

MINUTES OF 173RD MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	27 TH DECEMBER, 2003	

CONFIDENTIAL AND RESTRICTED

The one hundred and seventy third (173rd) Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 27th December, 2003 at 10:00 a.m., in the Board Room, State Life Building No.9, Principal Office, Karachi.

PRESENT:

- | | |
|--|-----------------|
| 1. Mr. Rasool Bakhsh Baloch | Chairman |
| 2. Mr. Bashir Ahmed | Director |
| 3. Air Marshal (Retd.) Sharbat A. Changazi | Director |
| 4. Mr. Umar Ata Bandial | Director |
| 5. Ch. Javaid Hussain | Director |
| 6. Mr. Shahid Aziz Khan | Board Secretary |

2. Mr. Muhammad Javed Khan, Executive Director(RE/Law), Mr. Zafar Mahmood, Executive Director(P&GS/G&P), Mr. Zahid Murad, Executive Director, Mr. Muhammad Latif, Executive Director(B&A/Inv), Mr. Muhammad Javaid Khan, General Manager(Marketing) and Mr. Muhammad Aslam Sabir, General Manager(PIIS/CD) attended the meeting by special invitation.

3. The meeting started with recitation from the Holy Quran and the Board Secretary was provided the honour of recitation.

4. Mr. Muhammad Sharif Ijaz Ghauri, Mr. Nessar Ahmad and Mrs. Spenta Kandawalla, Directors have requested leave of absence. The Board granted them leave.

5. The Chairman extended warm welcome on behalf of the Board to Ch. Javaid Hussain, the newly appointed Director on the Board and expressed his confidence that the Board would take benefit from the experience and wisdom of Ch. Javaid Hussain. Ch. Javaid Hussain thanked to the Chairman and members of the Board for words of appreciation for him and assured that he would extend his full cooperation and would work in the best interest of Corporation.

6. Ch. Javaid Hussain recalled Rawalpindi incident wherein, 16 people were killed in the bomb blasts. He further pointed out towards victims of earthquake in Iran, wherein thousands of people were killed. He proposed the Board to offer "fateha" for the departed souls. The Board agreed and expressed deep sorrow and grief over the deaths and offered "fateha" for the victims. The Board prayed that Almighty Allah may grant "maghferat" and "sabr-i-jameel" to the bereaved families.

7. The Chairman also welcomed to Mr. Zahid Murad the newly appointed Executive Director.

ITEM (1) CONFIRMATION OF MINUTES OF 172ND MEETING OF THE BOARD OF DIRECTORS HELD ON 20TH SEPTEMBER, 2003.

8. The minutes of the 172nd Meeting of the Board of Directors held on 20th September, 2003 were placed before the Board.

CHAIRMAN'S
INITIALS



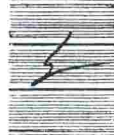
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<p>Action: Board Secretary</p>	<p>9. Mr. Umar Ata Bandial proposed and Mr. Bashir Ahmed seconded that the Minutes be confirmed.</p> <p>Accordingly, it was resolved as under;</p> <p>RESOLVED: "that the Minutes of the 172nd Meeting of the Board of Directors held on 20th September, 2003 be and were hereby confirmed."</p>		
<p>Action: Board Secretary</p>	<p>ITEM (2) IMPLEMENTATION REPORT ON DECISION TAKEN IN THE PREVIOUS BOARD MEETINGS.</p> <p>10. The Board Secretary presented before the Board the implementation report on decisions taken at the 172nd Meeting of the Board held on 20th September, 2003, which were discussed and noted with the following observations:-</p>		
<p>Action: GM(IAS&E)</p>	<p>11. During the course of discussion on Item No.10, in connection with "Fund Manager", Chairman briefed the Board regarding the development taken place. He pointed out that a comprehensive letter has been written to the Additional Secretary, Ministry of Commerce, wherein it has been specially pointed out that State Life primarily was not a investment company but it was an insurance company. Chairman further informed, as the matter has already been taken up with the Ministry therefore the Board would be kept informed about further development on this issue.</p> <p>12. The matter regarding Minutes of 8th meeting of Board Audit Committee was again placed before the Board for their information. The matter of maintenance of certain registers under Section 205 of the Companies Ordinance 1984, as recorded at Clause-IV, Item No.4 of the Minutes was discussed in the light of Law Division's opinion. Mr. Bashir Ahmed, Chairman, Board Audit Committee briefed the Board of Directors on this matter and informed that the Board Audit Committee in its 11th meeting held on 26-12-2003 has directed the Law Division to obtain expert legal opinion from external legal advisor, whether Section 205 of the Company Ordinance 1984, is applicable to the State Life or not.</p>		
<p>Action: Board Secretary</p>	<p>ITEM (3) RATIFICATION OF MINUTES OF 269TH AND 270TH MEETINGS OF THE EXECUTIVE COMMITTEE HELD ON 1ST AUGUST, 2002 AND 11TH JANUARY, 2003.</p> <p>13. The Board Secretary presented before the Board, the Minutes of the 269th and 270th meetings of the Executive Committee held on 1st August, 2002 and 11th January, 2003 were placed before the Board for ratification.</p> <p>Accordingly, it was resolved as under:</p> <p>RESOLVED: "that the Minutes of the 269th and 270th meetings of the Executive Committee held on 1st August, 2002 and 11th January, 2003 be and were hereby ratified."</p>		

CHAIRMAN'S INITIALS



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Action: GM(IA&B)	<p>ITEM (4) CONSIDER/REVIEW – MINUTES OF 9TH MEETING OF BOARD AUDIT COMMITTEE HELD ON 6TH SEPTEMBER, 2003.</p> <p>14. Mr. Bashir Ahmed, Chairman Board Audit Committee, presented before the Board, the Minutes of 9th meeting of Board Audit Committee held on 6th September, 2003, which were noted.</p> <p>ITEM (5) PRESENTATION OF BUSINESS FIGURES OF MARKETING, GROUP AND PENSIONS, INTERNATIONAL, INVESTMENT AND REAL ESTATE DIVISIONS. GM(Marketing), ED(G&P), ED(Int'l), ED(Inv.) And ED(RE)'s Memorandum dated 18-12-2003</p> <p>15. The Business Review Memorandums of GM(Marketing), ED(G&P), ED(Int'l), ED(Investment) and ED(Real Estate) for business review of Marketing, Group & Pension, International, Investment and Real Estate Divisions respectively were submitted to the Board which were noted.</p> <p><u>MARKETING DIVISION:</u></p> <p>16. GM(Marketing) presented before the Board the business review Memorandum of Marketing Division.</p> <p>17. The Corporation procured FYP of Rs.1181 million for the period ended November 30, 2003 as compared to Rs.876 million during the corresponding period of last year, thus registering an increase of 34.84% over the corresponding period of last year.</p> <p>18. The Corporation collected Rs.601 million as 2nd year premium, as against Rs.876 million FYP of the corresponding period of the year 2002. The 2nd year persistency for the period from January to November 2003 was 68.71%. The 3rd year and later year's premium for the period ended November 30, 2003 was Rs.2848 million as against Rs.3102 million renewal premium collected during the same period of 2002. The 3rd year persistency ratio for the period January to November, 2003 was 91.81%. The new policies sold upto the month of November 2003 were 1,30,592 as against 1,07,788 policies sold during the same period of preceding year and thus registering an increase of 21.15%.</p> <p><u>GROUP & PENSIONS DIVISION:</u></p> <p>19. Executive Director(G&P) presented before the Board business review Memorandum of G&P Division..</p> <p>20. The collection of premium for G&P business for the period ended 30th November, 2003 stood at Rs.1,563,776 million as against Rs.1,071,680 million, for the corresponding period of last year showing an increase of 45.92%. Premium income of G&P Division as at 30th November, 2003 was the highest ever recorded income.</p> <p>21. G&P Division secured 176 new groups during the period ended 30th November 2003 having total premium of Rs.162.577 million as against 175 new groups having premium of Rs.30.066 million, for the same period of 2002 showing an increase of</p>		
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<p>441 % in premium income. During the period ended 30th November, 2003 G&P Division lost 80 policies having total premium of Rs.14.799 million. The persistency of G&P Division upto November was 98.62%.</p> <p><u>INTERNATIONAL DIVISION:</u></p> <p>22. Executive Director(International) presented before the Board business review Memorandum of International Division..</p> <p>23. International Division has secured first year premium of US\$.1,419,909 during the period ended November 30, 2003 as against US\$. 1,501,521 for the corresponding period of last year showing a decline of 5%. The 2nd year persistency for the period from January to November 2003 was 65% as against 75% achieved during the same period of last year showing a decline of 10%. The 3rd year and over persistency for the period from January to November 2003 was 73% as against 86% achieved during the same period of last year showing a decline of 13%. The policies sold by International Division during the period ended November 30, 2003 were 1182 as against 1207 during the same period of last year, showing a decline of 2%.</p> <p>24. Ch. Javaid Hussain pointed out that in Saudi Arabia there are so many Pakistanis whose intention was to take the benefits of insurance but Corporation's field force was not in contact with them. The Chairman asked ED(International) to look into the matter. Ch. Javaid Hussain also pointed out that State Life should establish its set up in different foreign countries such like Hong Kong, England etc. He further stressed, that the benefits of insurance need to be provided to the maximum number of Pakistanis, who were working or settled in foreign countries. ED(International) briefed on the issue and pointed out that due to the strict government policy and technical reasons it was very difficult to establish Corporation's set up in foreign countries. He also pointed out that due to certain technical reasons, the Corporation's set up already established at London was in the process of winding up.</p> <p><u>INVESTMENT DIVISION:</u></p> <p>25. Executive Director (Investment) presented before the Board a business review Memorandum of Investment Division.</p> <p>26. Book value of the investment portfolio, which was Rs.86,853 million as on December 31, 2002, was estimated to have increased to Rs.94,180 million as on November 30, 2003, reflecting an increase of Rs.7,327 million and a percentage increase of 8.43%, during the first eleven months ended November 30, 2003 over December 31, 2002. State Life has invested in Pakistan Investment Bonds(PIBs) floated by Government of Pakistan since December 2000. The Corporation has placed Rs.12,136 million in PIBs during the eleven months under review raising the total investment in PIBs inclusive of accrued interest to Rs.51,345 million. This constitutes about 71.29% of Corporation total investment in Government Securities which was Rs.72,026 million as on November 30, 2003. Corporate debts include investment mainly in Bonds of WAPDA and in TFCs of different companies. State Life has so far invested Rs.1,350 million in WAPDA Bonds, balance of which was Rs.1,292 million as on November 30, 2003. Balance outstanding against TFCs of other companies was Rs.864 million as on December 31, 2002 and Rs.815 million as at November 30, 2003.</p>			

Action:
ED(Int'l)

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27. State Life equity portfolio, which was Rs.7,752 million as on December 31, 2002 has increased to Rs.8,717 million as on November 30, 2003. State Life purchased shares with a book value of Rs.1,226,93 million during the period ended November 30, 2003. State Life also sold shares with a book value of Rs.45.95 million for Ps.95.43 million thereby realizing capital gain of Rs.49.48 million during the period. The book value of total quoted equity portfolio as on 30th November, 2003 was Rs.8,486 million while its market value was Rs.19,898 million showing an appreciation of Rs.11,412 million. State Life has earned Rs.8,303 million (estimated) on its investment portfolio excluding unrealized gains on investment for the period ending November 30, 2003, as compared to Rs.11,214 million earned during the complete year of 2002.

REAL ESTATE DIVISION:

28. Executive Director(Real Estate) presented before the Board a business review Memorandum of Real Estate Division.

29. The net income of Real Estate Division has been Rs.50 million upto 30th November, 2003 against projected figure of Rs.24 million. The expenses for the year 2003 were budgeted to the tune of Rs.362 million. The expenses remained at Rs.302 million i.e. well within the pro-rata budget of Rs.332 million upto 30th November, 2003.

30. The Board of Directors appreciated particularly the details given by Marketing Division regarding number of policies surrendered and surrender value paid and expressed their satisfaction over the decreasing trend in number of surrendered cases and their value. The Board of Directors also appreciated the business performance of Marketing, Group and Pensions, International, Investment and Real Estate Divisions and stressed for achieving the business targets.

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

ITEM(6) CONSIDER/APPROVE – AGREEMENT BETWEEN CBA STATE LIFE EMPLOYEES FEDERATION AND THE MANAGEMENT FOR A PERIOD OF 2 YEARS W.E.F. 1-1-2003 TO 31-12-2004.
Executive Director(P&GS)'s Memorandum dated 18-12-2003

31. Executive Director(P&GS) presented before the Board, a copy of the Memorandum of agreement between the Management and the CBA signed on 16th November, 2003 for its perusal and ratification.

32. Consequent upon submission of Charter of Demands by State Life Insurance Employees Federation of Pakistan vide their communication No. EF/CD/2003 dated February 26, 2003 a negotiation team was constituted to hold the formal negotiation session with the members nominated by the CBA on Charter of Demands filed by them under IRO 2002. The Management constituted a team comprising the following members.

- i) Mr. Muhammad Javed Khan, Executive Director (RE/Law)
- ii) Mr. Zafar Mahmood, Executive Director (P&GS/G&P)
- iii) Mr. Muhammad Latif, Executive Director (B&A/Inv.)

33. The Management Negotiation Committee appointed a sub-committee to hold negotiation with the CBA representatives on the Charter of Demands The sub-committee comprised of the heads of various Divisions under the Convenorship of GM (P&GS)

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34. A comparative study of previous rate of increase allowed per annum to the employees of State Life Insurance Corporation of Pakistan through various CBA agreements is as under :

Tenure	%age increase allowed In basic pay	Overall Increase	Amount (Rs. in million)
2001-02	9.49%	11.26%	50.00
1999-00	15%	16.52%	98.64
1997-98	18%	23.11%	99.52
1995-96	31.72%	34.55%	73.33

35. The sub-committee of Management Team succeeded in convincing the CBA representatives to agree on the following increase with great efforts.

Increase in basic salary	10.00%	Rs. 13.322 million
Increase in static & variable allowances	11.39%	Rs. 28.331 million
Increase in fringe benefits	07.70%	Rs. 10.316 million
Total over all increase	10.10%	Rs. 51.968 million

36. The agreement with CBA representatives was finally signed by the Management and the members of the Negotiation Committee on 16th November, 2003. The financial implication shall remain within Rs.51.968 million per annum.

37. Members of the Board were apprised of the above situation with a request to kindly ratify the agreement reached between the Management of State Life and CBA detailed as above and a copy placed hereunder at annexure 'A' to the Memorandum.

After discussions, it was resolved as under:-

RESOLVED:

"that the Memorandum of the agreement executed between the Management and the CBA on 16th November, 2003 for the years 2003 and 2004 and placed before the Board, be and was hereby ratified."

Action:
ED(P&GS)

ITEM(7) **CONSIDER/APPROVE – BUDGET PROPOSALS FOR THE YEAR 2004 AND REVISED BUDGET ESTIMATES FOR THE YEAR 2003.**
Executive Director(B&A)'s Memorandum dated 19-12-2003.

38. Executive Director(B&A) presented before the Board a Memorandum for consideration and approval of the Budget Proposals for the year 2004 and Revised Budget Estimates for the year 2003, showing all the necessary details of Premium and Investment Income alongwith comprehensive details of Revenue Expenses as well as of the Capital Expenditure.

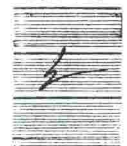
Budget Proposals

39. Details in support of the budget proposals being submitted are as under:

(1) **Budget Highlights (Annex-I)**

This summary contains highlights in respect of income, outgo and changes in statutory fund and expense ratios on corporate basis for the years 2002 (actual), 2003 (budget), 2003 (revised) and 2004 (projected),

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indicating also increase/ decrease in percentages.

(2) Budget Summary (Annex-II)

Summary of budget proposals contains figures for (i) within Pakistan (ii) Overseas and (iii) on Corporation basis indicating (i) Actual Results for the year 2002 (ii) Approved Budget for the year 2003 (iii) Revised Budget Estimates for the year 2003 and (iv) Proposed budget for the year 2004. Proposals for Overseas Business operations for the above years in US dollars are also shown separately as per Annex-II(i) to the Memorandum.

Various annex attached to the Budget Summary (Annex-II) to the Memorandum contained the details as under:-

- Income Annex "A"
- Field Expenses Annex "B"
- Acquisition Cost of First Year Premium Annex "B-I"
- Administrative Expenses Annex "C"
- Policyholders' Payments Annex "D"
- Portfoliowise Figures Annex "E-1" to "E-4"

Portfolio-wise operational figures given in Annex "E-1" to "E-4" showing details of income, expenses and contribution to Statutory Funds in respect of (i) Individual Life business (Pakistan) including Principal Office expenses (ii) Group Life business (iii) Investment (iv) Real Estate and (v) Overseas Operations as well as total for the Corporation as a whole, separately for the years 2002 (Actual), 2003 (Budgeted), 2003 (Revised) and 2004 (Projected).

(3) Capital Expenditure (Annex-III)

Requirements of capital expenditures for the year 2004 are contained in Annex-III and justification for incurring these expenditures are given in Annex-III(i) to the Memorandum.

Overview of the budget.

Extra Ordinary items of Expenditure in 2003 & 2004:

- (1) The Board of Director in its 166th meeting held on 27th April 2002 advised to take up the matter with the Income tax authorities for allowing special contribution towards the shortfall of Rs 501 millions into the employees pension as the same were observed by the statutory auditors in their audit report for the year 2001. Income tax authorities allowed to make additional contribution in three equal installments. Accordingly special contribution of Rs. 167 million was made in 2002. Budget for the year 2003 and 2004 also include the provision for this additional contribution.
- (2) Leave encashment facility to officers and Area Managers was allowed, after approval of Board of Directors. Leave balances as at 31st December 2001 were allowed for encashment in five years. This decision was mainly based on observations of External Auditors that called for making provision for

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compensated leaves in accordance with International Accounting Standards (IAS-19). Accordingly in the year 2002, leave encashment amounting to Rs.45.8 million was paid. Budgets for the year 2003 and 2004 also include an additional provision of Rs.56 million for the year 2003 and 2004.

- (3) In the recent agreement with the CBA, Management has agreed for leave encashment facility to unionized staff on the same lines as has been allowed to officers, which would impact Rs.6.4 million. Budget for the year 2004 also includes provision to this effect.

Acquisition and Administrative Cost of FYP

- (1) Under the Defunct Insurance Rules, the total permissible First Year Cost including acquisition and administrative cost is about 89.5% of the First Year Premium.
- (2) Annex "B-F" indicates that acquisition costs of the First Year Premium in the year 2002 was 90% and for the year 2003 (Revised) it is 91%. Budgeted acquisition costs of FYP for the year 2004 is estimated to remain at 91% of FYP.

Renewal Expense Ratio (excluding extra ordinary items)

- (1) The attention of the Board is also drawn towards renewal expense ratio of the Corporation. Administrative Expenses, excluding extra-ordinary items like Special Contribution for Pension and leave encashment, have increased from Rs.1,613 million in 2002 to Rs.1,874 million in the revised estimates for 2003 i.e. by 16%, raising renewal expense ratio from 29.8% in the year 2002 to 32.4% in the year 2003. However, as compared to approved budget for 2003, administrative expenses in the revised estimates for 2003 have decreased by Rs.64.0 million, resulting decrease in revised renewal expense ratio for the year 2003 to 32.4% from the budgeted ratio of 37.2.
- (2) Administrative Expenses for the year 2004 excluding extra ordinary items are estimated to Rs 2,226 million showing an increase of 19.0 % over the revised budget for 2003. Renewal expenses ratio for the year 2004, without extraordinary items, also represents a slight increase from 32.4% in the revised budget to 32.9%.
- (3) Main reasons for increase in the estimated Administrative Expenses for the year 2004 are as under:

- | | |
|---|--------------|
| • Increase in Policy Stamps (due to business increase as well as increase in rates) | 60.0 million |
| • Provision for new appointment of 123 officers | 32.0 million |
| • Provision for appointment of 18 Area Managers | 7.0 million |
| • Provision for 10% increase in officers salary | 42.0 million |
| • Increase in staff salary | 52.0 million |
| • Increase in training expenditure | 18.0 million |
| • Provision for research and development cell | 2.0 million |

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(4) Expenses under the head policy stamps have increased considerably due to increase in the rate of policy stamps from 40 paisas to Rs. 3.0 per thousand of the sum assured in the zones of the Northern, Central and Multan Regions falling within the territories of Punjab. Expenses have also increased under the head Advertisement, Training, Traveling and Printing & Stationery due to enhanced and more frequent contacts with policyholders through mail and print and electronic media to motivate them for continuation of their insurance coverage as well as for payment of premium by them in time.

Renewal Expense Ratio – (including extra-ordinary items)

- (1) Renewal expense ratio including extra ordinary items is expected to be 36.1% for the year 2003 (revised) against 41.4% of 2003 (budgeted). It has been projected to be 35.2 % for the year 2004.
- (2) Renewal expense ratio would remain high till the extra ordinary expenses on account of pension contribution and leave encashment persist.

The expenses on pension contribution will be incurred till the years 2004 in equal installments as allowed by the Income Tax Authority. The impact of leave encashment to officers and Area Managers would be felt till 2006 because encashment of accumulated leaves would be parceled out over the next three years.

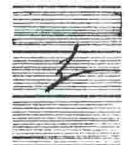
40. Board of Directors was requested to kindly consider and approve Budget Proposals for the year 2004 and Revised Budget Estimates for the year 2003, as proposed (a) in the Budget summary which contains figures for (i) within Pakistan business (ii) Overseas operations containing figures converted in Pak Rupees from US Dollars and (iii) on Corporation basis in Pak Rupees (Annex-II), (b) Budget summary for overseas operations in US dollars as per Annex-II(i) and (c) Budget for capital expenditures for the year 2004 as contained in Annex-III.

41. It may be mentioned that after approval of budget proposals under different heads of expense accounts for the respective year, at times a need arises for re-appropriation of some amount from one head to another head of expense account on genuine grounds. The Board was also requested to consider and authorize Executive Director (B&A) to make re-appropriation of budget among different heads of expense accounts, in case a genuine need for such re-appropriation arises, of course, within the overall total amount of budget approved by the Board of Directors.

42. During the course of discussion, the Members of the Board suggested that the Management of State Life may review the details of budget figures allocated to different heads of revenue expenses for any change in the existing procedure regarding allocation of budget to different Zones/accounting centres. As regards allocation of budget for capital items to different Zones/accounting centres the requirements and procedure may further be reviewed in particular to ascertain the use and utility of the allocated budget according to the needs and priority of requirements.

Action:
ED(B&A)

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After due deliberation, the Board resolved as under:-

RESOLVED:

Action:
ED(B&A)

(i) "that as proposed by ED(B&A) in the memorandum the budget proposals, for the year 2004 and revised budget estimates for the year 2003, (a) in the budget summary as contained figures for (i) within Pakistan business (ii) Overseas operation containing figures converted in Pak Rupees from US Dollars and (iii) on Corporation basis in Pak Rupees(Annexure-II), (b) budget summary for overseas operations in US Dollars as per Annexure-II(i) and (c) budget for capital expenditures for the year 2004 in Annexure-III, attached to the Minutes, be and were hereby approved."

Action:
ED(B&A)/
Chairman

(ii) "that Chairman of the Board was authorized to devise the requisite procedure for re-appropriation of funds among different heads of expense accounts within the overall amount of budget, be and was hereby approved by the Board."

ITEM(8) CONSIDER/APPROVE – CAR RENTAL AND REIMBURSEMENT OF COST OF PETROL TO EXECUTIVE OFFICERS OF G&P DIVISION WORKING AS SECTOR HEADS.
Executive Director(G&P)'s Memorandum dated 17-12-2003

43. Executive Director(G&P) presented before the Board a memorandum for consideration and approval of car rental and reimbursement of cost of petrol to Executive Officers of G&P Division working as Sector Heads.

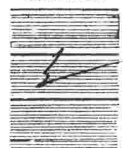
44. The Chairman on May 17, 2003 approved the facility of Car Rental and Petrol to Executive Officers working as Sector Heads in Group and Pensions Division (Annexure-I) to the Memorandum. The quantum of the facility (Car Rental and Reimbursement of Cost of Petrol) is currently admissible for the officers involved in the marketing, according to the following table.

Designation	Car Rental (Per month) Rupees.	Petrol Limit (Per month) Litres
DGM, Zonal Head (Mrkt)	Nil	300
AGM, (Mrkt)	3400	220
Manager, (Mrkt)	3250	200
DM (Mrkt) (achieving growth rate of 12 ½ % or more)	1450	200
DM (Mrkt) (achieving growth rate of 10 %)	1450	150
AM (Mrkt) (achieving minimum rate of 12 ½ %)	500	135
AM (Mrkt) (achieving minimum rate of 10 %)	400	120

45. Accordingly it was proposed to allow the Car Rental and Reimbursement of Cost of Petrol to Executive Officers, as shown in the following table.

Executive Officer working as Sector Head (G&P)	Car Rental (Per month) Rupees	Petrol Limit (Per month) Litre
Achieving minimum growth rate of 10% as compared to preceding calendar year.	300/-	100Litre

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Achieving minimum growth rate of 12 ½ % or more as compared to preceding calendar year.	Rupees 400/-	120 Litre
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46. As this incentive scheme is proposed to be made effective from 1st January 2004, the same is submitted for consideration and approval of the Board. The annual cost of this incentive would be less then 50,000/-.

After deliberations, the Board resolved as under:-

RESOLVED:

"that as proposed by ED(G&P) in the memorandum, Executive Officers working as Sector Head in G&P Division be allowed (a) car rental of Rs.300/- per month and petrol limit of 100 litres per month, achieving minimum growth rate of 10% as compared to preceding calendar year and (b) car rental of Rs.400/- per month and petrol limit of 120 litres per month, achieving minimum growth rate of 12.5% or more as compared to preceding calendar year with effect from 1st January, 2004, be and was hereby approved."

Action:
ED(G&P)

ITEM (9) CONSIDER/APPROVE – LOANS AND ADVANCES TO EMPLOYEES AND AGENTS.

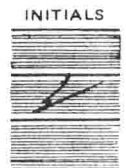
Executive Director(B&A)'s Memorandum dated 18-12-2003

47. Executive Director(B&A) presented before the Board a memorandum for consideration and approval of loans and advances to employees and agents.

48. Prior to the promulgation of Insurance Ordinance, 2000, all loans and advances to employees, agents or employers of agents were being granted from Life Fund and the amount allocated for different types of loans and advances for employees (staff) as well as for field workers was quite handsome. However, as per Section 37(9) of the Insurance Ordinance, 2000 no loans and advances can now be granted to employees or agents except from the Shareholders' Fund.

49. Being an operational necessity, the Board of Directors in its 159th meeting held on 26th January, 2001 decided to grant loans and advances for implementation of the agreement with CBA and also for loans and temporary advances to agents to be subsequently adjusted against the Shareholders' Fund. Accordingly, the management allocated funds in February, 2001 for grant of loans and advances to (a) all employees (staff and officers including Area Managers and Development Executives) and (b) to Agents. At that time the paid-up capital was Rs.350 million and out of that a lump sum amount of Rs.200 million, which was more than 50% of the paid-up capital was allocated for different types of loans and advances to employees and agents. ED(B&A) was authorized by the Board of Directors in its 159th and 160th meetings to make further detailed allocations for different types of loans and advances and to different categories of employees/agents for Rs.200 million.

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50. The present position of allocation of funds to employees (officers and staff) and to agents for different types of loan and advances for Rs.200 million is as under:-

(Rs. in Million)

Types of Loans/Advances	Unionized Staff	Officers including Area Managers and Development Executives	Agents	Total
i) Two Month Salary/Temporary Advance	15	15	40	70
ii) House Rent Advance/ceiling	5	5	-	10
iii) Conveyance Loan	15	10	25	50
iv) Loan under Car Policy:				
a) Area Managers/Development Executives	-	25	-	25
b) Other officers	-	5	-	5
v) House Building Loan	15	20	50	40
Total:-	50	80	70	200

51. The Board of Directors in its 160th meeting held on 28th April, 2001 had also decided that mark up at the rate of 12% p.a. be charged on all loans and advances. However, no mark up would be charged to those borrowers who do not avail mark up on their Provident Fund balances and also on payment of House Rent Advance to the landlord for acquiring accommodation by officers on transfers. As per this decision, the mark up @ 12% is being charged on all loans and advances being paid to officers. However, the officers who availed the facility of loans and advances before 10th July, 2001, i.e. the date of issuance of circular for the new mark up rate, have been charged mark up at the old low rate. The unionized staff, who are governed through CBA agreement with the Management, did not agree for the mark up of 12%. Consequently, the old rates of mark up are still continued even for new loans and advances being allowed to them. Further, mark up on loans and advances to field workers also remained unchanged.

52. Old mark up rates on different types of loans and advances for staff, officers, area managers and agents were as follows:

	Two Month Salary/Temporary Advance	House Building Loan	Conveyance Loan	Loan under Car Policy	House Rent Advance
Staff	NIL	1. 6% over Rs.150,000 for grade 1-3; and 2. 6% over Rs.200,000 for Grade 4 and above.	11%	-	10%
Officers	NIL	10% Above Rs. 215,000	11%	10%	-
Area Managers	NIL	-	-	10%	-
Agents	NIL	10% above Rs.215,000/-	8.25%	-	-

53. The funds allocated for loans and advances for employees (officers and staff both) are quite less as compared to their requirements. The representatives of Employees Federation as well as of Officers Federation have been requesting time and again to increase the fund allocations under all type of loans and advances for the staff and officers respectively.

54. The Paid-up Capital of the Corporation, being shown under Shareholders' Fund,

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which was Rs.350 million in 2001, was increased to Rs.750 million in 2002 and has been further enhanced to Rs.900 million in 2003.

55. CBA has demanded for increase in funds for loans and advances to staff but at the same time they do not agree to the mark up @ 12%. Officers and Area Managers have also requested for decrease in the markup rate. Employees Federation is inclined to agree to forego the interest free limit on House Building Loans mentioned above, but they have requested that no mark up be charged on Two Month Salary Advance. As regards officers and field workers, the matter has not been discussed with their respective Federations. However, the proposal in this memo is being made for all the employees/field workers on a similar basis.

56. Keeping in view the repeated requests of the Employees Federation and also to meet the demands of officers and agents, it is proposed that an additional amount may be allocated for various categories of loans and advances for employees (officers and staff) and for agents. The revised total allocation may be an amount around Rs.450 million i.e. allocation of additional amount of Rs.250 million. As already decided (reference para 2 of the memorandum), the Executive Director (B&A) may allocate and re-appropriate the total allocated funds for different categories of loans and advances for the employees and field workers. It may be mentioned that investment of Shareholders' Fund in loans and advances to employees other than field workers, will be quite safe and sound as the repayment of these loans/advances are guaranteed as the loan installments are recovered from their salaries and loans allowed are also insured.

57. As regards mark up, factual position is that the bank rates have been reduced drastically in the years 2002 and 2003. Yield on 10 years PIBs which was 14% in December, 2000 had been reduced to around 6.05% to 6.20% per annum in December, 2003. Rate of 12% earlier fixed by the Board thus appears excessive. It is suggested that the same may also be reduced from 12% to State Bank discount rate plus 2.5% as had already been approved by the Board for loans to policyholders. Present SBP discount rate is 7.5%. As regards mark up on two months salary advance and temporary advances to employees and field workers, the same may not be charged. However, for House Building Loans, the interest free limit presently allowed to unionized staff as mentioned above will no more be allowed. If the proposal of new mark up rate is agreed, then the mark up rate may be reviewed on the basis of SBP discount rate as on 31st December each year w.e.f. 1st January of the following year so as to charge the markup on outstanding loans and advances of officers and area managers paid from the Shareholders' Fund and also on fresh loans of staff and field workers to be allowed after this decision.

58. The matter was submitted to the Board of Directors for consideration and approval of enhancement in the fund for loans and advances as mentioned above and of the revised rate of mark up for all employees and agents with annual review of mark up in line with State Bank discount rate as mentioned above.

After deliberations, the Board resolved as under:-

RESOLVED:

(i) "that as proposed by ED(B&A) in the Memorandum, the revised total allocation may be an amount around Rs.450 million i.e. allocation of an additional amount of Rs.250 million for different types of loans and advances and for different categories of employees and for agents, be and was hereby approved."

Action:
ED(B&A)

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Action:
ED(B&A)

(ii) "that rate of 12% mark up earlier fixed by the Board, was reduced from 12% to State Bank discount rate as on 31st December each year plus 2.5% w.e.f. 1st January of the following year for all new/outstanding balances of loan and advances to officers paid from the shareholder fund and to staff to be paid after this decision and that no mark up would be charged against two months salary advance to employees(officers/staff) and temporary advance to the agents, be and was hereby approved."

Action:
ED(B&A)

(iii) "that the interest free limit for house building loans, presently allowed to the staff, officers and agents was withdrawn, be and was hereby approved."

Action:
ED(B&A)

(iv) "that the earlier decision taken in 160th meeting of the Board of Directors, whereby Executive Director(B&A) was authorized to make further detailed allocations for different types of loans and advances for different categories of employees and agents would remain continue, be and was hereby approved."

ITEM (10) CONSIDER/APPROVE – EQUITABLE NO FAULT COMPENSATION(ENFC).

General Manager(PHS)'s Memorandum dated 19-12-2003

59. GM(PHS) presented before the Board a Memorandum for re-consideration of its earlier decision regarding voluntary payment of equitable no fault compensation and instead of that for allowing the compensation to be made, under Section 118 of Insurance Ordinance 2000.

60. Board of Directors in its 165th meeting held on 16th March 2002 announced payment of Equitable No Fault Compensation (ENFC) on delayed settlement of outstanding death and maturity claims at a rate earned on the life fund with an appropriate margin of 1% p.a. suitably rounded down. This rate for the year 2002 and 2003 is 11% and 9% respectively.

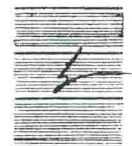
61. The rate at which ENFC is being paid is much higher than the rate of return available on savings and fixed bank deposit accounts and consequently a large number of the policyholders/claimants deliberately keep their claims pending with Corporation in order to avail the benefits of higher return. This has slowed down the claim settlement activity and is proving counter productive besides acting as an unnecessary drain on the surplus at a time when maintaining the current rate of bonus is already under threat.

62. Statistics of payment of ENFC in the year 2002 and this year appears as under:

	Amount in rupees thousand				
	Maturity claims		Death Claims		Total ENFC
	Cases	Amount	Cases	Amount	Paid
June 02 to Dec 02	1,288	13,274	1,399	20,041	33,315
Upo Oct 03	4,339	36,325	3,163	37,412	73,737

63. Section 118 provides that liquidated damages which is to be calculated at monthly rests at the rate five percent higher than the prevailing base rate (At present

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1.6581%) are to be paid on claims which are settled beyond ninety days of completion of requirements. On the other hand, ENFC is being paid irrespective of the fact as to when the requirements were completed and who was responsible for delay in payment of claim. Experience shows that a large number of cases, especially maturity claims, are delayed because of non-response from the policyholders. A good number of cases is pending since long for want of completion of certain formalities by the policyholders. Such cases when they turn up for settlement, get ENFC, sometimes in many multiples of original claim amount.

64. In view of above, it was suggested that voluntary payment of Equitable No Fault Compensation may be withdrawn and instead of it compensation may be made under Section 118 of Insurance Ordinance 2000.

After deliberations, the Board resolved as under:-

RESOLVED:

"that as proposed by GM(PHS) in the memorandum, for re-consideration regarding withdrawal of its voluntary payment of equitable no fault compensation and instead of that for allowing the compensation to be made under Section 118 of Insurance Ordinance 2000, be and was hereby approved."

Action:
ED(PHS)

ITEM(11) CONSIDER/APPROVE – REQUEST OF SECURITY EXCHANGE COMMISSION OF PAKISTAN FOR WAIVER OF AN AMOUNT OF RS.3,706,781/- ON ACCOUNT OF RENT ARREARS OF STATE LIFE BUILDING NO.7, JINNAH AVENUE, ISLAMABAD.
Executive Director(Real Estate)'s Memorandum dated 19-12-2003

65. Executive Director(RE) presented before the Board a memorandum for consideration the request of Security Exchange Commission of Pakistan for waiver of arrears of Rs.3,706,781/- on account of rent arrears of State Life Building No.7, Jinnah Avenue, Islamabad.

66. Prior to formation of Security Exchange Commission of Pakistan, the Corporate Law Authority was a tenant of State Life in respect of a portion of space admeasuring 17,552 square feet on 1st and 2nd floor in State Life Building No. 7 Blue Area Islamabad on a monthly rent of Rs.105, 003.00 @5.915 per square feet per month since 17.7.1991 for a period of three years.

67. After expiry of three years' lease the State Life requested Corporate Law Authority to enter into new lease for a further period of three years (17/7/1994 to 16/7/1997) with 30% increase in the existing rate of rent. The Corporate Law Authority avoided the renewal and enhancement of rate of rent by 30% till 2nd term of lease (from 17/7/1997 till 16/7/ 2000) with further increase of 30% on existing rate of rent and due to be executed by the Corporate Law Authority.

68. However in 1999, the Corporate Law Authority was dissolved and its all assets and liabilities were transferred to and vested in the Securities and Exchange Commission of Pakistan Islamabad. Accordingly State Life took up the issue of non Payment of arrears / differences of 30% increase in existing rate of rent since 17/7/1994 with the Securities Exchange Commission of Islamabad.

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<p>approval of appointment of Administrator 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.</p> <p>75. The Regulation 4(1) of State Life Insurance Corporation Employees Contributory Provident Fund provides that the Fund shall have 12 Administrators, who would be appointed by the Corporation. The said Regulation is reproduced below:</p> <p style="padding-left: 40px;">"4. Administration – (1) The fund shall be held by the Corporation and shall be administrated by a committee of twelve persons, including a Chairman, appointed by the Corporation in such manner and for such term as it may determine from time to time (hereinafter referred to as the Administrators). The management, custody, investment and control of the Fund shall vest in the Administrators."</p> <p>76. In accordance with an agreement with Employees Union, two representatives were nominated by them who were accordingly appointed as Administrators of the Fund by the Board of Directors on the recommendations of the administrators of the Fund. The Employees Union has now recommended to appoint Rana M. Shahnawaz, S.O.A, P&GS Division in place of Mr. Abdul Khaliq, Superintendent, P&GS Division to represent them in the Fund alongwith their other representative.</p> <p>77. The administrators of the Fund have already resolved to accept nomination of Employees Union in respect of Rana M. Shahnawaz as an Administrator of the State Life Employees Contributory Provident Fund in place of Mr. Abdul Khaliq.</p> <p>After discussion, the Board resolved as under:</p> <p>RESOLVED: "that as proposed by ED(B&A) the appointment of Rana M. Shahnawaz, S.O.A., P&GS Division, Principal Office as Administrator of the State Life Insurance Corporation Employees' Contributory Provident Fund in place of Mr. Abdul Khaliq, be and was hereby approved."</p> <p>ITEM (13) CONSIDER/APPROVE – TRANSFER OF AREA MANAGERS FROM MARKETING TO OFFICE SIDE. Executive Director(P&GS)'s Memorandum dated 19-12-2003</p> <p>78. Executive Director(P&GS) presented before the Board a memorandum for consideration and approval of transfer of Area Managers from marketing to office side.</p> <p>79. The Area Managers of State Life Insurance Corporation of Pakistan constitute a special cadre in the sense that they were paid fixed salary as well as perquisites on the basis of business performance. This cadre is further categorized as 'A', 'B' and 'C' on the basis of annual business performance. The equivalence of these categories with the office side is as follows:</p> <p style="padding-left: 40px;">Categories 'A' and 'B' are equivalent to Deputy Manager Category 'C' is equivalent to Assistant Manager</p> <p>80. As far as disciplinary proceedings are concerned the Area Managers are</p>			

Action:
ED(B&A)

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<p>enjoying the legal protection under the State Life Employees (Service) Regulations and their dismissing authority is Executive Director (P&GS). As far as their business performance is concerned, however, their services can be terminated by the Zonal Head if they fail to meet their targets.</p>			
<p>81. There is a definite procedure for their elevation from Area manager. And on receiving their promotion they become full fledged officers/employees of the Corporation. In this process, their selection is made on the basis of their qualification and performance.</p>			
<p>82. Requests are, however, frequently received from Area Managers for their absorption in the office side on various grounds, specially medical grounds if they have an ailment/disability restricting their physical movement. Some of these requests for change of cadre from Area Manager to the equivalent post on the office side have been accommodated. These cases are as follows:</p>			
<p>i. Mr. Ishtiaq Hussain, Area Manager, Lahore Central Zone made a representation on medical ground i.e. <i>Muscular Dystrophy</i> for transferring his services to office side. On the recommendation of ED (P&GS) the then Chairman agreed. The matter was also discussed by the E.D. (Marketing) in the 146th meeting of the Board of Directors held on 12.5.1999 and the Board resolved as under:-</p>			
<p>a). That the case be considered on humanitarian grounds subject to submission of medical certificate of disability by a specialist in the field.</p>			
<p>b). That all fringe benefits and perquisites received by employee related to sales & development would be discontinued on his transfer to non development</p>			
<p>ii. Ms. Nasira Khalid, Area Manager Bahawalpur was working as Area Manager in Bahawalpur Zone. Her husband namely Mr. Khalid Akbar Chaudhry (Manager Dev) Bahawalpur Zone died of sudden heart attack on 1.7.1997 Ms. Nasira Khalid was stated to be permanent resident of Lahore. After death of her husband, she made a request in writing for change of cadre and transfer to Lahore. The then Chairman approved the case.</p>			
<p>iii. Mr. Mumtaz Qureshi, Area Manager Quetta Zone was transferred from Quetta Zone to Chairman Inspection Team at Principal Office and his development perks were seized. After abolition of Chairman Inspection Team, Mr. Qureshi pleaded for absorption in the office side which was approved by the then Chairman.</p>			
<p>83. P&GS Division has received some fresh requests for absorption of Area Managers in the office side. A brief account of which is as under:</p>			
<p>i. Sh. Fazal-ur-Rehman Area Manager, Lahore Central Zone on ground of paralysis attack.</p>			
<p>ii. Mr. Asif Jehangir Area Manager, Gujrat Zone</p>			
<p>iii. Mr. Nazar M. Khokhar Area Manager, Larkana Zone on ground of domestic problem.</p>			

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iv. Mr. Abdul Waheed Area Manager, Lahore Western Zone on ground of suffering from Hepatitis-C for the last four years. Doctor's advice for light duty was given in support.

84. The job of Area Manager is purely and primarily business related and one has to fulfill certain business obligations to retain the post of Area Manager. The elevation of Area Manager to the post of Manager (Dev.) is considered in accordance with the parameters/targets fixed from time to time in terms of First Year Premium, Persistency and Recruitment etc. There exists no system to absorb an Area Manager on to office side. Selection criteria for the officers on office side are different to that of Area Managers. Qualifications like CA, ACMA, MBA, MBBS, MCS, BCS etc. are required to qualify for the posts of officers in the office side whereas the requirement of minimum qualification for an Area Manager is the same as that of a Sales Representative which is only Matriculation.

85. In the absence of any Regulation or Rule, such absorptions from Area Managers to permanent officer cadre have been ordered in the past by the Board or former Chairmen in a legal vacuum by using their discretion.

86. The Members of the Board were requested to:

(a) Either give orders for not entertaining such cases

OR

(b) Give its guidance regarding the special circumstances and eligibility criteria for the Area Managers who apply, along with the designation of the Final Authority to order such absorption in future.

87. During the course of discussion, it was observed by the members of the Board, that the absorption of Area Managers was practically not possible on the office side due to their minimum educational qualifications, which was matriculation and due to other technical reasons and if Board approves any such proposal that would create lot of practical problems for the Management, which would create hindrance in the smooth and systematic running of the Corporation's business. Accordingly the members of the Board were not in favour of opening a door for Area Manager's induction in the permanent officers cadre on the basis of medical/compassionate grounds etc. It was further pointed out, that hardship cases could not be made the basis for formulation of policy decisions and regulations.

After discussion, the Board unanimously resolved as under:

RESOLVED:

"that no such cases of absorption of Area Managers in office side would be entertained or considered, be and was hereby approved."

Action:
ED(P&GS)

ITEM(14) CONSIDER/APPROVE – PROPOSAL FOR SETTLEMENT OF DISPUTE REGARDING LONG OUTSTANDING BALANCE AGAINST MIAN TAJAMMAL HUSSAIN AND OTHER DIRECTORS OF CHANAB TEXTILE MILLS LTD.

Executive Director(Investment)'s Memorandum dated 19-12-2003

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88. On the request of Mian Tajammal Hussain, Chairman, Chenab Textile Mills Limited, a memorandum (copy attached) was submitted to the Board in its 172nd Board

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meeting held on 20-09-2003 stating that Mian Tajammal Hussain had agreed to pay Rs 2,895,692/- as full and final settlement of dues outstanding against him and other Directors of Chenab Textile Mills Limited.

89. Relevant extracts of the minutes of Board meeting are reproduced below :

Mr. M. Sharif Ijaz Ghauri, pointed out that the memorandum is silent about writing off the loss, if any. After discussion, the Board agreed in principle to the proposal contained in Memorandum of ED (Investment). However, it was directed by the Board, that the amount appearing against Chenab Textile Mills Ltd., in the books of the Corporation be mentioned to ascertain the amount to be written off or written back and proposal be placed before the Board for its final approval.

90. In pursuance of Board directive, ED(Investment) presented before the Board a Memorandum for consideration and approval of proposal for settlement of dispute regarding long outstanding balance against Mian Tajammal Hussain and other Directors of Chanab Textile Mills Ltd.

91. That Corporation's books of accounts show it holds (50,000+30,500) 80,500 shares of Chenab Textile Mills Limited of Rs 10/- each at a face value of Rs 805,000/- under buy back agreement. As the market value of these shares as at December 31, 2002 was Rs 5.25 per share, the Corporation has accounted for the diminution in value of shares amounting to Rs 382,375/- in the accounts in that year. The audited accounts of the Corporation show the holding cost of the shares at Rs.422,625/- as at December 31, 2002.

92. As already agreed in principle by the Board at its 172nd meeting held on September 20, 2003, the Corporation would receive Rs.2,895,692/- from Mian Tajammul Hussain as a result of out of court settlement. The Corporation will have to deliver 80,500 shares to Mian Tajammul Hussain appearing in the books of the Corporation at a cost of Rs.422,625/-. Thus the Corporation will get Rs.2,473,067/- in excess of the holding cost appearing in the books.

93. As already proposed in the earlier memo, the Board was requested to consider the request of Mian Tajammal Hussain and approve out of Court settlement of this long outstanding dispute by accepting his proposal and allow withdrawal of execution application from the Court.

After discussion, the Board resolved as under:

RESOLVED:

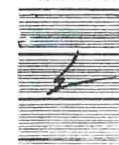
(i)"that proposal of ED(Investment) for out of court settlement with Mian Tajammul Hussain be and was hereby approved."

(ii)"that as a result of settlement, Mian Tajammul Hussain would pay an amount of Rs.28,95,692/-(Rupees twenty eight lakhs ninety five thousand six hundred and ninety two) as full and final settlement and the Corporation would return 80,500 shares of Chanab Textile Mills Limited to Mian Tajammul Hussain after the receipt of total sum of Rs.28,95,692/-, the execution application pending adjudication before the Honourable Civil Court at Lahore would be withdrawn by the Corporation, be and was hereby approved."

Action:
ED(Inv)

Action:
ED(Inv)

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	<p>ITEM(15) <u>CONSIDER/APPROVE – REVISED INVESTMENT POLICY.</u> Executive Director(Investment)'s Memorandum dated 19-12-2003</p>																				
Action: ED(Inv)	<p>94. The above item was deferred and directed to be put up in the next meeting of the Board.</p>																				
	<p>ITEM (16) <u>PRESENTATION ON COMPUTERIZATION OF STATE LIFE.</u></p>																				
Action: ED(CD)	<p>95. The above item was deferred and directed to be put up in the next meeting of the Board.</p>																				
	<p>ITEM(17) <u>PRESENTATION ON ADVERTISING STRATEGY.</u></p>																				
Action: ED(Mkt)	<p>96. The above item was also deferred and directed to be put up in the next meeting of the Board.</p>																				
	<p>ITEM(18) <u>ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.</u></p>																				
	<p>(1) <u>POSITION PAPER OF GRADEWISE/ DESIGNATION WISE STAFF STRENGTH OF RESERVED 123 POSTS IN VARIOUS CADRES OF OFFICERS FOR DIRECT RECRUITMENT.</u> Executive Director(P&GS)'s Position Paper dated 27-12-2003.</p>																				
	<p>97. Executive Director(P&GS) presented before the Board a position paper of grade-wise/designation-wise staff strength of reserved 123 posts in various cadres of officers for direct recruitment.</p>																				
	<p>98. The Board of Directors in 162nd meeting held on 11th August, 2001 resolved that the grade-wise/designation-wise staff position would be submitted to the Executive Committee for approval. The Executive Committee in its 266th meeting held on 30th October, 2001, while giving approval for grade-wise/designation-wise staff strength reserved 123 posts in various cadres of officers for direct recruitment. Cadre wise distribution of the said 123 posts as determined by the Executive Committee is as under:-</p>																				
	<table border="1"> <thead> <tr> <th>Designation</th> <th>Posts</th> </tr> </thead> <tbody> <tr> <td>General Managers</td> <td>02</td> </tr> <tr> <td>Deputy General Managers</td> <td>02</td> </tr> <tr> <td>Assistant General Managers</td> <td>04</td> </tr> <tr> <td>Managers</td> <td>15</td> </tr> <tr> <td>Deputy Managers</td> <td>25</td> </tr> <tr> <td>Assistant Managers</td> <td>50</td> </tr> <tr> <td>Executive Officers</td> <td>25</td> </tr> <tr> <td>Total</td> <td>123</td> </tr> </tbody> </table>			Designation	Posts	General Managers	02	Deputy General Managers	02	Assistant General Managers	04	Managers	15	Deputy Managers	25	Assistant Managers	50	Executive Officers	25	Total	123
Designation	Posts																				
General Managers	02																				
Deputy General Managers	02																				
Assistant General Managers	04																				
Managers	15																				
Deputy Managers	25																				
Assistant Managers	50																				
Executive Officers	25																				
Total	123																				
	<p>99. During the year 2002, the Corporation recruited 5 Assistant Managers in Computer Division. One of them has resigned since. Existing position of officers and</p>																				

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staff as compared to the approved staff strength is given below:-

Cat.	Approved	Existing	Surplus/Deficit)
Officers	1350	1118	(232)
Staff	2700	2725	25
Total	4050	3843	(207)

100. In order to overcome the shortage of officers, the management has decided to induct officers as allowed by the Executive Committee. Since the Selection Committee for recruitment of General Managers and Deputy General Managers is headed by Secretary Commerce, therefore it was decided to request the Ministry of Commerce for constitution of a Selection Committee for the said purpose.

101. An advertisement for 115 posts of AGMs, Managers, Deputy Managers, Assistant Managers and Executive Officers has been published in 11 daily newspapers through out the country on 7th December 2003. The applicants were asked to apply within 15 days of the issue of the advertisement. Approximately 20,000 applications have been received by the dead line i.e. 22nd December, 2003. P&GS Division is working on the applications for processing of the same.

Action:
ED(P&GS)

102. The matter was discussed at a length and it was decided that Ministry of Commerce be requested for constitution of a Selection Committee headed by Secretary Commerce to make recruitment for the posts of General Managers and Deputy General Managers.

103. The Board decided to convene its next meeting on 24th January' 2004.

104. The meeting ended with mutual vote of thanks.


CHAIRMAN

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DIRECTORS MINUTE BOOK	HELD AT KARACHI	ON 27TH DECEMBER, 2003	TIME
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Annexure-III contains portfolio-wise details of the re-estimation of capital expenditure for the year 2004. Nature of these expenses (in brief) is given as below:

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
SUMMARY OF BUDGET ESTIMATES FOR THE YEAR 2004 AND REVERSED BUDGET ESTIMATES FOR THE YEAR 2003

Description	Within Pakistan				Overseas				Rest in millions				Remarks	
	Actual 2002	Budgeted 2003	Revised 2003	Projection 2004	Actual 2002	Budgeted 2003	Revised 2003	Projection 2004	Actual 2002	Budgeted 2003	Revised 2003	Projection 2004		
1. INCOME														
1.1 - Premium Income	7,998	9,493	8,828	11,888	978	45	41	543	8,384	8,884	10,087	12,222		
1.2 - Investment/Real Estate & other income	11,981	12,482	10,285	10,076	33	43	64	66	11,424	10,870	11,336	10,081		
Total Income	19,977	18,845	19,311	21,771	411	490	456	609	19,738	18,444	20,379	21,370		Annexure - A
2. OUTGO														
2.1 - The Expenses	1,204	1,483	1,734	2,148	138	14	113	151	1,032	1,053	1,047	1,279		Annexure - B
2.2 - Administrative Expenses including REO/Inv	2,108	2,485	2,434	2,788	50	77	63	63	2,158	2,532	2,487	2,828		Annexure - C
Less Investment/Real Estate Expenses	(329)	(372)	(389)	(438)	-	-	(34)	-	(324)	(370)	(334)	(438)		
Administrative Expenses excluding REO/Inv	1,779	2,089	2,045	2,350	50	77	63	63	1,834	2,162	2,153	2,390		
(14)					(6)				(19)					
2.3 - Total Management Expenses (2.1 + 2.2)	2,592	3,247	3,172	4,478	133	218	175	184	3,159	3,755	3,649	4,872		
2.4 - Payroll & Policyholders	4,898	8,734	8,880	8,328	139	8	107	83	5,035	8,825	8,737	8,422		Annexure - D
Total Outgo (2.3 + 2.4)	7,897	11,281	10,454	12,807	272	308	283	267	8,193	10,680	10,716	13,091		
3. STATUTORY FUNDS														
Statutory funds at beginning of the year	74,825	81,683	85,095	83,811	876	888	1,114	288	73,349	80,072	88,212	85,187		
Less: Accrual to Statutory Funds (1 - 2)	11,488	9,834	9,447	8,814	138	181	182	312	11,826	8,864	8,630	8,218		
Less: Fund & Investment Expenses	(324)	(372)	(384)	(438)	-	-	-	-	(324)	(370)	(334)	(438)		
Less: Provision for income tax	(251)	(103)	(103)	(103)	(11)	-	-	-	(239)	(103)	(103)	(103)		
Less: Govt. Share of Surplus	(191)	(103)	(152)	(160)	(11)	-	-	-	(131)	(103)	(150)	(152)		
Statutory Funds at the year end	58,197	61,463	65,201	62,279	1,114	878	1,286	993	59,811	60,982	66,183	63,462		
4. EXPENSES														
4.1 - Allowable Expenses														
EB, SOE, PAY, P	1,082	1,284	1,458	1,810	131	124	140	112	1,130	1,368	1,539	1,812		
7.5% of Single Premium/Agency	114	151	155	1	-	-	-	-	114	150	158	1		
7.5% of Total Premium	758	853	883	1,072	40	47	45	63	725	818	838	1,085		
5% of Renewal Premium	1,592	2,174	2,500	3,037	141	171	146	175	2,138	2,845	3,285	3,212		
Total	1,003	1,373	1,574	1,441	22	47	30	19	1,026	1,420	1,584	1,480		
4.2 - Excess over allowable Expenses (2.3 - 4.1)														
5. RENEWAL EXPENSE RATIO														
5.1 - Renewal Expense Ratio	94.17%	42.11%	38.84%	38.15%	22.54%	30.08%	26.18%	19.84%	39.3%	47.41%	38.09%	36.18%		

Note: Statutory Funds at the end of the year are in US \$ as mentioned in Annexure III

CHAIRMAN'S INITIALS


BUDGET S. CHAIRMAN

MINUTES OF 173RD MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	27 TH DECEMBER, 2003	

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
SUMMARY OF BUDGET PROPOSALS OF OVERSEAS FOR THE YEAR 2004
AND REVISED BUDGET ESTIMATES FOR THE YEAR 2003 IN US DOLLARS

Annex - II (i)

CHAIRMAN'S INITIALS


Description	Year(s) ----->		US\$ in millions	
	Actual 2002	Budgeted 2003	Revised 2003	Projection 2004
1- INCOME	58.23	60.00	57.35	58.00
First Year Premium	1.946	2.317	1.953	2.155
Second Year Premium	1.017	1.450	1.447	1.810
Renewal Premium	3.528	3.750	3.736	5.397
Total Premium	6.491	7.517	7.137	9.362
Investment & Other Income	0.567	0.800	0.942	0.966
Total Income	7.057	8.317	8.108	10.328
2- OUTGO				
2.1 - Field Expenses	1.860	2.350	1.956	2.261
2.2 - Administrative Expenses	1.026	1.281	1.091	1.085
2.3 - Total Management Expenses (2.1 + 2.2)	2.887	3.631	3.057	3.347
2.4 - Payment to Policyholders	1.874	1.517	1.871	1.600
Total Outgo (2.3 + 2.4)	4.761	5.148	4.928	4.947

MINUTES OF 173RD MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	27TH DECEMBER, 2003	
		<p align="center">STATE LIFE INSURANCE CORPORATION OF PAKISTAN</p> <p align="center">BUDGET PROPOSALS FOR THE YEAR 2004 AND REVISED BUDGET ESTIMATES FOR THE YEAR 2003</p> <p align="center">Annex-III contains portfolio-wise details of the requirement of capital expenditure for the year 2004. Nature of these expenses (in brief) is given as below:</p> <p align="center">BUDGET FOR CAPITAL EXPENDITURES - YEAR 2004</p> <p align="center">(Rupees in millions)</p>	
		<p>Individual Life (Within Pakistan-Zones/Regions)</p> <p>Group Life</p> <p>Real Estate Division</p> <p>Field Manpower Development Division-(FMD)</p> <p>Computer Division</p> <p>P&GS Division</p> <p>Overseas</p> <p>TOTAL</p>	
		<p align="right">30.517</p> <p align="right">2.186</p> <p align="right">38.852</p> <p align="right">5.615</p> <p align="right">45.670</p> <p align="right">4.895</p> <p align="right">0.904</p> <p align="right"><u><u>128.639</u></u></p>	
			<p>CHAIRMAN'S INITIALS</p> 