

MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

CONFIDENTIAL AND RESTRICTED

The one hundred and sixty seventh (167th) Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 13th July, 2002 at 10:00 a.m., at Pearl Continental Hotel, Peshawar.

PRESENT:

Mr. Samee-ul-Hasan	Chairman
Mr. Bashir Ahmed	Director
Mr. Muhammad Sharif Ijaz Ghauri	Director
Air Marshal (Retd.) Sharbat A. Changazi	Director
Mr. Umar Ata Bandial	Director
Mr. Akbar Ali Hussain	Board Secretary

2. Mr. Azhar Ali Malik, Director, Mr. Nessar Ahmed, Director and Mrs. Spenta Kandawalla, Director have requested leave of absence. The Board granted them leave.

3. Mr. Rasool Bakhsh Baloch, Mr. Mohammad Latif, Mr. Mohammad Mazharuddin, and Mr. Zafar Mahmood, Executive Directors, attended the meeting by invitation.

ITEM (1) CONFIRMATION OF MINUTES OF 166TH MEETING OF THE BOARD OF DIRECTORS HELD ON 27TH APRIL 2002.

4. The minutes of the 166th Meeting of the Board of Directors held on 27th April, 2002 were placed before the Board.

5. Air Marshal (Retd) Sharbat A. Changazi proposed and Mr. Bashir Ahmed seconded that the minutes be confirmed.

Accordingly, it was resolved as under:

RESOLVED:

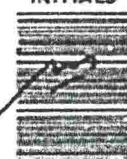
"that the Minutes of the 166th Meeting of the Board of Directors held on 27th April, 2002 be and were hereby confirmed."

Action:
DGM(BS)


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 166th Meeting of the Board held on 27th April, 2002 which was noted.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002		
	<p>ITEM (3) PRESENTATION OF BUSINESS FIGURES FOR THE PERIOD ENDED 31-05-2002 OF INDIVIDUAL LIFE, GROUP & PENSION, INTERNATIONAL, INVESTMENT & REAL ESTATE DIVISION. ED(Marketing), ED(G&P), ED(Int'l), ED(Inv.) AND GM(RE) MEMORANDUM DATED 06-07-2002.</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 period 1st January 2002 to 31st May, 2002 were submitted to the Board which were noted.</p> <p>8. Mr. Muhammad Sharif Ijaz Ghauri, Director requested that the business review circulated to the Board Members should in future also contain the number of policies sold and its comparison with the corresponding period of last year and reasons be given for decrease in premiums, persistency, number of policies, investment income and income from Real Estate. A comparison of first year cost be given on a quarterly basis. The Chairman requested ED(Marketing) to circulate the detail of number of policies for the period January to June 2002, once the business progress report was ready. It was agreed that the other information suggested by the Director be provided at the time of each half yearly review.</p> <p>9. The Board acknowledged its appreciation of efforts made by officers, staff and field force of the Marketing Division to achieve increase in business.</p> <p>10. The Board was informed that frequent tours, say 3 to 4 times a year, of the Executive Director (International Division) were required to tap the potential of the Gulf to the maximum. At present, all overseas tours have to be approved by Government. It was agreed that a letter be written to the Ministry that it was the unanimous view of the Board that the Chairman be authorized by the Ministry to approve overseas tours by the Executive Director and other necessary personnel. However, any overseas tour by the Chairman would continue to require prior Government approval.</p> <p>11. Mr. Muhammad Sharif Ijaz Ghauri suggested that the possibility of making investment in TFCs which fetched higher yield be looked into by Investment Division. This was noted.</p> <p>ITEM (4) CONSIDER/APPROVE PROPOSED OFFICE ORDER FOR – ELIMINATION OF DUMMIES, REGISTRATION OF FIELD WORKERS AND PACKAGE FOR SAF AND ALLIED MATTERS. Executive Director(Mkt)'s Memorandum dated 06-07-2002</p> <p>12. ED(Marketing) presented before the Board a Memorandum enclosing therewith a draft of proposed Office Order for elimination of dummies, registration of field workers and package for Seating and Allied Facilities and incidental matters including medical and group insurance within the stipulated limit of 5% of FYP, the promotion criteria, retention criteria, payment of second year and renewal commission, retirement of the field workers, payment of renewal commission and persistency bonus etc.</p>			<p>CHAIRMAN'S INITIALS</p> 

Action:
ED(Mkt)/
ED(Int'l)/
ED(G&P)/
ED(Inv.)/
GM(RE)

Action:
ED(Mkt)

Action:
ED(P&GS)

Action:
ED(Inv.)

MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

13. The Board was informed that Office Order No. MKT/PO/01/2002 dated 7th January, 2002 (which was approved by the Board at its 164th meeting held on 5th January 2002) was challenged by two individual field workers in the High Court of Sindh through a Writ Petition filed on 29th January, 2002. The Writ Petition has been dismissed by the High Court vide its Order dated 20.6.2002 *in limine*, as being "misconceived, not maintainable and is also without any substance".

14. The Board was informed at the 164th meeting that the Minutes signed on 27th July' 2001 of the Main Committee formed for preparing new commission structure for the field workers listed certain matters which remained to be discussed. These were; (a) seating and allied facilities, medical and group insurance within the stipulated limit of 5% of FYP; (b) promotion criteria; (c) retention criteria; (d) payment of 2nd year and renewal commission; (e) retirement of field workers and (f) payment of renewal commission and persistency bonus to them. In the 164th Board's Meeting, the hope was expressed, in good faith, that these matters would be resolved by discussion in 2002.

15. Subsequently, over a period of several months, representatives of the "Field Federation" were invited for discussion more than once. But they tried to avoid discussion of the above agreed agenda of outstanding items. Instead, they tried to re-open the settled issues covered by the Office Order dated 7th January, 2002.

16. When pressed to stay within the agreed agenda, they came up with a package under which the cost of item (a) would be 90% of FYP, instead of the limit of 5% agreed in the Minutes of 27 July 2001. They subsequently revised this, making some cosmetic changes only. They were asked to be serious and come up with a viable proposition, otherwise there was no point in continuing discussions. They then came up with a package that would cost 25% of FYP, which was still many times the agreed limit of 5%.

17. After prolonged discussions over several months, during which the Management tried its utmost in good faith to discuss the agreed agenda, the discussions had to be abandoned because of the non-serious and rigid attitude of the "Field Federation" representatives as is clear from their proposals on the very first item (a). i.e. seating and allied facilities.

18. All matters listed above in terms of the relevant laws, are within the purview of the Corporation to decide. Discussions were held with the "Field Federation" as a matter of courtesy and convenience, not because the Corporation was legally bound to do so. The work has to carry on, and therefore the Corporation has no option but to exercise its legal right to decide all pending matters.

19. In addition to the listed matters, having regard to the Insurance Ordinance, 2000, it is of utmost importance to ensure that only bona fide Field Workers are allowed to operate. Dummies and Benamis cannot be tolerated. Further, the Ordinance requires Registration of all "Agents" i.e. Field Workers, and requires that there must be a written contract between State Life and each Field Worker.

20. Accordingly, a Draft Office Order was attached to the Memorandum for consideration by the Board covering the above topics.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

21. The field workers left after the elimination of dummies will be offered a package for Seating & Allied Facilities, Group Insurance and Medical facilities and other matters referred above. Initially, this package will cost State Life over 5% of FYP but with the passage of time, with increased volume of premium and better Persistency, the cost of the package is expected Inshallah to come down to the stipulated limit of 5% of FYP.

The Board examined the Draft Office Order in depth and resolved as under:

RESOLVED:

"that the Draft Office Order proposed by ED(Marketing), with amendments as shown in Annexure-A-1, A, B and C to the Minutes be and was hereby approved."

Action:
ED(Mkt)

ITEM (5) CONSIDER/APPROVE – PROPOSAL FOR PROMOTION OF SALES MANAGERS TO AREA MANAGERS ON THE BASIS OF PERFORMANCE AS OF 31-12-2001.

Executive Director(Mkt)'s Memorandum dated 06-07-2002

22. ED(Marketing) presented before the Board a Memorandum for approval of criteria for appointment from Sales Manager to Area Manager and to authorise the Executive Committee of the Board to fix the strength of the Area Managers and approve the revised criteria of selection for appointment from Sales Manager to Area Manager which as per the earlier decision of the Executive Committee at its 260th meeting held on 26th June, 2000 had to be re-examined by the Board in the light of Insurance Ordinance 2000 after its promulgation.

After discussion, the Board resolved as under:

RESOLVED:

(i)"that as proposed by ED(Marketing), pending finalization by Marketing Division of proposals for revised criteria for selection for appointment from Sales Manager to Area Manager and strength of Area Managers, selection for appointment from Sales Manager to Area Manager as per criteria approved by the Executive Committee in its 260th meeting held on 26th June, 2000 be and was hereby allowed."

Action:
ED(Mkt)

(ii)"that the Executive Committee of the Board be and was hereby authorized to approve the revised criteria of selection for appointment from Sales Manager to Area Manger ."

Action:
ED(Mkt)

(iii)"that the Executive Committee of the Board be and was hereby authorized to fix the strength of Area Managers."

Action:
ED(Mkt)

ITEM (6) CONSIDER/APPROVE – REVISION OF PAY AND ALLOWANCES OF THE OFFICERS OF STATE LIFE.

Executive Director(P&GS)'s Memorandum dated 04-07-2002

23. ED(P&GS) presented before the Board a Memorandum for approval of revision of pay and allowances of the Officers of State Life w.e.f. 1st January, 2002 The financial impact of the increase in basic pay and driver salary and group insurance coverage, would be Rs.29.86 million, Rs.108,000, Rs.484,083 respectively. However, Area Managers' costs were not included in the above figures, and there would be some additional cost under that head.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

24. Mr. Muhammad Sharif Ijaz Ghauri, Director pointed out that the matter of revision of pay and allowances to officers of State Life be referred to the Standing Committee already constituted for the purpose by the Finance Division vide O.M.No.F.1(1)Imp/94 dated 26-06-1999 for a thorough consideration and recommendations to the competent authority. Thus the approval of the Board may be made conditional. The Board considered that this O.M. has been superseded by the policy directives given by the Minister on 24th August, 2000, in his remarks to the reconstituted Board stating that the "Federal Government desires that the Board should be truly independent, with no interference from the Government functionaries. The Government wanted that the Corporation should be safely and prudently managed by the Board, which would be responsible for its destiny."

After in depth discussions, it was resolved as under:-

RESOLVED:

Action:
ED(P&GS) (i) "that the proposal of ED(P&GS) for increase in officers basic pay by 9% with effect from 1st January, 2002 be and was hereby approved."

Action:
ED(P&GS) (ii) "that the proposal of ED(P&GS) for increase in driver salary pay to the officers who are entitled to the Corporation's maintained car from Rs.2,500 to Rs.3,500 p.m. be and was hereby approved."

Action:
ED(P&GS) (iii) "that the Compulsory Group Insurance coverage of officers which is entirely paid for by the Corporation, and also the Additional Group Insurance the cost of which is shared between State Life and Officers in the ratio 75::25, be re- designed so that sums insured should depend on either rank or salary brackets. But the total additional financial impact to the Corporation should not exceed Rs.600,000 per year."

Action:
ED(P&GS) (iv) "that since most of the officers are now drawing basic pay in excess of Rs.9,000 which was the starting point of the highest slab drawing daily allowance, because of increase in basic salary, it was accordingly decided that the daily allowance rate of the officers be restored to rate which were operated before 18-06-1998 as follows:-

<u>SPECIAL RATE</u>	<u>ORDINARY RATE</u>
Admissible at Islamabad/ Karachi/Lahore/Rawalpindi/ Peshawar/Quetta/Multan/Faisalabad/ Hyderabad/Gujranwala/Mirpur (A.K) Muzaffarabad.	Admissible at other places

<u>Designation</u>	<u>Rupees</u>	<u>Rupees</u>
AGM and above	600	520
Dy. Manager/Manager	520	440
EO/AM	440	380

Action:
ED(P&GS) (v) "that in view of substantial increase in hotel room charges, the maximum hotel room rent be enhanced to a sum equivalent to 4 times of admissible daily allowance entitlement."

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Action:
ED(P&GS)

(vi) "that the proposal of ED(P&GS) for discontinuance of the facility of move-over for officers be and was hereby approved, however to enable the officers who have reached the maximum of the pay scale to get annual increment, increase in stages in all cadres upto 24 was agreed to by the Board and Executive Committee of the Board was authorized to consider/approve the stages so prepared and presented before it."

Action:
ED(P&GS)

(vii) "that ED(P&GS) be and was hereby authorized to take all necessary steps to implement the above decisions."

ITEM (7) CONSIDER/APPROVE – AMENDMENTS IN LEAVE RULES FOR OFFICERS OF STATE LIFE.

Executive Director(P&GS)'s Memorandum dated 04-07-2002

25. ED(P&GS) presented before the Board a Memorandum for approval of amendments in leave rules for officers of State Life w.e.f. 1st January, 2002.

26. The existing Leave Rules for officers which were revised with effect from 01.01.1989, were enclosed as Annexure-A to the Memorandum The financial implication of the proposed amendments as worked out by Actuarial Division was placed at Annexure-B to the Memorandum. .

27. ED(P&GS) informed the Board that officers are generally not granted the leave that they apply for due to exigencies of duties, as a result of which most of them have substantial leave balances to their credit. Furthermore, they do not have the facility of encashment of leave which is available to unionized staff. The International Accounting Standards require that provision may be made for compensated leave of absence which would increase the tax liability of the Corporation in the shape of tax add back. In order to reduce the tax liability, and bring the Annual Leave (Leave on Full Pay) and Casual Leave entitlements of the officers in line with that of the unionized staff, it was proposed to amend the leave rules and allow encashment of leave.

28. Mr. Muhammad Sharif Ijaz Ghauri, Director pointed out that the change in leave rules approved by the Board be sent to the Government for issuance of SRO in this regard.

29. The members of the Board were requested to consider and approve the proposal regarding Leave accumulated up to 31.12.2001 and Leave earned after 31.12.2001. They were further requested to authorize the Executive Committee of the Board to approve the consequent amendments in the relevant Rules.

After discussion, the Board resolved as under:

RESOLVED:

"that the following proposal of ED(P&GS) be and was hereby approved:-

Encashment of un-availed accumulated leave upto 31-12-2001:-

- (a) Out of the total leave accumulated up to 31.12.2001, the officers may have only 60 days of leave at the their credit and the rest be encashed in five annual equal installments calculated on the basis of their basic pay at the time of leave encashment.

Action:
ED(P&GS)

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	Held AT	ON	TIME
MINUTE BOOK	PESHAWAR	13TH JULY, 2002	

(b) Those officers who retire after attaining the age of superannuation between 13th July 2002 and 31.12.2006, be allowed leave encashment in equal annual installments according to number of years of their remaining service.

c) Those officers, who retired on attaining the age of superannuation or are allowed to opt for early retirement after completion of 25 years of service, or on medical grounds, or die while in service between 13.07.2002 and 31.12.2006, be allowed lump sum encashment of their remaining leave as described in clause a & b above at the time of their retirement or death as the case may be. However, if they have already encashed accumulated leave on the basis of annual equal installments, the availed leave will be adjusted at the time of final encashment.

Accumulation and Encashment of leave with effect from 1.1.2002:-

a) With effect from 1.1.2002, the rate at which an officer earns leave with full pay, shall be reduced from 4 in a calendar month of the Leave Rules to 3 in a calendar month.

b) The casual leave entitlement of an officer be reduced from 20 in a calendar year to 18 in a calendar year, with effect from 1.1.2002.

c) The officers be allowed leave encashment of maximum of 24 days annually on current gross pay provided they avail leave of at least 12 days at the time of encashment.

(ii) "that all the officers may have the option to either opt for new leave encashment scheme or remain in the old scheme of leave encashment as provided in Rule 17 of the Revised Leave Rules within 30 days. This option will however not be available to those officers who are already retired or are on LPR or LAR as on 13th July, 2002. Also, the new Leave Rules would apply to all future employees of the Corporation."

Action:
ED(P&GS)

(iii) "that the Executive Committee of the Board be and was hereby authorized to approve the consequent amendments in the relevant leave rules, including necessary and consequential matters of detail"

Action:
ED(P&GS)

ITEM (8) CONSIDER/APPROVE – FIXED BONUS TO OFFICERS FOR THE YEAR 2001.

Executive Director(P&GS)'s Memorandum dated 04-07-2002

29. ED(P&GS) presented before the Board a Memorandum for approval of payment of fixed bonus to officers of State Life for the year 2001. The Board of Directors had at its 161st meeting held on 29th June, 2001 that Bonus for the year 2001 would be partially on fixed basis to be decided after the closure of the Books of Accounts and partially linked with performance.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

30. Mr. Muhammad Sharif Ijaz Ghauri, Director suggested that bonus to officers should be given only out of operational profit of life insurance business of the Corporation excluding other sources of income arising out of investment, etc. He also pointed out that the approval of the Board be referred to the Government for clearance before disbursement. The ED(P&GS) submitted that the Performance Bonus Scheme for Officers for the year 2002, approved at the 164th Meeting held on 5th January' 2002 was based exclusively on operational factors and not on the investment income. However, the scheme for Investment and Real Estate Divisions only took into account the improvement in yield, rent etc, since these were the operational factors for these Divisions. With regard to reference to the Government, the Board considered the matter dealt with by the policy directives given by the Minister on 24th August, 2000, mentioned earlier.

After discussion, the Board resolved as under:

RESOLVED:

"that as proposed by the ED(P&GS), payment of one month's basic pay as at 31-12-2001 to the eligible officers as fixed bonus subject to adjustment of half basic pay as on 31-12-2001 provisionally paid earlier as fixed bonus on an undertaking, be and was hereby approved."

Action:
ED(P&GS)

ITEM (9) CONSIDER/APPROVE – PROPOSAL FOR COMPUTERIZATION OF 26 ZONES.

Executive Director(CD)'s Memorandum dated 02-07-2002

31. ED(CD) presented before the Board a Memorandum to consider and approve proposal for installation / replacement of Computer systems and other requisite equipment in all the 26 Zones (Individual Life) of State Life at the estimated cost of Rs.80 million. The details/specifications were given as enclosure to the Memorandum.

32. ED(CD) informed that improvements in communication facilities within the country has raised the possibility of linking all Zonal Computers to Principal Office by VSAT. Hyderabad zone, which was not computerized, was taken as a test. The test indicates that the optimum solution is to install a "Departmental Level Server" in each zone, plus appropriate printers. This system would fulfil all data processing and printing needs of each zone and link the Zones to P.O using suitable communication facility, to make all zonal data available directly to P.O.

33. Based on the findings mentioned above, Computer Division made a presentation on June 13, 2002 to the Chairman and Executive Directors on the proposed overall Strategy for Computerization of all 26 Zones of State Life which would be carried out in three phases as follows:-

In the 1st phase, following seven Zones would be provided with new Computer Systems by 30th September 2002.

- i). Lahore (Central) ii). Rawalpindi iii). Gujrat iv). Hyderabad
- v). Gujranwala vi). Lahore (Western) vii). Karachi (South).

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

In the 2nd phase, following twelve non-computerized zones would be provided with Computer Systems. It would be completed within the year 2002.

- | | | | |
|-----------------------|-----------------|-------------------|-----------------|
| i). Karachi (Central) | ii). Quetta | iii). Mirpur Khas | iv). Larkana |
| v). D.G. Khan | vi). Bahawalpur | vii). Sahiwal | viii). Sargodha |
| ix). Sialkot | x). Islamabad | xi). Mirpur (AK) | xii). Swat |

In the 3rd phase, the remaining seven zones (already having old Systems) would be provided with new Computer Systems by 31st March 2003. These are as under

- | | | | |
|----------------|---------------------|-----------------------|-------------|
| i). Peshawar | ii). Karachi (East) | iii). Sukkur | iv). Multan |
| v). Faisalabad | vi). Abbottabad | vii). Rahim Yar Khan. | |

34. As the Zones of the State Life are scattered throughout Pakistan, the Computer Division has decided that Server should be configured with such peripherals so as to minimize possibility of "System Break Down" and for this purpose, latest mirroring facilities and Redundant Devices have been suggested for all Zones. Keeping in view the volume of Data in different Zones, provision of compatible peripherals in all Zones and a marginal price difference in Server configurations, Computer Division has decided to purchase Servers of uniform configuration for all the Zones.

35. A market survey of different brands of Servers available in the market was carried out to select the required specification of Servers A technical committee comprising of Senior Officers in Computer Division headed by Divisional Head (CD) was formed to select the required Server brand. This Committee considered three Servers namely Compaq Prolient ML 530(G2), IBM eServer Xseries 235 2AX and ICL Fujitsu Primergy H250 having comparable configuration. The committee selected IBM eServer, as per Annexure A to the Memorandum, mainly for following reasons.

- IBM has 9 business partners all over Pakistan, having competition within the partners.
- IBM new eServer has come out with strong technology in June 2002.
- IBM provides better maintenance services than others.
- Comparatively lesser price of IBM Configuration.

36. The estimated cost of Servers, UPS, Line Printers, PC/Work Stations, Matrix Printers, Power & Signal Cabling and other environmental requirements would be Rs.3.08 million per Zone and the total estimated cost of this proposal for Computerization of all the 26 Zones would be Rs. 80 million.

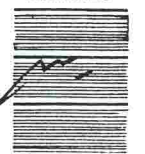
After discussion, the Board resolved as under:

RESOLVED:

(i) "that as proposed by ED(CD), installation/replacement of computer systems and other requisite equipment consisting of Servers, Ups, Line Printers, PC/Work Stations, Matrix Printers, Power and Signal Cabling and other environmental requirements in all the 26 Zones of Individual Life of State Life at a total estimated cost of Rs.80 million, configuration and details of which are given at Annexure-D and E to the Minutes be and was hereby approved and steps be taken to ensure availability of trained computer personnel."

Action:
ED(CD)

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Action:
ED(CD)

(ii) "that ED(CD) be and was hereby authorized to modify the specifications of the equipment if considered appropriate."

Action:
ED(CD)

(iii)"that steps be taken by the Management to enhance computer skills of officers and staff."

ITEM (10) CONSIDER/APPROVE – REPLACEMENT OF VEHICLES
Executive Director(P&GS)'s Memorandum dated 05-07-2002

37. ED(P&GS) presented before the Board a Memorandum for approval of revised estimated cost for replacement of vehicles.

38. The Board of Directors had earlier in its 165th meeting held on March 16, 2002 approved replacement of 50 vehicles in the use of Executive Directors, Divisional Heads, Regional Chiefs and Zonal Heads at the total estimated cost of Rs.35 million.

39. A committee was constituted to implement the Board decision. However, the market enquiry revealed that appropriate vehicles can not be purchased within the given allocation of Rs.35 million. The committee after analyzing the market price, requirement of the officers and the required sturdiness of the vehicles, proposed that while remaining within the parameters of the Board's decision of locally assembled, 1300cc cars, only 44 vehicles be purchased for replacement at the total cost of Rs.38.7 million.

40. The details of the vehicles and the officers whose existing cars would be replaced was circulated to the Members of the Board as Annex-B to the Memorandum.

41. Mr. Muhammad Sharif Ijaz Ghauri, Director pointed out that procedure laid down by the Cabinet Division be strictly followed in respect of purchase of new cars and all the requirements be fulfilled. The Chairman, State Life submitted the matter has already been approved by the Board at its 165th meeting and the same has been placed before the Board for change in number of vehicles and the amount involved. The Cabinet Division circular has already been discussed previously by the Board and reflected in the previous Minutes at para-41 of the 165th Board Meeting held on 16th March, 2002.

After discussion, the Board resolved as under:

RESOLVED:

Action:
ED(P&GS)

"that replacement of 44 locally assembled vehicles at a total replacement cost of Rs.40 million be and was hereby approved."

ITEM (11) CONSIDER/APPROVE – PROPOSAL FOR INVESTMENT OF RS.250 MILLION IN PRIVATE PLACEMENT OF UNLISTED TFC'S OF FAUJI FERTILIZER COMPANY LTD.

Executive Director (Inv't.)'s Memorandum dated 06-07-2002

42. ED(Inv't.) presented before the Board a Memorandum to consider/approve private placement of Rs. 250 million in the Terms Finance Certificates of 5 years tenor of Fauji Fertilizer Company Limited at a mark up of SBP discount rate + 1.50% p.a. with floor of 11% and ceiling of 15% p.a. payable semi-annually and secured by a first equitable mortgage to be created on all immovable assets of the company and by way of

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

hypothecation on assets including plant, machinery, tools and spares and all other movable properties including stocks and book debts with a regulatory 25% margin. Fauji Fertilizer Company Limited is a listed public limited company and its principal area of business involves manufacturing, purchasing and marketing of fertilizers. The company, is a joint venture between Fauji Foundation and Haldor Topsoe A/S of Denmark.

43. 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:

Action:
ED(Inv.)

(i) "that the Executive Committee of the Board be and was hereby authorized to consider and if deemed fit approve the proposal of ED(Inv.) for placing Rs.250 million in unlisted TFCs of Fauji Fertilizer Company Limited."

Action:
ED(Inv.)

(ii) "that post facto approval of the decision of the Executive Committee of the Board be taken at the next Board meeting to regularize the same."

**ITEM (12) CONSIDER/APPROVE – PROPOSAL FOR SETTLEMENT OF
OUTSTANDING OF HAMZA SUGAR MILLS LTD.
Executive Director(Inv.)'s Memorandum dated 06-07-2002**

44. ED(Inv.) presented before the Board a Memorandum for consideration of a proposal for settlement of outstanding dues of Hamza Sugar Mills Ltd.

45. State Life alongwith other consortium members led by ICP had advanced a debenture loan of Rs 3.00 million to Hyesons Sugar Mills Ltd. in April 1978. The loan carried Interest @ 4% above the bank rate. An additional Interest @ 2% over and above regular interest rate on all sums remaining unpaid on due dates was also agreed upon.

46. Consequently upon continuous default by Hyesons Group of companies, the ICP led consortium filed a winding-up petition in High Court of Sindh against the group. Later after an agreement on 29.5.1989, the winding-up petition was withdrawn from the court on 30.05.1989. According to the agreement arrived at between Hyesons and ICP the position of State Life's overdue against Hyesons worked out as on December 31, 1988 was as under:

Principal	Rs 2,100,000
Normal Interest	Rs 2,058,000
Total outstanding balance (agreed)	Rs 4,158,000

47. The penal interest of Rs 1,280,160/- as at 31.12.88 was proposed to be waived and in case if Hyesons failed to make payments as per agreement then mark up @ 14% on the outstanding agreed balance i.e. Rs 4,158,000, will be charged.

48. On 9-10-1995, ICP informed State Life that M/s. Madina Sugar Mills Ltd. has taken over the management of Hyesons Sugar Mills Ltd. w.e.f. 19-12-1993 and that the new management had come-up with a proposal to make a payment of outstanding principal amount of the loan of Rs.2,100,000 immediately and a sum of Rs.3,311,949 being the balance of simple interest upto 30-09-1995 net of interest already paid by 30-06-1996.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

49. The Executive Committee of the Board at its 206th meeting held on 02-01-1996 had approved that the above outstanding be settled on payment of Rs.6,032,184 which decision was conveyed to ICP, which was not agreed to as it was felt that it was on the higher side as compared to ICP's proposal.

50. Later on the new management of M/s. Hyesons Sugar Mills Ltd. i.e. M/s. Hamza Sugar Mills Ltd., approached State Life for settlement under the State Bank of Pakistan settlement scheme against total payment of Rs.2.1 million as principal repayment and Rs.105,000 as interest thereon. M/s. Hamza Sugar Mills approached State Life from time to time for settlement under SBP incentive scheme. Their proposal was discussed at various levels of management and found unacceptable.

51. ICP has informed State Life that all the members of consortium (except State Life) have settled their dues and the Advocate of M/s. Hamza Sugar Mills is pursuing ICP for withdrawal of winding-up petition and vacation of mortgage/charges. They have also requested State Life for an early settlement of this long outstanding issue.

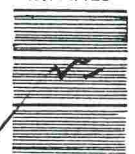
52. ED(Inv.) informed the Board that in accordance with the terms of agreement the position of State Life claim as on 30.6.2002 is as under :

Principal as at 31-12-1988	Rs 2,100,000	
Normal Interest	<u>Rs 2,058,000</u>	
Agreed Balance as at 31.12.1988		Rs. 4,158,000
Penal interest as at 31-12-1988		<u>Rs. 1,280,160</u>
Total as at 31-12-1988		Rs. 5,438,160
Interest from 1-1-89 to 31-12-2001	Rs. 7,567,560	
Interest from 1-1-2002 to 30-6-2002	Rs. 291,060	
Interest recovered on 1-4-1990		
1-7-90 & 31-12-91 totaled	<u>Rs. (730,551)</u>	
		<u>Rs. 7,128,049</u>
Total outstanding as at 30-6-2002		<u>Rs.12,566,229</u>

53. A fax dated April 17, 2002 has been received by Investment Division from General Manager, Hamza Sugar Mills Limited offering to settle the debenture loan paid to Hyesons Sugar Mills Limited by State Life against a total payment of Rs.. 4,358,449/= in two installments as per working given below:-

Principal amount		Rs 2,100,000
Normal Interest @ 14% upto 31.12.1988	Rs 2,058,000	
Normal Interest @ 14% From 1.1.89 to 30.4.2002	<u>Rs 3,920,000</u>	
Total Interest Payable	<u>Rs 5,978,000</u>	
Less: 50% Interest to be Waived	<u>Rs 2,989,000</u>	
Net Interest Payable		<u>Rs 2,989,000</u>
	Total Payable	<u>Rs 5,089,000</u>
Less repayment		<u>Rs 730,551</u>
Net amount payable		<u>Rs. 4,358,449</u>

CHAIRMAN'S INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

54. They have offered to make payment of Rs 4,358,449/- as under :

a)	Immediately on acceptance of offer of settlement	Rs 2,000,000
b)	By 30 th June 2002	<u>Rs 2,358,449</u>
	Total	<u>Rs 4,358,449</u>

After discussion, the Board resolved as under:

RESOLVED:

"that as mentioned in the Memorandum of ED(Inv.), the offer of General Manager, Hamza Sugar Mills Limited, received through fax dated April 17, 2002 to settle the debenture loan paid to M/s Hyesons Sugar Mills Limited by State Life against payment of Rs.4,358,449 in two instalments as full and final settlement of the loan and interest thereon be and was hereby approved and ED(Inv.) was authorized to take all necessary steps in this regard."

Action:
ED(Inv.)

ITEM (13) CONSIDER/APPROVE – PROPOSAL FOR PLACEMENT OF RS.25 MILLION IN THE INITIAL PUBLIC OFFERING (IPO) OF TFCs OF ORIX LEASING PAKISTAN LTD.
Executive Director(Inv.)'s Memorandum dated 06-07-2002

55. ED(Inv.) presented before the Board a memorandum to consider/approve private placement of Rs. 25 million in the Terms Finance Certificates of 5 years tenor of Orix Leasing Pakistan Company Limited. Orix Leasing Pakistan Ltd is issuing a total of Rs.758 million (fully secured) listed TFCs to institutional and retail investors through AMZ Securities (Pvt) Limited who are advising and arranging the captioned issue. The issue is made up of Rs. 600 million private placement and Rs.158.035 million public offer. Orix intends to raise money to fund the expansion in lease portfolio. Mr. M. Mazharuddin, ED(Act.) had earlier left the meeting before the presentation of the Memorandum as he is on the Board of Directors of Orix Leasing Pakistan Limited.

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

Issuer:	ORIX Leasing Pakistan Limited (OLP TM), a company incorporated in Pakistan under Companies Ordinance, 1984.
Instrument:	Public Listed Term Finance Certificate (TFO) issued as Redeemable Capital under section 120 of Companies Ordinance, 1984.
Total Issue Amount:	Rs. 1.5 billion
First Tranche:	Rs. 741.965 million
Second Tranche:	Rs. 758.035 million
Pre-IPO	Rs. 600 million
IPO:	Rs. 158.035 million
Tenor:	Rs. 4 years
Expected Profit:	SBP Discount Rate + 2% (current rate 11% p.a.). Floor: 10% & Cap: 13%. Mark-up will be determined 2 days before the mark-up and / or principal repayment dated at each semi-annual period, subject to the conditions as mentioned above.

CHAIRMAN'S
INITIALS



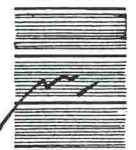
MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	
	<p>Expected issue date: May 2002</p> <p>Expected maturity date: May 2006</p> <p>Underwriting Fee: 0.5% of amount underwritten out of public issue of Rs. 158.035 million.</p> <p>Exchange of listing: Karachi Stock Exchange (Guarantee) Ltd.</p> <p>Rating by PACRA Entity Long Term: AA (Double A minus) Consecutive 4th year of highest Short term: A1 + (A One Plus) rating the leasing sector. Instrument AA (Double A)</p> <p>Principal Repayment: Bullet payment at maturity.</p> <p>Profit Payment: Payable semi-annually in arrears.</p> <p>Transferability: The TFC will be in registered form and can be transferred using Proforma transfer deeds. OLP will maintain, or cause to be maintained, a register of TFC holders.</p> <p>Security: Registered charge over specific leased assets and related receivables.</p> <p>Trustee: A Reputable Financial Institution.</p> <p>Structuring & Placing Agent: AMZ Securities (Private) Limited. ORIX Investment Bank Pakistan Limited.</p> <p>Uses of Proceeds: As per Memorandum & Article of Association of the Company.</p> <p>Legal Advisor: Mohsin Tayebaly & Co.</p> <p>Conditions: Compliance with all statutory requirements for public listing and Leasing Rules 2000 defined by Securities & Exchange Commission of Pakistan. Suitable financial covenants may be set for arranging and underwriting the TFC issue.</p> <p>After discussion, the Board resolved as under:</p> <p>RESOLVED:</p> <p>(i) "that as recommended by ED(Inv), in view of AA rating by PACRA, a placement of Rs.25 million in the initial public offering of TFCs of 4 years tenor of Orix Leasing Pakistan Limited with annual rate of return of SBP discount rate plus 2% with a floor of 10% p.a. and ceiling of 13% p.a. payable semi-annually in arrears and secured by registered charge over specific leased assets and related receiveables with bullet principal repayment on maturity be and was hereby approved."</p> <p>(ii) "that ED(Inv.) be and was hereby authorized to finalize and execute the agreement and take all necessary steps in this regard as per the approved terms."</p> <p>At this point of time, Mr. M. Mazharuddin rejoined the meeting.</p>		

Action:
ED(Inv.)

Action:
ED(Inv.)

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

ITEM (14) CONSIDER/APPROVE – PROPOSAL FOR ADDITIONAL BUDGET ALLOCATION FOR THE YEAR 2002.

Executive Director(B&A)'s Memorandum dated 02-07-2002

57. ED(B&A) presented before the Board a Memorandum for approval of additional budget of Rs.20.5 million under various expense heads for the year 2002 necessitated due to implementation of revised package for Area Managers, increase in meeting and conference expenses because of significant increase in number of qualifiers for State Life Convention - 2002 and for increase in rent and telephone expenses.

After discussion, the Board resolved as under:

RESOLVED:

“that as proposed by ED(B&A), additional budget of Rs.20.50 million for the year 2002 be and was hereby approved under the following heads:-

Action:
ED(B&A)

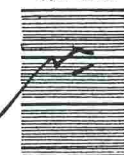
Sr.No.	Head of Accounts	(Rs. In Million) Amount
a)	<u>Payment to Area Managers as per their revised package</u>	
	i) Wages	3.30
	ii) Meeting/Entertainment	1.60
	iii) Telephone	2.10
	iv) Car petrol	3.60
	v) Car rental	0.84
	vi) Newspaper	0.18
	vii) Miscellaneous (including postage & stationery)	0.38
	Sub-Total	12.00
b)	Meeting & Conference (State Life Convention - 2002)	3.00
c)	Rent (other buildings)	3.00
d)	Telephone (office)	2.50
	Total	<u>20.50</u>

ITEM (15) CONSIDER – QUARTERLY ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2002.

Executive Director(B&A)'s Memorandum dated 01-07-2002

58. ED(B&A) presented before the Board a Memorandum for consideration of quarterly accounts of the Corporation for the period ended 31st March, 2002 comprising of un-audited Balance Sheet as at 31st March, 2002 and Revenue Account for the 1st Quarter ended 31st March, 2002. Comparative figures have not been given in the Memorandum submitted to the Board as the quarterly accounts have been prepared for the first time in the history of the Corporation, however a comparison of actual figures appearing in the balance sheet as at 31-12-2001 and the business targets for the first quarter have been mentioned.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

59. ED(B&A) informed the Board that as per advice of the Statutory Auditors, an amount of Rs.609.840 million appearing in the exchange fluctuation reserve account as at 31.3.2002, after scrutiny, has been transferred to Life Fund. Out of this, an amount of Rs.35.242 million has been transferred to Pakistan Life Fund and Rs.574.597 million to Overseas Life Fund. Provision of Rs.572.603 million against diminution in value of investment in quoted shares, provided in the accounts for the year 2001, has been reversed as the Market Value of the quoted shares as on March 31, 2002 was more than the book value.

60. The Board noted the financial position of the Corporation as of 31st March, 2002 and appreciated the efforts put in by officers and staff of the Budget and Accounts Division in preparation of quarterly accounts.

ITEM (16) POSITION PAPER ON INCOME TAX MATTERS.

Executive Director(B&A)'s Memorandum dated 06-07-2002

61. ED(B&A) presented before the Board a Position Paper on Income Tax matters. The Board was informed that at present there does not stand any assessment pending with the Income Authorities.

62. The Board was informed that as a result of finalization of assessments in June 2002, the following amounts have been determined as "refundable" to State Life for the respective year of assessment:

Assessment year 1999-2000	Rs. 393.628 million
Assessment year 2000-2001	Rs. 382.067 million
Assessment year 2001-2002	<u>Rs. 1,355.738 million</u>
Total	<u>Rs. 2,131.433 million</u>

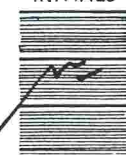
63. The Corporation has already approached to the Ministry of Finance / CBR through the Ministry of Commerce either for issuance of profit bearing Bonds or for refund in cash of the amount to the tune of Rs. 2,160.356 million which is inclusive of 28.923 million being balance of assessed refund / deposits made along with appeals in respect of assessment years 1993/94 to 1996/97.

64. Withholding tax exemption certificate dated 28.06.2002 valid till 30.06.2003 covering exemption from withholding tax U/s 50(2) applicable on Government Securities has also been received from the Income Tax Authorities.

65. Unverified withholding tax amounting to Rs. 339.100 million is in the process of verification for which hectic efforts are being made and as a result of which the assessed refund amount will further increase.

66. State Life has filed appeals before CIT (Appeals) in respect of above assessments against inclusion of Excess Perquisites in the taxable income as well as application of Section 80-D. CIT (Appeals) has already given a decision in favor of State Life for non-inclusion of Excess Perquisites in the taxable income for the assessment years from 1993-94 to 1997-98.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13TH JULY, 2002	

67. The Board appreciated the role of the Ministry of Commerce and the Chairman in finalization of the Income Tax assessments and negotiations with the Ministry of Finance/CBR for settlement of the refunds. The Board requested Mr. Muhammad Sharif Ijaz Ghauri, Director to assist the Corporation in issuance of profit bearing bonds or refund in cash of the amount to the tune of Rs.2,160,356 million by the Income Tax Authorities.

Action:
ED(B&A)

68. The Board also appreciated the hard work done by the State Life Income Tax Advisor, ED and concerned officers of B&A Division in finalization of all the pending assessments.

69. The above position was noted by the Board.

ITEM (17) CONSIDER/APPROVE – APPOINTMENT OF ADMINISTRATOR AND SECRETARY OF STATE LIFE INSURANCE CORPORATION’S EMPLOYEES CONTRIBUTORY PROVIDENT FUND.
Executive Director(B&A)s Memorandum dated 26-06-2002

70. ED(B&A) presented before the Board a Memorandum for approval of appointment of new Administrators and Secretary of State Life Insurance Corporation’s Employees Contributory Provident Fund as required under Regulation 4(1) and 4(2) of State Life Insurance Corporation Employees Contributory Provident Fund.

After discussion, the Board resolved as under:

RESOLVED:

Action:
ED(B&A)

(i) “that as proposed by ED(B&A) the appointment of Mr. Sher Ali Khan, GM/Divisional Head (IA&E) and Mr. Saleem Khaliq, DGM/ Divisional Head (CD) as Administrators of the Fund in place of Mr. A. Majid Khan and Dr. Attaullah be and was hereby approved.”

Action:
ED(B&A)

(ii) “that as proposed by ED(B&A) and the Administrators of the State Life Insurance Corporation’s Employees Contributory Provident Fund, the appointment of Mr. Gul Nawaz A.G.M. (C.P.F.) as Secretary State Life Insurance Corporation Employees’ Contributory Provident Fund in place of Mr. Mushtaq Ahmad be and was hereby approved.”

ITEM (18) CONSIDER/APPROVE – RENAL TRANSPLANTATION OF MR. BENJAMIN NATHANIEL, NAIB QASID, G&P LAHORE ZONE.
Executive Director(P&GS)s Memorandum dated 06-07-2002

71. ED(P&GS) presented before the Board a Memorandum for consideration and approval of a request received from Mr. Benjamin Nathaniel, Naib Qasid, G&P, Lahore Zone for renal transplantation at Corporation's cost as he being a poor man was not in a position to afford the medical expenses of such treatment.

72. Mr. Benjamin Nathaniel was appointed in State Life on 15.05.1996 and his date of birth is 01.09.1969 and accordingly he is about 33 year old and has still to serve the Corporation for about 27 years. He is a case of end stage Renal Disease which has further aggravated by DM & HTN. As a result of the above he, at present, is on Haemodialysis on thrice a week basis under care of Professor Dr. Manzoor Naeem of Ittefaq Hospital, Lahore. He has been advised by Professor Dr. Manzoor Naeem for Renal Transplantation vide certificate enclosed to the Memorandum.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

73. Clause 8 (ix)(f) of State Life Employees Medical Attendance Regulations, 1973, notified through the Gazette of Pakistan dated 18.05.1973, allows specialised treatment as under:

“Specialist treatment in accordance with clause (6) but does not include the following namely cosmetic surgery, plastic surgery or organ transplant”.

74. However, under Clause 14 of State Life Employees Medical Attendance Regulations, 1973 notified through the Gazette of Pakistan dated 18.05.1973, the Chairman may, whenever considered necessary, issue appropriate instructions, not inconsistent with these regulations, regarding arrangements for medical attendance and treatment.

75. The total estimated cost involved in the Renal Transplant of Mr. Benjamin works out as under:

76. Mr. Umar Ata Bandial, Director pointed out that SIUT was the best institution for handling such cases and State Life may arrange an opinion from SIUT in case it does not affect the medical condition of Mr. Benjamin Nathaniel. The above suggestion was agreed to by the Board.

After discussion, the Board resolved as under:

RESOLVED:

(i) “that as proposed by ED(P&GS), although State Life Medical Regulations do not allow transplant treatment, however, keeping in view the young age of the employee and his good chances of recovery because of young age, the request of Mr. Benjamin for Renal Transplantation including post operation medical cost be and was hereby approved on humanitarian grounds at an estimated cost of around Rs.300,000/- for the first year which may have to continue for life in which case the discounted present value of the cost may be around Rs.5 to 6 million, subject to a second opinion being obtained from the SIUT, for which the necessary arrangements should be made by the Corporation”

Action:
ED(P&GS)

(ii) “that the payment to kidney donor would be self-arranged by Mr. Benjamin Nathaniel.”

Action:
ED(P&GS)

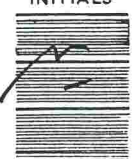
(iii) “that the possibility of amending Clause-8 (IX) (F) of State Life Employees Medical Attendance Regulations, 1973 notified through the Gazette of Pakistan dated 18-5-1973 be examined so as to include organ transplantation.”

Action:
ED(P&GS)

ITEM (19) CONSIDER/APPROVE – HIRING OF A RENOWNED HISTORIAN TO WRITE HISTORY OF STATE LIFE AND DECORATING THE BOARD ROOM WITH THE PHOTOGRAPHS OF EX-CHAIRMEN.
Executive Director(Mkt)'s Memorandum dated 06-07-2002

77. ED(Mkt) presented before the Board a Memorandum for hiring of a renowned historian to write history of State Life in English/Urdu language and decorating the Board Room with the photographs of Ex-Chairmen to preserve its history and highlight the objectives of the establishment of State Life, its mission and commitment to its valued policyholders. State Life Insurance Corporation of Pakistan has successfully completed three decades and has created awareness about life insurance and achieved tremendous growth and development. The historian will be required to complete the assignment within one year

CHAIRMAN'S INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

78. The remuneration offered to him/her would be determined keeping in view his/her academic qualification, experience, skill and standing in the field of history. He/she will be given a furnished room with facilities such as P.C., telephone, fax, etc., and actual cost on T/DA and miscellaneous items.

79. Mr. Muhammad Sharif Ijaz Ghauri, Director suggested that the history of life insurance in Pakistan with specific reference to State Life be published in November 2002 to commemorate the 30th Anniversary of the Corporation. On this occasion seminars be also held where speakers can highlight the strength of State Life Insurance Corporation of Pakistan built over the last several years. The existence of Government guarantee to back the policies issued by the Corporation be also highlighted by the speakers in the seminars. Corporate clients be invited to a gathering where State Life could be projected. Newspaper supplements be arranged and articles projecting State Life be included therein. The above suggestions were agreed to by the Board.

After discussion, the Board resolved as under:

RESOLVED:

"that the proposal of ED(Marketing) for hiring of a competent historian to write a history of State Life in English/Urdu language and its translation and decorating the Board Room with photographs of Chairmen, State Life at a total estimated project cost not exceeding Rs.800,000/- be and was hereby approved."

Action:
ED(Mkt.)

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


CHAIRMAN

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-'A-1'

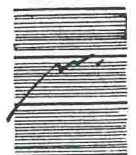
OFFICE ORDER No. _____

Sub: Elimination of Dummies/Benamis from field Registration of Bona Fide Field Workers; signing of contracts Introduction of Sales Executives and Senior Sales Representatives Seating and Allied Facilities, Group Life Insurance and Medical Promotion and Other Matters

Effective immediately

Table of Contents

1. Approved by Board.
2. Definitions.
3. Doubt or difficulty as to whether a worker is bona fide.
4. Elimination of Dummies and Benamis.
5. Registration of existing bona fide field workers left after retirement applications of Dummies/Benamis under amnesty.
6. Registration of future field workers.
7. Field Workers to be Full-time.
8. Statement and declaration required every twelve months.
9. Contracts.
10. Extension of basic commission/ overriding commission for second policy year and third and later policy years.
11. Extension of additional second policy year commission/ overriding commission for Persistency.
12. Senior Sales Representative ("SSR").
13. FYP Quota of SE's and SSR's.
14. Second year Persistency ratio requirements for SE's and SSR's.
15. SE's and SSR's Commissions.
16. Withholding of 15% basic FY commission of field workers who did not complete 2001 requirements.
17. Seating and Allied Facilities.
18. Group Life Insurance.
19. Medical Facilities.
20. SR to SO.
21. SSR to SO.
22. Promotion of SO to SM.
23. Retirement.
24. Payment of commissions on death of a field worker; Nomination
25. One-time compensation to SM's and SO's.
26. Driver's subsidy for SM's.
27. Personal computer for SM's.
28. General.

CHAIRMAN'S
INITIALS

MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

1. APPROVED BY BOARD

This circular was approved by the Board of Directors of the Corporation at its 167th meeting held at Peshawar on 13 July 2002. It is to be read with Office Order No. Marketing/PO/01/2002 dated 7 January 2002 (hereinafter referred to as the "7 Jan 2002 Order").

2. DEFINITIONS

Words and expressions defined in the 7 Jan 2002 Order will have the same meanings in this Order.

Other words and expressions shall have the following meanings:

(a) "Bona Fide Field Worker", in respect of a Sales Executive, Senior Sales Representative or a Sales Representative, shall mean that he is himself genuinely and actively engaged in procuring insurance business for the Corporation. Further, he fully meets all requirements of Insurance Laws, and complies with all requirements of the Corporation.

"Bona Fide Field Worker", in respect of a Sales Manager or Sales Officer, shall mean that he is himself genuinely, actively and personally engaged in the recruitment, selection, supervision and motivation of Senior Sales Representatives or Sales Representatives. Further, he fully meets all requirements of the Insurance Laws, and complies with all requirements of the Corporation. If in addition he is engaged doing "personal business" as described in the 7 Jan 2002 Order, he does this himself genuinely and actively.

Explanation: The fact that a person may hold or may have held an appointment and/or a contract by or with the Corporation in any capacity of Field Worker, or has attended courses, conventions or meetings or received prizes, awards, or has or is receiving seating and allied facilities, group life insurance or medical or other benefits, does not by itself establish that he is a Bona Fide Worker.

(b) "Dummy" or "Benami" shall mean a person purporting to be a Sales Manager, Sales Officer, Sales Executive, Senior Sales Representative, or Sales Representative who is not a Bona Fide Worker.

(c) "Field Worker" shall mean and include Sales Manager, Sales Officer, Sales Executive, Senior Sales Representative and Sales Representative; or any or all of them as the context may require.

(d) "Insurance Laws" shall mean the Insurance Ordinance, 2000, and all Rules and Regulations, Orders and directions which may be framed/issued thereunder by the relevant authority; or all or any of the foregoing, as the context may require.

(e) "Sales Executive" ("SE") shall mean a former Sales Manager who has been placed in this class under the terms of this Order, and who procures insurance business himself genuinely and actively, with no other State Life Field Worker intervening between himself and the policyholder.

(f) "Senior Sales Representative" ("SSR") shall mean a Sales Representative who has been promoted to this class under the terms of this Order.

CHAIRMAN'S INITIALS

MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Where the context permits, words in the masculine shall include the feminine, and words in the feminine shall include the masculine, and singular shall include plural and plural shall include singular.

3. DOUBT AS TO WHETHER A WORKER IS BONA FIDE

The onus of proving that he is Bona Fide shall fall on the Field Worker. In case of any doubt as to whether a person is a Bona Fide Field Worker or not, the Corporation's decision shall be final and binding on all concerned.

4. ELIMINATION OF DUMMIES AND BENAMIS

(a) All Field Workers shall be bona fide; dummies and benamis not to be tolerated.

All Field Workers shall be Bona Fide Field Workers. The Corporation will not tolerate dummies and benamis at any level. Dummies and benamis are highly prejudicial to the interest of the Corporation and to the interest of policyholders. They cause substantial outflows by way of Commission/Over-Riding Commission and other benefits, without any return by way of field activity or service to policyholders. They deplete the Corporation's Statutory Funds, reduce the surplus and thus reduce the benefits to policyholders and to Government laid down under Article 31 of the Life Insurance (Nationalization) Order, 1972, and under various provisions of the Insurance Laws. They create scope for rebates and kick-backs out of the dummy/benami Commissions/Over-Riding Commissions. They impede the recruitment of genuine new Field Workers, and impede the growth of a healthy and efficient Field Force. Dummies and benamis are in violation of the Insurance Laws. They impede the sound and healthy growth of life insurance business.

It shall be the duty of all Officers, Staff and Field Workers of the Corporation to keep out dummies and benamis, and to ensure that all Field Workers of any class or category are Bona Fide.

(b) Conditional Amnesty for existing dummies and benamis

Existing dummies and benamis whose duly completed applications for retirement are lodged with their Zonal Office on or before the close of working hours on Tuesday 3 September 2002 will benefit from this amnesty. The retirement will take effect on 1 October 2002. The application must be in the Form to be laid down by the Corporation

Provided the above is duly done, the terms of the Amnesty are as follows:

- (i) they may continue to submit new business upto 30 September 2002 only; and
- (ii) Second Policy Year and Third and Later Policy Years' Basic Commissions/Basic Over-riding Commissions will continue to be paid at the percentages described in the 7 Jan 2002 Order, in respect of policies sold upto and including 30 September 2002 only.
- (c) No commissions/ over-riding commissions or productivity bonuses payable to dummies/ benamis detected after 3 September 2002.

After 3 September 2002, the Corporation will very strictly review the remaining Field Workers.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Further, the Corporation may at any time call any Field Worker to attend a course, take a test or appear for an interview.

As a result of such review and/or course and/or test and/or interview, if any Field Worker is found to be not a bona fide Field Worker, his contract shall be terminated forthwith without any notice because its continuation would be prejudicial to the interest of the Corporation and to the interest of its policyholders. In that event, no commissions/over-riding commissions or productivity bonuses whatsoever shall be paid on First Policy Year premiums, Second Policy Year premiums and Third and Later Policy Years' premiums on policies sold through him.

Failure to attend a course, take a test, or appear for an interview, shall be deemed an admission that the worker is not bona fide.

5. REGISTRATION OF EXISTING BONA FIDE FIELD WORKERS LEFT AFTER RETIREMENT APPLICATIONS OF DUMMIES/BENAMIS UNDER AMNESTY

The repealed Insurance Act, 1938, contained various provisions for licensing of Agents and Certificates to Employers of Agents, which were elaborated in the defunct Insurance Rules, 1958. None of these provisions have been retained in the Insurance Laws. The Insurance Laws replaces the former system of licensing and certification by the system of a Register of Agents to be maintained by each insurer. The Register has to contain prescribed particulars, it has to be kept up-to-date, and it is subject to inspection by the Securities and Exchange Commission of Pakistan.

It shall be an offence for an insurer to use a Field Worker who is not on the Register, or to use a Field Worker who has not made the declaration prescribed by the Insurance Laws, or who has made a false declaration.

In the light of these changes, proper Registration is highly important, being a replacement of the repealed and defunct system of licensing and certification. Therefore, the following procedure is laid down.

(a) All Bona Fide Field Workers to apply for registration

In order to comply with the Insurance Laws, all existing bona fide Field Workers, left after due receipt of retirement applications of dummies/benamis under the Amnesty, must apply for registration. Applications for Registration must be on the Form to be laid down by the Corporation.

Applications for registration of such existing bona fide Field Workers must be lodged with their Zonal Office on or before the close of working hours on Tuesday 3 September 2002.

Explanation: Subject to the terms of this Order including but not limited to Para 16, all existing bona fide Field Workers may apply for registration by 3 September 2002 irrespective of whether in the year 2001 they completed their former FYP quotas of Rs 150,000 for an SM, Rs 60,000 for an SO and Rs 10,000 for an SR, and irrespective of whether their Second Year Persistency Ratio was at least the former level of 60%.

CHAIRMAN'S
INITIALS

MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

(b) Placement of certain Sales Managers as Sales Executives

Bona Fide Field Workers who at present are SM's, but who after the elimination of dummies under the Amnesty have no SO's and no SR's left in their Entire Unit, will cease to be SM's with effect from 1 October 2002. With effect from that date, they will be re-classified as SE's.

SE's shall be a "closed class" created only for the foregoing SM's. No other person shall be admitted to this class after 1 Oct 2002.

A Sales Executive shall not be attached to any SM or SO, but shall work directly under an Area Manager, if he was previously working under an Area Manager.

Explanation: Suppose dummies/benamis in the Entire Unit of an SM are detected after the 3 Sep 2002, and as a result of this he is left with no SO and no SR in his Entire Unit. Then he shall be re-classified as an SR, and not as an SE.

(c) Placement of existing Bona Fide Sales Managers, Sales Officers and Sales Representatives

Except in the case described in sub-Para (b) above, but subject to the terms of this Order including but not limited to Para 16, all existing bona fide SM's, SO's and SR's who apply for Registration under Para (a) above, shall be placed in their existing class irrespective of their performance in 2001.

6. REGISTRATION OF FUTURE FIELD WORKERS

Any person who in future seeks to work for the Corporation as a Field Worker must apply for Registration in the Form to be laid down by the Corporation.

Every SR appointed in future must be at least 18 years old and a Matriculate. He must successfully complete a 10 days full time Basic Training Course within 4 months after his appointment. Within 12 months after his appointment, he must also successfully complete the Agent's Development Programme ("ADP"). Failure to comply with either of the foregoing requirements will automatically and without any notice cause his appointment to stand terminated after the expiry of the said 4 months or 12 months (as the case may be).

7. FIELD WORKERS TO BE FULL-TIME

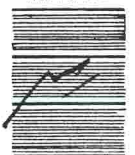
All Field Workers, other than Sales Representatives, have to be Full-time with the Corporation.

Sales Representatives may be Full-time or Part-time, provided they complete the FYP Quota and all other requirements described in the 7 Jan 2002 Order and this Order.

8. STATEMENT AND DECLARATION REQUIRED EVERY TWELVE MONTHS

To comply with the Insurance Laws, every twelve months (in the case of an SM or SO) and every twenty-four months (in the case of other Field Workers), a Field Worker shall lodge a Statement and Declaration with his Zonal Office, in such form as may be laid down by the Corporation.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

9. CONTRACTS

To comply with the Insurance Laws, every Field Worker must have a contract in writing with the Corporation.

The previous contracts having become obsolete consequent to the Insurance Laws and the 7 Jan 2002 Order and this Order, fresh contracts shall be required for each class of Field Worker.

Starting from 1 Oct 2002, no FPR shall be issued until every Field Worker in the channel concerned has been placed on the Register and has signed two copies of the new contract applicable to him, and lodged them with his Zonal Office. Both copies shall then be signed on behalf of the Corporation, and one copy returned to the Field Worker concerned.

10. EXTENSION OF BASIC COMMISSION/OVER-RIDING COMMISSION FOR SECOND POLICY YEAR AND THIRD AND LATER POLICY YEARS

The Basic Commission/Over-Riding Commission Rates for the Second Policy Year and the Third and Later Policy Years, shown in Tables 2, 4 and 5 of the 7 Jan 2002 Order, shall be extended to apply in respect of all policies sold upto and including 31 Dec 2004, for the duration of such policies.

Provided that the payment shall be subject to the Field Worker being on the Register at the relevant time.

11. EXTENSION OF ADDITIONAL SECOND POLICY YEAR COMMISSION/OVER-RIDING COMMISSION FOR PERSISTENCY

Subject to the provisos, the Additional Second Policy Year Commission/Over-Riding Commission for Persistency shown in Tables 3 and 6 of the 7 Jan 2002 Order shall be extended to apply in respect of all policies sold upto and including 31 Dec 2004.

Provisos

(a) No Additional Second Policy Year Commission /Over-Riding Commission for Persistency shall be payable in 2003 and later calendar years if the Field Worker did not complete his FYP quota during the previous year; or such proportion of the FYP quota as the Board may decide from year to year.

(b) The payment shall be subject to the Field Worker being on the Register at the relevant time.

12. SENIOR SALES REPRESENTATIVE ("SSR")

(a) Opening date of this class

This class will be opened from 1 January 2003.

(b) Eligibility

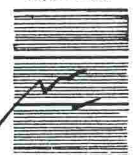
An SR will be eligible to apply for promotion as an SSR if he fulfils all the following conditions:

CHAIRMAN'S INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	
<p>(i) He was an SR for at least two calendar years</p> <p>(ii) His FYP in each of the previous two calendar years was at least Rs 200,000,</p> <p style="text-align: center;">OR</p> <p>His FYP was at least Rs 200,000 in two of the previous three calendar years and not less than Rs 170,000 in any of the said three years.</p> <p>(iii) He met the Second Year Persistency Ratio Requirements described in the 7 Jan 2002 Order in each of the previous two calendar years</p> <p>(iv) He has completed the ADP.</p> <p>(v) His work and conduct were satisfactory, of which the sole judge shall be the Corporation.</p> <p>(vi) If he was previously working Part-time, he agrees to work Full-time for the Corporation</p> <p>Acceptance of the application shall be at the sole and unfettered discretion of the Corporation.</p> <p>13. <u>FYP QUOTA OF SE'S AND SSR'S</u> <u>Annual First Year Premium Quota:</u> The Annual First Year Premium Quota for an SE or SSR shall be Rs 200,000/- per calendar year under at least 20 policies.</p> <p><u>Provided that</u></p> <p>(a) the Annual FYP quota stated above shall after every three years be automatically increased by 25%. The first such increase shall be made with effect from 1 Jan 2005.</p> <p>(b) 6% of the First Policy Year premiums under Group Insurance Policies and 6% of all single premium policies including annuities and Term Insurance shall be counted towards the annual FYP quota. In addition, where the Group Policy is one under which the rates of Commission or Over-Riding Commission are the same in the First, Second and Later Policy Years, 6% of premiums in respect of Second and Later Policy Years shall also be counted towards the Annual FYP quota.</p> <p>14. <u>SECOND YEAR PERSISTENCY RATIO REQUIREMENTS FOR SE'S AND SSR'S</u> The Second Year Persistency Ratio Requirements for SE's and SSR's shall be as laid down in the 7 Jan 2002 Order.</p> <p>15. <u>SE'S AND SSR'S COMMISSIONS</u></p> <p>(a) <u>Basic Commission Rates</u> The Basic Commission rates shall be as for SR's shown in Table 2 of the 7 Jan 2002 Order, as extended by Para 10 of this Order.</p>			

CHAIRMAN'S
INITIALS

MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

(b) Productivity Bonus

- (i) If in any Quarter the FYP received through an SSR is at least 20% of his annual FYP quota, he shall be paid a Productivity Bonus of 2½% of the FYP of that Quarter.

Explanation: No Productivity Bonus in respect of any Quarter shall be payable if the FYP received through the SSR is less than 20% of his Annual FYP quota.

- (ii) For an SE, the Productivity Bonus for any Quarter shall be determined according to the following Table:

Table 7¹

FYP in the Quarter	Productivity Bonus
Less than 20% of the SE's Annual FYP Quota.	Nil
At least 20% of SE's Annual FYP Quota, but less than 20% of an SM's Annual FYP Quota.	5% of FYP of that Quarter
At least 20% of an SM's Annual FYP Quota.	7% of FYP of that Quarter

(c) Additional Productivity Bonus

- (i) If in any calendar year the SSR completes his Annual FYP quota and also meets the Second Year Persistency Ratio Requirements as laid down in the 7 Jan 2002 Order, he shall be paid an additional Productivity Bonus of 2½%

- (ii) For an SE, if in any calendar year he completes his Annual FYP Quota and also meets the Second Year Persistency Ratio Requirement as laid down in the 7 Jan 2002 Order, the Additional Productivity Bonus for that calendar year shall be determined by the following Table:

Table 8

FYP in the calendar year	Productivity Bonus
Less than 100% of an SE's Annual FYP Quota.	Nil
At least 100% of an SE's Annual FYP Quota, but less than 100% of an SM's Annual FYP Quota.	5% of FYP of that Quarter
At least 100% of an SM's Annual FYP Quota.	7% of FYP of that Quarter

Explanation: For an SE, in respect of the year 2002, the FYP done by him upto 30 Sep 2002 in his previous capacity as SM shall be counted for the purpose of Table 8.

CHAIRMAN'S
INITIALS



¹The Table Nos in this Order carry on from the Table Nos in the 7 Jan 2002 Order.

MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

d) Additional Second Policy Year Over-Riding Commission for Persistency for SE's and SSR's

The Additional Second Policy Year Over-Riding Commission for Persistency for SE's and SSR's shall be as described for SR's in the 7 Jan 2002 Order, as extended by Para 11 of this Order.

(e) Additional First Policy Year Commissions to SE's and SSR's

- (i) Additional First Policy Year Commissions shall be payable to an SE or an SSR according to the following Table, in respect of Policies which are not Term Insurance or Annuity Policies.

In the case of an SSR, these Additional First Policy Year Commissions shall be deducted from the Basic Over-Riding Commissions payable to his SO; or from the Basic Over-Riding Commissions payable to his SM, if he is working in the SM's Direct Unit.

Table 9

Premium Paying Period of Policy	Additional Commission as percentage of premium
At least 10 years, but less than 15 years	7.50%
At least 15 years, but less than 20 years	8.50%
20 years and more	10.00%

- (ii) If the FYP of an SE for a calendar year is at least equal to the FYP quota of an SM, then Further Additional First Policy Year Commissions shall be payable to him according to the following Table, in respect of Policies which are not Term Insurance or Annuity Policies. These commissions shall be payable at the end of the said calendar year.

Table 10

Premium Paying Period of Policy	Additional Commission as percentage of premium
At least 10 years, but less than 15 years	3.75%
At least 15 years, but less than 20 years	4.25%
20 years and more	5.00%


Proviso Applicable to this Para-15

No Productivity Bonus, Additional Productivity Bonus or Additional Second Policy Year Commission for Persistency shall be payable on Group Insurance Policies, Term Insurance Policies, or Annuities whether Immediate or Deferred. For other types of policies, no Productivity Bonus or Additional Productivity Bonus shall be payable if the policy is by single premium or if the premium paying term under the policy is less than 10 years.

16. WITH-HOLDING OF 15% BASIC FY COMMISSION OF FIELD WORKERS WHO DID NOT COMPLETE 2001 REQUIREMENTS

Suppose an existing bona fide Field Worker did not in 2001 complete *both* his former FYP quota, namely Rs 150,000 for an SM, Rs 60,000 for an SO and Rs 10,000 for an SR, and his former Second Year Persistency Ratio requirement of 60%. Suppose further he is registered as an SM, SO, SE or SR in terms of this Order despite failure to meet both the foregoing requirements. Then 15% of his Basic FY Commission/Over-Riding Commission in respect of policies sold from 1 Oct 2002 to 31 Dec 2002 shall be with-held.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

The with-held Commission/Over-Riding Commission shall be released to him as at 31 Dec 2002, provided he completes at least 40% of the Annual FYP Quota for his respective category from 1 August 2002 to 31 Dec 2002 and achieves at least 65% Second Policy Year Persistency for the whole year 2002.

17. SEATING AND ALLIED FACILITIES

Seating and Allied Facilities to be given to SM's, SO's, SE's and SSR's in the years 2003 and 2004 will depend on attaining the Second Year Persistency Ratio Requirements described in the 7 Jan 2002 Order for the years 2002 and 2003 respectively, and completing their FYP Quotas for the years 2002 and 2003 respectively.

Details are given in Annexure A.

The Corporation reserves the right to give Cash Compensation in lieu of Seating and Allied Facilities to those who qualify as stated above. For the years 2003 and 2004 the rate of Cash Compensation, the inspection and other administrative procedures shall continue as at present.

18. GROUP LIFE INSURANCE

Group Life Insurance to be given to SM's, SO's, SE's, SSR's and SR's in the years 2003 and 2004 will depend on attaining the Second Policy Year Persistency Ratio Requirements described in the 7 Jan 2002 Order for the years 2002 and 2003 respectively, and completing their FYP Quotas for the years 2002 and 2003 respectively.

Details are given in Annexure B.

19. MEDICAL FACILITIES

Medical Facilities to be given to SM's, SO's, SE's and SSR's in the years 2003 and 2004 will depend on attaining the Second Policy Year Persistency Ratio Requirements described in the 7 Jan 2002 Order for the years 2002 and 2003 respectively, and completing their FYP Quotas for the years 2002 and 2003 respectively.

Details are given in Annexure C.

20. SR TO SO

With effect from 1 January 2003, an SR who has fulfilled all the following conditions shall be eligible to apply to become an SO, instead of applying for promotion to SSR.

Eligibility conditions

- (i) He was an SR for at least two calendar years
- (ii) His FYP in each of the previous two calendar years was at least Rs 200,000,

OR

his FYP was at least Rs 200,000 in two of the previous three calendar years and not less than Rs 170,000 in any of the said three years.

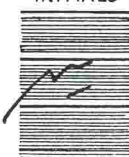
CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	
<p>(iii) He met the Second Year Persistency Ratio Requirements described in the 7 Jan 2002 Order in each of the previous two calendar years</p> <p>(iv) He has completed the "ADP".</p> <p>(v) He has completed the Management Orientation Study Course ("MOSC").</p> <p>(vi) After such tests and interviews as decided by the Corporation, the Corporation is satisfied that he appears to have reasonable potential for recruitment, selection, motivation and supervision of SR's.</p> <p>(vii) His work and conduct were satisfactory, of which the sole judge shall be the Corporation.</p> <p>(viii) If he was previously working Part-time, he agrees to work Full-time with the Corporation.</p> <p>Acceptance of the application shall be at the sole and unfettered discretion of the Corporation.</p> <p>21. <u>SSR TO SO</u> An SSR who has worked as an SSR for at least two calendar years, and has satisfied all other conditions listed in Para 20, shall be eligible to apply to become an SO. Acceptance of the application shall be at the sole and unfettered discretion of the Corporation.</p> <p>22. <u>PROMOTION OF SO TO SM</u> With effect from 1 January 2003, an SO who has fulfilled all the following conditions shall be eligible to apply for promotion to SM.</p> <p><u>Eligibility conditions</u></p> <p>(i) He was an SO for at least two calendar years</p> <p>(ii) His FYP in each of the previous two calendar years was at least Rs 400,000,</p> <p style="text-align: center;">OR</p> <p>his FYP was at least Rs 400,000 in two of the previous three calendar years and not less than Rs 350,000 in any of the said three years.</p> <p>(iii) He met the Second Year Persistency Ratio Requirements described in the 7 Jan 2002 Order in each of the previous two calendar years</p> <p>(iv) He has completed the "ADP".</p> <p>(v) He has completed the "MOSC".</p> <p>(vi) He has demonstrated to the satisfaction of the Corporation that he has the ability to recruit, select, motivate and supervise Bona Fide Field Workers.</p>			

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

(vii) His work and conduct were satisfactory, of which the sole judge shall be the Corporation.

Acceptance of the application shall be at the sole and unfettered discretion of the Corporation.

23. RETIREMENT

(a) A Field Worker may apply for retirement if he has fulfilled all the following conditions:

(i) He has reached the age of 60, and has been a successful Field Worker with the Corporation for the previous 3 consecutive calendar years if he is retiring as an SR; or for the previous 6 consecutive calendar years if he is retiring as an SO or SSR; or for the previous 8 consecutive calendar years if he is retiring as an SM or SE.

OR

he has not reached the age of 60, but has been a successful Field Worker with the Corporation for the previous 10 consecutive calendar years.

(ii) If he is an SE, SSR or SR, his renewal commission in the immediately preceding calendar year in respect of Third and Later Policy Years was at least Rs.5,000.

If he is an SM or SO, his renewal over-riding commission in the immediately preceding calendar year in respect of Third and Later Policy Years was at least Rs.3,000.

(iii) He does not wish to do any more new business.

Acceptance of the application shall be at the sole and unfettered discretion of the Corporation.

(b) On acceptance of his application, he will be transferred to the Register of Retired Field Workers. He will continue to draw his Renewal Commissions/Over-Riding Commissions, so long as the amount remains at least Rs 1,000 per annum.

Provided that payment of Renewal Commissions shall cease if in the opinion of the Corporation he has started to work in any capacity whatsoever in Pakistan for another insurer doing life insurance business.

24. PAYMENT OF COMMISSIONS ON DEATH OF A FIELD WORKER; NOMINATION

On the death before retirement (Allah Forbid) of a Field Worker on the Corporation's Register, or on his death after he retired under Para 23 of this Order, Commissions/Over-Riding Commissions that he would have drawn had he been alive may be paid to his nominee.

For this purpose, a valid nomination made by him should be on the record of the Corporation. The nominee shall not be a person other than the following relatives of the Field Worker, namely a spouse, father, mother, brother, sister, and son or daughter, including a step or adopted child.

CHAIRMAN'S INITIALS

MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

The nominee shall be an adult at the date of the nomination.

He may change his nomination at any time by depositing a fresh nomination with the Corporation.

Payment by the Corporation to a nominee on record shall constitute a complete discharge to the Corporation.

Provided that in the case of his death before retirement while on the Corporation's Register, payment shall be subject to the amount payable being at least Rs.1,000 per annum.

25. ONE-TIME COMPENSATION TO SM'S AND SO'S

If an SSR or SR working under an SO, or in the Direct Unit of an SM, becomes an SO, then the SO or SM under whom he was working shall be paid one-time compensation of Rs.6,000. The amount shall be raised to Rs.10,000 if the SSR or SR's FYP in the immediately previous calendar year was at least Rs.500,000/-.

If an SO working under an SM is promoted as an SM, then the SM under whom he was working shall be paid one-time compensation of Rs.8,000. The amount shall be raised to Rs.12,000 if the SO's FYP in the immediately previous calendar year was at least Rs.1,000,000/-.

26. DRIVER'S SUBSIDY FOR SM'S

Suppose an SM's total premium in any calendar year is at least Rs 5,000,000/-, out of which at least Rs 1,500,000/- is FYP, and he has also completed the Second Year Persistency Ratio Requirement described in the 7 Jan 2002 Order for that calendar year. Then in the next calendar year he shall be entitled to a Driver's Subsidy of Rs 2,000/- per month.

27. PERSONAL COMPUTER FOR SM'S

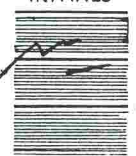
Suppose an SM's total premium in any calendar year is at least Rs 6,000,000/-, out of which at least Rs 1,500,000/- is FYP, and he has also completed the Second Year Persistency Ratio Requirement described in the 7 Jan 2002 Order for that calendar year. Then he shall be provided with a Personal Computer and Printer at a total cost not more than Rs 60,000/-. The PC and Printer shall remain the property of the Corporation, but the SM shall be responsible for its care and maintenance. However, if the SM continues to work satisfactorily for the Corporation in the same or higher capacity for 5 years after getting the PC, it shall become his property, otherwise he shall return it to the Corporation.

28. GENERAL

All Rupee amounts stated in Paras 12, 20 and 22 for the purpose of Eligibility shall after every three years be automatically increased by 25%. The first such increase shall be made with effect from 1 Jan 2005.

All courses specified in this Order may be replaced by courses deemed to be equivalent by the Corporation.

CHAIRMAN'S
INITIALS



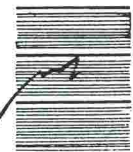
MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-'A'SALES OFFICERSSEATING AND ALLIED FACILITIES

The Sales Officer shall be entitled to Seating & Allied Facilities as per the Table given hereunder:

FYP	SEATING & ALLIED FACILITIES
Rs.2,00,000/- to Rs.3,99,999/-	<ol style="list-style-type: none"> 1. Cabin 8'x 10' 2. Table 3'x 4' 3. Cushioned Chair 1 with 2 Visitors Chairs. 4. Visiting Cards 300 per annum. 5. Letter Heads 500 per annum. 6. Side rack (one).
Rs.4,00,000/- to Rs.5,99,999/-	<ol style="list-style-type: none"> 1. Cabin 8'x10' with carpet. 2. Table 3' x 4' 3. Revolving Chair One 4. Visitors Chairs Two 5. Side rack One 6. Filing Cabinet (four drawers) One 7. Visiting Cards 500 per annum. 8. Letter Heads 1000 per annum. 9. Clerk on reimbursement @ Rs.850/- p.m. 10. Tel. reimbursement Rs.850/- p.m. including line rent.
Rs.6,00,000/- to Rs.7,99,999/-	<ol style="list-style-type: none"> 1. Cabin 12'x14' with carpet. 2. Table 3' x 4' 3. Revolving Chair One 4. Visitors Chairs Two 5. Side rack One 6. Filing Cabinet (four drawers) One 7. Visiting Cards 500 per annum. 8. Letter Heads 1000 per annum. 9. Clerk on reimbursement @ Rs.1,000/- per month 10. Tel. reimbursement Rs.1,200/- p.m. including line rent.

CHAIRMAN'S
INITIALS

MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-'A'

SALES OFFICERS

SEATING AND ALLIED FACILITIES

FYP	SEATING & ALLIED FACILITIES
Rs.8,00,000/- to Rs.9,99,999/-	<ol style="list-style-type: none"> 1. Cabin 12'x14' with carpet. 2. Table 3' x 4' 3. Revolving Chair One 4. Visitors Chairs Two 5. Side rack One 6. Filing Cabinet (four drawers) One 7. Visiting Cards 500 per annum. 8. Letter Heads 1000 per annum. 9. Clerk on reimbursement @ Rs.1,200/- p.m. 10. Naib Quasid @ Rs.900/- per month. 11. Tel. reimbursement Rs.1,400/- p.m. including line rent. 12. A/C Window 1.5 Ton.
Rs.10,00,000/- and above.	<ol style="list-style-type: none"> 1. Cabin 12'x14' with carpet. 2. Table 3' x 4' 3. Revolving Chair One 4. Visitors Chairs Two 5. Side rack One 6. Filing Cabinet (four drawers) One 7. Visiting Cards 500 per annum. 8. Letter Heads 1000 per annum. 9. Clerk on reimbursement @ Rs.1,400/- p.m. 10. Naib Quasid @ Rs.1,000/- p.m. 11. Tel. reimbursement Rs.1,600/- p.m. including line rent. 12. A/C Window 1.5 Ton.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-'A'

SALES MANAGERS

SEATING AND ALLIED FACILITIES

The Sales Manager shall be entitled to Seating & Allied Facilities as per the Table given hereunder:

FYP	SEATING & ALLIED FACILITIES
Rs.4,00,000/- to Rs.5,99,999/-	<ol style="list-style-type: none"> 1. Cabin 8'x10' with carpet. 2. Table 3' x 4' 3. Revolving Chair One 4. Visitors Chairs Two 5. Side rack One 6. Filing Cabinet (four drawers) One 7. Visiting Cards 500 8. Letter Heads 1000 9. Clerk on reimbursement @ Rs.850/- per month 10. Tel. reimbursement Rs.850/- p.m. including line rent.
Rs.6,00,000/- to Rs.7,99,999/-	<ol style="list-style-type: none"> 1. Cabin 12'x14' with carpet. 2. Table 3' x 4' 3. Revolving Chair One 4. Visitors Chairs Two 5. Side rack One 6. Filing Cabinet (four drawers) One 7. Visiting Cards 500 8. Letter Heads 1000 9. Clerk on reimbursement @ Rs.1,000/- per month 10. Tel. reimbursement Rs.1,200/- p.m. including line rent.

CHAIRMAN'S
INITIALS

MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

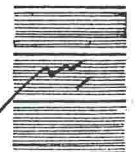
Annexure-'A'

SALES MANAGERS

SEATING AND ALLIED FACILITIES

FYP	SEATING & ALLIED FACILITIES
Rs.8,00,000/- to Rs.9,99,999/-	<ol style="list-style-type: none"> 1. Cabin 12'x14' with carpet. 2. Table 3' x 4' 3. Revolving Chair One 4. Visitors Chairs Two 5. Side rack One 6. Filing Cabinet (four drawers) One 7. Visiting Cards 500 8. Letter Heads 1000 9. Clerk on reimbursement @ Rs.1,200/- per month. 10. Naib Quasid @ Rs.900/- per month. 11. Tel. reimbursement Rs.1,400/- p.m. including line rent. 12. A/C Window 1.5 Ton.
Rs.10,00,000/- and above.	<ol style="list-style-type: none"> 1. Cabin 12'x14' with carpet. 2. Table 3' x 4' 3. Revolving Chair One 4. Visitors Chairs Two 5. Side rack One 6. Filing Cabinet (four drawers) One 7. Visiting Cards 500 8. Letter Heads 1000 9. Clerk on reimbursement @ Rs.1,400/- per month. 10. Naib Quasid @ Rs.1,000/- per month. 11. Tel. reimbursement Rs.1,600/- p.m. including line rent. 12. A/C Window 1.5 Ton.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-'A'

SALES EXECUTIVES

SEATING AND ALLIED FACILITIES

The Sales Executives shall be entitled to Seating & Allied Facilities as per the entitlement of either SO's or SM's depending on volume of premium.

SENIOR SALES REPRESENTATIVES

SEATING AND ALLIED FACILITIES

He/she will be provided One Desk, One Chair (armed), Two Visitors' Chairs in the office of either immediate Supervisory Officer or Area Office. On better performance, the question of improvement in facilities may be considered.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-'B'

SENIOR SALES REPRESENTATIVES

MEDICAL FACILITY

The following facilities will be admissible based on the preceding year's performance:

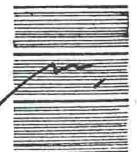
FYP	MEDICINES + MEDICAL ATTENDANTS YLY. LIMIT	LAB. TEST/ CONSULTATION PER ANNUM.	HOSPITALI- ZATION/ROOM RENT
Rs.2,00,000/- to Rs.3,99,999/-	Rs.3,000/-	Rs.3,000/-	Rs.300/- per day.
Rs.4,00,000/- to Rs.5,99,999/-	Rs.3,500/-	Rs.3,500/-	Rs.400/- per day.
Rs.6,00,000/- and above.	Rs.4,000/-	Rs.4,000/-	Rs.500/- per day.

Under each hospitalization, the maximum duration will be restricted to 15 days. In case of special relief for the chronic diseases, the medicine limit would be triple the original limit.

MATERNITY CHARGES OTHER THAN APPROVED HOSPITALS

FYP	MAXIMUM LIMIT INCLUDING HOSPITAL BILLS
Rs.2,00,000/- to Rs.3,99,999/-	Rs.2,500/-
Rs.4,00,000/- to Rs.5,99,999/-	Rs.3,000/-
Rs.6,00,000/- and above.	Rs.3,500/-

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-‘B’

SALES OFFICERS

MEDICAL FACILITY

The medical facility will be allowed as per the following slabs based on preceding year's performance:

FYP	MEDICINES + MEDICAL ATTENDANTS YLY. LIMIT	LAB. TEST/ CONSULTATION PER ANNUM.	HOSPITALIZATION/ ROOM RENT
Rs.2,00,000/- to Rs.3,99,999/-	Rs.3,000/-	Actual	Rs.300/- per day.
Rs.4,00,000/- to Rs.5,99,999/-	Rs.3,500/-	Actual	Rs.400/- per day.
Rs.6,00,000/- and above.	Rs.4,000/-	Actual	Rs.500/- per day.

Under each hospitalization, the maximum duration will be restricted to 15 days. In case of special relief for the chronic diseases, the medicine limit would be triple the original limit.

MATERNITY CHARGES OTHER THAN APPROVED HOSPITALS

FYP	MAXIMUM LIMIT INCLUDING HOSPITAL BILLS
Rs.2,00,000/- to Rs.3,99,999/-	Rs.2,500/-
Rs.4,00,000/- to Rs.5,99,999/-	Rs.3,000/-
Rs.6,00,000/- and above.	Rs.3,500/-

CHAIRMAN'S
INITIALS

MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-'B'SALES MANAGERSMEDICAL FACILITY

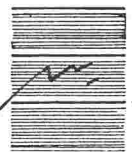
Medical facility will be provided on the basis of preceding year's performance as per the following slabs:

FYP	MEDICINES + MEDICAL ATTENDANTS YLY. LIMIT	LAB. TEST/ CONSULTATION PER ANNUM	HOSPITALIZA- TION/ROOM RENT
Rs.4,00,000/- to Rs.5,99,999/-	Rs.3,000/-	Actual	Rs.300/- per day.
Rs.6,00,000/- to Rs.7,99,999/-	Rs.4,000/-	Actual	Rs.400/- per day.
Rs.8,00,000/- to Rs.9,99,999/-	Rs.5,000/-	Actual	Rs.500/- per day.
Rs.10,00,000/- and above.	Rs.6,000/-	Actual	Rs.600/- per day.


Under each hospitalization, the maximum duration will be restricted to 15 days. In case of special relief for the chronic diseases, the medicine limit would be triple the original limit.

MATERNITY CHARGES OTHER THAN APPROVED HOSPITALS

FYP	MAXIMUM LIMIT INCLUDING HOSPITAL BILLS
Rs.4,00,000/- to Rs.5,99,999/-	Rs.3,000/-
Rs.6,00,000/- to Rs.7,99,999/-	Rs.3,500/-
Rs.8,00,000/- to Rs.9,99,999/-	Rs.4,000/-
Rs.10,00,000/- and above.	Rs.5,000/-

CHAIRMAN'S
INITIALS

MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	
<p style="text-align: right;"><u>Annexure-'B'</u></p> <p><u>SALES EXECUTIVES</u></p> <p><u>MEDICAL FACILITY</u></p> <p>As per entitlement of SO's or SM's depending on the volume of premium.</p> <p>The hospitalization will be restricted to a maximum period of 15 days. In case of special relief for the chronic diseases, the medicine limit would be triple of the basic limit.</p> <p><u>MATERNITY CHARGES OTHER THAN APPROVED HOSPITALS</u></p> <p>As per entitlement of SO's or SM's depending on the volume of premium.</p>			
			<p>CHAIRMAN'S INITIALS</p> 

MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-'C'SALES REPRESENTATIVESGROUP INSURANCE

The Sales Representatives shall be provided Group Insurance cover as per the following schedule, based on the performance of the preceding calendar year and subject to the 2nd Year Persistency Ratio as per the Persistency Track. The coverage shall commence effective April to March in each year.

FYP	G.I. COVERAGE
1) Less than Rs.49,999/-	NIL
2) Rs.50,000/- to Rs.59,999/-	Rs. 75,000/-
3) Rs.60,000/- to Rs.1,49,999/-	Rs.1,00,000/-
4) Rs.1,50,000/- to Rs.2,49,999/-	Rs.1,50,000/-
5) Rs.2,50,000/- and above *	Rs.2,50,000/-

* Note: The Group Insurance Coverage in Slab 5 is subject to completion of ADP Course (160 hours/ 20 days).

Maximum Age at Entry: 59 Years.

Coverage upto age: 65 Years (for new entrants).

The Sales Representatives who were on roll as at 31.12.2001 will be given coverage upto age 72 years, provided they are placed on the Register and remain on the Register till age 72.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-'C'

CONCESSION FOR OLD SALES REPRESENTATIVES

Presently, the Sales Representatives attaining age 65 and completing 65% of the FYP quota are provided a relief of 6% benefit of the Renewal Premium to meet the shortfall for qualifying the coverage.

Under the new system, the old Sales Representatives above age 65 shall be provided coverage of Group Insurance if their 6% of the Renewal Premium is equivalent to the required level of FYP. This is a major relief for those who have contributed towards the promotion and development of business over the years. However, this concession shall be allowed only for slab-2 and 3.

The concession is available only to SR's who were on roll as at 31 Dec 2001, provided they are placed on the Register and remain on the Register, till age 72.

CHAIRMAN'S
INITIALS

MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-'C'SENIOR SALES REPRESENTATIVESGROUP INSURANCE

The Senior Sales Representatives shall be provided Group Insurance cover based on the previous year's performance as per the following schedule. The risk coverage shall commence from April to March each year.

<u>FYP</u>	<u>G.I. COVERAGE</u>
Rs.2,00,000/- to Rs.4,99,999/-	Rs. 2,50,000/-
Rs.5,00,000/- to Rs.9,99,999/-	Rs. 5,00,000/-
Rs.10,00,000/- and above.	Rs.10,00,000/-

Maximum Age at Entry: 59 Years.

Coverage upto age: 65 Years (for new entrants).

The Sales Representatives who were on roll as at 31.12.2001 will be given coverage upto age 72 years, provided they are placed on the Register and remain on the Register till age 72.

CONCESSION FOR OLD SALES REPRESENTATIVES

Presently, the Sales Representatives attaining age 65 and completing 65% of the FYP quota are provided a relief of 6% benefit of the Renewal Premium to meet the shortfall in FYP for qualifying the coverage.

Under the new system, the old Sales Representatives who are over 65 shall be provided coverage of Group Insurance if 6% of the Renewal Premium is equivalent to the required level of FYP. This is a major relief for those who have contributed towards the promotion and development of business over the years.

The concession is available only to SR's who were on roll as at 31 Dec 2001, provided they are placed on the Register and remain on the Register, till age 72.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-'C'SALES OFFICERSGROUP INSURANCE

<u>FYP</u>	<u>G.I. COVERAGE</u>
Rs.2,00,000/- to Rs.3,99,999/-	Rs. 2,50,000/-
Rs.4,00,000/- to Rs.5,99,999/-	Rs. 3,00,000/-
Rs.6,00,000/- to Rs.7,99,999/-	Rs. 4,00,000/-
Rs.8,00,000/- and above.	Rs. 5,00,000/-

Maximum Age at Entry: 59 Years.

Coverage upto age: 65 Years (for new entrants).

The Sales Officers on roll as at 31.12.2001 will be given coverage upto age 72 years, provided they are placed on the Register and remain on the Register till age 72.

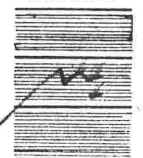
CONCESSION FOR OLD SALES OFFICERS

At age 60 and above, the old Sales Officers are likely to face a problem to maintain FYP level. Presently, the Sales Officers attaining age 65 and completing 65% of the FYP quota are provided a relief of 6% benefit of the Renewal Premium to meet the shortfall for qualifying the coverage.

Under the new system, the old Sales Officers who are above 65 years shall be provided coverage of Group Insurance if their 6% of the Renewal Premium is equivalent to the required level of FYP. This is a major relief for those who have contributed towards the promotion and development of business over the years.

The concession is available only to SO's who were on roll as at 31 Dec 2001, provided they are placed on the Register and remain on the Register, till age 72.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-'C'SALES MANAGERSGROUP INSURANCE

The risk coverage will be based on preceding year's performance and coverage shall commence from April to March each year.

FYP	G.I. COVERAGE
Rs. 4,00,000/- to Rs.5,99,999/-	Rs. 3,50,000/-
Rs. 6,00,000/- to Rs.9,99,999/-	Rs. 5,00,000/-
Rs.10,00,000/- and above.	Rs. 6,00,000/-

Maximum Age at Entry: 59 Years.

Coverage upto age: 65 Years (for new entrants).

The Sales Managers on roll as at 31.12.2001 will be given coverage upto age 72 years, provided they are placed on the Register and remain on the Register till age 72.

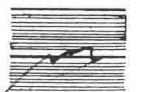
CONCESSION FOR OLD SALES MANAGERS

Presently, the Sales Managers attaining age 65 and completing 65% of the FYP quota are provided a relief of 6% benefit of the Renewal Premium to meet the shortfall for qualifying the coverage.

Under the new system, the old Sales Managers who are over 65 years of age shall be provided coverage of Group Insurance if their 6% of the Renewal Premium is equivalent to the required level of FYP. This is a major relief for those who have contributed towards the promotion and development of business over the years.

The concession is available only to SM's who were on roll as at 31 Dec 2001, provided they are placed on the Register and remain on the Register, till age 72.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-'C'

SALES EXECUTIVES

GROUP INSURANCE

As per entitlement of Sales Officers and Sales Managers depending on the volume of premium.

Maximum Age at Entry: 59 Years.

Coverage upto age: 65 Years (for new entrants).

The Sales Executives on roll as at 31.12.2001 will be given coverage upto age 72 years, provided they are placed on the Register and remain on the Register till age 72.

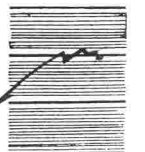
CONCESSION FOR OLD SALES EXECUTIVES

Presently, the Sales Executive attaining age 65 and completing 65% of the FYP quota are provided a relief of 6% benefit of the Renewal Premium to meet the shortfall for qualifying the coverage.

Under the new system, the old Sales Executive who are over 65 years of age shall be provided coverage of Group Insurance if their 6% of the Renewal Premium is equivalent to the required level of FYP. This is a major concession for those who have contributed towards the promotion and development of business over the years.

The concession is available only to SE's who were on roll as at 31 Dec 2001, provided they are placed on the Register and remain on the Register, till age 72.

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	PESHAWAR	13 TH JULY, 2002	

Annexure-'D'

CONFIGURATION OF SERVER AT ZONES

IBM eSERVER	X235
PROCESSOR	2.0 GHz or Higher INTEL XEON PROCESSOR. DUAL PROCESSOR CAPABLE
RAM:	1 GB RAM (512 x 2) 133 MHz DDR ECC/Chipkill DIMM EXPANDABLE TO 4 GB
CACHE	512 KB LEVEL 2 CACHE
FRONT-SIDE BUS	Minimum 100 MHz
HARD DISK	3 x 36.4 GB, 10/15 K RPM HOT PLUGGABLE Maximum 218 GB Supported
TAPE DRIVE	20 / 40 GB DDS/4 SCSI (WITH SCSI CARD) INTERNAL DAT TAPE DRIVE
RAID CONTROLLER	RAID 5 CONTROLLER
SCSI CONTROLLER	DUAL CHANNEL ULTRA 320
NETWORK INTERFACE	INTEGRATED 10/100/1000 MBPS GIGASPEED ETHERNET PCI ADAPTER
CD ROM / FLOPPY	40X / 1.44 MB
KEY BOARD / MOUSE	104 Keys / 2 Button Mouse
SLOTS	Minimum 6
TOTAL BAYS / HOTSWAP	Minimum 10 / 6
MONITOR	17" COLOR
POWER SUPPLY	(1 + 1) REDUNDANT HOT SWAPABLE
OPERATING SYSTEM	SCO UNIX – MEDIA WITH BUSINESS / ENTERPRISES SYSTEM, 5 USERS

CHAIRMAN'S
INITIALS



MINUTES OF 167TH MEETING OF THE BOARD OF DIRECTORS

DI RECTORS MINUTE BOOK	HELD AT PESHAWAR	ON 13 TH JULY, 2002	TIME
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Annexure-‘E’

Estimated Cost of Computer System Per Zone

A). Server	@Rs.600,000/-	: Rs.600,000/-
B). Operating Software (UNIX, ORACLE etc.)	@Rs.275,000/-	: Rs.275,000/-
C). LAN Switches (Average 4 per Zone)	@Rs. 22,000/-	: Rs. 88,000/-
D). PC Workstation (Average 20 per Zone)	@Rs. 40,000/-	: Rs.800,000/-
E). Line Printer (Average one per Zone)	@Rs.300,000/-	: Rs.300,000/-
F). 132 Col. Matrix Printer (Average 3 per Zone)	@Rs. 45,000/-	: Rs.135,000/-
G). 80 Col. Matrix Printer (Average 7 per Zone)	@Rs.12,000/-	: Rs. 84,000/-
H). Power & Signal Cabling for LAN (Average)	@Rs.450,000/-	: Rs.450,000/-
I). UPS	@Rs.295,000/-	: Rs.295,000/-
J) Air-conditioning (Average 1 Per Zone)	@Rs. 50,000/-	: Rs. 50,000/-

Total Estimated Cost : Rs.3,077,000/-

For 26 Zones, Total estimated Cost : 26 * 3,077,000/- = Rs.80,002,000/-

CHAIRMAN'S
INITIALS

