

MINUTES OF 166TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS' MINUTE BOOK	HELD AT KARACHI	ON 27 TH APRIL, 2002	TIME
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CONFIDENTIAL AND RESTRICTED

The one hundred and sixty sixth (166th) Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 27th April, 2002 at 10.00 a.m., Board Room, Principal Office, State Life Building No.9, Dr. Ziauddin Ahmed Road, Karachi.

PRESENT:

Mr. Saqee ul Hasan	Chairman
Mr. Azhar Ali Malik	Director
Mr. Bashir Ahmed	Director
Mr. Muhammad Sharif Ijaz Ghauri	Director
Air Marshal (Retd.) Sharbat A. Changazi	Director
Mrs. Spenta Kaudawalla	Director
Mr. Akbar Ali Hussain	Board Secretary

2. The Board was informed that Mr. Umar Ata Bandial Director and Mr. Nessar Ahmed Director would not be able to attend the Meeting as such they had requested for leave of absence. The Board granted them leave of absence.

3. The meeting was also attended by Mr. Zafar Mahmood, 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 165TH MEETING OF THE BOARD OF DIRECTORS HELD ON 16TH MARCH 2002.

4. The minutes of the 165th Meeting of the Board of Directors held on 16th March, 2002 were placed before the Board.

5. Air Marshal (Retd) Sharbat A. Changazi proposed and Mrs. Spenta Kaudawalla seconded that the minutes be confirmed with the following amendments:-

Item No.4 of the Minutes of the 165th Meeting of the Board of Directors held on 16th March, 2002 - Para 20 on Page No.2097 of the Minutes regarding review of investment portfolio for the year ended December 2001 - investment in Government Securities:-

The figure Rs.15,669 billion appearing in line 5 of para 20 should have read Rs 15.669 billion.

Accordingly, it was resolved as under:

RESOLVED:

"that the Minutes of the 165th Meeting of the Board of Directors held on 16th March, 2002 be and were hereby confirmed with the above amendment."

Action:
DGM(BS)

CHAIRMAN'S
INITIALS



MINUTES OF 166TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	27 TH APRIL, 2002	
<p>Action: ED(Int'l) ED(B&A)</p>	<p>ITEM (2) IMPLEMENTATION REPORT ON DECISION TAKEN IN THE - PREVIOUS BOARD MEETINGS.</p> <p>6. The Board Secretary presented before the Board the implementation report on decisions taken at the 165th Meeting of the Board held on 16th March, 2002 which was noted. The Board was informed that because of heavy pressure of work Re: finalization of annual accounts for the year 2001, the presentation on the improvement of overseas operations will be submitted at a future date.</p>		
<p>Action: ED(Int'l)</p>	<p>ITEM (3) PRESENTATION OF BUSINESS FIGURES FOR THE PERIOD ENDED 31-03-2002 OF INDIVIDUAL LIFE, GROUP & PENSION, INTERNATIONAL, INVESTMENT & REAL ESTATE DIVISION. ED(Marketing), ED(G&P), ED(Int'l), ED(Int'l) AND GM(RE) MEMORANDUM DATED 19-04-2002.</p> <p>7. The Business Review Memorandums of ED(Marketing), ED(G&P), ED(Int'l), ED(Investment) and GM(Real Estate) for business review of Marketing, Group & Pension, International, Investment and Real Estate Divisions respectively for the first quarter ended 31st March, 2002 were submitted to the Board which were noted.</p> <p><u>INTERNATIONAL DIVISION:</u></p> <p>8. The Board instructed ED(Int'l) to ensure that the declining trend in second year persistency figures for UAE business is arrested and improved persistency and operational efficiency is achieved to offset the declining yield on investment.</p> <p><u>REAL ESTATE DIVISION:</u></p> <p>9. The Board instructed DI(RE) to arrange for realistic valuation of State Life properties and arrange for its disclosure in Form AA in the year 2002. DI(RE) informed the Board that the assignment of realistic valuation of State Life properties will be given to M/s. REMCO shortly. DI(RE) was also instructed to submit report to the Board at its next meeting in respect of Faisalabad building and overall tenancy position of State Life buildings. The Board also directed that efforts should be made to retain good tenants and not insist on 25% increase in rent after every three years if it is not in line with the prevalent market rate.</p>		
<p>Action: DI(RE)</p>	<p>ITEM (4) CONSIDER/APPROVE - AUDITED ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2001 TOGETHER WITH AUDITORS REPORT THEREON. Executive Director(B&A)'s Memorandum dated 18-04-2002</p> <p>10. Mr. Bashir Ahmad, Chairman of the Board Audit Committee informed the Board that a meeting was held by the Board Audit Committee with the External Auditors on 26th April, 2002 where the audited accounts and letter of the Auditors addressed to the Board of Directors were discussed in detail. The Board Audit Committee recommended to the Board that Revenue Accounts, Profit and Loss Account, Profit and Loss Appropriation Accounts, Cash Flow Statement for the year ended 31st December, 2001 and the Balance Sheet as at 31st December, 2001 alongwith Notes to the accounts, classified summary of the assets in Pakistan and the Auditors reports thereon as well as the amount of provisions/write off adjustments be adopted.</p>		

CHAIRMAN'S INITIALS




MINUTES OF 166TH MEETING OF THE BOARD OF DIRECTORS

FINANCIAL PERIOD FINANCIAL YEAR	HELD AT KARACHI	ON 27 TH APRIL, 2002	TIME
<p>Action: ED(B&A)</p> <p>Action: ED(B&A)</p> <p>Action: ED(B&A)</p>	<p>11. Letter dated April 18, 2002 of the auditors addressed to the Board of Directors of State Life Insurance Corporation of Pakistan was also placed before the Board which was noted. The letter contained the view point of the auditors in respect of the following:-</p> <ul style="list-style-type: none"> (a) Liability for employee compensated absences, pension and employee post retirement medical benefits. (b) Annual Actuarial Valuation of Life Insurance Fund and investigation by an Appointed Actuary into the financial condition of the Life Insurance business of the insurer. (c) Disclosure requirements of International Accounting Standards (d) Recognition of premium income (e) Deposit requirements under Section 29 of the Insurance Ordinance 2000 (f) National Accidental Death Insurance Scheme (g) Recognition of rental income and valuation of real receivables (h) Exchange fluctuation reserve (i) Responses outstanding from banks and lawyers <p>12. In response to a query regarding not providing for liabilities for compensated absences and post retirement medical benefits amounting to Rs.437,340 million and Rs.13,852 million respectively in the financial statements, ED(B&A) mentioned that IAS 19 does not apply to the Corporation but this disclosure has been made for the sake of good order. IAS 19 applies only to listed companies. An application would be filed in due course with the tax authorities for allowing a special contribution to the pension fund to meet the short fall therein, and on appraisal of this application, the special contribution would be paid to the Pension Fund and debited to the Life Fund/Statutory Fund.</p> <p>13. Mr. Muhammad Sharif Ijaz Ghani, Director inquired if there was standard procedure for investment in TFCs, Government Securities and other avenues, to which the Chairman replied that for equity investments, the decisions were taken by an Investment Committee and decisions regarding purchase of Pakistan Investment Bonds, through auction by State Bank, was made by the Chairman and the Executive Director, after detailed discussions with the bankers (primary dealers) and the concerned officers of the Investment Division of State Life. The decisions for purchase of Government Securities from the secondary market is made by the Chairman/ED(Government). As regard TFCs, investment upto Rs.100 million is approved by the Executive Committee and beyond Rs.100 million, it is approved by the Board. All the investments are made in accordance with SRO 300(B) 10 dated 21-3-1979 (as amended by SRO 1604(I)/72 dated 30-10-1972 and by SRO 121 43 (I)/76 dated 27-11-1976 and in conformity with the provision of Insurance Ordinance 2000.</p> <p>14. Mr. Muhammad Sharif Ijaz Ghani, Director also pointed out that accounts of subsidiary companies as given in note 3.1 to the audited accounts should be shown as part of the accounts of the Corporation and be consolidated with its accounts. He also pointed out that as mentioned in para-3 of the letter dated 18th April, 2002 of the Auditors addressed to the Board of Directors, disclosure requirement of international accounting standard should be followed while drawing up the financial statements of the Corporation.</p>		<p>CHAIRMAN'S INITIALS</p>

MINUTES OF 166TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS MINUTE BOOK	HELD AT KARACHI	ON 27 TH APRIL, 2002	TIME
<p>Action: ED(B&A)/ ED(P&GS)</p>	<p>15. To a query from Mr. Muhammad Sharif Ijaz Ghauri, Director, ED(B&A) pointed out that provision has not been made for compensated absences and post retirement medical benefits, because such provision are added back and taxed at the time of tax assessment. Similarly there is a deficit in the pension fund has also not been provided because the Tax Authority do not allow accrual of liability as an expense which is added back and taxed, which is otherwise exempted as it is distributed to the policyholders. The Chairman mentioned that the possibility of a scheme would be examined for officers whereby they would be allowed to encash their unavailed leave, whereas leave encashment for unionized staff would be taken up at the time of next CBA agreement in 2003. ED(B&A) was instructed to look into the possibility of establishment of a Benevolent Fund to meet the expenses on account of post retirement medical benefits and that the same be got approved from the CBR and the concerned Government Authorities.</p>		
<p>Action: ED(Int'l)</p>	<p>16. To a query from Mr. Muhammad Sharif Ijaz Ghauri, Director regarding continuation of reinsurance arrangements with Swiss Re, the Chairman pointed out that State Life's retention limit was Rs.2.5 million per policy for Individual Life and Rs.2 million per life for Group Life. The Chairman informed the Board that relationship with Swiss Re was to the advantage of State Life as it could benefit from Swiss Re underwriting manual at a very low cost. Any profit in the reinsurance was shared between State Life and Swiss Re.</p>		
<p>Action: ED(B&A)/ ED(CD)</p>	<p>17. The Chairman informed that UK business was being closed down on the basis of recommendations made by their Appointed Actuary for UK Branch since expense reserve was more than policy reserve and it was not possible for State Life to comply with the various regulations of the Financial Services Authorities of UK to do business. No new business was being written by State Life since 1988. Cheques for final settlement have been issued to the policyholders whose policies were in force and only a few cheques are still pending with the policyholders. It is expected that as soon as the insurance liabilities are paid off, application would be made to the FSA for de-authorization of State Life.</p>		
<p>Action: ED(B&A)</p>	<p>18. The Board appreciated the hard work done by the Officers and Staff of concerned Divisions specially B&A and Computer Divisions to ensure timely finalization and audit of annual accounts enabling the Corporation to meet the dead line prescribed by the Insurance Ordinance 2000.</p> <p>After discussion, the Board resolved as under:</p> <p>RESOLVED:</p>		
<p>Action: ED(B&A)</p>	<p>(i) "that as proposed by the Board Audit Committee, Revenue Accounts, Profit and Loss Account, Profit and Loss Appropriation Accounts, Cash Flow Statement for the year ended 31st December, 2001 and the Balance Sheet as at 31st December, 2001 alongwith Notes to the accounts, classified summary of the assets in Pakistan and the Auditors reports thereon as well as the amount of provisions/write off and adjustments presented for consideration and approval of the Board be and were hereby approved."</p>		
<p>Action: ED(B&A)</p>	<p>(ii) "that the Management letter on the weaknesses noted by both the joint Auditors during the course of audit of the Corporation's financial statements be submitted to the Board as and when it is received from the Auditors."</p>		
<p>Action: ED(B&A)</p>	<p>(iii) "that the following items listed in the letter of the auditors addressed to the Board of Directors in respect of the accounts for the year ended 2001 and also those proposed by B&A Division be and were hereby approved:-</p>		

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		Rupees in (000)
Investments made during the year		
* Pakistan Investment Bonds		15,668,898
* Term Finance Certificates		525,000
* Equities Securities		1,255,212
Fixed Capital expenditure:		
* Addition to Investment properties		44,780
Provision for Diminution in value of investments		610,901
Against quoted shares	572,603	
Against unquoted and de-listed shares	38,108	
Preference shares	190	
Total	610,901	
Provision for doubtful receivables charged to Real Estate Income		209,791
Receivable from National Housing Authority	209,533	
Receivable from Ex-employees	43	
Amount adjustable against the payment to Contractors on designing State Life Building No.5 Plan in 1992.	215	
Total	209,791	
Provisions for claims incurred but not reported made on the basis of Past experience		
* Individual Life		99,281
* Group Life		454,660

Write off/Write back (considered and approved earlier by the Board of Directors in the 165th Meeting held on 16th March 2002 - now again approved as there were some minor changes at the time of finalization of accounts).

a) Agent's Balances

	(Rs. in Millions)		
	Write off Debit	Write back Credit	Net
Current Balances-Inactive workers	11,015	44,556	(33,541)
Emergency Advances - Terminated Workers	0.735	-	0.735
Fid Advances-Terminated workers	0.202	-	2,202
Total	11,952	44,556	(32,604)

b) Other Payables and Receivables

	Receivable Debit	Payable Credit	Net
	Receivables	0.658	-
Payables	-	1,953	(1,953)
Total	0.658	1,953	(1,295)

Action:
ED(B&A)

(iv) "that Mr. Azhar Ali Malik and Mr. Bashir Ahmad, Directors, be and were hereby authorized to sign alongwith the Chairman and the Executive Director (B&A), the annual accounts for the year 2001."

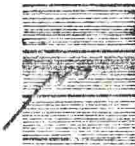
CHAIRMAN'S
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MINUTES OF 166TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME																																
MINUTE BOOK	KARACHI	27 TH APRIL, 2002																																	
<p>ITEM (5) CONSIDER/APPROVE - ACTUARIAL VALUATION 2001 - RUPEE BUSINESS AND DOLLAR AND DIRHAM BUSINESS Executive Director(Act.)'s Memorandum dated 23-04-2002</p> <p>19. ED(Actuarial) presented before the Board a Memorandum of Actuarial valuation as at 31st December 2001 and recommendation of bonus to policyholders for the year 2001 excluding UK Pound Sterling business. The 2001 Actuarial Valuation is based on audited balance sheet as at 31st December 2001 and revenue account for the year ended 31st December, 2001 respectively initial by the Auditors provided to the Actuarial Division. ED(Act.) informed the Board that he had completed the Actuarial Valuation of the global business, excluding UK business as at 31st December, 2001.</p> <p>20. As regards UK Business, the Board of Directors of State Life has decided to close down State Life's UK operations. Accordingly all policies in force as at 31st December 2000 were settled by paying early benefits and there was no policy in force as at 31st December 2001. However to comply with UK regulatory requirements, the Appointed Actuary of State Life's UK Branch has prepared and submitted a valuation report to UK authorities. The figures appearing in the UK valuation report have been incorporated while carrying out actuarial valuation of global business as at 31st December 2001.</p> <p>21. The UAE law requires a life insurer to carry out Actuarial Valuation of its business every three years. The last Actuarial Valuation was carried out as at 31st December 1998. The next Actuarial Valuation was due on 31st December 2001. Accordingly the present valuation includes the actuarial valuation of the Middle East Business as at 31st December 2001.</p> <p>22. ED(Act.) informed the Board that previously State Life carried out actuarial valuation of its liabilities after every two years in accordance with the Life Insurance Nationalisation Order 1972. The last actuarial valuation of liabilities was carried out as at 31st December 2000. The Insurance Ordinance 2000 requires an insurer to carry out an actuarial valuation of its business every year. However, the Rules/Regulations/Formats for the actuarial valuation under the Insurance Ordinance 2000 are yet to be specified by the SECP. In the absence of any specific Rules/Regulations/Formats the Actuarial Valuation as 31st December 2001 has therefore been carried out in accordance with the repealed Insurance Act 1938.</p> <p>23. ED(Act.) submitted before the Board that based on the above, as a result of Actuarial Valuation, the position is as follows: (2000 figures are shown for comparison):-</p> <table border="1"> <thead> <tr> <th rowspan="2"><u>LIFE FUND & SURPLUS</u></th> <th colspan="2"><u>(in Rs. 000's)</u></th> </tr> <tr> <th><u>2000</u></th> <th><u>2001</u></th> </tr> </thead> <tbody> <tr> <td>Life Fund as per Balance Sheet</td> <td>68,108,579</td> <td>74,818,551</td> </tr> <tr> <td>Less Policy liabilities by Actuarial Valuation</td> <td>58,627,976</td> <td>70,803,042</td> </tr> <tr> <td>Surplus</td> <td>9,480,603</td> <td>4,015,509</td> </tr> <tr> <td>Less 2.5% of surplus for utilization in such manner</td> <td></td> <td></td> </tr> <tr> <td>And for such purposes as the Central Government</td> <td></td> <td></td> </tr> <tr> <td>May determine</td> <td>242,418</td> <td>102,744</td> </tr> <tr> <td>Balance available for policyholders</td> <td>9,238,185</td> <td>3,912,765</td> </tr> <tr> <td>Less Cost of recommended bonuses</td> <td>9,204,708</td> <td>3,872,851</td> </tr> <tr> <td>Carried forward, being reserved for policyholders</td> <td>33,478</td> <td>39,914</td> </tr> </tbody> </table>				<u>LIFE FUND & SURPLUS</u>	<u>(in Rs. 000's)</u>		<u>2000</u>	<u>2001</u>	Life Fund as per Balance Sheet	68,108,579	74,818,551	Less Policy liabilities by Actuarial Valuation	58,627,976	70,803,042	Surplus	9,480,603	4,015,509	Less 2.5% of surplus for utilization in such manner			And for such purposes as the Central Government			May determine	242,418	102,744	Balance available for policyholders	9,238,185	3,912,765	Less Cost of recommended bonuses	9,204,708	3,872,851	Carried forward, being reserved for policyholders	33,478	39,914
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¹The results of valuation as at 31st December 2000 were reported excluding UK business, as the Appointed Actuary of UK Branch had not completed the actuarial valuation at the time of submission of actuarial valuation report of the total business. Same results have been reproduced.

24. Executive Director(Act.) submitted the following conclusions arising out of the study carried out for Actuarial Valuation as at 31st December, 2001:-

I. Trend of yield on life fund has been as follows:

Year	Yield %	Year	Yield %
1999	15.35	2001	12.50
2000	12.83		

II. Trend of renewal expense ratio has been as follows:

Year	Renewal Expense Ratio %	Year	Renewal Expense Ratio %
1999	44.86	2001	36.64
2000	57.34 (40.60)*		

*if the VRSS expense is excluded

III. Total number of individual life policies, sum assured and office premium in force as on December 31, 2000 compared with as in force on December 31, 2001:

	<u>31st December 2000²</u>	<u>31st December 2001</u>
No. of policies	1,878,091	1,806,476
Sum Assured	105,524,779,714	106,313,843,046
Office Premium	6,001,069,664	6,024,422,731

IV. Provided the actual experience on investment income and mortality remains favorable, and provided expenses are controlled, the terms on which ordinary individual new business is currently being written are not likely to impair the bonus earning power.

V. The second year persistency of Home Business has shown improvement during the inter valuation period. However, the second year persistency figures of UAE Business are not satisfactory, as reproduced below. The Corporation should take measures to improve it.

<u>Zone</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Total UAE	42%	36%	39%
Miscellaneous Dollar	61%	58%	84%
Total Middle East	50%	45%	61%

VI. The yield on UAE life fund has shown a declining trend over the inter valuation period. Following are the yields on life fund for Middle East Business.

<u>Zone</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Total UAE	7.17%	6.69%	5.40%
Miscellaneous. Dollar	5.90%	5.31%	6.17%
Total Middle East	6.91%	6.36%	5.62%

² UK Pound sterling business consisting of only 48 policies in force is excluded

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VII. Due to the declining yield on UAE life fund coupled with unsatisfactory persistency, we have been barely able to maintain our bonus rates. If this is allowed to continue, we may have to reduce our bonus rates in future.

VIII. Moreover, while reviewing our Middle East business, the following abnormalities have been pointed out by the Actuarial Division. Separate Life Funds for UAE Dirham business, UAE Dollar business and Miscellaneous Dollar business have to be maintained, against which actuarial liabilities in respect of such business is to be compared. At the time of valuing these three businesses separately, these life funds were showing abnormal results which were due to improper allocation of income and expenses to respective funds in earlier years. Since 1995, International Division has developed a method of allocating expenses. Life funds are still presenting a distorted picture due to improper allocation in earlier years, as they are a cumulative function of income less expenses (this was also pointed out while carrying out the Actuarial Valuation of State Life's Middle East business as at 31st December 1998).

IX. In view of the above, valuation of UAE Dirham business, UAE Dollar Business and Miscellaneous Dollar business have been carried out taking all these three businesses together. The returns to be submitted for UAE Dirham business and UAE Dollar business to the UAE Regulatory Authorities will be appropriately prepared.

25. Mr. Muhammad Sharif Ijaz Ghauri, Director suggested that due consideration be given for appointment of an External Actuary as Appointed Actuary of State Life Insurance Corporation of Pakistan so as to ensure transparency. The Chairman pointed out that there was an acute shortage of Actuaries in the market and if one is hired for the job, his demand for remuneration would be too much.

26. Mr. Muhammad Sharif Ijaz Ghauri, Director suggested that the overseas life fund be bifurcated separately for UAE, Kuwait, KSA and UK business.

27. Mr. Mohammad Sharif Ijaz Ghauri, Director pointed out that in the absence of prescribed limits of Management expenses to first year premium and renewal premium by SECP, 2.5% of the Actuarial surplus for the year 2001 be credited to the shareholders fund as was done previously under the superceded Insurance Act, 1938.

28. The Board appreciated the hard work of the Officers and Staff of Actuarial Division to ensure timely completion of valuation report enabling the Corporation to meet the dead line of the Insurance Ordinance 2000.

After deliberation on the recommendations made by the ED(Actuarial), it was resolved as under:

RESOLVED:

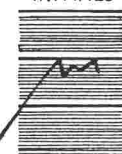
(i) "that the Chairman, Mrs. Spenta Kandawalla, Director and Air Marshal (Retd) Sharbat A. Changazi, Director be and were hereby authorized to sign the Valuation Report alongwith the Appointed Actuary to be submitted to SECP.

(ii) "that the Memorandum of ED(Act.) regarding actuarial valuation and recommendation of bonus to policyholders be and was hereby approved as follows:-

Action:
ED(Act./
PHS)

Action:
ED(Act./
PHS)

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BONUS FOR PAKISTAN RUPEE BUSINESS

I. Whole Life and Endowments

For with profits policies in force for the full sum insured:

- a) Reversionary bonuses per thousand sum insured per annum

	1999 & 2000		2001	
	For First Five Policy Years	From 6th Policy Year Onwards	For First Five Policy Years	From 6 th Policy Year Onwards
Whole Life	Rs.56	Rs.98	Rs.56	Rs.102
<u>Endowments</u>				
20 years and over	Rs.48	Rs.90	Rs.48	Rs.94
15 to 19 years inclusive	Rs.35	Rs.77	Rs.35	Rs.81
14 years and less	Rs.20	Rs.62	Rs.20	Rs.66

b) Terminal Bonuses will be paid on claims by death or maturity in 2002, where more than 10 years' premiums have been paid. The rate will be Rs 30 per thousand sum insured for each year's premium paid in excess of 10 years subject to maximum of Rs. 600 per thousand basic sum insured (Same as 2000 valuation).

c) Special Terminal Bonuses will be paid on claims by maturity in 2002, where a FAMILY INCOME BENEFIT (FIB) is in force at maturity as a supplementary contract or as a built in benefit, and has been in force for more than 10 years. The rate will be Rs 10 per thousand basic sum insured under the policy for each year in excess of 10 years that the FIB supplementary contract has been in force, subject to a maximum of Rs 200 per thousand basic sum insured (Same as 2000 valuation).

NOTE: Terminal and Special Terminal bonuses are especially sensitive to the future surplus of State Life. Hence, no indication can or should be given of Terminal and Special Terminal bonuses, if any, which may be allowed on maturities or death claims after 2002.

d) Interim bonuses will be allowed till the next valuation, at the rates as mentioned in I (a) above, subject to 'D' below.

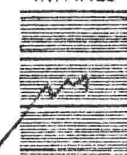
II. Anticipated Endowments

For with profits Anticipated Endowments/Three Stage/Three Payment policies of whatever type in force for the full sum insured:

- a) Reversionary bonuses per thousand sum insured per annum

	1999 & 2000		2001	
	For First Five Policy Years	From 6th Policy Year Onwards	For First Five Policy Years	From 6th Policy Year Onwards
20 years and over	Rs.35	Rs.65	Rs.35	Rs.69
15 to 19 years inclusive	Rs.25	Rs.55	Rs.25	Rs.59
14 years and less	Rs.19	Rs.49	Rs.19	Rs.53

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b) They will not get Terminal bonuses.

c) They will get Special Terminal bonuses in FAMILY INCOME BENEFIT supplementary contract cases, as mentioned in I(c) above. The Special Terminal bonuses will be calculated on the basic sum insured under the policy, and not on the residual survival benefit.

d) If the policyholder lets a Survival Benefit remain with State Life, a Special Reversionary Bonus will be added six months after the due date of the Survival Benefit. For Survival Benefits falling due in 2002 which the policyholder opts to leave, Special Reversionary Bonuses will be allowed as follows (The figures within brackets indicate the previous rates, applicable to Survival Benefits which fell due in 2001):

Period between Survival Benefit Due date and Maturity date	Special Reversionary Bonus per Rs 1,000 Survival Benefit	Period between Survival Benefit due date and maturity date	Special Reversionary bonus per Rs 1,000 Survival Benefit
20 years	Rs 3,165 (Rs 3,165)	9 years	Rs 1,005 (Rs 1,005)
18	Rs 2,765 (Rs 2,765)	8	Rs 845 (Rs 845)
16	Rs 2,350 (Rs 2,350)	7	Rs 695 (Rs 695)
14	Rs 1,940 (Rs 1,940)	6	Rs 555 (Rs 555)
12	Rs 1,545 (Rs 1,545)	5	Rs 420 (Rs 420)
10	Rs 1,175 (Rs 1,175)	4	Rs 300 (Rs 300)

e) Interim bonuses will be allowed till the next valuation, at the rates as mentioned in II (a) above, subject to 'D' below.

III. Sunehri (table 73), Shehnai (table 77) & Super policies (table 72)

Bonuses under these policies are payable on Adjusted Opening Cash Value after the policy has acquired an Adjusted Opening Cash Value. Bonuses will be credited at the end of the Policy Year. Rate of Bonuses will be Rs.115 per thousand per annum of the Adjusted Opening Cash Value after the policy has acquired an Adjusted Opening Cash Value. These bonuses will be payable when the Cash Value under the policy is payable. These Bonuses will not be payable on Minimum Guaranteed Surrender Value.

The bonus rate mentioned above will be allowed till the next valuation.

Reversionary, Terminal or any other bonuses recommended as a result of this valuation, will not be payable under these policies. However, bonus mentioned under VI below, if applicable, will be allowed.

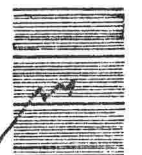
IV. Personal Pension Scheme (Table 71):

Bonuses under Personal Pension Scheme where "Pension is being paid" will be allowed on Pension Payments. Pension payments will be increased by 8.0% from the policy anniversary falling in the year 2002.

The bonus rates mentioned above will be allowed till the next valuation.

Reversionary, Terminal or any other bonuses recommended as a result of this valuation, will not be payable under these policies.

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V. Specified Major Surgical Benefit:

Specified Major Surgical Benefit was announced for the first time in 1992 valuation. This benefit has been retained in 2001 valuation. The maximum benefit is Rs.250,000 (same as 2000 valuation). This benefit is available to all with-profit policies which have been and are in full force for at least five complete policy years as at 31st December 2001. Under such policies, if the life assured undergoes specified major surgery during the inter-valuation period 1st January 2002 to 31st December 2002 on account of a specified dread disease, the Corporation would pay 50% of the survival benefit, subject to a maximum payment of Rs. 250,000/-. The amount payable will be adjusted against future survival benefit payments, maturity or death claims. The specified surgeries and all other related conditions are the same as those announced in 2000 bonus declaration. Details are given in Annexure A to the Minutes.

VI. Family Income Benefits where policyholder has died

Family Income Benefit to heirs or nominees of deceased life assureds will be increased by 7.5% from policy anniversaries in the year 2003 under with profit policies.

Note: The percentage increase will be allowed on the actual benefit paid on policy anniversaries (including any prior increases) in the year 2002."

VII. East West Mutual etc.

Policies issued by the East West Mutual, Grand Mutual, I.G.I., Pakistan Mutual, Standard and Union Insurance and former East Pakistani companies will not get Terminal Bonus, Special Terminal Bonuses or Specified Major Surgical Benefit.

BONUS – FOREIGN CURRENCY POLICIES

I. UK Policies expressed in Pound Sterling:

There was no policy in force as at 31st December 2001. Accordingly no bonuses have been recommended by the Appointed Actuary of State Life's UK Branch.

II. Middle East Policies expressed in UAE Dirham and US Dollar

Bonuses for with profits Dollar and Dirham policies:

a. Policies expressed in Dirham:

Reversionary bonuses per thousand sum insured per annum (same as 1998 valuation)

	1999, 2000 & 2001
<u>Whole Life</u>	<u>36</u>
<u>Endowments:</u>	
20 years and over	30
15 to 19 years inclusive	21
14 years and less	14
PLUS Persistency bonuses from the 6th policy Year onwards	3
<u>Anticipated Endowments:</u>	
20 years and over	26
15 to 19 years inclusive	18
14 years and less	14

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b) Policies expressed in US Dollar:

Reversionary bonuses per thousand sum insured per annum (same as 1998 valuation)

	1999, 2000 & 2001
	\$
<u>Whole Life</u>	35
<u>Endowments:</u>	
20 years and over	28
15 to 19 years inclusive	20
14 years and less	13
PLUS Persistency bonuses from the 6th policy year onwards	3
<u>Anticipated Endowments:</u>	
20 years and over	24
15 to 19 years inclusive	17
14 years and less	13

c) Interim bonuses (including Persistency bonuses, where applicable) on death and maturity claims will be allowed till the next valuation, at the rates as mentioned in (a) and (b) above, subject to 'D' below. Anticipated Endowment policies will not receive any persistency bonus.

d) Family Income Benefits where policyholder has died

Family Income Benefit to heirs or nominees of deceased life assured will be increased from 1st January 2003, under with profits policies, as follows:

<u>Year of Life Assured's death</u>	<u>Increase</u>
1999 or earlier	12%
2000	8%
2001	4%
2002	NIL

NOTE: The percentage increase will be allowed on the "actual present benefit including any increase of 12%, 8% or 4% made on 1st January 2000".

NO CASH VALUE OF BONUSES UNTIL THREE YEARS PREMIUM HAVE BEEN PAID

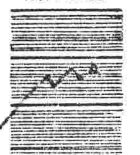
The Cash Value of bonuses will be payable on an in force policy if at least one of the following two conditions has been fulfilled:

- i) The policyholder has actually paid at least three full years' premiums
- ii) The policy has completed at least three policy years.

In case of a death claim, this condition will be waived and all bonuses whether declared or interim will be payable. Also, in the case of a death claim in the first three policy years, where the premiums are in arrears, in order to determine whether the policy could have been kept in force, cash values of bonuses will be taken into account.

"Actual payment" would mean payment in cash/pay order/bank draft/cheque after it has been realized.

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Action:
ED(AcL/
PLIS)

(iii) "that a letter be written to Ministry of Commerce to obtain an opinion from the Ministry of Law and Justice as to whether State Life under Section 22 of the Insurance Ordinance 2000, (which require that there would be a surplus adjustment of an amount by which the total amount of Management expenses brought to account in determining the surplus exceeds the percentage as may be prescribed by SECP in regulation to first year and renewal premiums) credit the 2.5% of the Actuarial surplus to the shareholders account for utilization in such manner and for such purpose as the Central Government may determine, in the absence of prescribed limits of Management expenses under the new Insurance Ordinance ."

ITEM (6) CONSIDER/APPROVE - PROPOSAL OF CIVIL, ELECTRICAL AND PLUMBING WORKS DONE AT STATE LIFE BUILDING FAISALABAD UNDER THE AGREEMENT DATED JUNE 02, 1994, MADE BETWEEN STATE LIFE AND M/S. BUILDERS ASSOCIATES.
Divisional Head(RE)'s Memorandum dated 08-04-2002

29. DH(RE) presented before the Board, a Memorandum for approval of revised cost, cost over runs and final payment to M/s.Builders Associates, Contractor for civil, electrical and plumbing works done at State Life Building Faisalabad under agreement dated June 2, 1994 made between State Life and M/s. Builders Associates.

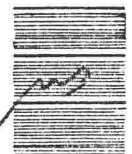
30. The Corporation had decided to construct a commercial high-rise building at the plot located at 2-Liaquat Road, Faisalabad in August 1991. M/s. Tariq A. Qaisar, the consultants/architects for the designing of the building, were approved by the Management on February 19, 1992. Services of M/s. Adnan Asdar Associates were hired as the Project Managers responsible for the supervision of the construction of the project vide agreement dated October 14, 1992. Thereafter the civil, electrical and plumbing work for construction were awarded to M/s. Builders Associates Ltd. for Rs.169,126,623.00 according to the decision of the 115th Board of Directors meeting held on March 17, 1994. The construction period as per contract was three years. The work was suspended due to court stay order on the appeal of one of the neighbour which remained for 97 days.

31. During the construction phase, State Life management decided in the 200th Executive Committee Meeting held on August 01, 1995, that the building should be centrally air-conditioned. This decision of above mentioned additional work besides the induction of HVAC works increased the quantities of false ceiling and various items of electrical works. The cost of the works were approved as Rs.19,500,000.00 in 223rd Executive Committee Meeting held on March 19, 1997.

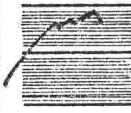
32. M/s. Builders Associates completed the civil, electric and plumbing works in May 1999 and as per the contract substantial completion certificate was issued to the contractor on May 28, 1999. The matter pertaining to Idle Labour claim and the extension period without imposing of liquidated damages was approved by the Board of Directors in its 143rd meeting held on December 19, 1998.

33. The contractor's final bill was received on February 26, 2000, which after verification as per actual work done on the project in the Project Managers' office was forwarded to RED on August 20, 2001. Final revised cost of the civil, electrical and plumbing works done by the contractor M/s. Builders Associates as per actual, is given below:-

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	<p>A. Approved Cost for Civil, Electrical & Plumbing Works. Rs.190,426,825 (Under M/S. Builders Associates Contract):</p> <p>B. Cost Over Runs Rs.19,862,163</p> <p>C. Total revised cost of civil, electrical and Plumbing works as per actual work done Duly recommended by the Consultant. Rs.210,288,988</p> <p>34. DH(RE) informed that Real Estate Division has reviewed the case as under:</p> <p>a. Time over run without imposition of liquidated damages was approved by the Board of Directors in its 143rd meeting held on Dec. 19, 1999.</p> <p>b. The cost over run at the final completion of the civil, electrical & public health works, worked out to increase of 10.43% in cost which is within the range of normal increase in Pakistan, for construction works.</p> <p>c. The building has been completed and functional as efficient building with effect from May 1999.</p> <p>35. Real Estate Division recommended to the Board for the approval of the cost over run equivalent to Rs.19,862,163.00, total revised cost for civil, electrical and plumbing works on its completion as Rs.210,288,988.00 and Rs.2,178,067.00 as the final payment to the contractor M/s. Builders Associates.</p> <p>Accordingly, it was resolved as under:-</p> <p>RESOLVED:</p> <p>(i) "that as recommended by Real Estate Division based on the final bill of M/s. Builders Associates and on the recommendation of the Consultant, the total revised cost, cost over runs and final payment to the contractor of Rs.210,288,988, Rs.19,862,163 and Rs.2,178,067 respectively in respect of civil, electrical and plumbing works of State Life Building Faisalabd under agreement dated June 2, 1994 made between State Life and M/s. Builders Associates be and was hereby approved if the rules and procedures of escalation and the cost and time over runs are in accordance with the contract."</p> <p>(ii) "that efforts should be made by Real Estate Division in future to ensure that the initial plan and design for construction of building should be such that it would not require major changes subsequently resulting in time and cost over runs. Similarly supervision of the project should also be improved upon to minimize over runs."</p> <p>ITEM (7) CONSIDER/DECIDE SALE OF BUNGALOW NO.102-B, GULBERG II, LAHORE MEASURING ONE KANAL 180 SQ.FT. Divisional Head(RE)'s Memorandum dated 19-04-2002</p> <p>36. DH(RE) presented before the Board a Memorandum informing that on March 28, 1967 the defunct Muslim Insurance Company through its Administrator Mr. Mohammad Ishaque Khan had agreed to sell the Bungalow No.102-B, Gulberg-II, Lahore to M/s. Sheikh Muhammed Sadiq, Sheikh Muhammad Hanif, Sheikh Rashid Ahmed sons of Sheikh Ali Muhammad, Sheikh Maqsood Ahmed S/o Sheikh Bashir Ahmed and Sheikh Khalil Ahmed S/o Sheikh Nazir Ahmed of Central Goods Transport Company, inside Sarai Sultan, Lahore for Rs.80,000/- payable in the manner that earnest money of Rs.20,000/- be paid before the execution of the sale agreement and the balance amount i.e. Rs.60,000/- to be paid in 10 equal instalments of Rs.6,000/- each.</p>			<p>CHAIRMAN'S INITIALS</p> 

Action:
DH(RE.)Action:
DH(RE.)

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37. DH(RE) informed the Board that the last two quarterly installments were to be paid by the vendees on April 10, 1969 and July 10, 1969 respectively, however they defaulted in this respect. Later on they deposited the balance amount and the default committed by them was waived by the then Trustee of the Muslim Insurance Co. i.e. Mr. Sharafat Ali Walajani, on November 07, 1972 on the recommendation of then Chief Manager who in his note suggested so. The Trustees were appointed after the Nationalization of life insurance business in Pakistan and they ceased to exist on constitution of the Corporation on 01-11-1972.

38. The Board was informed that the vendees for their own reasons, neither got the sale deed executed nor did any serious follow up. It is only after May 2000 that they wrote a letter to State Life and started to press the matter with the Real Estate Division. Divisional RE. also put before the Board the summary of the Facts of the case and the comments and advice of the Law Division.

After deliberation, it was resolved as under:

RESOLVED:

Action:
ED(B&A)/
DH(RE.)

"that Mr. Mohammad Latif, ED(B&A/Inv.) be and was hereby instructed to carry out a detailed study of the above case and to prepare and submit a note to the Board with his recommendation at its next meeting for consideration. The existence/otherwise and authenticity of succession certificate of the vendees be also examined at the time of finalization of recommendation to the Board."

ITEM (8) CONSIDER/APPROVE - INVESTMENT IN LISTED TERM FINANCE CERTIFICATES OF SSGC THROUGH PRIVATE PLACEMENT.
Executive Director (Inv.)'s Memorandum dated 20-4-2002

39. ED(Inv.) presented before the Board a memorandum to consider/approve private placement of Rs. 100 million in the Term Finance Certificates of 5 years tenor of Sui Southern Gas Company Limited. The Board was informed that 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. Rasool Bakhsh Baloch, Executive Director, State Life is also on the Board of M/s. Sui Southern Gas Company Limited. Mr. Rasool Bakhsh Baloch, ED(Marketing/Int'l) had earlier left the meeting before presentation of the Memorandum.

40. ED(Inv.) informed the Board that State Life has already subscribed first tranche of TFCs of Sui Southern Gas in an amount of Rs. 50 million. State Life has received the first redemption of the subscribed to the schedule. As on 1st January 2002 outstanding amount was Rs. 49,990,000.

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

Issuer: Sui Southern Gas Company Limited
Transaction: Public issue of redeemable capital in the form of Term Finance Certificates under the Companies Ordinance, 1984
Advisors & Arrangers: ABM AMRO N.V. Pakistan
Muslim Commercial Bank Limited
Jahangir Siddiqui & Co., Ltd.

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	Shelf registration:	Upto PKR 3,000,000,000	
	Second Tranche	Upto PKR 1,250,000,000	
	Private placement (Pre-IPO)	PKR 800,000,000	
	Initial public Offering(IPO)	PKR 200,000,000	
	Green shoe option	Upto PKR 250,000,000	
	Purpose	To partially finance the Gas Infrastructure Rehabilitation and Expansion Project.	
	Tenor	5 years	
	Indicative Pre-IPO Disbursement	May 01, 2002	
	Indicative IPO	June 01, 2002	
	Principal Payment	In 6 equal semi-annual installments starting from the 30 th Month from the issue date.	
	Profit rate:	Floating, payable semi-annually in arrears Base Rate + 1.10% p.a. Floor: 11.50% Ceiling: 16.00%	
		The Base Rate is defined as the SBP Discount Rate (currently @ 9.00%). The Base Rate will be set for the first Redemption on the date of publication of the prospectus in the newspapers, and, for subsequent Redemption, on the last working day before the beginning of each semi-annual Redemption period.	
	Security	Primary security of first ranking pari passu charge byway of hypothecation on all the present and future machinery and equipment and other movable property of SSGC. Additional/collateral security by way of first ranking pari passu equitable mortgage (mortgage by deposit of title deeds) of allotment rights in immovable property. Please refer to Section 4.2 (e) for further details.	
	Instrument Rating	AA (Double A) by PACRA	
	Trustee Bank	Jahangir Siddiqui Investment Bank Ltd	
	Transaction Legal Counsel	Mohsin Tayebaly & CO. Please note that the designated legal counsel will oversee the entire legal documentation process on behalf of all the investors. Legal expenses incurred on behalf of individual investors will not be entertained by either the Advisors and Arrangers or by SSGC.	
	Listing	Karachi Stock Exchange	
	Applicable Laws	Laws of the Islamic Republic of Paksitan	

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42. It was also informed that the instrument is covered under SRO 309(K)/70 dated: 21-3-1970 (as amended by SRO 1001(1)/72 dated 30-10-1972 and by SRO 121 48(1)/76 dated 27-11-1976.

After discussions, it was resolved as under:

RESOLVED:

(i)"that as proposed in the Memorandum of ED(Invt.), an investment of Rs.100 million in the private placement of TFCs of Sui Southern Gas Company Limited of 5 years tenor at a rate of return of State Bank discount rate plus 1.10% p.a. with a floor of 11.5% and ceiling of 16% secured by first ranking pari passu charge by way of hypothecation on all the present and future machinery and equipment and other movable property of Sui Southern Gas Company Limited and additional/collateral security by way of first ranking pari passu equitable mortgage (mortgage by deposit of title deeds) of allotment rights in immovable property be and was hereby approved. "

Action:
ED(INV.)

(ii)"that ED(Invt.) be and was hereby authorized to negotiate, finalize and execute the agreement in this regard as per the approved terms. "

Action:
ED(INV.)

At this point of time, Mr. Rasool Bakhsh Baloch rejoined the meeting.

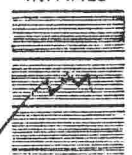
ITEM (9) ANY OTHER ITEMS WITH THE PERMISSION OF THE CHAIR

43. Mr. Muhammad Sharif Ijaz Ghauri, Director State Life requested the Chairman that a scheme be developed for Management training for unemployment educated youth. He also requested the Chairman that the Management should implement Government instructions received by it in respect of various matters.

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

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ANNEXURE - A

SPECIFIED MAJOR SURGICAL BENEFIT

Accelerated payment of 50% of survival benefits
Subject to maximum accelerated payment of Rs.250,000.

Specified Major Surgical Benefit, which was introduced for the first time at the 1992 valuation, will continue in 2002 as well. It provides a unique cover to the existing policyholders, free of cost. Basically it makes a lump sum payment if an eligible insured undergoes major surgery during 2002, due to any one of the six "specified surgeries" (as listed below). The lump sum payment provides badly needed financial assistance to help recoup some of the cost of major surgery. The cost of the benefit will be met out of the 2001 actuarial surplus.

The six "specified surgeries" for the purpose of this benefit are defined as follows:

1. Coronary artery by-pass surgery:

Undergoing of open heart surgery to correct narrowing or blocking of two or more coronary arteries with by-pass grafts. Laser treatments and/or reliefs, balloon angioplasty and /or any other procedures not necessitating thoracotomy will be excluded.

The coronary by-pass surgery must be a direct result of a diagnosis of definite coronary artery disease by accepted angiography.

2. Surgery for a disease of the aorta:

The actual undergoing of open heart surgery for a disease of the aorta needing excision and surgical replacement of the diseased aorta with a graft. For the purpose of this definition, aorta shall mean the thoracic and abdominal aorta but not its branches.

3. Replacement of a heart valve:

The replacement of one or more heart valves with artificial valves due to stenosis or incompetence, or a combination of these conditions. Valvotomy is specifically excluded.

4. Major organ transplant:

The actual undergoing of a transplant of a heart, heart and lung, liver, kidney or bone marrow as a recipient.

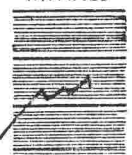
5. Craniotomy:

Any major neuro-surgical procedure on or in the brain, involving craniotomy.

6. Cancer surgery:

Any major surgical procedure which is the direct result of cancer. For this purpose, cancer means a malignant tumor characterized by uncontrolled growth and spread of malignant cells and the invasion of tissue. Malignancy must have been evidenced by medical investigations. Excluded are: (a) non-invasive cancers in situ, (b) any skin cancers other than malignant melanoma; and (c) male prostate cancer if limited to the prostate.

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DESCRIPTION OF BENEFIT

The specified major surgery benefit is being provided on with profit policies, which have been continuously in full force for five years. The amount of benefit will be 50% of the sum assured subject to a maximum of Rs. 250,000.

If the insured is covered under endowment type plans, such as Table 01 & Table 03, then 50% of the basic sum assured or Rs.250,000, whichever is less will be payable in advance, on undergoing a specified surgery, which is adjustable on maturity or death, if earlier.

If the insured is covered under anticipated endowment type plans, such as table 05, then 50% of future installment benefits (including basic maturity benefit) or Rs.250,000, whichever is less, is payable in advance, on undergoing a specified surgery, which is adjustable from the survival installments or death, if earlier. The future survival benefits will be reduced by the specified major surgical benefit to adjust the advance payment on specified major surgery. In case, the insured dies before maturity then the balance of the specified major surgical benefit paid and not yet adjusted from survival benefits will be adjusted from death proceeds. Installments left with State Life will not be taken into account when computing the lump sum amount to be paid on a specified surgery.

In case of Joint Life Assurance plan (Table 06), 50% of the sum assured or Rs.250,000, whichever is less, is payable in advance, if either of the insured lives undergoes a specified surgery, which is recovered on maturity or on earlier death of either of the insured persons.

In case of Child Protection Plan (Table 07), 50% of the sum assured or Rs.250,000, whichever is less, is payable in advance, if the payor undergoes a specified surgery, which is recovered on maturity. No specified major surgical benefit is payable in respect of surgery on a "child" covered under table 07.

In case of Jeevan Saathi Plan (Table 19), 50% of the sum assured or Rs.250,000, whichever is less, is payable in advance if either of the life insureds undergoes a specified surgery which is recovered on maturity, or on his/her death if earlier.

In case of Big Deal Policy (Table 14) the amount of the basic sum assured will mean Rs.25,000 per unit. 50% of this basic sum assured or Rs. 250,000, whichever is less will be payable in advance, on undergoing a specified surgery, which is adjustable on maturity or death, if earlier.

POSITION OF POLICY AFTER SPECIFIED MAJOR SURGICAL BENEFIT IS PAID

The policy will continue to participate in the profit of the Corporation, and bonus will accrue on the full sum assured as before. Premium payable under the policy, including extra if any, will continue to be paid by the policyholder, unaltered. Any supplementary contract attached to the policy and premium payable thereunder, will be unaffected by the payment of specified major surgical benefit.

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CLAIM PROCEDURES

Evidence of having undergone a specified surgery will have to be provided by the claimant to the satisfaction of, and at no cost to State Life. The claimant will have to send his policy document and submit a personal statement. Confidential statements will also be required from the physician making the original diagnosis and the concerned surgeons, including the surgeon who performed the operation. State Life may require any additional proof to support the claim e.g. reports, test results, medical examination of the life insured etc. as it deems fit. The decision of State Life's Doctor, appointed for this purpose, will be final and binding.

If policy is assigned then the official discharge and permission in writing of the assignee must be obtained before any amount may be advanced to the insured.

If the policy has an irrevocable beneficiary, of the owner of the policy is not the insured then the official discharge and permission in writing must be obtained from the beneficiary/owner in writing before any amount can be advanced to the insured.

If the benefit is claimed under Joint Life Assurance Policy or Jeevan Saathi Policy then both the insureds must request that the benefit be paid.

ELIGIBILITY

The age of the life insured must be between 20 and 65 at the date of the surgery.

The policy must have been continuously in full force for at least 5 years at the date of surgery.

The policy must be in force for the full sum assured, (that is not paid up for reduced sum assured) as at 31st December 2001 and at the date of the surgery. The benefit will NOT be available if the policy was lapsed or paid up as at 31st December 2001 and revived subsequently.

Benefits are only payable on Pak Rupee policies.

The benefit is only paid on with profit policies.

MISCELLANEOUS CONDITIONS

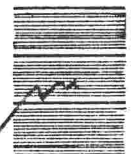
1. To obtain the specified major surgery surgical benefit, the date of surgery must be between 1st January 2002 and 31st December 2002.

NB: The question of surgery after 31st December 2002 will be considered at the time of the 2002 actuarial valuation.

2. Benefits will be paid only once to any one life. That is once any insured has obtained benefits under the specified major surgical benefit, he is not eligible for any further benefits on any subsequent surgery.

3. Benefits will be paid only once on any policy. If any insured has received any specified major surgical benefits under a Joint Life or Jeevan Saathi Policy then neither he nor the other insured will be able to claim any subsequent specified major surgical benefit.

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<p>4. If the insured is covered under more than one policy, the maximum amount paid on all the policies together is limited to Rs.250,000. The specified major surgical benefit will be provided out of the policies in the date of issue order until the maximum benefit of Rs.250,000 is reached. If the insured is covered under multiple policies and is eligible for surgical benefit, then the benefit will be paid (at 50% of the basic endowment benefits outstanding subject to maximum of Rs.250,000) from the policy issued first to the insured.</p> <p>If the amount paid is less than Rs.250,000 then amount will be paid from the second policy issued and so on subject to a total payment of Rs.250,000.</p> <p>5. If the specified major surgical benefit is paid, it will affect the basic surrender value of the policy from which it is paid. The subsequent basic surrender value of the policy will be 50% of the basic surrender value of the policy had no specified major surgical benefit been paid (or more exactly, the basic surrender value of the policy will be reduced proportionate to the outstanding endowment benefits advanced). The total surrender value of the policy would be the reduced basic surrender value of the policy plus the surrender value of the accrued bonuses (which will not be affected by the payment of the specified major surgical benefit).</p> <p>6. If there is a policy loan and/or APL on the policy, the specified major surgery payment will be first used to pay off the policy loan/APL outstanding.</p> <p>The balance of the specified major surgical payment, if any, will be paid to the insured.</p> <p style="text-align: center;">-----</p>			

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