MINUTES OF 165TH MEETING OF THE BOARD OF DIRECTORS

CTORS	HELD AT	ON	TIME
E BOOK	KARACHI	16TH MARCH, 2002	

CONFIDENTIAL AND RESTRICTED

The one hundred and sixty fifth (165th) Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 16th March, 2002 at 10:00 a.m., at Pearl Continental Hotel, Rawalpindi.

PRESENT:

1. Mr. Samee-ul-Hasan	Chairman
2. Mr. Azhar Ali Malik	Director
3. Mr. Bashir Ahmed	Director
4. Air Marshal (Retd.) Sharbat A. Changazi	Director
5. Mrs. Spenta Kandawalla	Director
6. Mr. Umar Ata Bandial	Director
7. Mr. Akbar Ali Hussain	Board Secretary

2. The Board was informed that a fax message dated 14th March 2002 has been received from Mr. Nessar Ahmad, Director that he will not be attending the Board meeting due to his pre-occupation and may be granted leave of absence. A fax message No.3(3)/98-Ins.I dated 4th March, 2002 has been received from Mr. Sikandar Hayat Maken, Deputy Secretary, Ministry of Commerce, Government of Pakistan requesting for shifting of the meeting of the Board of Directors of State Life from 16th March, 2002 to 18th March, 2002 as Mr. M. S. I. Ghauri, Director State Life has to attend a meeting of NICL which had already been scheduled on 15th and 16th March, 2002 at Karachi. This fax message was in continuation of telephonic conversation of Mr. M. S I. Ghauri, Senior Joint Secretary/Member Board of Directors with Secretary Board State Life. In reply to the above, a fax message followed by a letter CM/SLIC/MOC/2002 dated March, 5, 2002 was sent by the Chairman State Life informing Mr. Ghauri that a dinner has been arranged to honour 148 Area Managers and all arrangements have been made for their stay and travel and unfortunately it was not possible to alter the arrangements and therefore he regretted his inability to postpone the Board meeting. The Board granted them leave of absence.

3. The meeting was also attended by Mr. M. Saeed Akhtar, Mr. Rasool Bakhsh Baloch, Mr. Mohammad Latif and Mr. Mohammad Mazharuddin, Executive Directors, at the invitation of the Board.

ITEM (1) CONFIRMATION OF MINUTES OF 164TH MEETING OF THE BOARD OF DIRECTORS HELD ON 5TH JANUARY 2002.

4. The minutes of the 164th Meeting of the Board of Directors held on 5th January, 2002 were placed before the Board.

5. Air Marshal (Retd) Sharbat A. Changazi proposed and Mrs. Spenta Kandawalla seconded that the minutes be confirmed.

Accordingly, it was resolved as under:

RESOLVED:

Action: DGM(BS)

"that the Minutes of the 164th Meeting of the Board of Directors held on 5th January, 2002 be and were hereby confirmed."

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ITEM (2) IMPLEMENTATION REPORT ON DECISION TAKEN IN THE - PREVIOUS BOARD MEETINGS.

6. The Board Secretary presented before the Board the implementation report on decisions taken at the 164th Meeting of the Board held on 5th January, 2002 which was noted.

7. The Board requested ED(P&GS) to examine tax implication to the employees and the Corporation in respect of Gratuity Fund under the new Income Tax Ordinance before constitution of the Gratuity Fund and report to the Board at its next meeting.

8. The Board was informed that the Corporation has implemented the new field structure as contained in Office Order No.MKTG/SMKW/A-48 dated 7-1-2002 with effect from 1-1-2002 and commission payments to the field workers are being made on the basis of provision contained therein.

ITEM (3) RATIFICATION OF MINUTES OF 266TH AND 267TH MEETING OF THE EXECUTIVE COMMITTEE HELD ON 30TH OCTOBER, 2001 AND 14TH JANUARY, 2002.

9. The Minutes of the 266th and 267th Meeting of the Executive Committee held on 30th October, 2001 and 14th January, 2002 respectively were placed before the Board for ratification.

Accordingly, it was resolved as under:

Action: DGM(BS)

RESOLVED:
"that the Minutes and decisions taken in the 266th and 267th Meeting of the Executive Committee held on 30th October, 2001 and 14th January, 2002 respectively be and were hereby ratified."

ITEM (4) PRESENTATION OF BUSINESS FIGURES FOR THE PERIOD ENDED 31-12-2001 AND 31-01-2002 OF INDIVIDUAL LIFE, GROUP & PENSION, INTERNATIONAL, INVESTMENT AND REAL ESTATE DIVISION.
ED(Marketing), ED(G&P), ED(Int'l), ED(Invt.) AND GM(RE) MEMORANDUM DATED 15-02-2002.

10. The Business Review Memorandums of ED(Marketing), ED(G&P), ED(International), ED(Investment) and GM(Real Estate) for business review of Marketing, Group & Pension, International, Investment and Real Estate Divisions respectively for the period from 1st January 2001 to 31st December 2001 and 1st January 2002 to 31st January, 2002 were submitted to the Board which were noted.

MARKETING DIVISION:

January to December 2001
11. The Corporation procured FYP of Rs.1017.92 million for the year 2001 as compared to Rs.929.62 million for the year 2000, thus registering an increase of 9.49% over the corresponding period of last year.

CHAIRMAN'S INITIALS

12. In the year 2001, the Corporation collected Rs.660.46 million as second year premium, as compared to Rs.929.62 million completed during the year 2000. The second year persistency for the period January to December 2001 was 71.04% as compared to 62.70% for the year 2000. The third year and later year's premium for the period January to December 2001 was Rs.3804.41 million. The renewal persistency ratio for the period January to December, 2001 is 86.71% as compared to 103.45% during the year 2000. The Board congratulated the Executive Director, Divisional Head, officers and staff of the Marketing Division for increase in First Year Premium and improvement in second year persistency during the year 2001.

January 2002

13. For the month of January, 2002, the Corporation procured FYP of Rs. 56.463 million as against Rs.42.075 million completed during the same period of last year, thus registering an increase of 34.20% over the corresponding period of last year.

GROUP & PENSION DIVISION:

January to December 2001

14. The collection of premium for G&P business for the year 2001 stood at Rs.1323.660 million as compared to Rs.1199.843 million, for the year 2000 showing an increase of 10.32%. G&P Division secured 87 new groups during this period having total premium of Rs.9.203 million as against 115 new groups having premium of Rs.18.328 million, procured in the year 2000 showing a decrease of 49.79% in premium income under new groups. In the year 2001, G&P Division lost 140 policies having total premium of Rs.54.047 million. The persistency of G&P Division was 95% in the year 2001 as compared to 92% in the year 2000.

Action: ED(G&P)

15. The Board congratulated the Executive Director, Divisional Head, officers and staff of the Group & Pension Division for their performance during the year 2001.

January 2002

16. The collection of premium for G&P business during the month of January, 2002 stood at Rs.80.139 million as compared to Rs.69.512 million, for the month of January 2001 showing an increase of 15.29%. G&P Division secured 13 new groups during this period having total premium of Rs.0.652 million as against 8 new groups having premium of Rs.0.421 million, in the month of January 2001 showing an increase of 54.87% in premium income under new groups. In January 2002, G&P Division lost 7 policies having total premium of Rs.2.048 million. The persistency of G&P Division was 97% as against 100% in the month of January 2001.

INTERNATIONAL DIVISION:

January to December 2001

17. International Division has procured US$1.5261 million FYP, during the period January to December 2001 as against US$:1.4939 million for the year 2001 showing an increase of 2%. The policies sold by International Division during the period January to December 2001 was 1353 as against 1467 in the year 2000 registering a decrease of 8% over the corresponding period of last year. Second year persistency achieved during the year 2001 is 61%, through collection of second year premium of US$0.9168 million as against 45% for the year 2000, through collection of second year premium of US$:0.7030 million. Renewal premium collection for the year 2001 is US$3.4992 million as against US$:2.8099 million during the year 2000 showing an increase of 25% over the collection of last year, with Renewal persistency of 91% in 2001 as against 75% of 2000.

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Action: ED(B&A)

18. The Board requested ED(B&A) to submit plans for improvement in overseas operations to the Board at its next meeting with special reference to internal control on custody of funds/investments and disbursement.

January 2002

19. International Division has procured US$0.0459 million FYP, during the month of January 2002 as against US$:0.0453 million during January 2001 showing an increase of 1%. The policies sold by International Division during the month of January 2002 was 46 as against 43 in January 2001 registering an increase of 7% over the corresponding period of last year. Second year persistency achieved during the period is 110%, through collection of second year premium of US$0.0498 million as against 750% of last year, through collection of second year premium of US$:0.0552 million. Renewal premium collection in January 2002 is US$ 0.2751 million as against US$:0.2605 million in January 2001 showing an increase of 6% over the collection of last year, with Renewal persistency of 87% in January 2002 as against 154% of last year.

INVESTMENT DIVISION:

January to December 2001

20. Book value of the investment portfolio, which was Rs.64,841 million on December 31, 2000, is estimated to have increased to Rs.72,111 million as of December 31, 2001, reflecting an increase of Rs.7,270 million and percentage increase of 11.21%, during the year ended December 31, 2001. State Life has invested either through auction or direct purchases through primary dealers, Rs.15,669 billion during the period ended December 31, 2001 in Pakistan Investment Bonds, out of the maturity proceeds of SGBs, FIBs and securities of national saving schemes and income received from other sources. State Life is also increasing its exposure in the debt market and has invested Rs.519 million in TFCs of Dawood Leasing, Orix Leasing, ICI, SSGC and other companies during the year 2001. Investment income is estimated to be Rs.9,109 million for the period January to December 2001 as compared to Rs. 7,965 million for the year ended December 31, 2000.

21. State Life equity portfolio which was Rs.5,397 million as on December 31, 2000 has increased to Rs.6,519 million as on December 31, 2001 showing an increase of Rs.20.78% during the year 2001. State Life sold shares with a book value of Rs.29.8 million for Rs.84.8 million thereby realizing capital gain of Rs.55 million during the year 2001. The equity were 9.04% of the total investment portfolio as on 31-12-2001. The book value of total quoted equity portfolio was Rs.6,169 million while its market value was Rs.5,596 million in December 2001 showing a depreciation of Rs.573 million.

January 2002

22. Book value of the investment portfolio, which was Rs.72,111 million on December 31, 2001, is estimated to have increased to Rs.74,192 million as of January 2002, reflecting an increase of Rs.2,081 million and percentage increase of 2.88% over December 31, 2001. State Life is also increasing its exposure in the debt market and has invested Rs.519 million in TFCs of Dawood Leasing, Orix Leasing, ICI, SSGC and other companies as of January 2002. Investment income is estimated to be Rs.739 million for the month of January 2002 as compared to Rs.9109 million for the year ended December 31, 2001.

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23. State Life equity portfolio which was Rs.6519 million as on December 31, 2001 has increased to Rs.6,542 million as on January 31, 2002 showing an increase of Rs.23 million during the month of January 2002, however it has decreased to 8.80% of the total investment portfolio as on January 31, 2002 as compared to 9.04% on December 31, 2001 . State Life sold shares with a book value of Rs.2.4 million for Rs.4.1 million thereby realizing capital gain of Rs.1.7 million during the month of January 2002. The book value of total quoted equity portfolio was Rs.6,192 million while its market value was Rs.6,825 million in January 2002 showing an appreciation of Rs.633 million.

REAL ESTATE DIVISION:

January to December 2001

24. The net income of Real Estate Division increased to Rs.74 million, during the year 2001, from Rs.28 million in the year 2000, due to reduction in administrative expenses including staff and officers welfare expenses because of reduction in number of employees as a result of VRSS offered in the year 2000.

January 2002

25. The net income of Real Estate Division increased to Rs.8.79 million, for the month of January, 2002 from Rs. 6 million in the month of January 2001. The gross income increased from Rs. 29.58 million in January 2001 to Rs. 33.33 million in the month of January 2002.

ITEM (5) **CONSIDER/APPROVE - RECOMMENDATIONS FOR EQUITABLE COMPENSATION FOR DELAY IN PAYING CLAIMS.**
Executive Director(PHS)'s Memorandum dated 20-02-2002

26, ED(PHS) presented before the Board a Memorandum to consider and approve payment of equitable "no fault" compensation for late settlement of claim.

27. Section 118 of the Insurance Ordinance 2000, reads as follows:

> "(1) It shall be an implied term of every contract of insurance that where payment on a policy issued by an insurer becomes due and the person entitled thereto has complied with all the requirements, including the filing of complete papers, for claiming the payment, the insurer shall, if he fails to make the payment within a period of ninety days from the date on which the payment becomes due or the date on which the claimant complies with the requirements, whichever is later, pay as liquidated damages a sum calculated in the manner as specified in sub-section (2) on the amount so payable unless he proves that such failure was due to circumstances beyond his control.
>
> *Explanation*: for the purposes of this sub-section, failure or delay by any person in making payment (including without limitation payment under the contract of reinsurance) to an insurer shall not constitute circumstances beyond the control of insurer.
>
> (2) The liquidated damages payable under sub-section (1) shall be payable for the period during which the failure continues and shall be calculated at monthly rests at the rate five per cent higher than the prevailing base rate."

This corresponds to Section 47B of the repealed Insurance Act 1938.

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28. ED(PHS) informed the Board Section 118 comes into play ninety days after the due date of the claim or the date on which "the claimant complies with the requirements, whichever is later".

29. For maturity benefits, the date on which the payment becomes due is clear. Any delay is usually caused by the claimant's delay in complying with the requirements, such as signing and completing the discharge voucher and submitting the original policy document. After these are submitted, there is no reason to delay the payment, and this is generally made well within three months. In fact, we try to initiate maturity claim procedures before maturity, so that the policyholder gets the money at or around the maturity date.

30. The Board was informed that for survival benefits, two situations arise. Under certain old policies, now diminishing in number, the policy provided for payment of the survival benefit on a particular date. It is like a maturity claim. The wording was changed in September 1983, to provide that the survival benefit would stay with the Corporation, and Special Reversionary Bonuses would be allowed thereon. If the policyholder wants the money, he has to apply for it within 6 months after the relevant date. If he does so, and submits the necessary documents, again the payment should, and usually is, made well within three months of his application and completion of the necessary vouchers and other requirements.

31. In the case of death claims, long intervals can occur between death and payment. The policy does not say that the sum insured is payable on death. It says the Sum Insured is payable "to the person mentioned in the Schedule [of the policy] after State Life is satisfied that the event described in the schedule [in this case, death] has happened and that the person claiming payment has a right to receive it. For this purpose, State Life may ask for submission of any requirements deemed necessary by it.

32. Delay in payment can occur for any one or more of these reasons:
   (a) Delay in notifying us of the death;
   (b) Delay in completing the requirements that we convey on being told of the death;
   (c) Investigation to satisfy ourselves that the claim is genuine. Regrettably, in a number of cases fraud is discovered, leading to repudiation of the claim, especially where the death occurs within 2–3 years after policy issue;
   (d) Difficulty in establishing the claimant's title, especially if there is no valid nomination or assignment. Disputes may also occur between the deceased's relatives.

33. ED(PHS) further informed that under the policy, unless Section 118 is attracted, no financial compensation is legally due to the claimant for the interval between (i) the date of maturity, (ii) the Specified Date in respect of the survival benefit, or (iii) the date of death, and the date of payment. Section 118 will be attracted only rarely. The Corporation was set up on 1st November, 1972 and in the 29 years since then, there have been few, if any, claims under Section 47B of the repealed Act, or Section 118 of the Ordinance 2000.

34. Such delays give rise to noticeable inequity. The amount of claim is left with the Corporation. The Corporation earns return on this amount. Under the current practice, this return remains in the life fund and is used to enhance the benefits of the remaining policyholders and the shareholders. No part of this return is paid to the claimant. Equity demands that part or whole of the income earned on the claims retained with the Corporation should be passed on to the claimants.

CHAIRMAN'S INITIALS

35. ED(PHS) recommended to the Board that the Corporation should pay investment return to the claimant, on a "no fault" basis, at a rate determined by the Corporation, from the date of death or maturity to actual date of payment, if the interval between these two dates is more than 90 days. A similar return may also be allowed after the survival benefit due date, under the "old" wording. Under the new wording, a similar benefit may be allowed after the survival benefit due date, if the claim is made within six months as mentioned in the relevant Endorsement.

36. The above arrangement being voluntary, the Corporation can decide the rate to be credited to the claimant. The outstanding claims remain part of the investment of the total life fund. The Corporation does not segregate investment for outstanding claims; therefore, the rate can be the rate earned on the life fund with an appropriate margin of 1% p.a., suitably rounded down. Of course, if the claimant succeeds in proving that Section 118 applies, we will have to pay as provided therein.

Accordingly, it was resolved as under:

RESOLVED:

Action: ED(PHS)

"that as proposed by ED(PHS) payment of investment return to the claimant on a "no fault" basis at a rate earned on the life fund with an appropriate margin of 1% p.a. suitably rounded down, from the date of death or maturity to actual date of payment, if the interval between these two dates is more than 90 days and similarly allowing of a return after the survival benefit due date under the old wording and allowing under the new wording of a similar benefit after the survival benefit due date, if the claim is made within six months, as mentioned in the relevant endorsement be and was hereby approved. However if the claimant succeeds in proving that Section 118 applies, State Life will have to pay as provided therein."

ITEM (6) **CONSIDER/APPROVE - PROPOSAL FOR PURCHASE OF NEW CARS**
Executive Director(P&GS)'s Memorandum dated 14-02-2002

37. ED(P&GS) presented before the Board a Memorandum for consideration and approval for replacement of 50 Corporation's vehicles presently in use of Executive Directors, Divisional Heads, Regional Chiefs and Zonal Heads which have outlived their useful life of 5 years. These vehicles have become uneconomical and are incurring large maintenance and repair expenses.

38. Under the car policy of the Corporation, Executive Directors, Divisional Heads, Regional Chiefs and Zonal Heads are allowed Corporation maintained vehicles. At present 81 vehicles are owned by the Corporation, list of which was enclosed to the Memorandum. These vehicles have been purchased from time to time during the years 1990 to 1996.

39. ED(P&GS) informed that on account of deplorable conditions of cars and their frequent breakdowns, some Regional Chiefs and Zonal Heads are unable to even tour business offices of their Regions/Zones.

40. Out of these cars, some 50 vehicles are due for immediate replacement on account of age and/or high mileage. The average age of these vehicles is 5 years and the average mileage is 150000 k.m. The total estimated cost for replacement of 50 vehicles will come to Rs. 35 million. The existing vehicles will be disposed off through sealed quotations and the estimated price realized is expected to be about Rs. 8 to 9 million. Thus the net impact of the expenditure will come to approximately Rs. 26 to 27 million.

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41. According to Cabinet Division (Implementation Cell) letter No.1/2/2000, ban on purchase of vehicles would continue. However in exceptional cases, when relaxation is given, only locally manufactured/assembled vehicles will be purchased. Keeping in spirit with the decision of the Cabinet Division, the State Life will purchase only locally manufactured/assembled vehicles to replace the existing one.

Accordingly, it was resolved as under:

RESOLVED:

Action: ED(P&GS)

(i)"that the proposal of ED(P&GS) for replacement of 50 vehicles or thereabouts at a total estimated cost of Rs. 35 million and disposal of existing vehicles through sealed quotations be and was hereby approved."

Action: ED(P&GS)

(ii)"that vehicles which meet one or more of the following criteria should be replaced, subject to the discretion of the Committee to be formed for that purpose: (a)the vehicle was purchased in 1995 or earlier (b)the vehicle has done 150,000 km or more (c) the maintenance expenses of the vehicle was Rs.50,000 or more in a year (d)the vehicle is out of order and cannot be repaired."

Action: ED(P&GS)

(iii)"that the vehicles to be purchased for replacement of existing vehicles would be of 1300 cc or less and would be manufactured/assembled in Pakistan. However the Zonal Heads who have their Zonal territories in the hilly areas may be considered for provision of jeeps, as presently allowed, i.e. vehicles of more than 1300 cc. Similarly the condition of 1300 or less would not apply to overseas offices of State Life"

Action: ED(P&GS)

(iv)"that a committee be constituted to review the condition of the existing vehicles and to decide which of the vehicles are to be replaced even if they do not fit in to the above criteria and for taking all necessary steps for purchase of new vehicles including calling of tenders for sale of existing vehicles."

ITEM (7) CONSIDER/APPROVE - AMENDMENTS IN PENSION AND PROVIDENT FUND REGULATIONS.
Executive Director(P&GS)'s Memorandum dated 20-02-2002

42. ED(P&GS) presented before the Board a Memorandum to consider/approve amendments in Pension and Provident Fund Regulations.

43. State Life introduced revised Pay structure for its officers on 12th February, 2001 and one of the element of the new Pay structure was that pensionary entitlements for past service upto 31.12.1999 will be determined according to service upto that date and according to pay enforced upto that date. It will not be affected by pay increase after 31st December, 1999 or by service after 31st December, 1999.

44. The employees including officers and staff who opted for Voluntary Retirement/Separation Scheme were given benefits which were not permitted under Pension Regulations. The payments to the VRSS optees were made from the running account but were adjustable from the Pension Fund after appropriate amendments in the Pension Regulations, to permit such payments, are made.

45. ED(P&GS) informed that in both the above mentioned cases amendments are required in the Pension Regulations as applicable to officers and unionized staff. The amendments have been drafted and were annexed as Annexure "A" and "B" to the Memorandum for the officers and the unionized staff respectively.

CHAIRMAN'S INITIALS

46. An amendment is also being proposed in the State Life Employees (Contributory Provident Fund) Regulations. The amendment relates to Administrators' liability and indemnity. This is necessitated as there is no such provision in the existing Regulations. The proposed amendment was placed at Annexure "C" to the Memorandum.

47. The Board is requested to approve the proposed amendments and their publication in the official Gazette after approval by the Federal Government.

Accordingly, it was resolved as under:

RESOLVED:

Action: ED(P&GS/Law)

(i)"that as proposed by ED(P&GS/Law), amendments in the Pension Regulations applicable to officers and unionized staff of the Corporation as per Annexures "A" and "B" respectively to the Minutes be and was hereby approved."

Action: ED(P&GS/Law)

(ii)"that as proposed by ED(P&GS/Law), amendments in the State Life Employees (Contributory Provident Fund) Regulations relating to Administrators' liabilities and indemnity as per Annexures "C" to the Minutes be and was hereby approved."

Action: ED(B&A)

(iii) "that EDB&A) obtain legal opinion as to whether amendments in Pension and Provident Fund Regulations have to be approved by the Income Tax Authorities before the same is submitted for approval by the Federal Government or vice versa."

ITEM (8) CONSIDER/APPROVE RECOMMENDATION OF STANDING COMMITTEE OF BOARD IN RESPECT OF APPEALS FILED BY THE OFFICERS WHO WERE AWARDED DIFFERENT PUNISHMENTS AS A RESULT OF DISCIPLINARY ACTION.
Executive Director(P&GS)'s Memorandum dated 20-02-2002

48. The Board of Directors in its 156th meeting held on 7-10-2000 resolved to constitute a Standing Committee comprising following Directors, in terms of regulation No.33 (2)(a) of State Life Employees (Service) Regulations, 1973 to consider Appeals and Application for Revision and to submit its recommendations to the Board:-

a) Mr. Samee-ul-Hasan, Chairman
b) Air Marshal (Retd) Sharbat A. Changazi, Director and
c) Mr. Umar Ata Bandial, Director

49. In this regard a meeting of the Standing Committee was held on 19th January, 2002 at Lahore to consider 6 cases of appeal. The Standing Committee granted personal hearing to the appellants and after examining each case gave their recommendations in the Memorandum submitted to the Board for such final order as it may deem fit to make.

After deliberations, the Board resolved as under:-

RESOLVED:

Action: ED(P&GS)

(i)"that the recommendation of the Standing Committee that the punishment of censure in the case of Syed Mehmood Hussian, AGM(B&A), Faisalabad Zone be upheld, be and was hereby approved."

Action: ED(P&GS)

(ii)"that the recommendation of the Standing Committee in the case of Mr. Muhammad Amjad, Manager(B&A) D. G. Khan Zone to exonerate him of all charges except that relating to the payment/credit notes of salary to Mr. Abdul Hameed be and was hereby approved. The recommendation of the Standing Committee for punishment of censure on that charge be upheld was also approved by the Board."

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Action: ED(P&GS)

(iii)"that the recommendation of the Standing Committee in the case of Mr. Anwar Shahid, Manager/Ex-Zonal Head, Rahim Yar Khan Zone that a fresh enquiry be conducted into the furniture matter and that till the result of enquiry the money recovered from Mr. Anwar Shahid be retained and regarding other charges Mr. Anwar Shahid, he should be exonerated be and was hereby approved."

Action: ED(P&GS)

(iv)"that the recommendation of the Standing Committee in the case of Mr. Allah Yar Malik, Ex-Manager(Marketing), Sargodha Zone that the benefit ~~from~~ of doubt may be extended to the appellant as to his claim that his signature in the inspection report was forged and quite different from his usual signature be and was hereby approved subject to an enquiry against "The channel" through whom the proposal was submitted."

Action: ED(P&GS)

(v)"that the recommendation of the Standing Committee in the case of Mr. Z. M. Kamran Shamsi, Manager(Marketing), Rahim Yar Khan Zone that the punishment be reduced from censure to a "warning" and the action of recovery of commission/over-riding commission from the field channel and other actions against field channel are upheld be and was hereby approved. This warning should not effect his promotion or career."

Action: ED(P&GS)

(vi)"that the recommendation of the Standing Committee in the case of Mirza Khalid Javed, Ex-Area Manager, Sahiwal Zone that he was correctly awarded the punishment of dismissal and recovery, be and was hereby approved."

ITEM (9) CONSIDER/APPROVE - INVESTMENT IN PRIVATE PLACEMENT OF TFCS OF DAWOOD LEASING COMPANY.
Executive Director(Invt.)'s Memorandum dated 14-02-2002

50. The Secretary Board presented before the Board a Memorandum of ED(Invt.) to consider/approve private placement of Rs. 50 million in the Terms Finance Certificates of 5 years tenor of Dawood Leasing Company Limited. It was informed to the Board, that as required, under provision of Section 37(2) and Section 37(3) of the Insurance Ordinance 2000, the proposal is being submitted directly to the Board instead of to the Executive Committee, as Mr. Mohammad Latif, Executive Director, State Life is also on the Board of M/s. Dawood Leasing Company Limited. Mr. Mohammad Latif, ED(Invt.) had earlier left the meeting before presentation of the Memorandum.

51. The details of the subject TFCs alongwith terms and conditions are as under:-

Issue size:	Rs.100 million
Profit rate:	State Bank of Pakistan discount rate + 2% with a minimum floor of 12% and ceiling of 16%.
Profit payment:	Semi-annually
Tenor:	Five years
Redemption:	The TFCs will be perpetual unless the Put Option or Call Option are exercised as per the terms of each option.
Investor put option:	The investor will have the option to Put the TFCs to DLCL in whole or in part for redemption at face value at the end of every 5 years from issue date or roll over date.
Issuer call option:	DLCL will have the option to call in whole the TFCs from the investor for redemption at face value at the end every 5 years from issue date or roll over date
Exercise period for Put and Call Option:	Notice period for either Put or Call Options shall be given by the investor to DLCL or by DLCL to the investors as the case may be, at least 30 days but not more than 60 days before the option exercise dates.
Security:	First pari passu charge on all the leased assets and Receivables of the company with a 20% margin.

CHAIRMAN'S INITIALS

After discussions, it was resolved as under:

RESOLVED:

Action: ED(Invt.)

(i)"that as proposed in the Memorandum of ED(Invt.), an investment of Rs.50 million in the private placement of TFCs of Dawood Leasing Company Limited of 5 years tenor at a rate of return of State Bank discount rate plus 2% with a floor of 12% and ceiling of 16% secured by first pari passu charge on all the leased assets and receivables of the Company with a 20% margin be and was hereby approved. The TFCs will be perpetual unless the put option or call option are exercised as per the terms of each option i.e. a notice period for either put or call option shall be given by the investor to Dawood Leasing Company Limited and vice versa as the case may be atleast 30 days but not more than 60 before the option exercise dates."

Action: ED(Invt.)

(ii)"that ED(Invt.) be and was hereby authorized to negotiate , finalize and execute the agreement in this regard as per the approved terms after ensuring that the major portion of the funds of the Company are used for its main business i.e. leasing."

52. At this point time, Mr. Mohammad Latif, ED(Invt.) re-joined the meeting.

ITEM (10) POSITION PAPER ON INVESTMENT IN PUNJAB ROAD TRANSPORT CORPORATION.
Executive Director(Invt.)'s Memorandum dated 27-02-2002

53. ED(Invt.) presented before the Board, a Position Paper on the above for consideration by the Board as to whether State Life should continue with the legal proceedings in the above matter.

54. ED(Invt.) informed that State Life had advanced four debentures loans amounting to Rs 30.00 million to Punjab Road Transport Board (PRTB), which was thereafter converted into Punjab Road Transport Corporation (PRTC), during 1973 to 1976 through ICP led consortium which also included five other banks namely NBP, HBL, UBL, MCB and ABL. Details of disbursements made by State Life are as under :

Disbursement Date	Loan (Rupees)
28.09.1973	5,000,000
20.12.1973	5,000,000
23.12.1974	10,000,000
26.09.1975	5,000,000
21.06.1976	5,000,000
	30,000,000

55. Repayment of loan was guaranteed by the Government of Punjab. The total repayments of Rs 30,000,000/- received by the Corporation till 26.12.1982 were treated as Principal under the intimation of the Government. Hence interest and penal interest remained unsettled.

56. In 1998, ICP vide their letter LD/MR/98/818 dated December 7, 1998 approached State Life for participation and approval of draft petition of four civil suits for invoking guarantees given by the Government of Punjab. With the opinion of the Law Division, State Life consented its participation in filing of above suits. However, due to bad health of the Advocate hired by ICP suits were not filed.

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57. Later on, MCB (one of consortium member) decided to file recovery suits against PRTC and the Government of Punjab. ICP, the consortium leader, issued NOC in favour of MCB and handed-over the original security documents to MCB. ICP however, decided not to participate in filing of recovery suits on the ground that they had received the Principal portion of loan and that interest on the loan was written off by them with the approval of their Board of Directors.

58. ED(Invt.) further informed that State Life decided to join MCB in filing recovery suits against PRTB. Accordingly, necessary documents along with State Life's claim of Rs 25.285 million being interest and penal interest were provided to MCB for action at their end.

59. MCB thereafter informed State Life that four recovery suits against PRTB have been filed and that the suits have been admitted by the Lahore High Court and notices to the defendants have been ordered to be issued and published in the leading newspapers. They also informed that at their request Lahore High Court has also issued interim stay order prohibiting the sale of hypothecated property by the borrower. As requested by MCB State Life's has paid its share of advocate fee and out of pocket expenses amounting to Rs 278,225/-.

60. Subsequently, a meeting to discuss issues of PRTB was held on 26.10.2000 in the office of Secretary to the Government of Punjab, Transport Department. This meeting which was presided by the Secretary to the Government of Punjab, Transport Department and was attended by Managing Director PRT besides officials of NBP, HBL, MCB, ABL, State Life and the counsel for the consortium. The MD PRTC pointed out that PRTB has been converted into PRTC and that all assets of PRTC have been taken over by Government of Punjab and except one table and a chair which were being used by him, PRTB had no asset. It was pointed out by representative of State Life that payment to PRTB was made out of life fund which is the exclusive property of the policyholders and being a guarantor, the Government of Punjab should meet its commitment. The counsel for the consortium expressed his view on the legal status of the case. He informed that next hearing of the case at Lahore High Court was scheduled for 4.11.2000. PRTC should give its concrete proposal before this date in case they wished to settle the matter out of court. Secretary Transport stated that he will move the file to Secretary Finance Punjab and it may take some time for the proposal to come.

61. Another meeting was held on 3.7.2001 in the office of Ministry of Finance at Islamabad wherein the representatives of Punjab Government offered to repay the principal in installments. This proposal was not accepted by the banks. A follow up meeting was again held on 12.09.2001 at Islamabad. The representative of Punjab Government again had no concrete proposal. As such the meeting was adjourned.

62. Later on, a meeting was held in the Finance Department Government of Punjab at Lahore on 12.12.2001. This meeting was Chaired by Finance Minister Government of Punjab. After detailed discussion, Finance Minister offered to pay the outstanding amount of principal plus 10% interest on the outstanding amount. Since State Life has already received the principal, it would not receive anything as per this proposal. Our Law Division has opined that on the basis of documents available with us, State Life's case is quite strong. However, due to recent judgement of the Supreme Court regarding the issue of interest, judicial forums are dis-inclined to grant payment of interest particularly when principal amount has been received. Further the issue of limitation may be raised by PRTC.

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,63. The Board was informed that a meeting was held in the office of MCB on January 24, 2002 which was attended by the representative of Legal Advisor M/s. Ramday Associates and the representatives of Banks and State Life. The representative of MCB and NBP pointed out that their banks have accepted the offer to settle the issue on receipt of outstanding amount of principal plus 10% interest. This offer is also being considered by other consortium banks and it is likely that all other banks may accept the offer. MCB later on also informed that they have received their money as offered by the Government of Punjab and agreed by them.

64. State Life's legal advisor has pointed out that in case, State Life decides to continue with legal proceeding, representative of State Life will have to attend every hearing of the case in the court at Lahore. He further informed that in case a decree is executed in favour of State Life, it will have to identify the assets of Punjab Government to be attached in State Life favour. Upon seeking advice on merits and demerits of continuing with the legal proceeding, our legal advisor pointed out that they had already expressed their views with respect to limitation act as also reservations regarding the admissibility of interest as mentioned in para 62 above. ED((Inv..) also informed that ABL has since decided not to withdraw the legal case.

65. ED(Invt.) requested the Board that in view of the above stated facts to consider and guide whether State Life should continue with the legal proceedings or to withdraw the case. Since next hearing of the case was due on March 5, 2002, State Life has advised the legal advisor to continue with the legal proceeding for the time being.

Action: ED(Invt.)

66. The Board after considering the position, instructed ED(Invt.) to pursue the case for time being and review the position at the end of the current year.

ITEM (11) CONSIDER/APPROVE - TRANSFER OF CORPORATION HOLDING IN SHARE OF RAVI RAYON TO PRIVATIZATION COMMISSION.
Executive Director(Invt.)'s Memorandum dated 27-02-2002

67. ED(Invt.) presented before the Board a Memorandum for approval of transfer of Corporation holding in share of Ravi Rayon to Privatization Commission.

68. The Board was informed that the Privatization Commission vide its letter No.FS(14)PC/94 dated November 2, 2001 (copy enclosed) has informed that Federal Chemical and Ceramic Corporation Ltd. (FCCCL) has initiated legal action for liquidation of M/s. Ravi Rayon Limited and has filed the liquidation petition. The petition has been admitted by Lahore High Court for appointment of official receiver/liquidator. The Privatization Commission has also informed that in the event of liquidation the proceeds will not be sufficient to pay even to the secured creditors. As such the shareholders will not be able to get any compensation.

69. ED(Invt.) briefed the Board that the Privatization Commission has also informed that in order to save the plant from being demolished, Government has decided to transfer Ravi Rayon Ltd. to a strategic Government agency for revival/rehabilitation of the plant. For achieving the said purposes, the Commission has asked the Corporation to transfer its shareholdings in Ravi Rayon Limited to the Government Agency without any financial consideration. It has also been stated by the Commission that our agreement to the proposed transfer will be in line with the Government's plan of action about Ravi Rayon Limited. On a telephonic enquiry by Executive Director (Investment) it was informed by the Privatization Commission that transfer of shares may be at the nominal value of Re 1/- for the entire shareholdings of the Corporation.

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70. ED(Invt.) informed the Board that State Life has 135,000 shares of M/s. Ravi Rayon Limited at an average holding cost of Rs 10.01 per share. M/s. Federal Chemical and Ceramic Corporation Limited is the principal shareholder which own 40.36% holding in the company, where as 28.93% and 30.71% rests with Individuals and Financial/ other institutions respectively. The entity comes under the Ministry of Industries and Production Government of Pakistan. Production activities of the Company have remained suspended since June 1997.

71. During the year ended 31st December 2000 the Company sustained a loss of Rs 100.149 million and the accumulated loss stood to Rs 1044 million. Due to non-operation of the Company, the entire requirement of funds for fixed overheads are being met through borrowing from the holding Corporation. Accumulated loss has reached to the quantum that it has eroded the entire equity and the net worth of the Company has become negative to the tune of Rs (951) million.

72. The financial position of Ravi Rayon Ltd. as at June 30, 2000 is as under :

		(Rs in million)
Assets		
Operating assets at cost	356.234	
Less Depreciation	282.488	
		73.786
Long Term Investments		0.465
Long Term Deposits		0.157
Current Assets		81.149
		155.557
Liabilities		
Paid up Capital		93.576
Accumulated Less		(1044.893)
		(951.317)
Long Term Loans		144.674
Application money for TFCs		23.368
Deferred Liabilities		12.000
Other Current Liabilities		926.832
		155.557

It is thus evident that the company has a negative break up value.

73. The funds of the Corporation pertain to the policyholders and are to be protected by the Corporation to safeguard the interest of the policyholders. On the other hand, the company had a negative net worth to the tune of Rs 951 million as explained above.

74. The Board was requested to consider the letter received from the Privatization Commission for transfer of Corporation's holding of 135,000 shares in Ravi Rayon Limited to the Government Agency at a nominal value of Re 1/-.

Accordingly, it was resolved as under:

RESOLVED:

Action: ED(Invt.)

"that the request received from the Privatization Commission for transfer of Corporation's holding of 135,000 shares in Ravi Rayon Limited to the Government Agency at a nominal value of Re.1/- be and was hereby approved."

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ITEM (12) CONSIDER/APPROVE - WRITE OFF/WRITE BACK OF LONG OUTSTANDING RECEIVABLES/PAYABLES
Executive Director(B&A)'s Memorandum dated 27-02-2002

75. ED(B&A) presented before the Board a Memorandum on the write off/write back of some of the long outstanding receivables/payables appearing in the book of accounts of the Corporation for consideration and approval.

76. The Board was informed that these amounts attract auditors' observation each year. In order to straighten out the matter, it is proposed that these amounts are written off/written back before finalization of the annual accounts for the year 2001. However, proper subsidiary records of each transaction will be maintained by the respective location. In case, any claimant approach later on, the outstanding amount payable to him will be paid accordingly. In the same way, efforts will continue to recover the amounts.

77. Annexures "A" to "E" were enclosed to the Memorandum in respect of four different categories of old outstanding balances in respect of Pakistan and UK Business respectively.

a) **Pakistan Business**		**(Rupees)**
i) Agents'/Employers of Agents Balance		(34,104,270)
ii) Emergency loans/Eid Advances to field workers		943,893
iii) Other amounts receivables		1,107,728
iv) Other amounts payables		(1,952,764)
	NET EFFECT	(34,005,413)
b) **UK Business**		
v) Amounts receivables/payables - UK Business		(£ 65,600,84)
	NET EFFECT	(£ 65,600,84)

78. ED(B&A) presented before the Board brief justifications for writing off/writing back of these old outstanding balances as under:-

i) **Agents'/Employers' of Agents Balances**
These are amounts receivable from agents/employers of agents. The main reason for non-recovery of these amounts is that the concerned agents/employers of agents have left the Corporation without getting their accounts cleared with the Corporation. In some cases, the balances were inherited on nationalization of life insurance business from the defunct insurance companies who could not recover the same from the concerned field workers. In some cases, the field workers became inactive because of expiry of licences/certificates hence no recoveries could be made from them. Since these balances are quite old, no amount is expected to be recovered against these balances.

In the same way, some amounts are also payable to agents'/employers of agents who have left the Corporation or have become inactive due to expiry of licences/certificates and have not been claiming these balances since long.

A summary of these debit and credit balances, showing a net credit balance of Rs.34,104,270 is given in Annexure "D" to the Minutes.

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ii) **Emergency Loans/Eid Advances to Field Workers**
The reasons for non recovery of Temporary Advances made to field workers are almost identical to the reasons mentioned above in case of Agents'/EOA' balances. The earnings of field workers were not enough to enable zones/offices to deduct loan installments. This way, the debit balances created remained unsettled in the books since long time. A total amount of Rs.943,893 is outstanding as per summary given in Annexure "D" to the Minutes.

iii) **Other Amounts Receivables**
An amount of Rs.1,107,728 (Annexure "E") to the Minutes is receivable from other persons and/or bodies/institutions for long time but the Corporation has not been able to recover the same. The whereabouts of most of the persons are not known and their existence is also doubtful, therefore, there is least hope to recover these amounts. All these receivable balances relate to the period 1973 to 1996.

iv) **Other Amounts Payable**
An amount of Rs.1,952,764 (Annexure "E" to the Minutes) is liable to be paid by the Corporation to different persons/ bodies but they have not claimed their respective amounts from State Life and in some cases whereabouts of the persons/organizations are also not known. Best efforts were made to settle these amounts, which ended in vain. All these credit balances pertain to the period 1973 to 1998.

v) **Amounts Receivables/Payables - U.K Business**
The operation of UK Business of State Life is being closed. We propose to write off/write back unrecoverable/payable balances from/to agents/employers of agents and others whose whereabouts are not traceable and amounts are lying outstanding since long. Summary of these old balances is given in (Annexure "F" to the Minutes).

79. ED(B&A) requested The Board of Directors to kindly consider the write off/write back of these old outstanding balances which have a net credit balance of Rs.34,005,413 in respect of Pakistan Business and £ 65,600.84, in respect of U.K. Business operations, as detailed in Annexures "D", "E" and "F" to the Minutes.

Accordingly, it was resolved as under:

RESOLVED:
"that as proposed by ED(B&A) writing off of emergency loan/Eid advances to the field workers amounting to Rs.943,893, other amounts receivables amounting to Rs.1,107,728 and writing back of Agents'/Employers of Agents net Balances amounting to Rs.34,104,270, other amounts payable amounting to Rs.1,952,764 in respect of Pakistan Business and writing back of Agents'/Employers of Agent net Balances amounting to £: 58779.08, writing back of suspense amounting to £:9418.11 and writing off of recoverable from ex Senior Chief Manager late Mr. Khurshid Alam amounting to £: 2596.35 in respect of UK Business, details of which are given in Annexure "D", "E" and "F" to the Minutes be and was hereby approved."

Action:
ED(B&A)

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ITEM (13) ANY OTHER ITEMS WITH THE PERMISSION OF THE CHAIR

RETIREMENT OF MR. M. SAEED AKHTAR ED(P&GS)

80. The Chairman informed the Board that Mr. M. Saeed Akhtar, Executive Director(P&GS) would be retiring from Government service and as Executive Director(P&GS) with effect from 31st March, 2002. The Board appreciated the excellent services rendered by Mr. M. Saeed Akhtar and wished him a long and happy retirement.

81. The meeting ended with vote of thanks to the chair.

CHAIRMAN

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Annexure "A"

The State Life Insurance Corporation of Pakistan

NOTIFICATION

In exercise of the powers conferred by Article 49 of the State Life Insurance (Nationalization) Order, 1972 (P.O.) 10 of 1972), the State Life Insurance Corporation of Pakistan, with the prior approval of the Federal Government, is pleased to make the following Regulations, namely:

1. Short Title and commencement:

(1) These Regulations may be called the State Life Employees (Pension) (Amendment) Regulations, 2001.

(2) They shall be deemed to have taken effect form the first day of January, 2000.

2. Amendment of the State Life Employees (Pension) Regulations, 1986 as amended by the State Life Employees (Pension) Regulations, 1988:

(1) Notwithstanding anything to the contrary contained in the State Life Employees (Pension) Regulations, 1986 (hereinafter called the "1986 Regulations") as amended by the State Life Employees (Pension) Regulations, 1988 (hereinafter called the "1988 Regulations"), the following categories of employee shall be subject to the Special Provisions specified in sub-regulation (2) of this Regulations:

(a) All officers of the Corporation who were in service of the Corporation on the 31st day of December 1999 and were members of the State Life Insurance Corporation of Pakistan Employees' Pension Fund (hereinafter called "the Fund") on that date, provided they have opted or were deemed to have opted for the revised pay structure in terms of Circular No. P&GS/PO/004/2001.dated 12th February, 2001.

(b) All employees of the Corporation who were members of the State Life Insurance Corporation of Pakistan Employees' Pension Fund and were promoted to the officer cadre after the 31st day of December 1999 or who in future may be promoted to the officer cadre.

The Special Provision shall not apply to those members of the Fund who do not fall in categories (a) and (b) above, i.e. those members of the Fund who did not opt for the revised opt structure in terms of Circular No.P&GS/PO/004/2001 dated 12th February 2001 or are in grades 1 to 7, SS-I to SS-III and MN-I to MN-III.

(2) **Special Provisions:**

(a) In the case of officers described in paragraph (a) of sub-regulation (1) of regulation 2, the pension entitlement for past service up to 31st December 1999 shall be calculated as follows:-

Pension Entitlement = Last pay or emoluments drawn x Completed years of qualifying service up to 31st December 1999, subject to a maximum of 30 years x (7/300)

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Explanation: Pension Entitlement shall be calculated using the above formula even if the completed years of qualifying service up to 31st December 1999 are less than 10 years.

If the qualifying service up to 31st December 1999 exceeds 30 years, then the Pension entitlement shall be increased by 2% for each year in excess of 30 years, subject to a maximum of 10%.

The Pension entitlement calculated above shall not be affected by pay increase after 31st December 1999 or by service after 31st December 1999. However, the pension calculated as above as at 31st December 1999 shall be increased with effect from 1st January 2001 and 1st January of each subsequent year till the employee's superannuation or earlier exit from services, in the manner described in paragraph (c) below of sub-regulation (2) of regulation 2.

(b) In the case of employees described in paragraph (b) of sub-regulation (1) of regulation 2, the pension entitlement for past service up to the date of promotion to officer cadre shall be calculated as follows:-

Pension entitlement = Last pay or emoluments drawn in the unionised cadre x Completed years of qualifying service up to the date of promotion to the officer cadre, subject to a maximum of 30 years x (7/300).

Explanation: Pension Entitlement shall be calculated using the above formula even if the completed years of qualifying service up to the date of promotion are less than 10 years.

If the qualifying service up to the date of promotion to the officer cadre exceeds 30 years, then the Pension entitlement shall be increased by 2% for each year in excess of 30 years, subject to a maximum of 10%.

The Pension entitlement calculated above shall not be affected by pay increase on or after the date of promotion or by service after the date of promotion. However, the pension calculated as above shall be increased with effect form 1st January next following the date of promotion and 1st January of each subsequent year till the employee's supernnuation or earlier exit from service, in the manner described in paragraph (c) below of sub-regulation (2) of regulation 2. The first increase granted with effect from 1st January next following the date of promotion shall be calculated on a pro rata basis having regard to the period from the date of promotion to the 1st January next following that date.

(c) The Pension calculated in paragraphs (a) and (b) of sub-regulation (2) of regulation 2 shall be increased on 1st January each year, as provided in the aforesaid paragraphs, by 1% less than the rate of return on the Fund during the preceding year. The increase shall be computed on the Pension entitlement as initially calculated plus any subsequent increases.

The rate of return on the Fund shall be calculated in accordance with the following formula:-

Rate of return per cent on the Fund = 200 x I/(A + B – I)

Where I = The investment income of the Fund during the preceding year
A = The balance of the Fund at the beginning of the preceding year
B = The balance of the Fund at the end of the preceding year.

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I, A and B shall be based on the audited accounts of the Fund.

(d) A member of the Fund to whom the Special Provisions are applicable, shall be entitled to his/her Pension entitlement together with the increases granted to him/her, on his/her superannuation or earlier exit from service, if he/she is entitled to any pensionary benefits under the 1986 Regulations, as amended by the 1988 Regulations. The member shall be entitled to commute up to 50% of his/her pension in accordance with the aforesaid Regulations.

Explanation: If a member of the Fund does not qualify for any pensionary benefits under the 1986 Regulations, as amended by the 1988 Regulations, i.e. he leaves the service of the Corporation before normal retirement age having completed less than 25 years of qualifying service or retires on attainment of normal retirement age having completed less than 10 years of qualifying service, then he shall not be entitled to his Pension Entitlement and the same shall be forfeited to the Fund.

3. Voluntary Retirement/Separation Scheme for Officers.

Notwithstanding anything to the contrary contained in the 1986 Regulation as amended by the 1988 Regulations, all officers in grades 8 to 13 (excluding Area Managers), who were covered under the Pension Scheme as at 30th November 2000 and had completed the minimum qualifying service of 10 years and who duly opted for Voluntary Retirement under Circular No. P&GS/PO/20/2000 dated 15th November 2000, shall be paid the following amounts from the Fund as stipulated under the aforesaid Circular.

(a) Commutation of 50% of the accrued pension based on service completed up to 30th November 2000;

(b) Encashment of the balance 50% of the accrued pension, allowed as an incentive to opt for early retirement.

The above amounts will be paid in full and final settlement of the pension liability in respect of Officers who opted for Voluntary Retirement/Separation Scheme and these Officers shall not be entitled to any pension from the Fund.

4. Subject to the above amendments, the provisions of the 1986 Regulations, as amended by the 1988 Regulations, shall remain in full force and effect.

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Annexure "B"

In exercise of the powers conferred by Article 49 of the State Life Insurance (Nationalization) Order, 1972 (P.O.) 10 of 1972), the State Life Insurance Corporation of Pakistan (hereinafter called) "the Corporation", with the prior approval of the Federal Government, is pleased to make the following Rules, namely;

1. **Short Title and commencement:**

    (1) These Rules may be called the State Life Employees (Pension and Gratuity) (Amendment) Rules, 2001.

    (2) They shall be deemed to have taken effect from the first day of January, 2000.

2. **Voluntary Retirement/Separation Scheme for Employees**

Notwithstanding anything to the contrary contained in the Pension and Gratuity Rules framed by the Wage Commission for the employees of the Insurance Corporations as amended and in force form time to time, all employees of the Corporation in grades 1 to 7, SS-I to SS-III and MN-I to MN-III, who were covered under the Pension Scheme as at 30th November 2000 and had completed the minimum qualifying service of 10 years and who duly opted for Voluntary Retirement under Circulars No. P&GS/PO/19/2000 dated 15th November 2000, shall be paid the following amounts from the State Life Insurance Corporation of Pakistan Employees' Pension Fund (hereinafter called "the Fund") as stipulated under the aforesaid Circular.

(a) Commutation of 50% of the accrued pension based on service completed up to 30th November 2000.

(b) Encashment of the balance 50% of the accrued pension, allowed as an incentive to opt for early retirement.

The above amounts will be paid in full and final settlement of the pension liability in respect of employees who opted for Voluntary Retirement/Separation Scheme and these employees shall not be entitled to any pension from the Fund.

3. Subject to the above amendments, the provisions of the Pension and Gratuity Rules shall remain in full force and effect.

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Annexure "C"

The State Life Insurance Corporation of Pakistan

NOTIFICATION

In exercise of the powers conferred by Article 49 of the State Life Insurance (Nationalization) Order, 1972 (P.O. 10 1972), the State Life Insurance Corporation of Pakistan, with the prior approval of the Federal Government, is pleased to make the following Regulations, namely.

1. Short Title and commencement:

   (1) These Regulations may be called the State Life Employees' Contributory Provident Fund (Amendment) Regulations, 2001.

   (2) They shall be deemed to have taken effect from the first day of January, 2000.

2. Amendment of the State Life Employees' Contributory Provident Fund Regulations, 1975;

The following Regulations 5A and 5B shall be inserted after Regulation 5 and before Regulation 6:

"5A Administrators' Liability.

An Administrator shall only be chargeable for monies and securities actually received by him and shall not be liable for any loss not attributable to his own dishonesty or to the wilful commission or omission by him of any act constituting a breach of trust and, in particular, he shall not be liable for any acts or omissions of any other Trustees, banker or any other persons.

"5B Administrators' Indemnity.

Subject to the provisions of Regulation 5A, every Administrator shall be indemnified by the corporation against all costs, expenses, losses and damages incurred or suffered by the Administrators in connection with the Fund as a result of any suit, proceedings, claim, demand or otherwise."

3. Subject to the above amendments, the provisions of the State Life Employees' Contributory Provident Fund Regulations, 1975, shall remain in full force and effect.

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Annexure "D"

State Life Insurance Corporation of Pakistan
Principal Office, Karachi.

Agents'/Employers of Agents – Current Balances
(Terminated Field Workers)

	Dr.	(Cr.)	Net
SR	8,661,075	(39,218,692)	(30,557,617)
SO	1,842,900	(4,670,445)	(2,827,545)
SM	771,875	(1,490,983)	(719,108)
TOTAL	**11,275,850**	**(45,380,120)**	**(34,104,270)**

Agents/Employers of Agents – Emergency Loans/Eid Advances
(Terminated Field Workers)

	Emergency Loans	Eid Advance	Total
SR	459647	89,801	549,448
SO	149401	58,225	207,626
SM	132449	54,370	186,819
TOTAL	**741,497**	**202,396**	**943,893**

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Annexure "E"

State Life Insurance Corporation of Pakistan
Principal Office, Karachi.

Other Amounts Receivables

Year	Amount(Rs.)
1976	19,112
1981	21,667
1988	3,872
1990	421,240
1993	380,835
1994	55,168
1995	86,511
1996	119,323
Total	**1,107,728**

Other Amounts Payables

Year	Amount(Rs.)
1973	544,225
1979	3,768
1980	210,389
1981	5,420
1984	71,000
1985	200,000
1986	4,300
1987	750,300
1989	18,500
1990	29,000
1992	2,000
1994	42,000
1995	71,862
Total	**1,952,764**

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Annexure "F"

State Life Insurance Corporation of Pakistan
Principal Office, Karachi.

Amounts Receivables/Payables – UK Business

(1) Agents/Employers of agents:

	Debit (£)	Credit (£)	Net (£)
- SR	5,425.13	(52,272.08)	(46,846.95)
- SO	2,733.73	(15,792.82)	(13,059.09)
- SM	8,282.50	(7,155.54)	1,126.96
Total	16,441.36 *	(75,220.44)	(58,779.08)

(2) Recoverable from Ex-Sr. Chief Manager since 1993 (Late Mr. Khurshid Alam) £ 2596.35 **

(3) Suspense Account for amount received without reference. £ (9,418.11)

NET EFFECT £ (65,600.84)

Notes:

* Provision against the doubtful debts from field workers amounting to £ 16,441.36 had already been made in the books of accounts previously. The action required at this stage is to write off the bad debts.

** Provision against the amount for £ 2,596.35 had also been made in the books of U.K. accounts.

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