

MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
KARACHI	17 TH MAY, 2003	

CONFIDENTIAL AND RESTRICTED

The one hundred and seventy first (171st) Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 17th May, 2003 at 10:00 a.m., in Board Room, State Life Building No.9, Principal Office, Karachi.

PRESENT:

Mr. Samee-ul-Hasan	Chairman
Mr. Azhar Ali Malik	Director
Mr. Bashir Ahmed	Director
Mr. Muhammad Sharif Ijaz Ghauri	Director
Mr. Nessar Ahmad	Director
Air Marshal (Retd.) Sharbat A. Changazi	Director
Mrs. Spenta Kandawalla	Director
Mr. Umar Ata Bandial	Director
Mr. Shahid Aziz Khan	Board Secretary

2. Mr. Zafar Mahmood and Mr. Muhammad Latif, Executive Directors, attended the meeting by invitation.

3. Mr. Samee-ul-Hasan, Chairman informed the Board about the sad demise on 7th March, 2003 of Sayed Muzafar Ali Shah, the former Chairman of State Life. The Board expressed their deep sorrow and grief and offered fatcha for the departed soul. The Board prayed that Almighty Allah may grant him maghferat, and grant sabr-i-jameel to his family.

ITEM (1) CONFIRMATION OF MINUTES OF 170TH MEETING OF THE BOARD OF DIRECTORS HELD ON 1ST FEBRUARY, 2003.

4. The minutes of the 170th Meeting of the Board of Directors held on 1st February, 2003 were placed before the Board.

5. Mrs. Spenta Kandawalla proposed and Mr. Azhar Ali Malik seconded that the minutes be confirmed.

Accordingly, it was resolved as under;

RESOLVED:

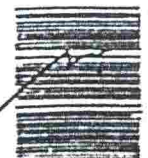
"that the Minutes of the 170th Meeting of the Board of Directors held on 1st February 2003 be and were hereby confirmed."

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 170th Meeting of the Board held on 1st February, 2003, which were noted.

7. At this point, Mr. S. S. Akhtar, Appointed Actuary, Mr. Shahrukh Sabzwari, Divisional Head(Actuarial) and Mr. Khizar Hayat Aamir, Divisional Head(B&A) joined by special invitation.

CHAIRMAN'S
INITIALS



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Board
Secretary

MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS' BOOK	HELD AT	ON	TIME
	KARACHI	17 TH MAY, 2003	
<p>ITEM (3) CONSIDER/APPROVE – AUDITED ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2002 TOGETHER WITH AUDITORS REPORT THEREON. Executive Director(B&A)'s Memorandum dated 06-05-2003</p>			
<p>8.. Mr. Bashir Ahmad, Chairman of the Board Audit Committee informed the Board that a meeting was held by the Board Audit Committee with the External Auditors on 16th May, 2003 where the audited accounts and letter of the Auditors addressed to the Board of Directors were discussed in detail. The Board Audit Committee recommended to the Board, that annual accounts for the year ended 31st December, 2002 alongwith Notes to the Accounts and Auditors reports thereon as well as the amount of provisions, adjustments and addition to investment portfolio be approved.</p>			
<p>9. ED(B&A) and Divisional Head(B&A) presented before the Board, the 30th Annual Report on the operations of State Life Insurance Corporation of Pakistan for the year ended 31st December, 2002 comprising of the following audited financial statements/regulatory returns:</p>			
<ul style="list-style-type: none"> i) Balance Sheet ii) Profit & Loss Account iii) Statement of changes in equity iv) Statements of Cash Flows v) Revenue Account vi) Statement of Premium vii) Statement of claims viii) Statement of expenses ix) Statement of Investment Income x) Statement of Assets for Solvency xi) Classified Summary of Assets in Pakistan 			
<p>10. The Securities & Exchange Commission of Pakistan (SECP) under section 167(2) of the Insurance Ordinance, 2000, has notified Insurance Rules also containing accounting regulations and accounting formats vide SRO No.938 dated December 12, 2002 and has made these applicable for the accounts from the year 2002. The Corporation had some observations relating to presentation of some accounting figures in some of the new formats. The matter was taken up with SECP who kindly accepted to most of the Corporation's observations. Accounts for the year 2002 have accordingly been prepared on the new formats prescribed for preparing the financial statements/ regulatory returns mentioned above.</p>			
<p>11. Some of the major changes that have been made in the new formats as compared to the previous formats are as under:-</p>			
<ul style="list-style-type: none"> i) Previously, Financial Statements being prepared were (i) Balance Sheet (ii) Revenue Account (iii) Profit & Loss Account and (iv) Cash Flow Statement. Insurance Rules, 2002, besides changes in presentation of accounting figures in these statements earlier prescribed, have also prescribed new formats of financial statements for showing (i) Premiums (ii) Claims (iii) Expenses (iv) Investment Income and (v) new form of regulatory return in respect of Statement of Assets for Solvency. Further, Statement of Classified Summary of Assets (presently Form AA) has also been modified and Notes to the Accounts have been made to be prepared more comprehensive. 			

CHAIRMAN'S
INITIALS

MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

RS	HELD AT	ON	TIME
OK	KARACHI	17 TH MAY, 2003	

- ii) Life Fund has been bifurcated into different Statutory Funds and keeping in view the business of the Corporation, State Life has bifurcated its funds into three Statutory Funds namely (i) Pakistan Life Fund (ii) Overseas Life Fund and (iii) Pension Fund, besides separating figures for Shareholders' Fund.
- iii) Investment income on the fixed income securities was previously computed by applying the factor rate provided by the issuing institutions. After the implementation of Insurance Rules, 2002 also containing revised accounting formats and accounting regulations, the investment income has been computed on the basis of 'Internal Rate of Return' (IRR) under International Accounting Standards (IAS-18 and IAS-39).
- iv) Previously the actuarial valuation of policyholders liabilities was being carried out separately taking into consideration the amount of Life Fund as determined in the accounting statements, but the policyholders liabilities were not a part of the accounting statements. Under the new formats, policyholders liabilities determined as a result of actuarial valuation of each statutory fund as on the Balance Sheet date, are required to be reflected in the financial statements.

12. The accounts of the Corporation for the year ended 31st December, 2002 were jointly audited by a panel of statutory auditors namely:

- i) M/s. Taseer Hadi Khalid & Co.,
Chartered Accountants, Karachi.
- ii) M/s. Riaz Ahmad & Co.,
Chartered Accountants, Lahore.

13. The above panel of auditors was appointed by the Federal Government on the recommendations of the Board of Directors of the Corporation, pursuant to Article 28 of the Life Insurance (Nationalization) Order, 1972. The accounts of Gulf Zone of the Corporation were audited by M/s. Sajjad Haider & Co., Chartered Accountants, Dubai, UAE, who were appointed with the approval of the Board of Directors of the Corporation.

14. The progress of Pakistan Life Fund and Overseas Life Fund of the Corporation during the year 2002 can be examined from the key ratios and statistics given in Annexure-1 and Annexure-2 to the Memorandum respectively. Annexure-3 and Annexure-4 to the Memorandum show the comparison of actual figures of the year 2002 with the budgeted figures of 2002 and actual of 2001 in respect of Pakistan Life Fund and Overseas Life Fund respectively. Annexure-5 to the Memorandum shows salient information about the Pension Fund. Annexure-6 to the Memorandum shows the provisions, adjustments and additions to Investment Portfolio made during the year 2002 for which specific approval of the Board of Directors is required.

15. Under Section 51 of Insurance Ordinance, 2000 annual audited financial statements/regulatory returns of each year are required to be submitted to SECP on or before 30th April of the following year. Because of the change in accounting formats made vide Insurance Rules, 2002 issued in the last month of 2002, the SECP has kindly allowed one month extension as provided in the Insurance Ordinance, 2000.

CHAIRMAN'S
INITIALS




MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	DATE	TIME						
E BOOK	KARACHI	17 TH MAY, 2003							
<p>16. Letter dated May 10, 2003 of the auditors addressed to the Board of Directors of State Life Insurance Corporation of Pakistan was also placed before the Board which was noted. The letter contained the view point of the auditors in respect of the following:-</p> <ul style="list-style-type: none"> (a) Liability for employee compensated absences, pension and employee post retirement medical benefits. (b) Outstanding claims Group & Pension Scheme. (c) Premium suspense accounts. (d) Statutory books requirement of the Companies Ordinance, 1984. (e) National Accidental Death Insurance Scheme. (f) Recognition of rental income and valuation of rent receivable. (g) Corporation occupied properties. (h) Investment agreement with Bureau of Emigration and Overseas Employment (i) Netting off of expenses with income. (j) Valuation of loans and receivable. (k) Zakat not deposited on timely basis. (l) Dormant bank accounts. (m) Responses outstanding from banks and lawyers. (n) Management letters <p>17. The Board noted that presentation of annual accounts for the year 2002 as per new accounting regulations and on the new accounting formats, as compared to the preparation of accounts on the old format, was a huge task which has been achieved within a limited time. The Board appreciated the hard work done in this respect by the Officers and Staff of concerned Divisions specially of Computer and Actuarial Divisions and extra ordinary efforts, commitment and devotion to duty of staff and officers particularly senior officers of B&A Division at the Zones and Principal Office.</p> <p>After discussion, the Board resolved as under:</p> <p>RESOLVED:</p> <p>(i) "that as proposed by the Board Audit Committee, balance sheet, profit & loss account, statement of changes in equity, statements of cash flows, revenue account, statement of premiums, statement of claims, statement of expenses, statement of investment income, statement of assets for solvency and classified summary of assets in Pakistan for the year ended 31st December, 2002 alongwith notes to the accounts and the Auditors reports thereon presented for consideration and approval of the Board, be and were hereby approved."</p> <p>(ii) "that the amounts of provisions, adjustments and addition to investment portfolio relating the accounts for the year 2002 as proposed vide Annexure-6 to the Memorandum, and detailed hereunder be and were hereby approved:-</p> <p style="text-align: center;"><u>Provisions, Adjustments & Addition to Investment Portfolio</u></p> <p>a) Provisions and adjustments made in the accounts for the year 2002:</p> <p style="padding-left: 20px;">i) <u>Investment operations</u></p> <p style="padding-left: 20px;">Provision and Reversal of Provision in respect of diminution in value of investment as on 31.12.2003.</p> <table style="margin-left: 40px; margin-top: 10px;"> <tr> <td></td> <td style="text-align: right;">(Rs. In Millions)</td> </tr> <tr> <td>* Against quoted Shares</td> <td style="text-align: right;">(572.603)</td> </tr> <tr> <td>* Against unquoted and de-listed shares</td> <td style="text-align: right;">8.331</td> </tr> </table>					(Rs. In Millions)	* Against quoted Shares	(572.603)	* Against unquoted and de-listed shares	8.331
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CHAIRMAN'S INITIALS

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MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

BOOK	HELD AT	ON	TIME												
	KARACHI	17 TH MAY, 2003													
	<ul style="list-style-type: none"> * Preference shares (0.269) * Corporate debentures 5.837 * Buy-back shares (0.425) * Doubtful receivables – Others (2.106) <li style="text-align: right;">Total (561.235) 														
	<p>ii) <u>Real Estate Operations</u> Provisions made and charged to income from Investment Properties: (Rs. In Millions)</p> <ul style="list-style-type: none"> * Provision against vacated tenants (other than court cases) 7.494 														
	<p>b) <u>Adjustment of opening balances of statutory funds</u> Balances of Exchange Fluctuation Reserve and General Reserve appearing in the Balance Sheet were reviewed and the same have been shifted from 2002 to the opening balance of respective statutory funds as on 1.1.2002. The amount of Government share of surplus for 2001 paid in 2002 have also been adjusted in the opening balance of the Fund for comparison purpose. Details of these adjustment are as Under:-</p> <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: center;">Pakistan Life Fund</th> <th style="text-align: center;">Overseas Life Fund</th> </tr> </thead> <tbody> <tr> <td>* Government share of surplus for 2001</td> <td style="text-align: right;">102.744</td> <td style="text-align: center;">-</td> </tr> <tr> <td>* Exchange Fluctuation Reserve</td> <td style="text-align: right;">35.508</td> <td style="text-align: right;">573.268</td> </tr> <tr> <td>* General Reserve</td> <td style="text-align: right;">18.808</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>				Pakistan Life Fund	Overseas Life Fund	* Government share of surplus for 2001	102.744	-	* Exchange Fluctuation Reserve	35.508	573.268	* General Reserve	18.808	-
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* Government share of surplus for 2001	102.744	-													
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* General Reserve	18.808	-													
	<p>c) <u>Additions to Investment Portfolio in 2002</u> Fixed capital expenditure (Rs. In Million)</p> <ul style="list-style-type: none"> * Additions to investment properties 14.147 <p>Investments made during the year:</p> <ul style="list-style-type: none"> * Pakistan Investment Bonds 14,881.475 * Term Finance Certificates 375.000 * Equity Securities 1,319.604 <p>Provision for diminution in value of investments 18.826</p>														
	<p>(iii) "that a consolidated summary of audit observations contained in Management letters in respect of different accounting centres regarding weaknesses noted by both the joint Auditors during the course of audit of the Corporation's financial statements be submitted to the Board as and when separate summaries from both the Auditors are received."</p>														
	<p>(iv) "that Air Marshal (Retd) Sharbat A. Changazi and Mr. Muhammad Sharif Ijaz Ghauri, Directors, be and were hereby authorized to sign alongwith the Chairman and the Executive Director (B&A), the annual accounts for the year 2002."</p>														
	<p>ITEM (4) CONSIDER/APPROVE – ACTUARIAL VALUATION AS AT DECEMBER 31, 2002. Appointed Actuary's Memorandum dated 08-05-2003</p>														
	<p>18. Mr. Bashir Ahmad, Chairman of the Board Audit Committee informed the Board that a meeting was held by the Board Audit Committee with the Appointed Actuary on</p>														
			<p>CHAIRMAN'S INITIALS</p> 												

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MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

DRS	HELD AT	ON	TIME
BOOK	KARACHI	17 TH MAY, 2003	

16th May, 2003 where the actuarial valuation as at 31st December, 2002 were discussed in detail. The Board Audit Committee recommended to the Board that the actuarial valuation as at 31st December, 2002 be adopted.

19. The Appointed Actuary presented before the Board a Memorandum for consideration and approval of the actuarial valuation report of the insurance policies of the Corporation as at 31st December, 2002

20. All policies, except those valued by accumulation of premiums or by unearned premium (UEP), have been valued by the minimum valuation basis prescribed by the SECP in rule 20 framed under sub-section (5) of section 50 of the Insurance Ordinance, 2000.

21. The position of the surplus is as follows: (figures for 2001 have been shown for comparison).

	<u>Total 2001</u>	(Rupees in thousand)		
		<u>Total 2002</u>		
		<u>Pakistan</u>	<u>Overseas</u>	<u>Pension</u>
		<u>Life Fund</u>	<u>Life Fund</u>	<u>Fund</u>
Total Surplus per Sec 22 Insurance Ord	4,015,509	7,178,419	45,144	-
To Shareholders as given above	102,744	180,911	-	-
Cost of recommended bonuses to policies	3,872,851	6,524,831	-	-
Closing Balance in a/c A	39,914	472,678	44,021	-
Closing Balance in a/c B	-	-	1,123	-
Policyholder Liability, including Cost of Recommended Bonuses	74,675,893	84,588,200	1,068,094	36,981

22. A significant change has occurred in the investment scenario. The yield on 10 year Government securities viz Pakistan Investment Bonds was approximately 14% per annum in December 2000. As at the date of writing, this has fallen to less than 5% per annum. The Corporation has substantial holdings of 10 year PIB's purchased at higher yields from December 2000 onwards. The fall in investment yields has resulted in a large capital appreciation of PIB's held as at 31 December 2002. There has also been capital appreciation of ordinary shares of listed companies, and of real estate. If the present yield scenario continues, there will be a decline in the yield on the life fund over the next 10 years.

23. However, as at the valuation date of 31 December 2002, there is a substantial surplus. In the circumstances, the Appointed Actuary recommended the following:

(a) A new one time reversionary bonus called "30th Anniversary Bonus". All rupee with-profits policies in force for the full sum assured as at 31st December 2002 will receive this bonus provided more than 10 years' premium have been paid. This is just a one time bonus. The rate of this bonus will be Rs. 37 per thousand sum assured for each year's premium paid till 31st December 2002 in excess of 10 years subject to a maximum of Rs. 370 per thousand sum assured.

(b) In view of the 30th Anniversary Bonus, the rate of Terminal Bonuses payable on claims by death or maturity in 2003, where more than 10 years' premiums have been paid, should be reduced to Rs 10 (compared with Rs 30 at the 2001 valuation) per thousand sum insured for each year's premium paid in excess

CHAIRMAN'S INITIALS

MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS E BOOK	HELD AT KARACHI	ON 17TH MAY, 2003	TIME
<p>of 10 years, subject to a maximum of Rs 200 (compared with Rs 600 at the 2001 valuation) per thousand basic sum insured.</p>			
<p>Taking the 30th Anniversary Bonus and the Terminal Bonuses together, policies resulting in claims by death or maturity in 2003 will be better off (with negligible exceptions), compared with the situation if no 30th Anniversary Bonus had been declared and the previous rates of Terminal Bonuses had been allowed.</p>			
<p>(c) All other bonus rates to remain the same as at the 31 Dec 2001 valuation, details of which are shown at Annexure A to the Memorandum. Details of Specified Major Surgical Benefit are given in Annexure B to the Memorandum.</p>			
<p>24. Further, the Appointed Actuary recommended that illustrations to prospective policyholders of With Profits policies should follow the following guidelines:</p>			
<p>(a) Illustrations should not be prospective. That is to say, they should not be based on a projection of bonuses declared as at 31 December 2002, whether reversionary bonuses, terminal bonuses, one time bonuses or otherwise. (But see below as to Sunchri and Shehnai policies)</p>			
<p>(b) Instead, illustrations should be retrospective. That is to say, they should be based on the actual bonuses payable to policies maturing in the year 2003.</p>			
<p>(c) The illustrations should contain a statement to the effect that:</p>			
<p>(i) 97.5% of State Life's actuarial surplus must be allocated to or reserved for policyholders. Bonuses are declared out of this allocation/reservation. Future bonuses will, therefore, depend on the surpluses disclosed by future actuarial valuations; and</p>			
<p>(ii) Past results are not necessarily a guide to the future course of bonuses.</p>			
<p>Similar statements may also be included in bonus notices to existing policyholders</p>			
<p>The wording of the above statement should be reviewed yearly. At some point, if the fall in yields persists, it may be necessary to strengthen item (ii) of the statement to draw existing and prospective policyholders' attention to the specific possibility of a fall in future bonus rates.</p>			
<p>25. The Field Force should be educated that if low yields persist, the result will be a gradual fall in future bonuses, compared with the past. But inflation rates have also fallen considerably. The Field Force should also be educated that a fall in the inflation rate is good for policyholders, because it helps to preserve more of the purchasing power of the sum insured. It is a substantial off-setting factor against the fall in the yields. Also, it should logically lead to a healthier economy, which is good for business and industry and the country's progress in general.</p>			
<p>26. The Appointed Actuary also recommended that the Field Force should be encouraged to sell plans like State Life's Sunchri Policy (Table 73) and the Shehnai Policy (Table 77). Under these Tables, there is scope for yields and investment results to be</p>			

CHAIRMAN'S
INITIALS


MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

RECTORS	HELD AT	ON	TIME
UTE BOOK	KARACHI	17TH MAY, 2003	

passed through to policyholders. This may enable State Life to follow a more flexible investment policy. Under these plans, renewal premiums are dynamised, which is good for the policyholders and the Corporation. Illustrations for these policies perforce have to be prospective, because hardly any have matured so far. But the illustrations should contain statements to the same effect as (i) and (ii) para-23 above.

27. The Appointed Actuary submitted the following conclusions arising out of the study carried out for Actuarial Valuation as at 31st December, 2002:-

(i) Trend of yield on statutory funds and Renewal Expense has been as follows:

Year	Yield %	Year	Yield %
1999	15.35	2001	12.50
2000	12.83	2002	14.74

(ii) Trend of renewal expense ratio has been as follows:-

Year	Renewal Expense Ratio %	Year	Renewal Expense Ratio %
1999	44.86	2001	36.64
2000	57.34 (40.60)*	2002	33.19 (29.14)**

* if the Voluntary Retirement and Separation Scheme (VRSS) expense is excluded.

** Excluding Rs.166.982 million being special contribution to Pension Fund and Rs. 55.771 million being encashment of one-fifth of leave balance as at 31st December 2001.

28. Total number of individual life policies, sum assured and office premium in force as on December 31, 2002 compared with in force as on December 31, 2001:

	31 st December 2001	31 st December 2002
No. of policies	1,806,476	1,801,919
Sum Assured	106,313,843,053	114,913,180,895
Office Premium	6,024,422,731	5,532,179,454

29. For Middle East foreign currency business, bonus would be recommended at year end 2004, as also prescribed under the U.A.E. laws.

After deliberation on the recommendations made by the Appointed Actuary, it was resolved as under:

RESOLVED:

(i) "that in respect of with profit Anticipated Endowments/Three stage/Three Payment policies of whatever type in force for the full sum assured as at 31st December, 2002, the rate of one time "30th Anniversary Bonus" should be at a lower rate compared with Whole Life and Endowments. The Appointed Actuary be requested to adjust the rates suitably."

(ii) "that subject to the foregoing, the Memorandum of the Appointed Actuary regarding Actuarial Valuation and the recommendations contained therein including but not limited to those mentioned in paras 23, 24, 25, 26 and 29 of these minutes and the following recommendations of bonuses for Rupees business to policyholders be and were hereby approved:-

BONUS FOR PAKISTAN RUPEE BUSINESS


I. Whole Life and Endowment Assurance

For with profits policies in force for the full sum assured as at 31st December 2002:


(i) Reversionary bonuses per thousand sum assured per annum would be as per following

Action:
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Actuary

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Actuary

CHAIRMAN'S
INITIALS


MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME																																		
MEMBER BOOK	KARACHI	17 TH MAY, 2003																																			
<p>schedule (2001 figures are given for comparison).</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">2001</th> <th colspan="2">2002</th> </tr> <tr> <th>For First Five Policy Years</th> <th>From 6th Policy Year Onwards</th> <th>For First Five Policy Years</th> <th>From 6th Policy Year Onwards</th> </tr> </thead> <tbody> <tr> <td><u>Whole Life</u></td> <td>Rs.56</td> <td>Rs.102</td> <td>Rs.56</td> <td>Rs.102</td> </tr> <tr> <td><u>Endowments</u></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>20 years and over</td> <td>Rs.48</td> <td>Rs.94</td> <td>Rs.48</td> <td>Rs.94</td> </tr> <tr> <td>15 to 19 years inclusive</td> <td>Rs.35</td> <td>Rs.81</td> <td>Rs.35</td> <td>Rs.81</td> </tr> <tr> <td>14 years and less</td> <td>Rs.20</td> <td>Rs.66</td> <td>Rs.20</td> <td>Rs.66</td> </tr> </tbody> </table> <p><u>Notes:</u></p> <p>(a) Jeevan Sathi and Shadabad policies will be treated as Endowment policies.</p> <p>(b) Big Deal policies will receive reversionary bonus on 25% of the sum assured only.</p> <p>(c) For Whole Life by limited payments, bonuses will be allowed at the same rate as for Whole Life. The bonuses are admissible even after the completion of premium paying period for each year the policy has been in force for full sum assured.</p> <p>(ii) <u>Interim Bonus</u>, in addition to regular bonuses already vested, will be payable on claims arising in the period up to the next bonus declaration. The rate of interim bonus would be the same as given in I(i) above.</p> <p>(iii) <u>Terminal Bonus</u> will be paid on claims by death or maturity in 2003, where more than 10 years' premium have been paid. The rate will be Rs. 10 (compared with Rs 30 at the 2001 valuation) per thousand sum assured for each year's premium paid in excess of 10 years subject to a maximum of Rs. 200 (compared with Rs 600 at the 2001 valuation) per thousand sum assured.</p> <p>(iv) <u>Special Terminal Bonus</u> will be paid on claims by maturity in 2003, where a Family Income Benefit (FIB) is in force at maturity as a supplementary contract, or as a built-in benefit, and has been in force for more than 10 years. The rate will be Rs. 10 per thousand basic sum assured under the policy for each year in excess of 10 years that the FIB supplementary contract has been in force, subject to a maximum of Rs. 200 per thousand basic sum assured (same as 2001 valuation).</p> <p>NOTE: Terminal and Special Terminal bonuses are especially sensitive to the future surplus of State Life. Hence, no indication can or should be given of Terminal and Special Terminal bonuses, if any, which may be allowed on maturities or death claims after 2003.</p> <p style="text-align: center;">II. Anticipated Endowment Assurance</p> <p>For with profit Anticipated Endowments/ Three Stage/ Three Payment policies of whatever type in force for the full sum assured as at 31st December 2002:</p>					2001		2002		For First Five Policy Years	From 6th Policy Year Onwards	For First Five Policy Years	From 6th Policy Year Onwards	<u>Whole Life</u>	Rs.56	Rs.102	Rs.56	Rs.102	<u>Endowments</u>					20 years and over	Rs.48	Rs.94	Rs.48	Rs.94	15 to 19 years inclusive	Rs.35	Rs.81	Rs.35	Rs.81	14 years and less	Rs.20	Rs.66	Rs.20	Rs.66
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CHAIRMAN'S INITIALS 																																					

MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	DATE	TIME
AGENDA BOOK	KARACHI	17 TH MAY, 2003	

(i) Reversionary bonuses per thousand sum assured per annum would be as per the following schedule (2001 figures are given for comparison).

	2001		2002	
	For First Five Policy Years	From 6th Policy Year Onwards	For First Five Policy Years	From 6th Policy Year Onwards
20 years and over	Rs.35	Rs.69	Rs.35	Rs.69
15 to 19 years inclusive	Rs.25	Rs.59	Rs.25	Rs.59
14 years and less	Rs.19	Rs.53	Rs.19	Rs.53

(ii) Interim Bonus, in addition to regular bonuses already vested, will be payable on claims arising in the period up to the next bonus declaration. The rate of interim bonus would be the same as given in II(i) above.

(iii) Terminal Bonus will not be paid on these policies.

(iv) Special Terminal Bonus, as mentioned in I(iv) above, will be paid on cases having Family Income Benefit supplement contract. The Special Terminal Bonus will be calculated on the basic sum assured under the policy, and not on the residual survival benefit.

(v) If the policyholder lets a Survival Benefit remain with State Life, a Special Reversionary Bonus will be added six months after the due date of the Survival Benefit. For Survival Benefits falling due in 2003, which the policyholder opts to leave, Special Reversionary Bonuses will be allowed as follows (same as 2001 valuation).

Period between Survival Benefit due date and maturity date	Special Reversionary Bonus per Rs. 1000 survival Benefit	Period between Survival Benefit due date and maturity date	Special Reversionary Bonus per Rs.1000 Survival Benefit
20 years	Rs.3,165	9 years	Rs.1,005
18 years	Rs.2,765	8 years	Rs. 845
16 years	Rs.2,350	7 years	Rs. 695
14 years	Rs.1,940	6 years	Rs. 555
12 years	Rs.1,545	5 years	Rs. 420
10 years	Rs.1,175	4 years	Rs. 300

Note: Policies under Family Pension Plan (Table 12) will not be eligible for Special Reversionary Bonuses.

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

(i) Bonuses under these policies are credited to the policy after the policy has acquired an Adjusted Opening Cash Value. The bonus is credited on the Adjusted Opening Cash Value and not on minimum guaranteed surrender value. Bonuses will be credited at the end of the policy year. These bonuses are payable when the Cash Value under the policy is payable.

CHAIRMAN'S
INITIALS



MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

RECTORS	HELD AT	ON	TIME
UTE BOOK	KARACHI	17 TH MAY, 2003	

(ii) The rate of bonus is Rs. 115 per thousand per annum of the Adjusted Opening Cash Value. This bonus rate will be allowed till the next valuation.

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

IV. Personal Pension Scheme (Table 71)

(i) Bonuses under Personal Pension Scheme where "Pension is being paid" will be allowed on Pension Payments. Pension payments will be increased by bonus from the policy anniversary falling in the year 2003.

(ii) The rate of bonus is Rs. 80 per thousand per annum of the pension payments.

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

V. Specified Major Surgical Benefit

(i) Specified Major Surgical Benefit was announced for the first time in 1992 valuation. This benefit has been retained in 2002 valuation. The maximum benefit is Rs. 250,000 (same as 2001 valuation). This benefit is available to all with-profit policies, which have been in full force as at 31st December 2002 and have been continuously in force for at least five complete policy years at the date of surgery.

(ii) Under such policies, if the life assured undergoes specified major surgery during the inter-valuation period i.e. from 1st January 2003 to 31st December 2003 on account of a specified dread disease, the Corporation would pay 50% of the basic sum assured (in case of Anticipated Endowment plans, 50% of the remaining sum assured after deducting any due survival benefit(s)), subject to a maximum payment of Rs. 250,000/-. The amount payable will be adjusted against future survival benefit payments, maturity or death claims.

(iii) The specified surgeries and all other related conditions are the same as those announced in 2001 bonus declaration. Details are given in Annexure "A" to the Minutes.

VI. Family Income Benefits in course of payment (where the life assured has died)

Family Income Benefit to heirs or nominees of deceased life assureds will be increased by 7.5% from policy anniversaries in the year 2004 under with profit policies.

Note: The percentage increase will be allowed on the actual benefit paid on policy anniversaries (including any prior increases) in the year 2003."

VII. East West Mutual etc.

Policies issued by the East West Mutual, Grand Mutual, I.G.I., Pakistan Mutual, Standard and Union Insurance and former East Pakistani companies will not get Terminal Bonuses, Special Terminal Bonuses, Specified Major Surgical Benefit and 30th Anniversary Bonus.

CHAIRMAN'S
INITIALS



MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
AGENDA BOOK	KARACHI	17 TH MAY, 2003	

NO CASH VALUE OF BONUSES UNTIL THREE YEARS' PREMIUMS HAVE BEEN PAID

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

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

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

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

(iii) In view of the Appointed Actuary's remarks regarding the changed interest rate scenario, the Board desired that the Investment Division, in consultation with the Appointed Actuary and the Actuarial Division, should draft a revised investment policy. Further, the Real Estate Division should draft a policy concerning acquisition, retention and disposal of properties. Both draft policies should be submitted to the Executive Committee and after such amendments as the EC may decide, they should be submitted to the Board for approval."

Action:
Appointed
Actuary

ITEM (5) PRESENTATION OF BUSINESS FIGURES FOR THE FIRST QUARTER OF 2003 OF INDIVIDUAL LIFE, GROUP AND PENSIONS, INTERNATIONAL, INVESTMENT AND REAL ESTATE DIVISIONS.

GM(Marketing), ED(G&P), DH(Int'l), ED(Inv.) And GM(RE)'s Memorandum dated 05-05-2003.

30. The Business Review Memorandums of ED(Marketing), ED(G&P), ED(Int.I), ED(Investment) and GM(Real Estate) for business review of Marketing, Group & Pension, International, Investment and Real Estate Divisions respectively for the first quarter ended 31st March, 2003 were submitted to the Board which were noted.

MARKETING DIVISION:

31. The Corporation procured FYP of Rs.285 million for the 1st quarter of 2003 as compared to Rs.213 million during the corresponding period of last year, thus registering an increase of 33.83% over the corresponding period of last year.

32. The Corporation collected Rs.125 million as second year premium, as compared to Rs.96 million completed during the corresponding period of last year. The second year persistency for the first quarter of 2003 was 58.86% as compared to 61.54% during the same period of last year. The third year and later year's premium for the first quarter of 2003 was Rs.863 million as against Rs.764 million second year and renewal premium collected during the first quarter of 2002. The renewal persistency ratio for the period January to March, 2003 is 96.54% as compared to 87.81% during the same period of last year.

CHAIRMAN'S INITIALS

MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME
MEMBERS BOOK	KARACHI	17 TH MAY, 2003	

GROUP & PENSION DIVISION:

33. The collection of premium for G&P business for the period ended 30th April, 2003 stood at Rs.418.073 million as compared to Rs.262.794 million, for the corresponding period of last year showing an increase of 59%. G&P Division secured 56 new groups for the period ended 30th April, 2003 having total premium of Rs.6,257 million as against 29 new groups having premium of Rs.3,626 million, for the period ended 30th April, 2002 showing an increase of 73% in premium income under new business. During the period ended 30th April, 2003, G&P Division lost 15 policies having total premium of Rs.10.025 million. The persistency of G&P Division upto 30th April, 2003 was 96.19%.

INTERNATIONAL DIVISION:

34. International Division has procured US\$.307,769 FYP, during the first quarter of 2003 as against US\$. 267,340 for the corresponding period of last year showing an increase of 15%. The policies sold by International Division during the first quarter of 2003 were 241 as against 250 for the 1st quarter of 2002 registering a decrease of 4% over the corresponding period of last year. Second year persistency achieved during the 1st quarter of 2003 is 63% as against 90% achieved during the same period of last year showing a decrease of 27%.

35. The Board instructed DH(Int'l) to ensure that the declining trend in second year persistency figures for UAE business is arrested and improved persistency and operational efficiency is achieved to offset the declining yield on investment.

INVESTMENT DIVISION:

36. Book value of the investment portfolio, which was Rs.86,788 million as on December 31, 2002, is estimated to have increased to Rs.89,398 million as on March 31, 2003, reflecting an increase of Rs.2,610 million and a percentage increase of 3.01%, during the first quarter ended March 31, 2003.

37. State Life has invested Rs.3,572 million during the first quarter ended March 31, 2003 in Pakistan Investment Bonds raising the total investment in PIBs to Rs.39,900 million. Market value of this investment in PIBs as on March 31, 2003 was Rs.54,343 million which indicates an appreciation of Rs.14,443 million.

38. State Life purchased shares with a book value of Rs.467 million during the quarter ended March 31, 2003. State Life also sold shares with a book value of Rs.12 million for Rs.23 million thereby realizing capital gain of Rs.11 million during the first quarter of 2003. The book value of total equity portfolio which was Rs.7,755 million as on December 31, 2002 has increased to Rs.8,224 million as on 31st March, 2003. Market value of equity portfolio as on March 31, 2003 was Rs.13,022 million showing an appreciation of Rs.5,247 million.

39. Investment income of total investment portfolio is estimated to be Rs.2,597 million for the first quarter ended March 2003 as compared to Rs.11,215 million for the year ended December 31, 2002.

CHAIRMAN'S
INITIALS


MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME
STATE BOOKS	KARACHI	17 TH MAY, 2003	

REAL ESTATE DIVISION:

40. The net income of Real Estate Division increased to Rs.17.93 million, for the 1st quarter of 2003, from Rs.13.45 million during the same period of last year, due to reduction in administrative expenses including staff and officers salary expenses because of reduction in number of employees as a result of VRSS offered in the year 2000 and because of provision for doubtful debts amounting to Rs.1.87 million made during the same period in 2002.

ITEM (06) SUBMISSION BY CHAIRMAN ON COMPLETION OF HIS TENURE.
Chairman's Memorandum dated 06-05-2003

41. The Board warmly appreciated the Chairman's services during his tenure, during which the Corporation made good progress by Allah's grace. It was decided to incorporate his "Submission on Completion of his tenure" in the Minutes, as Annexures B, B-1 & B-2.

42. The Board agreed with him that the following factors, reinforcing each other, were responsible for whatever has been achieved in the past three years, and concurred in hoping they will continue in future to the maximum extent.

"This is the first time in State Life's 30-year history that:

A high powered board was appointed, with people of stature from various fields and professions, and allowed to operate for so many years.

A Chairman was appointed for a fixed tenure and will Inshallah complete that tenure.

That the Chairman was a career life insurance professional.

The past three years were one of the very few periods when the Corporation was allowed to operate without bureaucratic or political interference. One of the very few periods when people began to feel that hard work and merit is likely to be rewarded, and that poor performance is likely to lead to uncomfortable consequences."

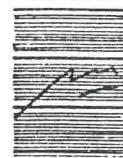
43. The Board also agreed that as soon as possible, the Corporation should be taken out of Government's administrative control. Proposals towards this end were formulated more than a year ago, after a thorough discussion, with the participation of the Commerce Minister, the Commerce Secretary, Board Members, representatives of private life and non-life insurance companies, and other distinguished people. It will greatly increase the likelihood that decisions in all spheres will be done on strict professional and business considerations, and on merit. This is very important for the future of the Corporation, and for the morale of its personnel. The Board hoped that Government will move forward on this.

44. The Board expressed the hope that the various reforms carried out during the past three years, will continue to operate in future so that the Corporation's business continues to improve. These reforms include:-

(a) The lean and need-based head count policy adopted in 2000 (which resulted in the down sizing of employee strength in Nov/Dec 2000.

(b) The rationalization of the officers' salaries carried out w.e.f. 1st January, 2000.

CHAIRMAN'S
INITIALS



MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
KARACHI	17 TH MAY, 2003	

This resulted in improved tax efficiency, and ended the exposure of the Corporation to risk of "Defined Benefit" Pensions in respect of service after 31st December, 1999.

- (c) The rationalization and pruning of the strength of Area Managers in April 2001. Together with the revised Area Managers package of November 2001, this has resulted in greatly improved performance of Area Managers.
- (d) The revised field structure introduced with effect from 1st January 2002. With its linkages to regular quarterly production and persistency and increased quotas, it resulted in a surge of new business, consistent quarterly production, better persistency and higher commission and overriding commission earning for field workers at a more rational percentage cost to the Corporation.
- (e) The retirement of dummies, and registration and streamlining of the field force which, along with new recruitment and training procedures, have resulted in major cost savings and are likely Inshallah to raise productivity standards.
- (f) The greatly improved policyholders and field communication programmes, the new system of premium notices and tracking premium collection vis a vis premiums billed.
- (g) The elimination of various malpractices, such as the following: (i) payment of commission by bearer cheques encashable at State Life counters, (ii) 25% DCS adjustment and (iii) workers cheques especially in December. These measures, alongwith prompt quarterly and yearly closings have done much to improve the quality of businesses and ensure that all field workers actually get their commission through a/c payee cheques.
- (h) All decisions, including but not limited to those regarding appointments, transfers and promotions of employee and other personnel matters were taken purely on objective business considerations and on merit.

1 (07) CONSIDER/APPROVE - UPDATED STATE LIFE EMPLOYEES (SERVICE) REGULATIONS, 1973.

Executive Director(P&GS)'s Memorandum dated 18-01-2003

The Board in its 168th meeting held on 24.08.2002 had decided as under:

- (i) That the proposal of the Executive Committee at its 269th meeting held on 1st August 2002 and of E.D. (P&GS) to allow encashment of number of days of leave on basic pay that has been forfeited in case of officers who, as on 13th July 2002, are already on leave preparatory to retirement (LPR) or who have already been refused LPR and would be availing leave after retirement (LAR) if such officers opt for the revised leave rules, was agreed to by the Board in principle, however its implementation was deferred till such time that the Ministry approved the amended and updated State Life Employees (Service) Regulations, 1973 framed under Life Insurance Nationalization Order 1972, to be put up for approval of the Board at its next meeting.
- (ii) That E.D. (P&GS) was directed to review the existing State Life Employees (Service) Regulations, 1973 framed under Life Insurance Nationalization Order 1972, amended from time to time and put up an upto-date version of the Regulations together with recommendation for consideration and approval of the Board before submission to the Ministry for its clearance and notification.

CHAIRMAN'S
INITIALS



MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME
MEMORANDUM	KARACHI	17 TH MAY, 2003	

46. ED(P&GS) presented before the Board a Memorandum for consideration and approval of upto-date version of the State Life Employees (Service) Regulations, 1973 together with recommendation for submission to the Ministry of Commerce for its clearance and notification.

47. Accordingly the existing State Life Employees (Service) Regulations, 1973, as amended upto 31.12.1991, have further been updated as at November, 2002. A Booklet showing existing and updated draft amendment in the State Life Employees (Service) Regulations, 1973 has been prepared and was placed for perusal at Annexure-A to the Memorandum.

Accordingly, it was resolved as under:

RESOLVED

Action: ED(P&GS) (i) "that as proposed by ED(P&GS) in the Memorandum, the upto-date version of the State Life Employees (Service) Regulations, 1973 together with recommendation for submission to the Ministry of Commerce for its clearance and notification be and was hereby approved."

Action: ED(P&GS) (ii) "that the Board allowed payment of encashment of number of days of leave on basic pay that has been forfeited in case of officers who, as on 13th July, 2002 are already on Leave Preparatory to Retirement (LPR) and who have already been refused LPR and would be availing Leave After Retirement (LAR) if such officers opted for the revised Leave Rules be and was hereby approved."

Action: ED(P&GS) (iii) "that the Regulations which were approved by the Board from time to time since 1973 and have remained operative should be mentioned separately from those which have been put up and approved in this meeting.."

ITEM (08) CONSIDER/APPROVE - REIMBURSEMENT OF SEMINAR COST TO THE EMPLOYEES PURSUING FELLOWSHIP OF INSTITUTE OF ACTUARIES(UK)/SOCIETY OF ACTUARIES(USA).

Executive Director(P&GS)'s Memorandum dated 20-01-2003

48. The Board of Directors in its 168th meeting held on 24th August, 2002, while considering the Memorandum from the Executive Director (P&GS) for reimbursement of Seminar Cost to employees pursuing Fellowship from Society of Actuaries (USA) and of Institute of Actuaries (UK), had decided as under:

- (i) A complete paper be put up to the Board in its next meeting.
- (ii) The paper should give details of number of officers covered under the Actuarial Training Scheme and the financial impact of the proposed facility.

49. ED(P&GS) presented before the Board a Memorandum for consideration and approval of reimbursement of Seminar Cost to employees pursuing Fellowship from Society of Actuaries (USA) and of Institute of Actuaries (UK).

50. There are 14 Actuarial Students who are in the process of attempting examination of Society of Actuaries, USA. They are required to travel to USA in order to attend Course 7 Seminars, Professionalism Development Seminars, Associateship

CHAIRMAN'S INITIALS



MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME															
PAGE NO	KARACHI	17 TH MAY, 2003																
<p>Professionalism Course Seminar and Fellowship Admission Course Seminars. On the other hand, the newly inducted Actuarial Students, who are 9 in number, will only be required to take Fellowship Professionalism Course of the Institute of Actuaries, UK.</p>																		
<p>51. The assumptions of the various costs, that may be incurred, have been generalized and the details in respect of Course 07 Seminar, Professional Development Seminars, Associateship Professionalism Course, Fellowship Admission Course of Society of Actuaries, USA and Fellowship Professionalism Course of Institute of Actuaries, UK are placed at Annexure-A to the Memorandum. The detailed estimate of cost of attending these seminars, including Seminar Fee, Accommodation, Return Air Fare and Daily Allowance given in Annexure-B to the Memorandum, are summarized below</p>																		
<table border="0"> <tbody> <tr> <td style="padding-left: 40px;">(i)</td> <td>Course 7 Seminar (Four days duration)</td> <td style="text-align: right;">Rs. 223,680</td> </tr> <tr> <td style="padding-left: 40px;">(ii)</td> <td>Professional Development Seminar (Three days duration assumed)</td> <td style="text-align: right;">Rs. 219,900</td> </tr> <tr> <td style="padding-left: 40px;">(iii)</td> <td>Fellowship Admission Course (Two days duration)</td> <td style="text-align: right;">Rs. 171,120</td> </tr> <tr> <td style="padding-left: 40px;">(iv)</td> <td>Associateship Professionalism Course (One day duration)</td> <td style="text-align: right;">Rs. 122,340</td> </tr> <tr> <td style="padding-left: 40px;">(v)</td> <td>Fellowship Professionalism Course (UK) (Two days duration)</td> <td style="text-align: right;">Rs. 141,220</td> </tr> </tbody> </table>				(i)	Course 7 Seminar (Four days duration)	Rs. 223,680	(ii)	Professional Development Seminar (Three days duration assumed)	Rs. 219,900	(iii)	Fellowship Admission Course (Two days duration)	Rs. 171,120	(iv)	Associateship Professionalism Course (One day duration)	Rs. 122,340	(v)	Fellowship Professionalism Course (UK) (Two days duration)	Rs. 141,220
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(iv)	Associateship Professionalism Course (One day duration)	Rs. 122,340																
(v)	Fellowship Professionalism Course (UK) (Two days duration)	Rs. 141,220																
<p>52. The estimated cost of attending the seminars, of the Society of Actuaries, USA by 14 Actuarial Students and Institute of Actuaries, UK by 9 Actuarial Students would be approximately Rs. 9,666,540/-, spread over a period of approximately 7 years, as per details contained in Annexures C and D to the Memorandum and the year wise cost for attending these seminars have been detailed in Annexure-E to the Memorandum.</p>																		
<p>53. It may be noted that the estimates are on the current prices and the prevalent exchange rate of the foreign exchange. These prices may escalate due to any inflation in prices or depreciation of the Pak Rupee in future. The total cost is approximately Rs.9.7 million, however it would not be spent in one go as it would also depend on the progress of each candidate. Similarly the seminar cost of taking Fellowship Professionalism Course of the Institute of Actuaries, UK is likely to commence five years from now and this too would be dependant on the progress of each individual candidate. All the students listed at Annexures C and D of the Memorandum have since executed the surety bond. It is pertinent to state that acquisition of Associateship and Fellowship from the Institute of Actuaries (UK) and Society of Actuaries (USA) is a very prestigious qualification which is recognized internationally. The cost of completion of this qualification abroad would be much more expensive as compared to the cost of doing so in Pakistan, as is being done by the students working in State Life.</p>																		
<p>54. It is proposed that the approval may be granted by the Board to actuarial students of State Life who execute the surety bond for participation in all courses, which are required to be attended by the Society of Actuaries (USA) and Institute of Actuaries (UK). At present the requirement is to attend Course 7 Seminar, Professional Development Seminars, Associateship Professionalism Course Seminar and Fellowship Admission</p>																		

CHAIRMAN'S
INITIALS


MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME
MEMBER	KARACHI	17 TH MAY, 2003	
<p>Action: ED(P&GS)</p>	<p>Course of Society of Actuaries USA and Fellowship Professionalism Course of Institute of Actuaries London.</p> <p>55. Provided that in each case sufficient advance notice shall be given by the Actuarial Student/Employee of their intention to attend the course. However, approval shall only be given if the Corporation in its absolute discretion considers the course to be cost effective and appropriate. If the officer fails to get the requisite credits or otherwise fails to complete the seminar successfully, then he must pay for all the re-attendance course himself and these re-attendance costs would be reimbursed only upon success.</p> <p>Accordingly, it was resolved as under:</p> <p>RESOLVED</p> <p>"that as proposed by ED(P&GS) in the Memorandum for reimbursement of seminar cost to employees pursuing Fellowship from Society of Actuaries(USA) and Institute of Actuaries(UK) to actuarial students of State Life who execute the surety bond for participation in all courses, which are required to be attended by the Society of Actuaries(USA) and Institute of Actuaries (UK) alongwith estimated cost of attending the seminars and fee approximately Rs.9,666,540/- be was hereby approved."</p> <p>Mr. M. Sharif Ijaz Ghauri observed that permission to go abroad should be obtained as per Government circulars/orders.</p> <p>ITEM (09) CONSIDER/APPROVE RECOMMENDATION OF STANDING COMMITTEE OF BOARD IN RESPECT OF APPEALS FILED BY MR. ASGHAR ALI BHATTI, AREA MANAGER, GUJRANWALA ZONE AGAINST THE PUNISHMENT OF DISMISSAL FROM SERVICE.</p> <p>Executive Director(P&GS)'s Memorandum dated 05-05-2003</p> <p>56. The Standing Committee constituted by the Board of Directors at its 156th meeting held on 07-10-2000, considered the subject appeal after allowing personal hearing to Mr. Asghar Ali Bhatti, Ex-Area Manager on 27-09-2002 and after examining the case gave the recommendation as recorded in (Annex-A to the Memorandum).</p> <p>57. The matter could not be placed before the Board at its 170th meeting held on 01-02-2003 because the Handwriting Expert's Report dated 24-08-1998 was examined and it was observed that the report was not a clear cut opinion about the two thumb impressions being of the same persons or being identical. As such, expert opinion about the thumb impression on the subject policy documents was obtained from expert Fingers Print Bureau, office of the Assistant Inspector General of Police, Criminalistic Division, Sindh, Karachi. According to the expert's report dated 01-04-2003 (Annex-B), the thumb impressions on personal statement dated 20-02-1994 and proposal form dated 21-11-1992 and personal statement of health dated 21-11-1992 are "Identical". Therefore, according to the recommendation of the Standing Committee Mr. Asghar Ali Bhatti should be exonerated.</p> <p>58. In terms of Regulation NO.33(2)(a) of State Life Employees (Service) Regulations, 1973 on the basis of the recommendations of Standing Committee, the matter is placed before the Board of Directors for consideration of final orders as may be deemed fit.</p>		


CHAIRMAN'S INITIALS



MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
TE BOOK	KARACHI	17 TH MAY, 2003		
<p>Action: ED(P&GS)</p>	<p>After deliberations, the Board resolved as under:-</p> <p>RESOLVED: "that as per the recommendation of the Standing Committee, Mr. Asghar Ali Bhatti, Area Manager, Gujranwala Zone is exonerated and the punishment of dismissal is set aside. The period between dismissal and reinstatement be treated as leave without pay."</p> <p>ITEM (10) CONSIDER/APPROVE – PERMISSION FOR CORNEAL TRANSPLANT FOR MR. ABDUL HAMEED BUTT, EXECUTIVE OFFICER(PHS), MULTAN. Executive Director(P&GS)'s Memorandum dated 21-04-2003</p> <p>59. ED(P&GS) presented before the Board a Memorandum for consideration and approval of permission for corneal transplant for Mr. Abdul Hameed Butt, Executive Officer(PHS), Multan</p> <p>60. Mr. Abdullah son of Mr. Abdul Hameed Butt is suffering from vascularized opaque cornea of both eyes due to a history of trauma and multiple surgical procedures.</p> <p>61. He is totally blind in the eye while the Right Eye, which has an opaque cornea, still has some vision and contains normal posterior segment, which is evident in report of B Scan. This eye has also been operated for retinal detachment in 1996; therefore in the year 1997 a corneal graft was also tried which failed. A keratoplasty (corneal transplant surgery) has been advised in his right eye, in an attempt to secure some vision for the young boy since it is the only eye with some vision left in it.</p> <p>62. The patient has been examined at various eye centers including Al-Shifa trust Hospital, Rawalpindi. The corneal graft surgery has been planned at this center and the doctor's report states that the expectations of recovery of the vision are very limited; however his perception of light may help him in performing his daily chores. Corneal transplant surgery in this case would cost Rs.15,000/-. This does not include the cost of the cornea, as it will be arranged on donation by the employee himself.</p> <p>63. The Regulation clause-8, para-(ix) f, of the State life (Medical) Regulations, 1973 excludes the organ transplant. Some special cases were considered in the year 1995 and 1996, however in the year 1998, the Board of Directors decided not to allow any special approvals / recommendations for incurring expenses beyond the medical rules and for this purpose a circular dated 12-03-1998 was issued. In the recent past special permission was granted by the Board of Directors to Mr. Benjamin Nathaniel, Naib Qasid (G&P), Lahore for renal transplant which, after necessary tissue matching, he has undergone on 8th April, 2003 at the Ittefaq Hospital, Lahore. His present condition is satisfactory and stable.</p> <p>After deliberations, the Board resolved as under:-</p> <p>RESOLVED: "that as proposed by ED(P&GS) in the Memorandum, permission for medical treatment of son of Mr. Abdul Hameed Butt, Executive Officer(PHS), Multan for having keratoplasty(corneal graft surgery) at Al-Shifa Trust Hospital, Rawalpindi involving an expense of Rs.15,000/- be and was hereby approved."</p>			<p>CHAIRMAN'S INITIALS</p> 
<p>Action: ED(P&GS)</p>				

MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
MEMORANDUM	KARACHI	17 TH MAY, 2003		
	<p>ITEM (11) CONSIDER/APPROVE – PERMISSION FOR MEDICAL TREATMENT FOR SON OF MR. IRSHAD ALI HAMI, SALES MANAGER(713506) KARACHI SOUTHERN ZONE. General Manager(Marketing)'s Memorandum dated 06-05-2003</p> <p>64. GM(Marketing) presented before the Board a Memorandum for consideration and approval of the permission for medical treatment of son of Mr. Irshad Ali Hami, Sales Manager(713506) Karachi Southern Zone</p> <p>65. The field workers of State Life are entitled to medical facilities at the cost of Corporation on fulfilling the laid down performance standards in terms of First Year Premium and Second Year Persistency.</p> <p>66. A request has been received from Mr. Irshad Ali Hami, Sales Manager, Karachi (S) Zone, requesting that he may be allowed treatment for his ailing son who is suffering from terminal disease (Cancer).</p> <p>67. Mr. Hami has been a qualifier of medical facilities since 1987. Due to the death of his father in November, 2002 and the protracted illness of his son, he was unable to fulfil one of the qualifying conditions, i.e. Second Year Persistency by a narrow margin. The required rate for Second Year Persistency is 65% whereas Mr. Hami's Second Year Persistency was 60.73%. He was a qualifier in the year 2002 and the treatment of his son was being carried out as per our medical scheme and from January, 2003, he could not qualify the said facilities while his son is still in need of intensive medical care and treatment.</p> <p>68. The Zonal Head and the Regional Chief have recommended for the condonation of the deficiency on humanitarian grounds. The Chief Medical Adviser has informed that the total estimated medical expenses for the treatment would be Rs.5,25,000/- approximately.</p> <p>After deliberations, the Board resolved as under:-</p> <p>RESOLVED: "that as proposed by GM(Marketing) in the Memorandum, permission for medical treatment of son of Mr. Irshad Ali Hami, Sales Manager(713506) Karachi Southern Zone be allowed and condonation of the deficiency on humanitarian grounds and total estimated medical expenses for the treatment would be Rs.5,25,000/- be and was hereby approved."</p> <p>Before consideration of Item No.12, Mr. Bashir Ahmed left the room.</p> <p>ITEM (12) CONSIDER/APPROVE - ESTIMATED COST INCLUDING DESIGNING FEE AND TO AUTHORIZE EC TO CONSIDER AND APPROVE ARCHITECT, DESIGN AND AWARD OF WORK REGARDING POLICYHOLDERS SERVICE COUNTER IN STATE LIFE ZONES. General Manager(RE)'s Memorandum dated 06-11-2002</p> <p>69. General Manager(RE) presented before the Board a Memorandum for consideration and approval of the estimated cost of Rs.30 million including designing fee and to authorize Executive Committee to consider and approve architect, design and award of work regarding Policyholders Service Counter in State Life Zones.</p>			<p>CHAIRMAN'S INITIALS</p> 

Action:
DH(Mktg)

MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME
MEMORANDUM	KARACHI	17TH MAY, 2003	

70. General Manager(RE) informed that the financial institutions and multinationals have developed attractive counters in order to give speedy and better service to their customers. State Life should also modernize all Policy Holders Service counters in Zones (26 Zones). A plan has been chalked out in consultation with the PHS and B&A Divisions. In the first phase, these counters should be provided in Zones housed in State Life owned buildings (15 Zones).

71. Zones have been categorized into 4 categories, depending upon the volume of policies. Detail of the design criteria and estimated cost of each category is placed at Annexure-A to the Memorandum. The total estimated cost of the entire work including design fee is Rs. 30.00 million As for the selection of Architect is concerned, a list of pre-qualified Architects is placed at Annexure-B to the Memorandum.

Action:
GM(RE)

72. Mr. M. Sharif Ijaz Ghauri, suggested that the matter be referred to the Executive Committee for their detailed consideration. The matter thereafter may be referred with their recommendation to the Board. The members of Board agreed. GM(RE) was advised to take necessary steps.

ITEM (13) CONSIDER/APPROVE - REVISION OF COST OF STATE LIFE BUILDING PROJECT PHASE-II HYDERABAD AT ITS COMPLETION

General Manager(RE)'s Memorandum dated 23-10-2002

At this juncture of time, Mr. Bashir Ahmed rejoined the meeting.

73. General Manager(RE) presented before the Board a Memorandum for consideration and approval of revision of cost of State Life building project Phase-II at Hyderabad at its completion.

Action:
GM(RE)

74. Mr. Ghauri suggested that the matter must be referred to the Executive Committee for their detailed study and consideration. The matter thereafter with EC's recommendations be placed before the Board of Directors. The Board agreed to this suggestion. The GM(RE) was advised to take all necessary steps to place the matter before EC.

ITEM (14) CONSIDER/APPROVE - DESIGN AND ESTIMATED COST OF CONSTRUCTION OF NEW BUILDING FOR GUJRANWALA ZONE.

General Manager(RE)'s Memorandum dated 05-11-2002

75. General Manager(RE) presented before the Board a Memorandum for consideration and approval of design and estimated cost of construction of new building for Gujranwala Zone.

Action:
GM(RE)

76. Mr. Ghauri suggested that the matter must be referred to the Executive Committee for their detailed study and consideration. The matter thereafter with EC's recommendations be placed before the Board of Directors. The Board agreed to this suggestion. The GM(RE) was advised to take all necessary steps to place the matter before EC.

CHAIRMAN'S INITIALS



MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

ACTORS	HELD AT	ON	TIME
TE BOOK	KARACHI	17TH MAY, 2003	

ITEM (15) CONSIDER/APPROVE – APPOINTMENT OF ADMINISTRATORS AND SECRETARY STATE LIFE INSURANCE CORPORATION EMPLOYEES CONTRIBUTORY PROVIDENT FUND.
Executive Director(B&A)'s Memorandum dated 06-05-2003

77. ED(B&A) presented before the Board a Memorandum for consideration and 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:

(i) "that as proposed by ED(B&A) the appointment of Mr. Masood Pervaiz, Superintendent, B&A Division, Principal Office as Administrator of the State Life Insurance Corporation Employees' Contributory Provident Fund in place of Mr. Farced Khan 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. Sajjad H. Karam Ali, Deputy General Manager(B&A), as Secretary State Life Insurance Corporation Employees' Contributory Provident Fund in place of Mr. Gul Nawaz be and was hereby approved."

Action:
ED(B&A)

ITEM (16) CONSIDER/APPROVE – APPOINTMENT OF TRUSTEES STATE LIFE EMPLOYEES PENSION FUND.
Executive Director(B&A)'s Memorandum dated 06-05-2003

78. ED(B&A) presented before the Board a Memorandum for consideration and approval of appointment of Trustees of State Life Insurance Corporation Employees' Pension Fund in place of Employees who have retired from the services of the Corporation.

Accordingly, it was resolved as under:

RESOLVED:

"that M/s. Ansar Hussain, General Manager, Investment Division and Mr. Latif A. Chaudhry, Divisional Head, Law Division, be and were hereby appointed as Trustees of State Life Insurance Corporation Employees' Pension Fund to fill in the vacancies created by retirement of Mr. M. Mazharuddin and Mr. Abdul Majid Khan."

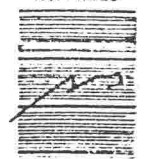
Action:
ED(B&A)

79. In the end Chairman thanked the members of Board for their cooperation during his tenure. The Board in turn appreciated the Chairman's leadership, hard work, guidance and wisdom. By Allah's grace State Life's performance improved significantly during his tenure.

80. The meeting ended with mutual vote of thanks.


CHAIRMAN

CHAIRMAN'S INITIALS



MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

ACTORS	HELD AT	ON	TIME
TE BOOK	KARACHI	17 TH MAY, 2003	

ANNEXURE "A"

SPECIFIED MAJOR SURGICAL BENEFIT

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

Specified Major Surgical Benefit, which was introduced for the first time at the 1992 valuation, will continue in 2003 as well. It provides a unique cover to the existing policyholders, free of cost. Basically it makes a lump sum payment if an eligible insured undergoes major surgery during 2003, due to any one of the six "specified surgeries" (as listed below). The lump sum payment provides badly needed financial assistance to help recoup some of the cost of major surgery. The cost of the benefit will be met out of the 2002 actuarial surplus.


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

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

The coronary by-pass surgery must be a direct result of a diagnosis of definite coronary artery disease by accepted angiography.
2. Surgery for a disease of the aorta:
The actual undergoing of open heart surgery for a disease of the aorta needing excision and surgical replacement of the diseased aorta with a graft. For the purpose of this definition, aorta shall mean the thoracic and abdominal aorta but not its branches.
3. Replacement of a heart valve:
The replacement of one or more heart valves with artificial valves due to stenosis or incompetence, or a combination of these conditions. Valvotomy is specifically excluded.
4. Major organ transplant:
The actual undergoing of a transplant of a heart, heart and lung, liver, kidney or bone marrow as a recipient.
5. Craniotomy:
Any major neuro-surgical procedure on or in the brain, involving craniotomy.

CHAIRMAN'S INITIALS

MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	KARACHI	17 TH MAY, 2003		
	<p>6. <u>Cancer surgery:</u> Any major surgical procedure which is the direct result of cancer. For this purpose, cancer means a malignant tumor characterized by uncontrolled growth and spread of malignant cells and the invasion of tissue. Malignancy must have been evidenced by medical investigations. Excluded are: (a) non-invasive cancers in situ; (b) any skin cancers other than malignant melanoma; and (c) male prostate cancer if limited to the prostate.</p> <p style="text-align: center;"><u>DESCRIPTION OF BENEFIT</u></p> <p>The specified major surgery benefit is being provided on with profit policies, which have been continuously in full force for five years. The amount of benefit will be 50% of the sum assured subject to a maximum of Rs. 250,000.</p> <p>If the insured is covered under endowment type plans, such as Table 01 & Table 03, then 50% of the basic sum assured or Rs.250,000 whichever is less will be payable in advance, on undergoing a specified surgery, which is adjustable on maturity or death, if earlier.</p> <p>If the insured is covered under anticipated endowment type plans, such as table 05, then 50% of future installment benefits (including basic maturity benefit) or Rs. 250,000 whichever is less, is payable in advance, on undergoing a specified surgery, which is adjustable from the survival instalments or death, if earlier. The future survival benefits will be reduced by the specified major surgical benefit to adjust the advance payment on specified major surgery. In case, the insured dies before maturity then the balance of the specified major surgical benefit paid and not yet adjusted from survival benefits will be adjusted from death proceeds. Installments left with State Life will not be taken into account when computing the lump sum amount to be paid on a specified surgery.</p> <p>In case of Joint Life Assurance plan (Table 06), 50% of the sum assured or Rs. 250,000, whichever is less, is payable in advance, if either of the insured lives undergoes a specified surgery, which is recovered on maturity or on earlier death of either of the insured persons.</p> <p>In case of Child Protection Plan (Table 07), 50% of the sum assured or Rs. 250,000, whichever is less, is payable in advance, if the payor undergoes a specified surgery, which is recovered on maturity. No specified major surgical benefit is payable in respect of surgery on a "child" covered under table 07.</p> <p>In case of Jeevan Saathi Plan (Table 19), 50% of the sum assured or Rs.250,000, whichever is less, is payable in advance if either of the life insureds undergoes a specified surgery which is recovered on maturity, or on his /her death if earlier.</p> <p>In case of Big Deal Policy (Table 14) the amount of the basic sum assured will mean Rs. 25,000 per unit. 50% of this basic sum assured or Rs. 250,000, whichever is less will be payable in advance, on undergoing a specified surgery, which is adjustable on maturity or death, if earlier.</p>			<p>CHAIRMAN'S INITIALS</p> 

MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

CTORS	HELD AT	ON	TIME
BOOK	KARACHI	17 TH MAY, 2003	

POSITION OF POLICY AFTER SPECIFIED MAJOR SURGICAL BENEFIT IS PAID

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

CLAIM PROCEDURES

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

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

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

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

ELIGIBILITY

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

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

The policy must be in force for the full sum assured, (that is not paid up for reduced sum assured) as at 31st December 2002 and at the date of the surgery. The benefit will NOT be available if the policy was lapsed or paid up as at 31st December 2002 and revived subsequently.

Benefits are only payable on Pak Rupee policies.

The benefit is only paid on with profit policies.

CHAIRMAN'S INITIALS



MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

CTORS E BOOK	HELD AT KARACHI	ON 17 TH MAY, 2003	TIME
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6 May 2003

From: Samee-ul-Hasan, Chairman
To: Board of Directors of the State Life Insurance Corporation of Pakistan
Subject: Reflections at the end of tenure

ANNEXURE-B

I was appointed as Chairman on 19 May 2000, under a three year contract. My tenure is due to expire in a few days. I am grateful to Almighty Allah for this opportunity to serve a great Pakistani corporation. I thank the Government of Pakistan for this high honour.

2. My special thanks to Commerce Minister Mr. A. Razak Dawood, who appointed me. He and Commerce Secretary Mirza Qamar Beg backed us fully, and encouraged the Board to exercise their legal powers to run the Corporation, "with no interference from Government functionaries". The policy statement made by the Minister at the first meeting of the new Board, in the presence of the Commerce Secretary and the Joint Secretary (Insurance) served as our guide. A copy is at Annexure I.

Whenever asked for help, for example with our tax matters, both went out of their way.

3. I also thank the present Commerce Minister Mr. Humayun Akhtar Khan, who is a Fellow of the US Society of Actuaries, for his courtesy and the kind words he has said about the Corporation.

4. Officials of the Commerce Ministry have more than once responded quickly to help the Corporation. I sincerely thank them.

5. The Board has been a tower of strength. You have guided, supported and encouraged the management, and myself personally. You have given very generously of your time purely out of public-spiritedness. Members of the Executive Committee, the Board Audit Committee and the Standing Committee did double, triple or quadruple duty. In addition to Committee work, you have responded positively whenever asked to meet Zonal Heads, Area Managers and others to encourage good performers. I thank you all from the bottom of my heart.

سلاہ بہ الفاظِ تو دُرُفشان سلاہ بہ اخلاقِ تو مشکِ بو

MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

S OK	HELD AT KARACHI	ON 17TH MAY, 2003	TIME
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6. I have built on the work of my predecessors. I thank them all. Many of them, like Mr H.U.Beg, the first Chairman; Mr Riaz A Naik, Mr D.M.Qureshi, Mr Patrick Sequeira, Mr N.A. Jafarey, Mr M.A.M. Siddiqui, Mr A.K. Lodhi, Mr Inaamul Haque, and Sayed Muzafar Ali Shah, phoned or called on me after my appointment, and gave me their full moral support. How sad that Mr Riaz A Naik, Mr N.A. Jafarey and Sayed Muzafar Ali Shah have died since then. May Almighty Allah grant them *maghfirat* and give their families *sabr*.

My immediate predecessor Dr Najeeb Samie went out of his way to smooth the way for my appointment, and I thank him for the exemplary grace and courtesy with which he handed over.

7. Executive Directors, officers, staff, area managers and field workers have co-operated willingly and cheerfully, and well beyond the call of duty. This applies to those who are still with us, and to those who have retired or left during my tenure or before. **Rarely in Pakistan's history have so many changes been accepted in such a short period with such good grace.** The Officers' Federation and Associations, the Employees' Federation (CBA) and Associations, the Field Federation and Associations and the Area Managers' Federation and Associations, have all in one way or the other given the welfare of the Corporation priority over their own interests. The Board and I owe them warmest thanks.

8. This is the first time in State Life's 30-year history that:

A high powered board was appointed, with people of stature from various fields and professions, and allowed to operate for so many years.

A Chairman was appointed for a fixed tenure and will Inshallah complete that tenure.

That the Chairman was a career life insurance professional¹.

The past three years were one of the very few periods when the Corporation was allowed to operate without bureaucratic or political interference.

¹ I started my life insurance/actuarial career in London on 1 June 1958, with The Northern Assurance Co Ltd.



MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
E BOOK	KARACHI	17 TH MAY, 2003	

One of the very few periods when people began to feel that hard work and merit is likely to be rewarded, and that poor performance is likely to lead to uncomfortable consequences.

The above factors, reinforcing each other, were responsible for whatever has been achieved in the past three years. I hope they will continue in future to the maximum possible extent.

9 We approached our task with humility, being aware that we are fallible, and depend on Allah's Mercy. With this fundamental approach, we followed certain management principles.

First: We developed a clear strategic vision in respect of some vital operational areas. At the same time, we recognised that tactics and logistics are equally important.

Second: We respected the experience and loyalty of State Life's personnel. We trusted them, we consulted them. They responded positively. Consultation is approved by the Glorious Quran, and by the Sunna of the Messenger of Allah, *sall-allahu aleyhi wa sallam*.

All reforms were carried out by the existing personnel of State Life. No outsiders were brought in as employees or consultants. State Life, like any large organisation, has sufficient dedicated, intelligent and experienced people to visualise and implement changes, if they are encouraged and given the lead. Alhamdulillah, people came to share our strategic vision. One reason was that they sensed the Board's and management's determination and integrity of purpose.

بدلنا ہے تو رندوں سے کہو اپنی چلن بدیں
بدل جانے سے ساقی کے یہ ہینخانہ نہ بدلیگا

We tried hard to arrive at major decisions by agreement and consensus. This is the best form of decision-making.

If prior agreement was not possible for any reason, we tried hard to explain beforehand why a particular decision was necessary, and to hear their point of view and modify the decision wherever appropriate. This is the second-best form of decision-making.

We tried to give ample notice of changes. People do not like being taken by surprise.

MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME
MEMORANDUM	KARACHI	17 TH MAY, 2003	

An example was the elimination of dummy agencies, and move towards a genuine productive trained field force. Soon after taking over, we announced our intention to do these things. But more than two years were taken in preparing the ground. So when the decision was taken by the Board on 13 July 2002, it was Alhamdulillah implemented successfully on the whole.

Of course, to quote Peter Drucker, if the ship is sinking, the captain has to give an order, and everybody has to obey the order. If he gives the correct order, the ship will be saved. If he gives an incorrect order, the ship will go down. But if he starts consulting and calling committees in such a situation, the ship will definitely go down. There were cases where we simply issued orders and expected them to be obeyed. But these were few. This is the most inferior form of decision-making, to be followed only in real emergencies, or in routine and trivial situations.

Third: People have great hidden potential. You have to get them to use it. So we demanded better performance, and Alhamdulillah we got it.

Fourth: After we took a decision, we tried hard to stick to it. By this, the management gained respect and established its credibility. This made it successively easier for our decisions to be implemented. To stick to decisions, to resist pressures, tests the commitment of the management.

دھکی میں مر گیا جو نہ باب نہ برد تھا محنت نہ برد پیشہ طلبا ہر مرد تھا

But one cannot be rigid. At times, we had to judge whether to stick to our guns, or whether to be flexible, always keeping in mind our determination to achieve our objectives.

And finally, we accepted that we were not in a popularity contest. There will always be some people who will resent change. If you run an organisation well, then poor performers who refuse to improve should be unhappy with you. This is a good sign. Unfortunately, a very small number, countable on the fingers of one hand, reacted bitterly, and tried to strike back venomously. We accepted this as part of the job. We didn't let it throw us off.

غالب بُرا نہ مان جو واعظ برا کہے
ایسا بھی توڑی ہے کہ سب اچھا کہیں جسے؟

We were not vengeful. We left them to Allah:

وَاصْبِرْ عَلَىٰ مَا يَقُولُونَ وَاهْجُرْهُمْ هَجْرًا جَمِيلًا



MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
TE BOOK	KARACHI	17 TH MAY, 2003	

10. It is not for me to judge the results. It is for others to do this. And the facts will speak for themselves. But I sense that on the whole, the organisation is in an upbeat and positive frame of mind.

11. Of course, there are a great many things still to be done.

کار دنیا کسے تمام نکرہ برچہ گیری، مختصر گیری

12. I respectfully submit that as soon as possible, the Corporation should be taken out of Government's administrative control. Proposals towards this end were formulated more than a year ago, after a thorough discussion, with the participation of the Commerce Minister, the Commerce Secretary, Board Members, representatives of private life and non-life insurance companies, and other distinguished people. I hope Government will move forward on this.

It will greatly increase the likelihood that decisions in all spheres will be done on strict professional and business considerations, and on merit. This is very important for the future of the Corporation, and for the morale of its personnel.

Annexure 2 gives a powerful indication of how steeply downwards the Corporation was heading. It also shows how rapidly the measures taken by the present Board and management pulled the Corporation back from the brink.

I pray for the continued and healthy growth of State Life, and for the health and prosperity of all who work for State Life and their families. I pray that my successor may lead the Corporation to much greater heights.




MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

ACTORS	HELD AT	ON	TIME
TE BOOK	KARACHI	17 TH MAY, 2003	

Annexure 1Summary of Remarks

by Mr. A. Razak Dawood, Federal Minister of Commerce

to the Members of the re-constituted Board of the State Life Insurance Corporation of Pakistan

on 24th August, 2000 at State Life's Principal Office, Karachi.

Before the formal commencement of the 155th Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan, the Federal Minister of Commerce and the Federal Secretary of Commerce met the Chairman and the newly inducted Board members informally.

Those present were:

- | | | |
|-----|------------------------|--|
| 1. | Mr. A. Razak Dawood | Federal Minister of Commerce |
| 2. | Mirza Qan'ar Beg | Federal Secretary of Commerce |
| 3. | Mr. Samee-ul-Hasan | Chairman, State Life Insurance Corporation of Pakistan |
| 4. | Mr. Azhar Ali Malik | Director |
| 5. | Mr. Bashir Ahmed | Director |
| 6. | Mr. Nessar Ahmed | Director |
| 7. | Mr. Salim Iqbal | Director |
| 8. | Mrs. Spenta Kandawalla | Director |
| 9. | Mr. Umar Ata Bandial | Director |
| 10. | Mr. Akbar Ali Hussain | Secretary Board |

2. Air Marshal Sharbat Ali Changazi had regretted his inability to attend, because he was out of station.

3. The Minister of Commerce welcomed the members of the Board of the reconstituted Board of Directors of State Life Insurance Corporation of Pakistan, which was the guardian of the policyholders fund. The Federal Government desired 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. The Minister hoped, that through good governance and open management, the highly experienced and talented Board, having representation from different sphere of activities, would bring about improvement in the Corporation.

4. On behalf of the Board, the Chairman thanked the Minister for his remarks and welcomed the assurance given by him that the Board should operate independently with no interference from Government functionaries. However, if the Government issued a direction to State Life on a matter of policy involving public interest, as provided in Article 25 of the Life Insurance (Nationalisation) Ordinance, 1972, State Life would of course comply. He requested that before issuing such a direction State Life's views should be obtained.

CHAIRMAN'S
INITIALS



MINUTES OF 171ST MEETING OF THE BOARD OF DIRECTORS

CTORS	HELD AT	ON	TIME
E BOOK	KARACHI	17 TH MAY, 2003	

Annexure 2

April 11, 2003

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
INDIVIDUAL LIFE FIRST POLICY YEAR PREMIUM INCOME

1st Quarter I January – 31 March

Year	FYP (Rs. 000s)	% Increase/Decrease over previous year
1994	186,929	
1995	191,804	+ 3%
1996	139,162	(-) 27%
1997	142,487	+ 2%
1998	116,904	(-) 18%
1999	111,199	(-) 5%
2000	88,285	(-) 21%
2001	155,951	+ 77%
2002	212,893	+ 37%
2003	285,283	+ 34%

CHAIRMAN'S
INITIALS

