, Joint Secretary Ministry of Commerce, Mr. Akram Hussain, GM/Incharge(Marketing) and Mr. M. Mazharuddin GM(Actuarial) at the request of the Board.</p> <p><u>Condolence Message:</u></p> <p>3. The Board noted with utmost grief, the sad demise of Mr. N. A. Jafarey, Ex Chairman, State Life and offered Fatcha for the departed soul and prayed to Almighty Allah, to grant him Maghfirat and give strength and fortitude to the bereaved family, to bear this loss with courage. The Board remembered and appreciated the excellent service rendered by Mr. N. A. Jafarey to State Life and the progress made by the Corporation during his tenure of office.</p> <p>4. The Board resolved to send the condolence message to the bereaved family of Mr. N.A.Jafarey Ex Chairman State Life.</p> <p><u>RESOLVED:</u></p> <p>"that the Board noted with utmost grief, the sad demise of Mr. N. A. Jafarey, Ex Chairman, State Life and offered Fatcha for the departed soul and prayed to Almighty Allah, to grant him Maghfirat and give strength and fortitude to the bereaved family, to bear this loss with courage. The Board remembered and appreciated the excellent service rendered by Mr. N. A. Jafarey to State Life and the progress made by the Corporation during his tenure of office. The Board resolved to send the condolence message to the bereaved family of Mr. N.A.Jafarey Ex Chairman State Life."</p> <p>5. The Directors warmly welcomed Mr. Samee-ul-Hasan, on his appointment as Chairman,</p>				1. Mr. Samee-ul-Hasan	Chairman	2. Mr. Rasool Bakhsh Baloch	Executive Director	3. Mr. Imtiaz Rasool	Executive Director	4. Mr. Mohammad Latif	Executive Director	5. Mr. Akbar Ali Hussain	Secretary Board
1. Mr. Samee-ul-Hasan	Chairman												
2. Mr. Rasool Bakhsh Baloch	Executive Director												
3. Mr. Imtiaz Rasool	Executive Director												
4. Mr. Mohammad Latif	Executive Director												
5. Mr. Akbar Ali Hussain	Secretary Board												

Action:
Chairman

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ITEM (I) CONFIRMATION OF MINUTES OF 153RD MEETING OF THE BOARD OF DIRECTORS.

6. The minutes of 153rd meeting of the Board of Directors held on 24th April, 2000 were placed before the Board. ED(PIIS) proposed and ED(G&P) seconded that the same be confirmed with the following amendment:-

Resolution in para-31 of the item-8 of 153rd meeting of the Board to read as follows:
 "that Flat No.6 in State Life Apartments at I-A, Framrose Road, Bath Island be rented out to a Government official, Dr. Aamir Ahmed-DS(Admn), Govt. of Sindh through Estate Office of the Government, at a market rent, provided there was no prior pending request of State Life officers, on the condition that as soon as he was transferred or left employment of the Government either on retirement, he would hand over the peaceful vacant position of the premises and pay all outstanding charges/rent."

7. Accordingly it was resolved as under:

RESOLVED:
 "that the Minutes of the 153rd Meeting of the Board of Directors held on 24th April, 2000 be and were hereby confirmed with the above amendment."

ITEM (II) CONSIDER THE MATTER OF SALE OF SAMCO.
 ED(INVESTMENT) MEMORANDUM DATED: 03-07-2000.

8. ED(Inv.) presented before the Board a memorandum on State Asset Management Company together with Chronology of Events. The Executive Committee at its 197th Meeting held on 31st May 1995, had approved the formation of an Asset Management Company with the objective of marketing of unit linked policies. in collaboration with M/s. Beg Associate. The Board of Directors at its 123rd Meeting held on 15th June' 1985 and 124th Meeting held on 3rd July' 1985 approved the proposal submitted for setting up SAMCO. SRO 801(1)96 dated 19th September, 1996 was issued by the Ministry of Commerce and State Life's disbursed its equity subscription (Rs.27 million) to the company in mid October 1996.

9. CLA vide letter No. 7 (3) CF/AMC/95 dated 31.10.96 allowed formation of State Asset Management Company (SAMCO) subject to certain conditions.

10. In 1996 Economic Coordination Committee of Cabinet (ECC) in its meeting held on December 29, 1996 decided that State Asset Management Company (SAMCO), established by State Life Insurance Corporation of Pakistan in collaboration with a private party, be wound up and Ministry of Commerce should try to recover as much as possible the amount invested by State Life and fix responsibility for conceptualization and implementation of the scheme.

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<p>11. Ministry of Commerce vide its letter dated 03-03-1998 directed the Corporation, that the issue of SAMCO may be placed before the next meeting of the Board of Directors of the Corporation keeping in view, the decision of ECC. Accordingly the matter was discussed in the 137th meeting of the Board of Directors and it was decided that SAMCO be sold to the foreign buyer as indicated by the Ministry.</p> <p>12. Advertisements were given in the newspapers on 9-2-1999 for sale of SAMCO but no bids were received.</p> <p>13. A proposal was received from M/s. Arif Habib Securities which was considered by the Board of Directors in 152nd meeting held on 4th and 5th March 2000. The Board decided that the sale of SAMCO be advertised again. Accordingly, the sale was advertised on 09.03.2000 in the Daily DAWN and Daily JANG. However, in response to the said advertisement, only one bid was received from M/s. Arif Habib Securities. As the usual procedure for determining the fair market value, for sale of an asset is to receive and review at least three bids hence it was decided to re-advertise the sale of SAMCO. Accordingly the advertisement for the third time was released on 29.03.2000 in Daily DAWN and Daily JANG.</p> <p>14. In response to the above advertisement, bids were received from the following parties.</p> <ul style="list-style-type: none"> a. M/s. Arif Habib Securities Limited. b. Businessmen Services Corporation. <p>15. Beside above, an enquiry was also received from a group of employees of Bank of America. A fax was received from M/s. ABN AMRO on May 15, 2000 intimating, that they had a firm interest from some reputable local financial institution along with some foreign investors for investment in SAMCO. They had requested for an appointment, to discuss the interest of their clients. Further, interest in SAMCO was also expressed by M/s. Taurus Securities.</p> <p>16. A letter was sent to Joint Secretary (Insurance) Ministry of Commerce on April 27, 2000, requesting him to review the decision of ECC, to wind up SAMCO and seeking his guidance on the said issue, as well as on the proposal received from M/s. Arif Habib Securities and Businessmen Services Ltd., regarding revival of SAMCO and disinvestment of State Life's holding in part.</p> <p>17. In reply, the Ministry of Commerce vide their letter dated May 11, 2000 stated that the Board of Directors of State Life may review and examine in greater detail the pros and cons of the proposal keeping in view the decision of the ECC. It was also advised that the representatives of Ministry of Commerce and Ministry of Finance/SECP may be requested to attend the Board meeting by special invitation with reference to this item.</p> <p>18. The Executive Committee at its 260th meeting held on 26.05.2000 requested Executive Director (Investment) to discuss the matter with the expected buyers and find out if anyone of them was interested to buy the entire share holding of SAMCO. A note containing brief of the discussions held with them was circulated to the members of the Board.</p>			

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<p>19. ED(Inv.) informed the Board of the discussion with each of the bidders as follow:</p> <p>20. Mr. Nasim Beg representative of M/s. Arif Habib Securities stated that they were interested to buy SAMCO as there was a chance that field force of State Life would be utilized to market the units of SAMCO. He pointed out that the timing factor was of utmost importance. M/s. Arif Habib Securities informed ED(Investment) that since there was delay in decision making by State Life, due to one reason or the other, so they have started working on floatation of an entire new Asset Management Company at their end. He pointed out, that in case a decision is taken by State Life/ECC, before they receive permission to float a new company of their own, they would stand to their earlier commitment. He reiterated his previous proposal and also pointed out that they would induct new groups/foreign parties in SAMCO which will further dilute the holdings of State Life in SAMCO. The earlier proposal of M/s. Arif Habib Securities thus remains unchanged. The salient features of the proposal are summarized below:</p> <ul style="list-style-type: none"> - They would inject additional cash, so that total cash available with SAMCO comes to Rs.60 million. - They would have right to acquire 51% in the enhanced equity of SAMCO. - SAMCO would issue 7,725,000 shares against fresh cash resources to M/s. Arif Habib Securities at Rs.6/- per share. The total paid up capital of SAMCO, would thus rise to Rs.60,000,000 consisting of 10,725,000 shares with breakup value of Rs.5.56 per shares. - State Life will ultimately be left with 10% equity. 39% equity shall be allocated by M/s. Arif Habib to other investors. - State Life shall bring SAMCO update with regard to any company law and tax requirements. - State Life and Beg Associates shall arrange to amend the Articles of Association to remove any special status of State Life or Beg Associates. - State Life and Beg Associates shall arrange proper nomination of M/s. Arif Habib on the Board of SAMCO. - State Life shall obtain approval of Government i.e. clearance of ECC, and SECP for change in ownership structure of SAMCO. <p>21. Mr. Nasim Beg pointed out that SAMCO Board should revive SAMCO again. He also informed, that while informing SECP regarding sale of shares of State Life, they should be informed that statutory meeting and AGMs of SAMCO have not been held, as it was not functional. SECP should also be informed that returns under Companies Ordinance 1984 have also not been filed and condonation in this respect may be sought from SECP.</p> <p><u>M/s. Businessmen Services Corporation:</u></p> <p>22. Mr. Nayyar Kazmi, representative of M/s. Businessmen Services Corporation informed that their company was a group of Pakistanis abroad. He stated that their previous proposal remains unchanged. The following are the terms of their offer:</p> <ul style="list-style-type: none"> - They would buy 51% shares in SAMCO @ 5.05 per share. However later on they may increase their holding to around 80%. 			

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- M/s. Beg Associates would no longer hold any shares in SAMCO.
- The Board of SAMCO would be re-constituted according to equity participation of each shareholder.
- The bidder would have the right to appoint CEO.
- All statutory and other requirements would be completed at cost of State Life.

M/s. Taurus Securities:

23. M. Abid Naqvi of M/s. Taurus Securities pointed out that rather than selling SAMCO, State Life should reactivate it by seeking collaboration of DFIs and NDBFIs. He was of the view that NIT and ICP were not playing a proper role in capital market. The deficiency can be met by SAMCO. He also offered to talk in this respect with the concerned officials of HBL., NBP., IDBP., etc for participation in SAMCO.

M/s. ABM AMRO:

24. The bank was now no longer interested in SAMCO.

25. The Board felt that SAMCO was set up for the purpose of marketing of unit linked policies, which was not prohibited under the Insurance Act 1938, as it was silent on the issue. Private companies have been selling unit linked policies since 1996/1997. Draft Insurance Ordinance 2000 specifically provides Investment linked business, for which there should be separate statutory fund, as such if State Life decides to deal in Investment linked policies, it could do so without SAMCO.

26. The Board also felt, that it was not wise to be a significant minority shareholder where management is in the hands of others. Further more, the bidders were more interested in use of State Life network which was developed after twenty eight years of hard work. Arif Habib Securities would require further Investment in the form of seed money, for setting up of mutual funds and State Life would be receiving nothing from them, whereas in case of Businessmen Services Corporation, State Life would be receiving approximate amount of Rs.6.5 million. The bank balance in the account of SAMCO as on April 14, 2000, was Rs.13,897,484 against in investment of Rs.27 million in the equity of SAMCO by State Life. The initial expenses amounting to Rs.15.315 million were capitalized. The Joint Secretary, Corporate Finance Ministry of Finance and Joint Secretary Ministry of Commerce, mentioned that SAMCO should have been wound up as ECC had agreed to proposal of State Life in this respect.

27. The balance in the bank account of SAMCO., as on April 14, 2000 was Rs.13,897,483 based on which the breakup value of the share of SAMCO., came to Rs.4.63 per share.

28. After discussion, the Board resolved as under:

RESOLVED:

(i) "that State Assets Management Company be wound up and all necessary steps be taken by ED(Inv.), for implementation of the decision without any delay."

(ii) "that deposit of Rs.500,000 received from M/s. Arif Habib Securities and Businessmen Services Corporation along with their offer be refunded."

29. At this point of time, Mr. Tahseen Iqbal, Joint Secretary Ministry of Finance left the meeting with the permission of the chair due to his other commitments. Secretary Board also left the meeting with the permission of the chair.

Action:
ED(Inv.)

Action:
ED(Inv.)

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ITEM (5) CONSIDER/APPROVE REVISION ON PAY/ALLOWANCES/FRINGE BENEFITS OF OFFICERS.
ED(P&GS) MEMORANDUM DATED: 30-06-2000.

30. The Board considered the Memorandum dated 30-6-2000 from the ED(P&GS). The Joint Secretary of Ministry of Commerce drew the Board's attention to the letter dated 26th June, 1999, from the Finance Division, under which all proposals for revision of pay, allowances and perquisites of officers recommended by the respective Board of Directors/Governors of the Public Sector Corporations/ Autonomous/Semi-Autonomous Organizations were to be cleared from the Finance Division through a Standing Committee. This directive also required that the proposal should be tagged with the financial position of the Corporation.

31. The Board also noted that the earlier proposal for uniform increase of 35% to officers effective 1.1.1998 is pending with the Ministry. It was also noted that owing to "perquisites" as defined in the Income Tax Ordinance 1979 being an excess of 50% of "salary" as defined therein, a heavy tax add back was suffered in 1995-96, and this add back was likely to be more pronounced in later years, for which the assessments are pending.

32. In the light of the above, the Board resolved as under:

RESOLVED:

Action:
ED(P&GS)

"that that the matter be re-examined, and a comprehensive proposal be submitted to the Board at its next meeting, and as far as possible the proposal should be tax efficient and should respond to the directive, that it be tagged with the Corporation's financial position."

33. Mr. Akbar Ali Hussain, Secretary Board returned to the meeting. Mr. Akram Hussain GM/Incharge(Marketing) and Mr. M. Mazharuddin, also joined the meeting on invitation.

ITEM (20) CONSIDER/APPROVE RE-LAUNCHING UK OPERATIONS/CLOSE DOWN UK BRANCH.
ED(INTL.) MEMORANDUM DATED: 30-06-2000.

34. ED(Int.l) presented a Memorandum before the Board that The United Kingdom Branch of State Life, established on June 1, 1974, had been underwriting New Business till 1987, however, the Board of Directors of State Life in its 90th Meeting held on January 3, 1988 decided to stop underwriting New Business as the UK Operation did not remain economical. Consequently State Life sent a letter No.DGM/OSD/UK/88 dated 06-01-1988 to DTI, London stating that "The Corporation no longer wishes to transact new life insurance business in the United Kingdom and hence voluntarily wishes to surrender the authorization." Thereafter, in November' 1989 the then Chairman State Life, Mr. Iqbal M. Qureshi informed the DTI through letter No. IMQ/89 dated 02-11-89 that the Corporation's letter No. DGM/OSD/UK/88 dated 06th January' 1988 may be treated as withdrawn.//

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35. // Later on, the Board of Directors in its 138th meeting of April 12, 1998 decided to take necessary steps for re-launching of UK Operation, accordingly, Mr. Asim Chughtai was appointed as an Incharge for re-launching of UK Operation in October 1998. This appointment was in addition to a Dy. Manager, Mr. Sadiq H. Shakir already posted there//

36. // Mr. Asim Chughtai was hired with the background, that he would complete all formalities for re-launching of UK Operation and prepare business plan for submission to FSA// in the following manner:

- a. Suggest and design insurance plan and marketing.
- b. Prepare costing for this operation.
- c. Acquire an appropriate software program for marketing etc;

37. // Later on, M/s. Hymans Robertson, (HR) were appointed as a Consulting Actuary firm and agreement with State Life was executed on 14th October 1999, for preparing Business Plan alongwith designing and profit testing of three plans within three months from the date of signing the agreement//M/s. Hymans Robertson submitted their report on re-launching of UK operation on 3rd April, 2000 which was circulated to the Board of Directors.

38. The report described the products, their rationale and Policy specifications, expected first and subsequent year expenses, agent productivity & business volumes, creation of four internal investment funds, projected revenue account and sensitivities under realistic, optimistic and pessimistic scenarios.

39. The report, was examined by Actuarial Division of State Life, whose comments were submitted to the Board.

40. The projection submitted by M/s. Hymans Robertson indicated that there was a need of injection of funds from Principal Office ranging from £ 0.8 to £ 2.5 million in different scenarios. There was a total of £.1 million available which should be sufficient to sustain our Development expenses and future new business strain, however these were technical matters and the regulator may take a different view. M/s. Hymans Robertson in their report have stated under Clause 2.3 that:

"The Corporation intends to use some of the expense reserve in the existing With Profit Fund to support the cost of growing the re-launched business. The Regulators are likely to be particularly concerned about the rights and expectations of the existing with Profit Policyholders. Before submission of the final business plan to the Financial Services Authority the Corporation should research any undertakings previously given on meeting Policyholder's reasonable expectations, and reach an agreement with the Regulators on this point".

41. ED(Int.I) informed the Board that on the basis of above-mentioned deliberations, if State Life decided to re-launch UK Operation, it was likely that a capital injection from Principal Office would be required. According to comments of Actuarial Division, "The capital required to re-launch the UK Operation would have to be provided by the shareholders and not from the Pak Rupee Life Fund- -". In light of Actuarial Division's comments, Government of Pakistan which is the sole shareholder of State Life, would be required to allow capital injection of about Rs.80 millions (£ 1 million) from its future dividend to be paid by State Life. Perhaps Government of Pakistan may not allow this.

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42. While going through the report of M/s. Hymans Robertson it was observed by Actuarial & International Division, that under clause 4 of the report, expenses have been shown on lower side. On realistic basis it is more likely that expenses, specially staff salaries, would go up, resultantly more Capital will be required to be injected in Re-Launch Operation.

43. ED(Int.1) further informed the Board that recently FSA has served a notice to State Life for payment of Insurance Supervisory Fee to the tune of £ 48,000/- for the year 1999 which has been calculated on Global Premium of State Life as per revised Insurance Fee Regulation. This fee may be avoided if State Life withdraws Authorisation for carrying out life insurance business in UK under section 11 of Insurance Companies Act 1982.

44. Mr. Asim Chughtai has some apprehension about the success of UK Operation which is evident from his fax dated 18-05-2000, wherein he has stated that "This should be realised that all estimates of capital requirements are based on certain sales assumptions. If we do not sell enough policies to support our operations there will be need of extra capital. However, given our modest ambitions of starting of this branch £ 1 million of outside capital should be sufficient during the five years period when expenses overrun will be very significant. Once again there are no guarantees of any event happening as envisaged or planned."

45. Recently Ministry of Commerce through its letter (Fax) addressed to the Chairman, State Life has advised that the Competent Authority desired that operation of State Life in UK be reviewed. In case it is considered that there is a need for the continuation it should be on most attractive commercial considerations in the best interest of State Life.

46. The Chairman pointed out that under UK legislation, following the Financial Services Act 1986, life insurance companies are open to suits for damages and compensation from policyholders who can claim mis-selling by agents. Despite massive expenditure on agents training, UK life companies faced a liability estimated at £:12 billion on account of mis-selling of personal pension policies. On leading company, the Prudential, alone faces a bill of £:1 billion.

47. In the light of above, ED(Int.1) placed the matter before the Board of Directors for consideration as follows:-

- i. State Life may go ahead for re-launching of UK Operation as decided by the Board of Directors earlier.
 - a. In case State Life decides to re-launch UK operation then certain amount will have to be injected from Principal Office. The quantum of amount would be decided by the Regulators after submission of Business Plan.

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- b. UK Market is highly competitive and is tightly regulated specially after establishment of Financial Services Authority. Any misstatement or mis-selling by any of its Representative, State Life will land into trouble, which may result into imposition of penalty by the Regulators.
- c. If State Life starts writing new policies it will be exposed to liabilities from new policyholders on possible mis-selling claims.
- ii. State Life may take necessary steps to close down the Branch.
 - a. In case State Life decides to close down UK Branch then it may examine possibility to settle the accounts of all the existing policyholders by paying the full Maturity Proceeds with accrued bonuses till maturity and also by waiving future premiums. At present, there are 60 policies inforced and the last policy will mature in the year 2017.
 - b. State Life will maintain its present office with one officer that is Mr. Sadiq H. Shakir and services of Mr. Asim Chughtai may be dispensed with.

48. After deliberation, the Board resolved as under:

RESOLVED:

Action:
ED(Int.l)

(i) "that the Board in view of injection of capital required, the small business that is projected, the uncertainty of positive return, the exposure to liabilities and the extreme unlikelihood of Government agreeing to pay one to two million five hundred thousand pounds, the Board unanimously decided not to re-launch its UK Business and close down the existing Branch. The Joint Secretary (Insurance), Ministry of Commerce, concurred with this view."

Action:
ED(Int.l)

(ii) "that ED(Int.l) be and was hereby authorized, to take all necessary steps enumerated in the memorandum, to close down the branch and examine the possibility of settling the accounts of all the existing policyholders by paying the full Maturity Proceeds with accrued bonuses till maturity and also by waiving future premiums after taking into account the natural death of APL policies. At present, there are 60 policies inforce and the last policy would mature in the year 2017 after taking into account the natural death of APL policies."

Action:
ED(Int.l)

(iii) "that State Life would maintain its present office for the minimum necessary period with one officer i.e. Mr. Sadiq H. Shakir and services of Mr. Asim Chughtai may be dispensed with immediately."

49. At this point of time, Mr. Saleem Iqbal, Joint Secretary Ministry of Commerce left the meeting with the permission of the chair due to his other commitments.

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ITEM (2) PRESENTATION OF LATEST AND DETAILED BUSINESS REPORTS WITH COMMENTARY SHOWING COMPARISON OF ACTUAL WITH THE BASE/TARGET OF THE CURRENT YEAR. ED(INVESTMENT) MEMORANDUM DATED: 10-07-2000.

I. Marketing (Individual Life):

GM(Marketing) Memorandum dated 10-07-2000.

50. GM(Marketing) presented before the Board the review of individual life business for and upto the month of June, 2000 and informed the Board that total individual life FYP was Rs.341.62 million as compared to Rs.391.93 million in the corresponding period of last year showing a decrease of 12.84%. The achievement upto June, 2000 is 61% of the FYP target for the same period. The Southern Region, the Central Region, Multan Region and Northern Region have secured FYP of Rs.86.09 million, Rs.107.53 million, Rs.43.40 million and Rs.104.59 million respectively as compared to Rs.92.06 million, Rs.144.71 million, Rs.46.15 million and Rs.109.07 million respectively in the corresponding period of last year showing a decrease of 6.49%, 25.69%, 5.96% and 4.05% respectively.

51. GM(Marketing) informed that the decrease in business figures for the year 2000 was due to strict compliance of the closing schedule during the current year.

52. The Board noted the above position.

II. International Business:

ED(International) Memorandum dated 05-07-2000.

53. ED(Int'l) presented before the Board the business progress report of overseas operations, which showed that the Division has secured FYP including single premium of US\$ 0.5971 million (equivalent to Rs.30.9106 million) for and upto the month of June, 2000 showing an increase of 3% against the corresponding period of the last year. This is 16.08% of FYP target for the year 2000 which is US\$ 3.7130 million (equivalent to Rs.192.207 million). The number of policies sold has registered an increase of 13% over the corresponding period of the last year. The second year persistency of International Division achieved during the period was 45% whereas Renewal persistency was 71% only. The FYP of Saudi Arabia and Kuwait has increased by 55% and 10% respectively for and upto June 2000 whereas the FYP of UAE has fallen by 23% as compared to corresponding period of the previous year. Actual collection of FYP, for the period January to June 2000 for the UAE, Kuwait and Saudi Arabia was 22.43%, 8.20% and 14.02% of FYP target for the year 2000. Second year persistency achieved during the period for UAE, Kuwait and Saudi Arabia was 33%, 84% and 61% respectively.

54. ED(Int'l) informed the Board, that the overall situation of the economy in the Middle East, low activity, lack of training and motivation by Zonal Chiefs/Sector Head were the main factors for the above situation.

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55. The Board resolved as under:

RESOLVED:

"that Actuarial Division was requested to review the existing products/plan being sold by overseas operation and if necessary develop/improve the existing plan to meet the requirement of the expatriates who had a limited stay in those countries."

Action:
FD(Int.D)/
GM(Act.)

III. Real Estate Projects and Income, Expenses and Salaries paid to the Officers and Staff of Real Estate Division:

GM(RE.)Memorandum dated 05-07-2000.

56. GM(RE.) informed the Board, that the gross income of Real Estate Division for the period January'2000 to June'2000 was Rs.160 million as against a target of Rs.175 million for the same period. The expense/income ratio was 62% against a target of 57% and the net income was Rs.61 million as compared to a target of Rs.75.5 million. The book value of Investment in Real Estate Projects was Rs.2.9 billion as against a target of Rs.3.1 billion on 30th June' 2000.

IV. Group and Pension Business:

ED(G&P) Memorandum dated 07-07-2000.

57. ED(G&P) informed the Board that the Karachi Zone, Rawalpindi Zone, Peshawar Zone and direct P.O. business have shown an increase of 0.6%, 10.46%, 15.21% and 36%, whereas Lahore Zone has shown a decrease of 3.52% respectively during the period January' 2000 to June' 2000 as compared to the corresponding period of the last year.

58. ED(G&P) further informed that the Health Insurance Scheme was currently being implemented on an experimental basis for State Life own employees. It was still in a state of development and was expected to be marketed when the in-house experience supports it. Comparison of Medical expenses for the first quarter of the year 2000 vs. corresponding period last year, shows a reduction of 42%, which was expected to be maintained for the remaining period of the current year.

59. ED(G&P) further mentioned, that attention would be focussed on production of New Business and conservation of business both in terms of number of Groups and Premium, keeping the profitability factor in mind.

60. The Board resolved as under:

RESOLVED:

"that proposal of holding an Annual Conference of Group Marketing Executives i.e. Zonal Heads and Sector Heads be and was hereby approved."

Action:
ED(G&P)

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V. Investment Income:

ED(Inv.) Memorandum dated 10-07-2000.

61. ED(Inv.) informed the Board that the investment income, for the six months to 30th June' 2000 was estimated at Rs.3,802 million as against the budgeted figure of Rs.3,900 million upto 30th June' 2000. The above figures includes Rs.2,535 million relating to income from SGB's. The reduction in investment income, was due to reduction in interest rates, which are expected to go down further in the coming months.

62. ED(Inv.) further informed that the book value of total quoted equity portfolio as of June 30' 2000 was Rs.4,628 million as against a market value of Rs.5,546 million showing an appreciation of Rs.918 million. State Life sold shares with a book value of Rs.16.69 million for Rs.28.75 million, thereby realizing capital gains of Rs.12.06 million during the period from January'2000 to June' 2000, whereas the total purchases in the equity market during the period under review was Rs.176.02 million.

63. ED(Inv.) also informed that the book value of the investment portfolio as of 30th June' 2000 was Rs.63,443 million as compared to Rs.60,294 million as on 31st December' 1999 reflecting an increase of 5.22% during the first 6 months of the year 2000. The composition percentage of type of investment of the portfolio in Government Securities, Loan to Policyholders, Debentures, Equities, Real Estate and Deposit in Banks was 62.85%, 7.01%, 1.03%, 7.95%, 4.61% and 16.55% respectively.

64. ED(Inv.) further informed the Board, that the Federal Government had decided to pay interest at 13% p.a. from 01-07-1999 to 31-12-1999 and 11% for the period 01-01-2000 to 30-06-2000 on the amount of maturity proceeds re-capitalized during the year 01-07-1999 to 30-06-2000. The Federal Government has also decided to pay State Life the face value together with accrued markup on all SGB's maturing till 30-06-2000. Subsequently, State Life was paid 10.1 billion on 30-06-2000. The detailed working of SGB's matured upto 30-06-2000 was being checked and reconciled by State Bank and State Life, after which it was expected, that the actual figure would be finalized and differential payment would be received from State Bank.

65. ED(Inv.) appreciated the efforts and continued follow-up by Mr. Ansar Hussain, Divisional Head Investment on 30th June' 2000, till late in the night and on 31st July' 2000, which made the above payment possible.

66. After discussion the Board resolved as under:

RESOLVED:

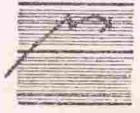
(i) "that the efforts put in by Mr. J.M. Pereira, and Mr. Ansar Hussain, in respect of discussion on Special Government Bonds with Ministry of Finance and realisation of proceeds of matured bonds from State Bank of Pakistan were highly appreciated and ED(Inv.) was requested to recommend an honorarium to be paid to Mr. J.M.Pereira, and Mr. Ansar Hussain, to the Chairman for approval."

Action:
ED(Inv.)

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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	11 TH JULY' 2000	
Action: ED(Inv.)	(ii) "that ED(Investment) was requested to submit to the members of the Board by circulation, a comparison of amount of principal, together with accrued markup thereon, standing in the books of account of State Life as of 30 th June' 2000, and the actual amount received from State Bank together with reason for the difference. In case of difference, ED(Investment) was requested to write a letter to the Governor and Director State Bank of Pakistan for settlement of the differential amount."		
Action: ED(Inv.)	(iii) "that ED(Investment) was requested to inform the Board as to whether certificate of tax exemption on Special Government Bonds w.e.f. 01-07-2000 w.e.f. has been received or not."		
Action: ED(Inv.)	(iv) "that ED(Investment) was requested to write a letter of thanks to Mr. Ishrat Hussain Governor State Bank of Pakistan, Mr. Yunus Khan, Secretary Ministry of Finance Government of Pakistan, Mr. Qamar Baig, Secretary Ministry of Commerce Government of Pakistan, Mr. Farhat Saeed, Director, State Bank of Pakistan and Mr. Zahid Afridi, of Ministry of Finance."		
Action: ED(Inv.)	(v) "that ED(Investment) was requested to prepare a strategic plan for investment and present the same to the Chairman."		
Action: ED(Inv.)	(vi) "that ED(Investment) was requested to prepare a review of Human Resources requirement of the Investment Division."		
ITEM (3) CONSIDERATION OF PERFORMANCE EVALUATION OF			
INDIVIDUAL LIFE ZONES.			
ED(ACTUARIAL) MEMORANDUM DATED: 27-04-2000.			
67. GM(Actuarial) presented before the Board a Memorandum on a study carried out by the Actuarial Division on performance evaluation of individual life Zones. The performance evaluation was based on a number of studies, such as business potential determined by using 1998 census statistics and information on the bank deposit holders, perspective of the number of pacca houses and the income of the employed population, premium income, second year and renewal persistency, expenses, number of new business policies for the years 1996 to 1999 etc. of the respective Zone. The studies show a huge untapped market potential, which justifies not only to continue with the existing set up, but to expand it. The untapped potential based on pacca house holders, employed population, bank accounts with size greater than Rs.5,000 and bank accounts size greater than Rs.10,000 was 8.4 million, 6.7 million, 6 million and 1.5 million respectively.			
68. The study envisages, that each and every zone has the potential having regard to the population and economics of the area, the zone is servicing. However, their performance needs to be improved. For this purpose, the management may consider developing a business plan showing the requisite standard and a period for the zone to come up to the standard. Each zone will then have to be monitored closely to ensure that it is moving in the right direction. If it is not up to the specified level, then appropriate action should be taken.			


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<p>69. Special emphasis should be placed on reforming and modernizing field force who should be aware of all the plans offered by State Life. They should be good at selling, communication and writing skills. Effective training programs should be conducted to impart such skills to the field force. Rules should be strictly followed to stop malpractices. Report of previous studies with respect to achieving desired new business and persistency targets, ways to control expenses, training of the field force, service to the policyholders, ways to minimize surrender/lapsations, etc. be implemented by the Management to obtain optimum performance.</p> <p>70. GM(Actuarial) submitted before the Board the following conclusion based on the study carried out:</p> <p>CONCLUSION:</p> <ol style="list-style-type: none"> a. Every zone had the business potential having regard to the population and economics of the area the zone was servicing. b. The performance of most of the existing zones, however, had not been up to the mark for the past few years, as was evident from their FYP, Persistency and expenses. c. A business plan was required to be developed by the management, showing the requisite standard for each zone, and a period for each zone to come to the standard. d. Each zone should then be monitored closely, to see if it was moving ahead in the right direction. If it was noticed, in the annual review of the targeted zone, that it was not up to the specified level, then appropriate corrective action should be taken. e. Reports submitted to the management, with respect to achieving desired new business and persistency targets, ways to control expenses, training of the field force, service to the policyholders, ways to minimize surrender/lapsations, etc. be considered for implementation of suggestions therein by the management, if they want to achieve optimum performance. f. There was a need to reform and modernize the field force who have to be made aware all plans offered by State Life. Selling, communication, and writing skills of our agents also needs to be improved. The field force should be well versed in the techniques of identifying the type of life insurance protection required by a particular policy holder, assessing the amount the policyholder can comfortably afford to invest and choosing the appropriate product that best meets the policyholder's needs. Effective training programs should be prepared to impart such skills to the field force. g. The performance of Area Managers, should be monitored periodically by the zonal heads, to check if they were accomplishing the assigned quota. If they fail to achieve the assigned quota, then appropriate corrective action should be taken. h. A fair number of cheques pertaining to the December new business are dishonoured, which are issued by the field workers themselves, on behalf of the policyholder, to achieve their first year premium targets, which was quite alarming. The existing rules, prohibiting workers' cheques, need to be enforced strictly to stop such a practice. Only policyholder cheques should be accepted and the signature should be verified from the proposal form. 			

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DIRECTORS	HELD AT	ON	TIME	
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	<p>i. First year commission must be disbursed fortnightly and not on a case to case basis. Computer Division should prepare commission statement on a fortnightly basis, to ensure that the practice of payment of commission on case to case basis was stopped and pressure on new business was released. The lump sum amount received by the field workers, after 15 days of acceptance of proposal would help in improving their financial condition. This would also improve the quality of new business procured by the field worker. The proposed commission payment method would provide lesser opportunities to field workers to utilize their commission payments to shovel in poor quality business, especially during December. The second year and renewal commission may continue to be paid once a month, say the 15th of each month. The measures described above should be implemented after taking the field into confidence.</p> <p>j. Regarding high expenses, even if some zones are closed, it may not be possible to shed employees. A more positive solution to the problem of high expense ratio is to increase new business every year at inflation plus 5% and achieve 70-75% persistency. Such a strategy would in due course absorb excess employees and reduce expense ratios.</p> <p>k. It is not wise and contrary to the basic objective of State Life, to punish the people of a district by depriving them of their insurance right if the zone was not performing well. The objective of State Life is stated below:</p> <p style="padding-left: 40px;">"To widen the area of operation of life insurance and making it available to as large a section of the population as possible, extending it from the comparatively more affluent sections of society to the common man in towns and villages."</p> <p>71. After deliberation, the Board resolved as under:</p> <p>RESOLVED:</p> <p>(i) "that the efforts put in by Actuarial Division in the above study was appreciated for its educative and informative use, that it can be put to use by the Management and the field force."</p> <p>(ii) "that Actuarial Division be requested to carry out a similar study for every zone, sub zone and sector and make recommendation to make them profitable."</p> <p>(iii) "that a copy of the report be submitted to each Regional Chief, each Zonal Head and the Convenors of the various committees formed to study and suggest recommendations in respect of Draft Insurance Ordinance 2000."</p> <p>(iv) "that GM(Actuarial) be and was hereby requested to make a presentation on the above study in the Bhurban Convention."</p>			<p>CHAIRMAN'S INITIALS</p> 

Action:
ED(Act)

Action:
ED(Act)

Action:
ED(Act)

Action:
ED(Act)

MINUTES OF 154TH MEETING OF THE BOARD OF DIRECTORS

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ITEM (4): CONSIDER/REVIEW RETENTION OF FULLY QUALIFIED ACTUARY IN THE COMPETITIVE ENVIRONMENT.
ED(ACTUARIAL) MEMORANDUM DATED: 03-07-2000.

72. ED(Actuarial) informed the Board that actuaries, through the rigorous process of training and passing exams, develop a unique combination of mathematical, analytical and business skills and their calculation and projections are the backbone of the insurance and financial security industries. In the current competitive environment, State Life not only needs more actuarial personnel, but was also faced with the predicament of retaining existing experienced and skilled actuarial personnel.

73. An Actuarial Scheme was launched by State Life in 1973 to meet the growing need of actuaries under which brilliant and young graduates were hired as executive officers who were required to pass the examinations of the Institute of Actuaries, UK. The overall results of the scheme were not satisfactory and not one of these students completed the actuarial examinations while at State Life.

74. State Life, in late 1985, introduced a new scheme called "Actuarial Training Scheme". Under this scheme, above average intermediate or GCE A-Level students are recruited as actuarial trainees. As these trainees pass the actuarial examinations of the Institute of Actuaries, UK or the Society of Actuaries, USA, they are absorbed as regular employees. On passing further examinations they are promoted to higher grades under the "Accelerated Promotion Scheme".

75. The above Actuarial Training Scheme has produced very satisfactory results and trainees have made good progress, both in passing examinations and in acquiring the techniques required for practical actuarial work. However, it may be noted that over the years, 17 out of the 38 students recruited have already left the Corporation for private companies in Pakistan, or overseas. From these 17 students, 7 qualified as Fellows of the Society of Actuaries, USA. It may be pertinent to mention here that 2 out of these 7 Fellows, actually qualified while being in State Life, but resigned due to higher remuneration offered by the private life insurance companies. If these qualified actuaries had remained with State Life, the Corporation would be reaping tremendous benefits.

76. ED(Actuarial) informed the Board, that in order to retain or hire actuaries, State Life would have to offer a substantially increased gross salary alongwith fringe benefits to be competitively attractive. State Life was presently offering the post of Assistant General Manager, with a gross remuneration of around Rs.46,000 per month to a newly qualified actuary, which falls short of the remuneration, being offered by other life insurance companies in Pakistan who are offering a package of Rs.100,000 plus per month with a company maintained car (at least 1300 cc). Private companies extend an important managerial position to fully qualified actuaries allowing them to participate in executive decisions.

77. In the light of the above, the following recommendations for retaining and hiring fully qualified actuaries, were submitted to the Board of Directors, for their consideration and approval.

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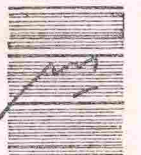


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DIRECTORS	HELD AT	ON	TIME																							
MINUTE BOOK	KARACHI	11 TH JULY' 2000																								
	<p>Recommendation I: It was proposed, that new actuarial students from now onwards be required, to execute a bond, that they would serve State Life for a period of at least five years, after qualifying as a Fellow. In case, they leave State Life before this period of five years or they leave before qualifying, all money paid to these students as a subsidy for examination fee, cost of books should be refunded.</p> <p>Recommended II: ^{action} The demand for actuarially skilled personnel in Pakistan has increased manifold and we are losing our trained actuarial personnel to private companies. The only way to cope, with the problem of retaining or hiring fully qualified actuaries, was to increase their financial emoluments to a level, that was in line with those offered by private companies. Further, State Life should strive to create an environment, which was conducive to make actuaries consider working for, State Life for a long time.</p> <p>78. It was, therefore, recommended that a special pay of Rs.25,000 and a company maintained car be offered to fully qualified actuaries, over and above what State Life was presently offering them.</p> <p>79. The effect of this recommendation on, say an AGM, would be as follows:</p> <table data-bbox="435 936 909 1310"> <tr><td>Basic</td><td>Rs. 7,867</td></tr> <tr><td>House Rent</td><td>Rs. 5,900</td></tr> <tr><td>House Maintenance</td><td>Rs. 393</td></tr> <tr><td>Entertainment</td><td>Rs. 2,069</td></tr> <tr><td>Petrol(120 litres)</td><td>Rs. 3,540</td></tr> <tr><td>Telephone(300 calls)</td><td>Rs. 861</td></tr> <tr><td>Technical Allowance</td><td>Rs.22,500</td></tr> <tr><td>Special Pay</td><td>Rs.25,000</td></tr> <tr><td>House Rent on special pay</td><td>Rs.18,750</td></tr> <tr><td>House Mnt. On special pay</td><td>Rs. 1,250</td></tr> <tr><td>Total</td><td>Rs.88,130</td></tr> </table> <p>80. After deliberation, it was resolved as under:</p> <p>RESOLVED: "that ED(Actuarial) re-examine the above proposal and submit a revised recommendation to the Board at its next meeting for consideration and necessary approval taking into account the following:</p> <ol style="list-style-type: none"> maximum time period of six years be kept for qualifying as Fellows after which the trainees would not be considered as students and would not be entitled to two half days study leave during the week, subsidy of examination fee and books, a suitably worded bond be executed to ensure as far as possible that those taken in to the scheme are not able to leave State Life until an appropriate minimum period of service including but not limited to at least 5 years after qualifying as Fellows. cost of providing a leased 1000 cc car be included in the proposal." 			Basic	Rs. 7,867	House Rent	Rs. 5,900	House Maintenance	Rs. 393	Entertainment	Rs. 2,069	Petrol(120 litres)	Rs. 3,540	Telephone(300 calls)	Rs. 861	Technical Allowance	Rs.22,500	Special Pay	Rs.25,000	House Rent on special pay	Rs.18,750	House Mnt. On special pay	Rs. 1,250	Total	Rs.88,130	
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Action:
ED(Act)

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DIRECTORS	HELD AT	ON	TIME
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<p data-bbox="321 376 1284 443">ITEM (6) <u>CONSIDER/REVIEW APPOINTMENT OF IRREGULAR APPOINTEES.</u> ED(P&GS) MEMORANDUM DATED: 08-07-2000.</p> <p data-bbox="321 465 1360 566">81. ED(P&GS) presented before the Board, a Memorandum for review of irregular appointments in State Life and further necessary action as advised by the Ministry of Commerce vide its letter No.3(27)/98-Ins.I dated 18th May, 2000.</p> <p data-bbox="321 589 1360 656">82. ED(P&GS) placed the above matter before the Board with the following observations:</p> <ol style="list-style-type: none"> <li data-bbox="402 678 1360 902">i. In the absence of express provision, for advertisement of post in the press for recruitment in State Life Employees (Service) Regulations, 1973 and because of the agreements with the CBA for accommodating blood relations of employees, who were either in service, retired or deceased, the requirement of advertisement could be waived, in cases of 2160 employees considered irregular because the vacancies were not advertised and vacancies were filled through internal circulars to accommodate the employees. <li data-bbox="402 925 1360 1081">ii. 50 employees who did not possess the requisite experience at the time of their appointment, have since gained 4 to 5 years experience on the job. Since they have acquired sufficient experience now, therefore, it may not be justifiable to remove them from service, on the ground that they did not possess sufficient experience at the time of initial recruitment. This requirement could, therefore, be waived. <li data-bbox="402 1104 1360 1261">iii. While in pursuance to provision under 14(ii) of the Service Regulations, 1973, the competent authority had relaxed the condition of overage in some cases, this could not be done in cases of 235 staff and 11 officers. It may not be fair to dispense with services of these employees on this ground now, and therefore it would appear appropriate to condone this condition. <li data-bbox="402 1283 1360 1485">iv. State Life may re-examine the issue relating to the academic qualifications of 1230 employees/appointees, who did not fulfill the required academic qualification for the posts, at the time of initial recruitment, in order to ascertain whether these persons have improved their academic qualifications during the course of service with State Life. The academic qualification is the basic job requirement and is not relaxable. Thereafter, a decision may be taken in this regard. <li data-bbox="402 1507 1360 1709">v. It is felt, that it would not be possible to ensure that legal problems would not arise, in case services of these employees are terminated, since they have been confirmed in service, on receiving satisfactory performance reports from their supervising officers and have been enjoying all privileges of regular employees like grant of annual increments, annual bonuses, loan advances etc. Also, State Life would have to explain the delay, in case action is taken against them at this stage. <p data-bbox="321 1731 1360 1865">83. ED(P&GS) further informed that details of names, designations of officers of the Corporation responsible for recruiting/appointing the said employees in violation of the Rules and Regulations was being collected and would be placed before the Board in its next meeting.</p>			

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84. After deliberation, it was resolved as under:

RESOLVED:

Action:
ED(P&GS)

(i) "that the proposal made by (P&GS) Division be got examined by the (Law) Division of State Life, from the legal point of view in the light of Ministry's instructions, contained in their Letter No.3(27)/98-Ins.I dated May 18' 2000, and the Board be informed, as to whether services of irregular appointees could be terminated without creating any legal complications."

Action:
ED(P&GS)

(ii) "that ED(P&GS) be and was hereby requested to examine State Life Employees (Service) Regulations, 1973 and proposed amendments to ensure that:

- a. all the regulations are in conformity, with the requirement of advertising of vacancies,
- b. all candidates selected, are required to meet the prescribed requisite educational qualification for the job and possess the prescribed experience,
- c. all candidates were within the prescribed age limit at the time of initial recruitment,
- d. all recruitment's were required to be processed through the selection committee and approved by the competent authority

ITEM (7) CONSIDER/REVIEW STAFF STRENGTH.

85. The above item was not considered as the Memorandum was not received.

ITEM (8) CONSIDERATION OF PROPOSAL FOR PURCHASE OF SIX INTEL BASED COMPUTERS AND UNIX OPERATING SYSTEMS FOR LAHORE, RAWALPINDI, MULTAN, FAISALABAD, KARACHI (SOUTH) AND GUJRANWALA ZONE
ED(COMPUTER) MEMORANDUM DATED: 28-06-2000.

86. The consideration of the above item was deferred by the Board until its next meeting by which time it was expected that the appointment of the consultant for the Computer Division would be finalised.


ITEM (9) CONSIDER/APPROVE IF ENTIRE AMOUNT OF GOVERNMENT SHARE OF SURPLUS ARISING OUT OF 1998 ACTUARIAL VALUATION BE RELEASED OR RETAINED FOR INCREASING THE PAID UP CAPITAL OF CORPORATION TO MEET REQUIREMENTS OF UAE LAWS.
ED(B&A) MEMORANDUM DATED: 30-06-2000.

87. ED(B&A) presented before the Board a Memorandum for release/retention of Government share of surplus arising out of 1998 Actuarial Valuation. Under the UAE Law No.13 for the year 1995, enacted by the Government of Abu Dhabi, it was made mandatory for all foreign insurance companies, operating in UAE to enhance their paid-up capital to DH. 50.0 million in the next six years i.e. by June, 2001 and to DH. 25.0 million in the next three years i.e. by June, 1998.

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<p>88. The Board of Directors in its 152nd meeting held on 4th March, 2000 had decided to retain the total the Government share of surplus arising from the valuation as at 31.12.1998 amounting to Rs.155.775 million and a sufficient amount from the valuation to be carried out as on 31.12.2000, so that the same could be used for increase in the paid-up capital.</p>			
<p>89. ED(B&A) informed the Board, that the Ministry of Commerce, vide their letter No.2(2)/92-Ins.I(Vol.III) dated 13th June, 2000, has communicated to State Life the desire of the Ministry of Finance, that State Life may initially deposit the entire amount of Government share of surplus arising from the valuation as at 31-12-1998 amounting to Rs.155.775 million and thereafter the Ministry of Commerce, may seek the approval of ECC for proposed enhancement of paid-up capital of State Life to DH.50.0 million (equivalent to Rs.750.0 million at the present rate of exchange) so as to fulfil the requirements of the UAE Laws in this regard by June, 2001,</p>			
<p>90. Accordingly, it was resolved as under:-</p>			
<p>RESOLVED:</p>			
Action: ED(B&A)	<p>"that release of payment of Rs.155.775 million to the Government, being its share of surplus arising out of actuarial valuation for the year 1998 be and was hereby approved.</p>		
<p>ITEM (10) CONSIDER AND APPROVE CHANGE IN SIGNATORIES FOR OPERATION OF STATE LIFE ACCOUNT WITH CENTRAL DEPOSITORY COMPANY (CDC) AND GRANT OF AUTHORITY TO ED(INVT.) TO ADD/DELETE OR ALTER THE NAME OF ANY OFFICER EARLIER AUTHORISED. ED(INVESTMENT) MEMORANDUM DATED: 10-07-2000.</p>			
<p>91. The Board at its 139th meeting, had approved that an application be made on behalf of State Life for admission of the State Life to the Central Depository System in the capacity of an account holder with Central Depository Company of Pakistan Limited. The Board has also authorised certain personnel of Investment Division with regard to deposit/withdrawal in CDC.</p>			
<p>92. ED(Investment) informed the Board that consequent upon retirement of Mr.J.M. Pereira, Executive Director(Investment), Mr. Muhammad Latif, Executive Director State Life had taken over charge of Investment Division. Accordingly Mr. Muhammad Latif has to be authorized to carry out functions of deposit/withdrawal in CDC in place of Mr. J. M. Pereira. ED(Investment) further proposed, that it was also appropriate that Executive Director (Investment) be authorized, to add delete or alter the name of any authorized officer or make any change with regard to their functions mentioned there in as considered necessary, for the operation of State Life account with CDC which would facilitate taking of early decisions in this respect when required in future.</p>			
			<p>CHAIRMAN'S INITIALS</p> 

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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	11 TH JULY' 2000	
<p>Action: ED(Inv.)</p> <p>Action: ED(Inv.)</p>	<p>93. Accordingly the Board resolved as under:-</p> <p>RESOLVED:</p> <p>(i) "that consequent to retirement of Mr.J.M.Pereira, Executive Director(Investment), who so ever holds the portfolio of ED(Investment) be and was hereby authorized alongwith one other person so authorized, to sign and execute any document connected with CDC and to do any other act, deed or thing for and on behalf of the Corporation in the capacity of an Account Holder as may from time to time be required by the CDC."</p> <p>(ii) "that Executive Director(Investment), was authorized, to add/delete or alter the name of an officer earlier authorized or make any change with regard to their functions as considered necessary for the operation of State Life Account with CDC."</p> <p>ITEM (12) POSITION PAPER ON PAKISTAN EMERGING VENTURE LIMITED. ED(INVESTMENT) MEMORANDUM DATED: 10-07-2000.</p> <p>94. ED(Investment) presented before the Board, a position paper on Pakistan Emerging Venture Limited (PEVL) and Venture Capital Fund Management Company (Pvt) Limited, the basic mission of PEVL, being seeking of joint venture in growth oriented market, thereby providing high returns to investors with their expectations based on risk, reward, profit of the target investors. The authorized capital of the company was Rs.2,500 million, while the paid up capital was to be Rs.500 million out of which Rs.125 million each was subscribed by State Life, MCB and NBP respectively and remaining 22% was to be offered to the public. The company was to be registered as quoted company on Karachi Stock Exchange. The Executive Committee at its 208th meeting held on 14th February, 1996 had decided to approve the above proposal.</p> <p>95. State Life had also invested Rs.0.33 million on 28th July, 1996 in another company, named Venture Capital Fund Management Company (Pvt) Limited (VCFMC), which was formed to manage the funds of PEVL. State Life, NBP and MCB are equal share holders with capital of Rs. 0.33 million in VCFMC. The company entered into technical advisory agreement with KPMG on 18th December, 1996.</p> <p>96. MCB placed its share of capital of PEVL i.e. Rs.125 million, in an account of PEVL, in MCB on 1-7-1997 without the approval of the PEVL Board. Subsequently, a letter was received from MCB on 2nd December' 1998, which suggested voluntary winding up of PEVL. Later on MCB was able to convince UBL, to step into its shoes, however the change of management UBL refused buy the share of MCB.</p> <p>97. The technical advisory agreement of VCFMC, became a major point of discussion amongst the sponsors, however ultimately the agreement was revised with mutual consent on 1-1-2000.</p>		

CHAIRMAN'S
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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	11 TH JULY' 2000	
<p>98. ED(Investment) informed, that Mr. Farooq A. Bhatti, Chief Executive, PEVL, had brought to the notice of the Board of PEVL, that PEVL had entered into Badla transactions on May 19th 2000, with a broker Mr. Mohammad Hanif Moosa, for shares valuing to Rs.272,875 million. With the depletion of Karachi Stock Exchange (KSE) index and change in qualification securities for exposure requirements, the broker was unable to meet his commitments and instead of transferring the badla shares in CDC account of PEVL, the broker transferred shares worth Rs.99,861 million in his own KSE exposure account. The broker was declared defaulter and all his assets and shares including PEVL shares, acquired through Badla transactions, were auctioned by KSE on June 1, 2000. Mr. Bhatti also informed, that PEVL had made advance payment to the broker before actual receipt of shares in their CDC account and thus has lost an amount of Rs.99.861 million.</p>			
<p>99. PEVL has filed a recovery suit against the broker, with Karachi Stock Exchange, as codefendant through Mr. Khalid Anwar Bar at Law. A stay order was granted to PEVL by High Court of Sindh, instructing the defendants, to maintain status quo in respect of undelivered shares. The legal counsel of PEVL has also filed a contempt of court case against KSE, as according to him KSE has not followed the stay order. The case is in progress.</p>			
<p>100. An emergent meeting of the PEVL Board was held on 7th June 2000, wherein CEO of PEVL had accepted the entire responsibility and tendered his resignation. The meeting of the Board was thereafter adjourned to 8th June, 2000 wherein the Board accepted the resignation of CEO but asked him to continue for one month, however his powers as CEO were withdrawn. The Board also suspended the Head of Treasury, Assistant Manager, Money Market and an employee on settlement desk. The Board also constituted a sub committee of one Director each from State Life, MCB and NBP to run the day to day affairs of PEVL. The Board also observed that Rs.125 million lying in PEVL account with MCB be made available to the company.</p>			
<p>101. The sub committee of PEVL, asked the external auditors of PEVL i.e. M/s. Ford Rhodes Robson Morrow to study in detail the affairs of the PEVL. The auditors report, shows that the operational manual was not followed at PEVL and Badla transaction was entered into by CEO of the company on his own. Subsequently the CEO of PEVL left for USA on 19th June 2000, after informing acting Chairman of PEVL Mr. Tamiz-ul-Haque of MCB. Thereafter a fax was received from hospital in UAE that he was not well.</p>			
<p>102. ED(Investment) also informed the Board, that MCB through their letter dated 3rd July, 2000 had informed, that they would not be releasing Rs.125 million lying with them in PEVL account, as Badla transactions were not in the knowledge of PEVL Board.</p>			
<p>103. After deliberation, the Board resolved as under:</p>			
<p>RESOLVED: "that PEVL should be asked to consider sending a legal notice to President, MCB for release of Rs.125 million lying with them on PEVL account and write a letter to Governor State Bank regarding violation of account holder's right by MCB. PEVL may also consider writing a letter to Chairman, Security Exchange Commission of Pakistan regarding KSE not following the stay order granted by the High Court of Sindh for maintaining status quo in respect of undelivered shares."</p>			

Action:
ED(Inv.) ✓

CHAIRMAN'S
INITIALS



MINUTES OF 154TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	11TH JULY' 2000	
<p>ITEM (13) CONSIDER/APPROVE REFUND OF PREMIUM AMOUNT OF RS.100 MILLION ON SHARES OF NINA INDUSTRIES LIMITED PRESENTLY BEING CONTESTED IN THE COURT OF LAW FOR <u>REFUND OF PREMIUM TOGETHER WITH INTEREST THEREON.</u> ED(INVESTMENT) MEMORANDUM DATED: 10-07-2000.</p>			
<p>104. ED(Investment) presented before the Board a Memorandum for consideration and acceptance of the proposal of M/s. NINA Industries Limited, received through the Advocate Mr. Nafees Siddiqui, on the lines suggested by our Law Division as well as our Advocate Mr. Siddiq Mirza that a) NINA would pay a sum of Rs. 1 crore to State Life before signing of the withdrawal applications regarding winding up of the company, b) remaining claim of State Life pertaining to return or mark-up upto June 2000 would take its own course before appropriate Law Courts, and c) there would be no order as to costs in both the judicial miscellaneous applications by the Court i.e. both the parties to bear the respective cost of litigation by themselves.</p>			
<p>105. The Executive Committee of the Corporation at its 199th meeting held on July 12, 1995, approved the purchase of two million shares of Nina Industries at Rs.15/per share, at a premium of Rs.5/- per share, however the company offered the shares to the public on September 9, 1997 at par.</p>			
<p>106. State Life through its letter dated November 17, 1997 asked the company to refund Rs.10 million, being the premium at Rs.5 on two million shares, which was required to be refunded, as no premium was received from the general public before November 30, 1997. The company was also informed, that in case of non-payment by the aforementioned date, interest @ 18% p.a. was to be charged, till date of payment. This letter was followed by a reminder on December 24' 1997, reminding the company to refund the premium, as committed by them vide their letter dated May 27, 1997 as also in their prospectus. The company was again asked to refund the premium before December 31' 1997, after which State Life would claim interest @ 18% p.a. from September 9, 1997 to the date of actual payment. The company did not refund the premium and approached High Court of Sind for issuance of orders for refund of premium and informed State Life vide their letter dated January 1, 1998 that since the matter was subjudice they could not make any comments.</p>			
<p>107. The copies of plaint/petition submitted by the company were sent to Law Division for examination. The Law Division felt that the proceedings had been filed, to avoid payment of interest on premium refundable to State Life and therefore seemed to lack validity on legal grounds. State Life had filed a liquidation petition and a legal Suit against M/s. Nina Industries for recovery which are pending in the court of law.</p>			
<p>108. State Life Law Division was of the opinion, that though Corporation has filed a recovery suit claiming interest @ 18% for the period the amount was utilized by the Company, however, in the absence of agreement, payment of interest was solely dependent on the discretion of the Court and if the offer was not accepted, State Life would be deprived of the immediate receipt of its premium amount.</p>			

CHAIRMAN'S INITIALS




MINUTES OF 154TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	KARACHI	11 TH JULY' 2000		
<p>Action: ED(Inv.)</p>	<p>109. After discussion, it was resolved as under:</p> <p>RESOLVED: "that ED(Investment), be and was hereby authorized to renegotiate with Nina Industries Limited for refund of the premium together with mark up for the period, the premium amount was utilized by the company and resubmit the proposal to the Board at its next meeting for final decision."</p> <p>ITEM (14) CONSIDER/APPROVE RELEASE OF TRANCHE OF RS.50 MILLION TO DAWOOD LEASING AT A MARK UP OF 15% PAYABLE AT HALF YEARLY REST. <u>ED(INVESTMENT) MEMORANDUM DATED: 10-07-2000.</u></p> <p>110. ED(Investment) presented before the Board a Memorandum to consider request from Dawood Leasing Company Limited for release of the balance of Rs.75 million out of the term financing of Rs.100 million requested by them in 1998. Three earlier loans amounting to Rs.125 million disbursed by State Life has been repaid by the company on time.</p> <p>111. The Board at its 139th meeting held on 30th June, 1998, approved to release one tranche of Rs.25 million, against request of Dawood Leasing to State Life, for TFC funding facilities amounting to Rs.100 million, in four tranches of Rs.25 million each starting from July, 1998 with interval of three months. Subsequent investment of State Life would be subject to performance of Dawood Leasing Company. The rate of return on Dawood Leasing TFC was 20% p.a. (after tax 18%). Out of the disbursed amount of Rs.25 million, the balance outstanding was Rs.14.27 million.</p> <p>112. ED(Investment) informed, that Dawood Leasing Company vide their fax dated 30th June, 2000 had requested for approval of three years TFCs of Rs.75 million. however, in view of the fall in interest rates, the company desired that the TFC should carry a rate of return of 14% payable half yearly, as against earlier approved rate of 20%. ED(Inv) further informed that there has been an across the board, reduction in the rates of return available to State Life, on various fixed return investments. Current yield to maturity for 10 year FIBs was in the range of 8.5-12% depending on the issue date, whereas, the investment in DSCs and RICs have also been barred to the institutions.</p> <p>113. ED(Investment), requested the Board, to approve the request of Dawood Leasing Company Limited for three year TFCs of Rs.75 million and for release of tranche of Rs.25 million with rate of return of 15% p.a. (negotiable) payable at half yearly rest. The release of another tranche of Rs.25 million may also be considered and approved on similar terms after one month of the release of first tranche.</p> <p>114. After deliberation, the Board deferred the above item for consideration at its next meeting and requested ED(Investment) to resubmit the proposal with financial analysis of the company.</p>			<p>CHAIRMAN'S INITIALS</p> 

MINUTES OF 154TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME														
MINUTE BOOK	KARACHI	11 TH JULY' 2000															
<p>ITEM (15) CONSIDER/APPROVE REVISED COST OF PROJECT AND EXTENSION IN PROJECT COMPLETION DATE OF LARKANA BUILDING. GM(RE) MEMORANDUM DATED: 30-06-2000.</p>																	
<p>115. GM(RE) presented before the Board, a Memorandum for approval of cost over run of Rs.6 million and time over run of 29 months in completion of the State Life Building at Larkana. The Board of Directors at its 120th meeting held on 28-12-1994 had approved, the total cost of project to be Rs.60 million which included the civil and plumbing work, electrical work and consultant fees with actual completion date of the project to be September' 1999, however the project has been completed in September, 1999 at a total project cost of Rs.66 million.</p>																	
<p>116. GM(RE) informed that the building was initially designed as a non airconditioned, however EC at its 223rd meeting held on 19-3-1997 decided that the building under construction should be provided with central airconditioning system which resulted in revision of cost in false ceiling, changes in electrical system, increase in civil work and consultants fee.</p>																	
<p>117. GM(RE) informed the Board, that reasons for delay in completion of the building were as follows:</p>																	
<ul style="list-style-type: none"> i. Vacant possession of site was not given to the contractor due to, two sitting tenants which involved delays in start of the work. ii. Piling work was held up due to WAPDA poles in the site which were later on shifted from the site. iii. SLIC delayed the decision of air conditioning of the building which caused increase in construction period. iv. Structural design of the building changed during currency of contract due to HVAC load calculations. v. There were other reasons like change of imported chillers to local chillers, law and order situation, late preparation of drawings by the consultant etc. 																	
<p>118. GM(RE) further informed that after going through the matter in detail, the RE Engineers assessed the breakup of the quantum of delays, which are given here under:</p>																	
<table border="0"> <tbody> <tr> <td>a. Increase in scope of work due to air conditioning.</td> <td>215 days</td> </tr> <tr> <td>b. Due to site conditions:</td> <td>75 days</td> </tr> <tr> <td>c. Force Majeure example strike etc.</td> <td>45 days</td> </tr> <tr> <td>d. Due to late issue of revised drawings from Time to time by the Consultant.</td> <td>139 days</td> </tr> <tr> <td>e. Due to State Life.</td> <td>280 days</td> </tr> <tr> <td>f. Due to Contractor.</td> <td><u>116 days</u></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td>870 days</td> </tr> </tbody> </table>				a. Increase in scope of work due to air conditioning.	215 days	b. Due to site conditions:	75 days	c. Force Majeure example strike etc.	45 days	d. Due to late issue of revised drawings from Time to time by the Consultant.	139 days	e. Due to State Life.	280 days	f. Due to Contractor.	<u>116 days</u>	TOTAL	870 days
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MINUTES OF 154TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
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119. The Real Estate Functional Committee held a meeting, with the Contractor who has agreed that if extension in time period was approved, they would not make any claim for delay in time of completion, provided State Life also agreed to release of 50% of the retention money within 30 days of the agreement. The Real Estate Functional Committee has also recommended that State Life may consider to waive the liquidated damages, keeping in view, that the contractor had agreed to withdraw all his claims with respect to delay in completion under the contract. The contractor's payment have been held up because the above mentioned issues.

120. After deliberation, it was resolved as under:

RESOLVED:

Action:
ED(RE.)

(i) "that the revised cost of the project from Rs.60 million to Rs.66 million and extension in time for completion of the project by 870 days be and was hereby approved."

Action:
ED(RE.)

(ii) "that release of 50% of the retention money of the contractor and waiver of liquidated damages by State Life, be and was hereby approved, subject to the contractor, not making any claim what so ever in respect of this contract."

ITEM (16) CONSIDER/APPROVE CONSTITUTION OF STANDING COMMITTEE TO REVIEW THE APPEALS OF TERMINATED AREA MANAGERS. ED(P&GS) MEMORANDUM DATED:10-07-2000.

121. ED(P&GS) presented before the Board, that subsequent to the performance review on the basis of three years average F.Y.P., services of twenty four (24) Area Manager were terminated in April 2000. The criteria of review was as follows:

Categories

Performance

- | | |
|-----|--|
| "A" | Three years average (97, 98, 99) FYP below Rs.9.0 lac |
| "B" | Three years average (97, 98, 99) FYP below Rs.5.5 lac |
| "C" | Three years average (97, 98, 99) FYP below Rs.4.5 lac. |

122. ED(P&GS) informed the Board, that Marketing Division had received appeals against termination within thirty (30) days, as required under the rules, from thirteen (13) Ex- Area Managers. A detailed statement, giving therein, name of Area Manager, category, code number and grounds on which reinstatement was asked for, was circulated to the Board.


123. Regulation No.33(2) of State Life Employees (Service) Regulations 1973 lays down that an application for review shall lie to the authority imposing the punishment sought to be reviewed and an appeal or application for revision, as the case may be shall lie:

"In the case of an employee in (pay scales 10 to 13) to the Board which shall refer the same, to a Standing Committee of three Directors, including the Chairman. The Committee shall consider the application and submit its recommendations to the Board, for such final order as the later may deem fit to make."

CHAIRMAN'S
INITIALS



MINUTES OF 154TH MEETING OF THE BOARD OF DIRECTORS


DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	KARACHI	11 TH JULY' 2000		
<p>Action: ED(P&GS)</p>	<p>124. Members of the Board were requested, to constitute a Standing Committee consisting of three (3) Directors including the Chairman to review the appeals of terminated Area Managers.</p> <p>125. Accordingly, it was resolved as under:</p> <p>RESOLVED: "that in terms of Regulation 33(2) of the State Life Employees(Service) Regulations, 1973, a committee, comprising of Mr.Sameeul-ul-Hasan, Chairman, Mr.Muhammad Latif, ED(B&A) and Mr.Rasool Bakhsh Baloch, ED(PHS) be and was hereby constituted, to consider the appeal of the 13 terminated Area Managers and submit its recommendation to the Board for such final order as the Board may deem fit."</p> <p>ITEM (17) POSITION PAPER ON PROS AND CONS OF CIT VIS A VIS INTERNAL AUDIT. <u>ED(P&GS) MEMORANDUM DATED: 05-07-2000.</u></p> <p>126. ED(P&GS) presented before the Board, a Memorandum on Chairman's Inspection Team which was constituted on 21-6-1999 under a special directive of the then Chairman vide Office Order No.P&GS/PO/134/99. Subsequently, the Board of Directors in its 151st meeting held on 22-1-2000 granted post facto approval to the creation of the Team.</p> <p>127. Mr. Muhammad Ahmed Amjad, a Senior Area Manager was assigned the responsibility as head of the CIT at the time of its inception, reporting directly to the Chairman. Mr. Amjad was later elevated to the post of Assistant General Manager by the Board of Directors in its 148th meeting held on 11/12 September, 1999.</p> <p>128. Services of two Managers from Personnel Division, an Area Manger from the field, a Junior Office Assistant and a Naib Qasid, were placed at the disposal of the CIT and a fully equipped office was also provided to CIT at the P.O.</p> <p>129. ED(P&GS) informed, that it appears that function of CIT has an overlapping affect on the already existing mechanism of check, monitoring and evolution as there exists an Internal Audit & Elevation Division to ensure effective financial and administrative discipline and a Chairman's Complaint Cell under the functional control of PHS Division, P.O. for enquiries into complaints lodged by the policyholders.</p> <p>130. As a result of investigations/preliminary reports submitted by CIT, during the period 21-6-99 to 30-6-2000, thirty (30) enquiries have been initiated and 23 employees were found involved in these cases. Eleven (11) persons were awarded punishment under the Service Regulations. Presently, 3 officers and staff members are still without assignment, awaiting decisions on their enquiries.</p>			<p>CHAIRMAN'S INITIALS</p> 

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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	11 TH JULY' 2000	
	<p>131. After discussion, the Board resolved as under:</p> <p>RESOLVED:</p> <p>Action: ED(P&GS) (i) "that as proposed by ED(P&GS), reactivation of Chairman's Complaint Cell, located in the Board Secretariat be and was hereby approved. All complaints would be received and registered in the Chairman's Complaint Cell."</p> <p>Action: ED(P&GS) (ii) "that all complaints relating to policyholders, other than those concerning defalcation would be referred to PHS Division for investigation and redressal. The remaining complaints would be marked to IA&E Division for appropriate action. Other complaints of routine nature would be sent to the Department to which it relates."</p> <p>Action: ED(P&GS) (iii) "that a two member Inspection Team, of senior qualified/experienced officers of Audit Department from each Region to post audit activities of the Zone outside their parent Zone on periodical basis be and was hereby approved. These teams would be assisted by the respective Zonal Auditor and the concerned Departmental Head or an officer nominated by the Departmental Head or any other officer co-opted with the permission of the Departmental Head in the Zone."</p> <p>Action: ED(P&GS) (iv) "that the Inspection Teams would report directly to the Divisional Head (IA&E), P.O."</p> <p>Action: ED(P&GS) (v) "that ED(P&GS) was authorised to finalise the constitution and terms of reference of the inspection teams which would include:</p> <ul style="list-style-type: none"> a. periodical post audit(System & Procedure Audit) under heads of account on specially designed formats , at Zonal/Regional/Principal Office, by the Audit Inspection Teams on a continuous basis. b. work on Special Assignments/Enquiries and Investigations on instructions from IA&E Division, P.O. c. Observance of the Rules and Regulations of the Corporation and directives/instructions issued by the management from time to time through various circulars/office orders etc. d. Evaluation of the Zonal IA&E Department with particular reference to their independent working." <p>Action: ED(P&GS) (vi) "that if after preliminary enquiries and investigations, PHS and IA&E Divisions feels that further action was required, they may refer the matter to P&GS Division alongwith the recommendations for formal enquiries."</p> <p>Action: ED(P&GS) (vii) "that since in the presence of above arrangements, there would hardly be any need for CIT, the same be discontinued and its staff relieved of their respective responsibility and their services be reassigned and transferred to other Departments."</p>		

CHAIRMAN'S INITIALS

MINUTES OF 154TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	11 TH JULY' 2000	
Action: ED(P&GS)	(viii) "that IA&E Division may initiate action on its own in addition to responding to complaints."		
Action: ED(P&GS)	(ix) "that ED(P&GS) would issue detailed instructions in respect of above decision of the Board."		
Action: ED(P&GS)	(x) "that all files and correspondence relating to Chairman's Inspection Team would be handed over to Divisional Head IA&E duly acknowledged."		
	<p>ITEM (18) CONSIDER/DECIDE ON REQUEST OF MR. ABDULLAH HAJI MUHAMMAD FOR FULL AND FINAL SETTLEMENT OF DECRETAL AMOUNT OF RS.169,967, COST OF SUIT RS.16,665 AND INTEREST AT 9% FROM DATE OF SUIT TO 30-6-2000 AMOUNTING TO RS.409,267.25 OUTSTANDING AGAINST HIM BY PAYMENT OF RS.400,000 /-.</p> <p>ED(INVESTMENT) MEMORANDUM DATED: 30-06-2000.</p>		
	<p>132. The Board at its 151st meeting held on 22-1-2000, authorized ED(Investment) to negotiate and finalize settlement of the outstanding loan of Mr. Abdullah Haji Mohammad, at an amount not less than Rs.500,000. Mr. Abdullah Haji Mohammad had then requested for relief in payment of accumulated interest on mortgage loan account of Rs.100,000 and Rs.20,000 granted by the then Life Department of EFU(before Nationalization), at an interest rate of 8% and 9% respectively under two separate mortgage deeds dated 28-6-1965 and 14-2-1970 secured against mortgage of property bearing plot No.C-133 KDA measuring 1181 sq.yd situated at Drigh Road, Karachi.</p>		
	<p>133. A suit of recovery filed against Mr. Abdullah Haji Mohammad was decided in favour of State Life on 4-4-1974, however the loanee filed an appeal against the decision in the High Court which was dismissed.</p>		
	<p>134. The Board of Directors at its 99th meeting held on 3-3-1990 approved a 25% waiver of accumulated interest but the opportunity was not availed by the applicant.</p>		
	<p>135. ED(Investment) informed the Board, that a letter dated June 6, 2000 has been received from Mr. Abdullah Haji Mohammad, requesting the Corporation to consider receipt of Rs.40,000 in full and final settlement of his loan payable in three monthly instalments beginning 30th July, 2000 and final payment to be cleared by 30th September, 2000.</p>		
	<p>136. A letter has also been received, from the Ministry of Commerce on 13th June, 2000 enclosing therewith copies of letters dated 11th May and 6th June, 2000 addressed to Minister of Commerce, for appropriate action by State Life under intimation to the Ministry.</p>		
	<p>137. After deliberation, the Board resolved as under:</p>		
Action: ED(Inv.)	<p>RESOLVED: "that ED(Investment), be and was hereby authorized, to negotiate and finalise settlement of the outstanding loan, with Mr. Abdullah Haji Mohammad, at an amount not less than Rs.500,000, failing which necessary steps be taken, for execution of the decree passed by the Court."</p>		
			<p>CHAIRMAN'S INITIALS</p> 

MINUTES OF 154TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	11 TH JULY' 2000	

ITEM (19) CONSIDER/APPROVE PROCEDURE OF HANDING OVER DEATH CLAIM CHEQUES TO CLAIMANT.

ED(PHS) MEMORANDUM DATED: 27-06-2000.

138. The Board of Directors in its 145th meeting held on 25th and 27th February, 1999 decided, that all payments to policyholders made through cross cheques be despatched directly to policyholder or claimant or to the bank for credit to his account. PHS Division, vide its circular No.PHS/PO/CIR-23/99 dated 11th May, 1999 clarified that there was no bar to hand over the cheque to its owner, if he/she visited the Zonal Office, however identity should be established before delivery of the cheque to its owner.

139. PHS Division has been asked by the Chairman, as suggested to him, by Marketing Executives, to explore the possibility of delivery of claim cheques specially death claim cheques, through Zonal Heads, so that they could arrange to extract maximum sales advantage.

140. ED(PHS) informed, that PHS Division, agreed with the suggestion of the Marketing personnel, however some precaution of safety was required. It was therefore proposed, that PHS Division may provide cheques to the concerned Zonal Head in all those cases, where a written request is received from the Zonal Head. The Zonal Head would receive such cheques under his signature on payment vouchers, as well as on cheque forwarding letters. The cheque may then be handed over to claimant in desired manner and in presence of atleast one person from the concerned agency channel. An acknowledgement should be obtained from the claimant and sent to the claim section by the Zonal Head, after delivery of cheque.

141. After deliberation, the Board resolved as under:

RESOLVED:

"that death, maturity and survival benefit cheques would be provided to the concerned Zonal Head on request, which may then be handed over to the claimant in presence of atleast one person from the concerned agency channel if available. The Zonal Head, would receive such cheques, under his signature on payment vouchers as well as on cheque forwarding letters. Acknowledgement obtained from the claimant, after delivery of the cheque, would be sent by the Zonal Head to the claim section."

Action:
ED(PHS)

ITEM (21) CONSIDER/APPROVE CONSTITUTION OF A SCRUTINY COMMITTEE TO EXAMINE PENDING ENQUIRY CASES AND DECIDE AS TO WHETHER THE ENQUIRY PROCEEDING SHOULD CONTINUE OR CHARGE SHEETS SHOULD BE WITHDRAWN.

ED(P&GS) MEMORANDUM DATED: 07-07-2000.


142. ED(P&GS) presented before the Board, a Memorandum for disposal of pending disciplinary cases. The Board was informed, that in the recent past magnitude of disciplinary cases has been showing an increasing trend. It has been observed while going through the findings of the enquiry officer that:

- Quite a few unnecessary enquiries have been initiated;
- Some cases do not warrant conducting disciplinary proceedings; and
- In some cases complaints have been subjective and have resulted in undue pressure on persons against whom enquiry's have been conducted.


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MINUTES OF 154TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	KARACHI	11 TH JULY' 2000		
<p>Action: ED(P&GS)</p> <p>Action: ED(P&GS)</p>	<p>143. The above has resulted in consumption of management time in inquiring into such cases, affecting the working of the organization and the morale of the staff and officers which has reached a low level.</p> <p>144. ED(P&GS) further informed, that disciplinary cases against 69 officers/staff have been disposed off and wherever necessary the action has been taken, whereas disciplinary cases against 46 officers/staff are being processed.</p> <p>145. After discussion, it was resolved as under:-</p> <p>RESOLVED:</p> <p>(i) "that as proposed by ED(P&GS), a scrutiny committee comprising of Mr. M. Mazharuddin, GM(Actuarial) as Convenor, Mr. Abdul Majeed Khan, GM(Real Estate), Head of the concerned Division(s), to which the complaint relates, as member with Mr. Latif A. Chaudhry, Offg. DGM(Law) as Member/Secretary be and was hereby constituted. In case the complaint is against the Divisional Head, then the concerned Executive Director may be consulted."</p> <p>(ii) "that as proposed by ED(P&GS), the terms of reference of the above committee would be:</p> <p>a. to examine/scrutinize pending enquiry cases in order to determine their merit and</p> <p>b. to examine the advisability of continuing the enquiry proceedings and possibility of withdrawal of charge sheets already issued."</p> <p>ITEM (22) CONSIDER/APPROVE CONSTITUTION OF A STANDING COMMITTEE TO CONSIDER APPEALS FOR REVIEW OF PUNISHMENT ORDER OF MR. DUR MUHAMMAD BALADI, AREA MANAGER AND ABDUL SATTAR ABRO, MANAGER(DEV), HYDERABAD ZONE. ED(P&GS) MEMORANDUM DATED: 10-07-2000.</p> <p>146. ED(P&GS) presented before the Board appeals dated 13-1-2000, received from Mr. Dur Mohammad Baladi, Area Manager for review of punishment vide order dated 30-11-1999 of demotion from Manager(Dev) to the post of Area Manager and from Mr. Abdul Sattar Abro, Manager(Dev), Hyderabad Zone for review of punishment of censure awarded to him.</p> <p>147. M/s. Dur Muhammad Baladi and Mr. Abdul Sattar Abro were proceeded against, under the State Life Employees (Service) Regulations, 1973 alongwith other officials of the Hyderabad Zone. The competent authority, on the basis of findings of the Enquiry Report on charges framed against them in the charge sheets dated 5.3.1999, had awarded the aforesaid punishment under the Regulation 30(1) (g) of the State Life Employees (Service) Regulations, 1973.</p> <p>148. ED(P&GS) further informed, that the disciplinary action against the above noted officers, was initiated on the basis of the reference from Additional Secretary, Ministry of Commerce who was a nominee Director on the Board of State Life.</p>			<p>CHAIRMAN'S INITIALS</p> 

MINUTES OF 154TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	KARACHI	11 TH JULY' 2000		
<p>Action: ED(P&GS)</p>	<p>149. Accordingly, it was resolved as under:-</p> <p>RESOLVED: "that as proposed by ED(P&GS), in terms of Regulation 33(2) of the State Life Employees (Service) Regulations, 1973, a committee comprising of Chairman, ED(B&A) and ED(PHS) be and was hereby constituted to consider the appeal and submit its recommendation to the Board for such final order as the Board may deem fit."</p> <p>ITEM (23) <u>REINSTATEMENT/RESTORATION OF DEMOTED MANAGER(DEV).</u> STANDING COMMITTEE MEMORANDUM DATED: 10-07-2000.</p> <p>150. The Board of Directors at its 153rd meeting held on 24th April, 2000 had constituted a Standing Committee, consisting of the Chairman as Convenor and ED(PHS) and ED(B&A) as Members, to consider the appeal of 18 Managers(Dev) demoted vide Office Order No.P&GS/PO/076/2000 dated 29-2-2000, due to non-fulfillment of business targets set for them under the accelerated promotion scheme and submit its recommendations to the Board of Directors at its next meeting for final orders thereon.</p> <p>151. All the above cases were individually examined by the Marketing Division, in consultation with P&GS, who submitted their joint working papers to the Standing Committee, who after detailed deliberation unanimously observed that:</p> <ol style="list-style-type: none"> a. The business criteria, originally fixed for the accelerated promotion scheme, was revised on number of occasions and the performance review should have been done on the basis of revised criteria. b. On the basis of review made in 1999, some Managers(Dev) who were not considered fit were transferred to non marketing side. Others not transferred were considered suitable and retained on the marketing side. c. Manager Marketing, who were earlier transferred to non-marketing side, were subsequently given time upto 31-03-2000 to achieve the targets. Decision of demotion before this date was arbitrary, unfair and against the principles of natural justice. d. The belated review of performance due in the year 1997, was carried out in the year 2000, which has created problems of multifarious nature. e. That upon demotion of these Managers(Dev), the management has no sufficient team of direct Sales Managers to be allocated to them, for providing them reasonable opportunity of operating as a successful Area Manager. f. As opined by Law Division, the non observance of terms and conditions of the accelerated promotion scheme and frequent revision of performance standards, has weakened the case of Corporation, to review performance on basis of original terms and conditions of the scheme. 			<p>CHAIRMAN'S INITIALS</p> 

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	<p>152. Considering the above, the Committee constituted by the Board submitted its recommendation which was circulated to the Board.</p> <p>153. The financial impact as worked out by B&A Division is reckoned to be approximately Rs.15 lacs on the proposed measure, as recommended by the Committee (for the period of 5 months between demotion and restoration of the incumbents). In addition, the recurrent cost will be about Rs.3 lacs per month, being the difference of emoluments between Managers(Dev) and Area Managers.</p> <p>154. After deliberation the Board resolved as under:-</p> <p>RESOLVED:</p> <p>(i) "that the case of Mr. Anjum Rasheed, Ex-Manager, Sialkot Zone did not merit any consideration, as he was allegedly found to have been promoted on basis of fictitious business figures. Disciplinary proceeding against him are under process in P&GS Division."</p> <p>(ii) "that Mr.Hafeez Rasheed, Ex Manager/Demotee be allowed to work as Manager(PHS) at Hyderabad Zone, setting aside his demotion orders abinitio. Mr. Hafiz Rasheed, Ex-Manager/Demotee, after his transfer to the Non-Development side, has indicated his willingness to stay there."</p> <p>(iii) "that the remaining 16 petitioners namely: 1) Mr. Shakeel Ahmed Rana, Karachi(E), 2) Mr. M. Ramzan Shahid, 3) Mr. M. Mukhtar Awan, 4) Haji M. Amin Khalid, 5) Mr. Khalid M. Niazi, 6) Mr. M. Sanaullah Wahela, 7) Mr. Malik Muhammad Nawaz of Multan 8) Mr. Nazir A. Chughata, R.Y.Khan, 9) Mr.G.M. Rama, Sahiwal, 10) Mr. Tariq Mehmood Cheema, Gujranwala, 11) Mr. R. A. Qaiser, 12) Mr. Shaukat Ali Bhatti of Gujrat, 13) Ch. Sarfraz Ahmed, Sialkot, 14) Mr. Shafqat Hussain Jafri, Abbottabad, 15) Ch. Inamulla, Sialkot and 16) Ch. Muhammad Arshad, Gujrat be and are hereby restored retrospectively, however, their place of postings/stations be decided by Marketing Division PO, purely on need basis.</p> <p>(iv) "that Marketing Division to determine future targets and performance review criteria of restored Manager(Dev)"</p> <p>ITEM (24) CONSIDER/DECIDE AS TO WHETHER GROUPS WHERE LIST OF EMPLOYEES ARE NOT AVAILABLE SHOULD BE INCLUDED IN RE-INSURANCE BILLING - 1999. ED(G&P) MEMORANDUM DATED: 21-06-2000.</p> <p>155. ED(G&P) presented before the Board a Memorandum proposing that groups, where list of employees are not available be excluded from the group reinsurance arrangement. The Board was informed that State Life had reinsurance treaty with Swiss Re, since July 01, 1990, which covered group assurance business, group accidental death rider and group accidental disability rider with State Life's existing retention limit under each of these risks of Rs. 1 million per life and sum at risk in excess of Rs.1 million is ceded to the reinsurer. State Life was required to pay premium annually to the reinsurer on the reassured portion of the risk, which is worked out in respect of all lives with sum at risk in excess of State Life's retention limit. Individual data and medical examination are pre-requisites for reinsurance of each life under the reinsurance treaty. Individual data includes name, age, sum at risk, extra mortality etc.</p>			<p>CHAIRMAN'S INITIALS</p> 


Action:
ED(P&GS)

Action:
ED(P&GS)

Action:
ED(P&GS)

Action:
GM(Mkt.)


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DIRECTORS	HELD AT	ON	TIME	
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<p>Action: ED(G&P)</p>	<p>156. ED(G&P) informed that for the past many years, G&P Division has been facing problems in collection of lists of employees of groups comprising mostly of government organisations, banks, and other large corporate bodies. G&P Division has been receiving only grade-wise/category-wise strength for the above groups as such these groups can not be reinsured because individual data and medical examination which are pre-requisites for reinsurance is not available.</p> <p>157. After discussion, the Board decided, that since the above matter being administrative in nature, fell within the purview and authority of Group and Pension Division, it may be decided by Group and Pension Division.</p> <p>ITEM (25) CONSIDER/APPROVE THAT THE ADMINISTRATIVE MANUAL BE FOLLOWED TO THE EXTENT OF CURRENT RULES AND REGULATIONS UNTIL SUGGESTION OF THE CONSULTANT AND ITS CONSEQUENTIAL EFFECT IS PRESENTED TO THE BOARD FOR DECISION. <u>ED(P&GS) MEMORANDUM DATED: 10-07-2000.</u></p> <p>158. The Board of Directors at its 149th meeting held on 15-11-1999 had approved the Administrative Manual prepared by M/s. Ferguson Associates (Pvt) Ltd., which was based on relevant laws, rules, regulations, instructions and other documents identified by the State Life's Management containing reference administrative powers.</p> <p>159. ED(P&GS) presented before the Board, a Memorandum that the administrative manual be followed to the extent of current rules and regulations until suggestion of the consultant and its consequential effect is presented to the board for decision.</p> <p>160. ED(P&GS) informed that the Consultant while complying the administrative manual had made certain suggestions which were to be incorporated by amending the rules and State Life Employees (Service) Regulations, 1973 and other Regulations. However, the Board was not informed, that State Life's service and other regulations had to be amended to implement the suggestions from the Consultant as such the Board neither deliberated upon nor was aware of the changes suggested by the Consultant. The approval granted by the Board for implementation was based on the understanding, that the manual merely incorporates the existing rules and regulations.</p> <p>161. After discussion, it was resolved as under:-</p> <p>RESOLVED: "that until suggestions of the Consultant, alongwith the consequential amendments in the rules and service regulations are not placed before the Board for its decision, the administrative manual be followed only to the extent of the current rules and regulations."</p>			<p>CHAIRMAN'S INITIALS</p> 

Action:
ED(P&GS)

CHAIRMAN'S INITIALS

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<p>ITEM (26) APPROVAL OF SERVICE/BROKERAGE CHARGES OF M/S VIP ESTATE FOR ESTABLISHMENT McDONALD'S OUTLET BY M/S. SIZA FOODS(PVT) LTD IN STATE LIFE BUILDING NO.5-A KARACHI.</p>			
<p>162. The Board of Directors at its 153rd meeting held on 24th April' 2000, instructed GM(RE) to negotiate brokerage terms with M/s. VIP Estate and put up his recommendations to the Board at its next meeting for consideration. State Life normally does not pay service/brokerage charges to Estate Agent, if State Life advertised the renting of vacant space.</p> <p>163. GM(RE) informed the Board, that a letter has been received from the President of the Federation of Pakistan Chambers of Commerce and Industry, requesting State Life for release of outstanding amount of Rs.188,650 to M/s. VIP Estate without further loss of time, as it was likely to affect the credibility of State Life.</p> <p>164. The Board discussed the above and agreed with the opinion of the Law Division, that in the absence of written agreement, State Life was not obliged to pay the brokerage, however, since the broker had in his bid mentioned that he would charge brokerage and State Life had failed to categorically refuse his request and negotiated the matter with him, State Life had by its course of conduct, by keeping silent, had implicitly agreed to the demand of the broker.</p> <p>165. Accordingly, it was resolved as under:</p>			
<p>RESOLVED: "that since the broker firm had mentioned in its bid, that it would charge brokerage and State Life had not refused its request, an amount of Rs.188,650 being service/brokerage charges equivalent to one month's rent be and was hereby approved for payment to M/s.VIP Estate, in respect of renting of McDONALD'S OUTLET."</p>			
<p>ITEM (27) RECOVERY OF EXCESS COST FROM AREA MANAGERS. GM/INCHARGE(MARKETING) MEMORANDUM DT: 11-7-2000</p>			
<p>166. GM/Incharge(Marketing) presented before the Board, a Memorandum for approval of recommendations of sub committee constituted by the Chairman, for recovery of excess cost of Area Managers.</p> <p>167. The Board at its 150th meeting, held on 25-12-1999 had resolved that a committee be reconstituted consisting of ED(G&P) as Convenor with ED(Investment), ED(PIIS), Incharge(S&D), DGM(S&D), DGM(B&A) and DGM(PIIS) as members, to review and consider the existing agreement in respect of recovery of excess cost from Area Managers and finalize and implement the settlement of outstanding cost against Area Managers.</p>			
<p>Action: ED(RE.)</p>			<p>CHAIRMAN'S INITIALS</p> 

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168. The Board at its 152nd meeting held on 4th and 5th March, 2000 had resolved as under:

- i. "that effective 1-1-2000, those A-category Area Managers who had not completed a minimum of Rs.14 lacs as FYP during the year 1999 onwards would not be entitled to car rental and petrol limit. They would however be entitled to conveyance/car maintenance allowance."
- ii. "that the recovery of excess cost from Area Managers for the year 1996, 1997, 1998 and 1999 be initiated and monthly installments not exceeding Rs.2000/- be recovered w.e.f. April 1, 2000."
- iii. "that each Area Manager would be entitled to the laid down perquisites as per their business performance."
- iv. That previous year's performance would form the basis for payment in the subsequent years.

169. GM(Marketing) informed the Board that in compliance with the Board decision, the recovery of Rs.2000 per month has started w.e.f. 1-4-2000 which was protested to by the Area Managers all over Pakistan. A committee was constituted by the Chairman to finalise the recovery of excess cost and other matters relating to Area Managers. The committee held meetings on 7th, 8th and 10th July, 2000 with the representative of Area Managers and finalised its recommendations to be placed to the Board for consideration and necessary instructions.

170. After deliberation, the Board resolved as under:

RESOLVED:

(i) "that provisions of Area Managers Manual dated 28-10-1996 regarding slabs of perquisites shall be recasted by 30-9-2000, in such a manner that the cost should remain within prescribed limit i.e. 5% + 5% = 10% and if there was any excess cost it should be recovered under adjusted cost formula."

(ii) "that adjusted cost formula as given below be and was hereby approved w.e.f 01-01-2000.

- a. **Determination of Rupee Cost:** The Rupee cost of each Area Manager shall include all his direct and in-direct costs, but i) incentive bonus would not be included, and ii) expenses paid to his SO's and SM's on "Reimbursement of office costs" i.e. the "4.35%" would be included only to the extent of their 1/3rd of such expenses or 2% of the Area Managers FYP whichever was less."
- b. **Rupee Cost as % of FYP:** The Rupee cost, determined as above, would be expressed as a % of the Area Managers FYP, hereafter called unadjusted % cost.
- c. **Adjustment of % Cost:** Where the Area Managers persistency rate was less than 65% or greater than 75%, the unadjusted % cost would be adjusted as follows; to determine the adjusted % cost.:
 - i. Persistency less than 65%:
Adjusted % cost = $\frac{\text{unadjusted \% cost} \times 65\%}{\text{Actual persistency \%}}$
 - ii. Persistency greater than 75%:
Adjusted % cost = $\frac{\text{unadjusted \% cost} \times 75\%}{\text{Actual persistency \%}}$

Action:
GM(Mkt.)

GM(Mkt.)

CHAIRMAN'S
INITIALS



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	<p>Where persistency was at least 65% but not more than 75%, the adjusted % cost would be the same as the unadjusted % cost.</p> <p>d. Recovery Schedule: The excess of adjusted % cost over 10% would be subject to recoveries as follows: No recovery out of first 1% excess adjusted cost. Recover 15% out of next 1% excess adjusted cost. Plus 25% out of next 3% excess adjusted cost. Plus 33% out of next 5% excess adjusted cost. Plus 50% out of remaining excess adjusted cost.</p> <p>e. The excess cost amount (if any) would be recoverable from Area Managers in full by the end of the next calendar year.</p> <p>(iii) "that relief of 1% on renewal premium stands withdrawn w.c.f. 1-1-2000."</p> <p>(iv) "that 1/3rd of the total accumulated excess cost from Area Managers after allowing relief of 1% of renewal premium for the years 1996, 1997, 1998 and 1999 would be recoverable in maximum 48 installments and the minimum installment would be Rs.2000/- per month."</p> <p>(v) "that Law Division be instructed to draft the letter to be sent to all the Area Managers individually, under the signature of respective Zonal Head, communicating the above decisions of allowing one time ex-gratia concession for the years 1996 to 1999 and the new formula of recovery.</p> <p>(vi) "that the Zonal Head would review the performance for the half year ended June 30, 2000 and order release/adjustment of perks to Area Managers."</p> <p>(vii) "that in future years, Marketing Division would carry out first half yearly review by July 31 of each year, starting 2001 and subsequent quarterly reviews to be completed within 4 weeks of the close of the quarter."</p> <p>(viii) "that operational cost statement based on the performance for the year 2000, quantifying the recoveries to be made would be handed over to the B&A Division by 28-2-2001 and recoveries would be started from 1-3-2001 and completed by 31-12-2001."</p> <p>(ix) "that the Management of State Life reserves the right to bring about any amendment in the above provisions, as may be considered necessary."</p> <p>171. The meeting ended with vote of thanks to the chair.</p>		
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