

**MINUTES OF 169<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS**

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	25 <sup>TH</sup> SEPTEMBER, 2002	

**CONFIDENTIAL AND RESTRICTED**

The one hundred and sixty ninth (169<sup>th</sup>) Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 25<sup>th</sup> September, 2002 at 3:30 p.m., at Board Room, State Life Building No.9, Principal Office, Karachi.

**PRESENT:**

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

2. Mr. Bashir Ahmed, Director and Mr. Azhar Ali Malik, Director, have requested leave of absence. The Board granted them leave.

3. Mr. Mohammad Latif and Mr. Mohammad Mazharuddin, Executive Directors, attended the meeting by invitation.

**ITEM (1) CONFIRMATION OF MINUTES OF 168<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS HELD ON 24<sup>TH</sup> AUGUST, 2002.**

4. The minutes of the 168<sup>th</sup> Meeting of the Board of Directors held on 24<sup>th</sup> August, 2002 were placed before the Board.

5. Since the meeting was called at a short notice, not all Directors were prepared, as such the confirmation of Minutes of 168<sup>th</sup> and 169<sup>th</sup> meetings will be taken up at the next meeting of the Board.

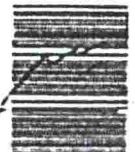
**ITEM (2) CONSIDER/APPROVE INCREASE IN PAID-UP CAPITAL OF STATE LIFE TO RS. 900 MILLION TO MEET THE REQUIREMENT OF UAE GOVERNMENT.**

Executive Director(B&A)'s Memorandum dated 19-09-2002

6. ED (B&A) informed the Board that the UAE Branch (now Gulf Zone) of State Life Insurance Corporation of Pakistan was set up in 1978. Various performance indicators show that by the grace of Almighty Allah and with the hard work of our field force, the Gulf Zone has been making excellent progress since its inception and the total premium income has increased from Rs.3.172 million in 1992 to Rs.142.86 million in 2001, while the total Life Fund increased from Dh.22.016 in 1992 to Dh:38.4 million in 2001. It may be submitted here that UAE operation of the Corporation was started without asking for a single rupee from Govt. of Pakistan and the whole operation was planned in such a way that it was self-financing right from the beginning.

7. In order to safeguard the interest of policyholders, the Government of UAE has enacted the Federal Law No.13 in 1995 through which it was made mandatory for all foreign insurance companies, operating in UAE, to enhance their Paid-up Capital from the earlier limit of Dh. 10 million to Dh: 25 by June 1998 and to Dh. 50 million in the next 6 years i.e. by June, 2001.

CHAIRMAN'S  
INITIALS





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<p>8. ED(B&amp;A) submitted before the Board that, the entire shareholding of the Corporation is owned by the Federal Government. In compliance to UAE laws and on the request of the Corporation, the Federal Government had earlier enhanced the Paid-up Capital of the Corporation from Rs.100 million to Rs.350 million and a statutory notification SRO No.172(1)/2000 dated 1<sup>st</sup> April, 2000 was issued in this respect.</p> <p>9. Subsequently as requested for by the Corporation, the Government of Pakistan, vide Finance Division's letter No.F.4(1)CF-III/91-862 dated 27<sup>th</sup> July, 2001 approved release of funds of Rs.400 million, to increase paid-up capital of the Corporation to Rs.750 million. The decision to increase in paid-up capital to Rs.750 million equivalent to Dh.50 million was based on an estimated parity rate of Dirham vs Rupees prevailing at that time as well as likeliness of future increase in Dirham prices i.e. Dh.1/- equal to Rs.15/-.</p> <p>10. On 16<sup>th</sup> September, 2002, Mr. Manzoor Ahmed, Zonal Chief, Gulf Zone, met the Director Insurance, Ministry of Economy &amp; Commerce, UAE regarding increase in the paid-up capital. The UAE official made an observation that the increase paid-up capital of Rs.750 million was now equivalent to Dh. 46 million and not Dh. 50 million, as such there was a shortfall by Dh.4 million. The shortfall had occurred because presently the parity rate is Dh. 1= Pak Rs.16.17. The Zonal Chief (Gulf) was strictly advised to let him know by 21<sup>st</sup> September, 2002, in writing, the exact date as to when this increase in the paid up capital would be done to meet the requirement of UAE Laws and that too in days and not in months or years.</p> <p>11. The Chairman was apprised of the situation and accordingly a letter was written on 17<sup>th</sup> September, 2002, to Mr. M.S.I. Ghauri, Senior Joint Secretary, Ministry of Commerce requesting the Ministry to deal with the matter of increase in the paid-up capital on top priority basis. (Copy of the letter was attached as Annexure "A" to the Memorandum).</p> <p>12. Later on, in the afternoon of 18<sup>th</sup> September, 2002, Mr. M. S. I. Ghauri, Senior Joint Secretary, Ministry of Commerce, informed that the Ministry agrees, in principle, to the increase in paid up capital by Rs.150 million, raising it from Rs.750 million to Rs.900 million which would be sufficient to cover up the existing deficit of Dh. 4 million as well as some future increase in the price of Dirham. However, in order to take up the matter with the Ministry of Finance, the Ministry of Commerce requires the recommendations of the Board of Directors of the Corporation. This conversation was subsequently confirmed in writing by Mr. Najeeb Khawer Awan, Deputy Secretary, Ministry of Commerce vide his letter No.2(2)/92-Ins.I dated 19<sup>th</sup> September, 2002. It was also mentioned in the letter that the Incharge of UAE, SLIC Operations may be directed immediately to seek extension of at least a month in the cut-off date so as to enable the Ministry to seek approval of the Finance Division.</p> <p>13. ED(B&amp;A) mentioned that presently, the Authorized Capital and Paid-up Capital of the Corporation was Rs.1 billion and Rs.750 million respectively, therefore to meet the requirement of Federal Law No.13 of UAE Government and to make sure that the Gulf Zone remains operative, it is proposed that the Board of Directors may consider an increase in the Paid-up Capital of the Corporation by Rs.150 million, raising it from presently Rs.750 million to Rs.900 million.</p>			

CHAIRMAN'S  
INITIALS



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<p>Action: ED(B&amp;A)</p> <p>Action: ED(B&amp;A)</p>	<p>14. The Chairman agreed that the Corporation will provide all the necessary data that would be required by the Ministry of Commerce in getting the case of increase in paid-up capital approved by the Finance Division.</p> <p>Accordingly, it was resolved as under:</p> <p><b>RESOLVED</b></p> <p>(i) "that increase in the paid-up capital of State Life Insurance Corporation of Pakistan from Rs.750 million to Rs.900 million, to meet the requirements of minimum paid-up capital of Dh.50 million prescribed by UAE Federal Law No.9 of 1984 of Ministry of Economy and Commerce UAE for carrying on life insurance business in the United Arab Emirates by foreign companies, be and was hereby approved."</p> <p>(ii) "that Executive Director (Budget &amp; Accounts) be and was hereby authorized to take up the matter with the Federal Government for necessary approval for increase in the Paid-up Capital and its notification in the Official Gazette."</p> <p>15. The meeting ended with vote of thanks to the Chair.</p> <div style="text-align: right; margin-right: 100px;">   <b>CHAIRMAN</b> </div>		
	<div style="text-align: right;"> <p>CHAIRMAN'S INITIALS</p>  </div>		