

MINUTES OF 174TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	24 TH JANUARY, 2004	

CONFIDENTIAL AND RESTRICTED

The one hundred and seventy fourth (174th) Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 24th January, 2004 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. Mr. Muhammad Sharif Ijaz Ghauri | Director |
| 4. Mr. Nessar Ahmad | Director |
| 5. Air Marshal (Retd.) Sharbat A. Changazi | Director |
| 6. Mrs. Spenta Kandawalla | Director |
| 7. Mr. Umar Ata Bandial | Director |
| 8. Ch. Javaid Hussain | Director |
| 9. Mr. Shahid Aziz Khan | Board Secretary |

2. Mr. Muhammad Javed Khan, Executive Director(PHS/RE), Mr. Zafar Mahmood, Executive Director(Marketing/G&P/Int'l/CD), Mr. Zahid Murad, Executive Director(P&GS/Law), and Mr. Muhammad Latif, Executive Director(B&A/Investment), 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.

ITEM (1) CONFIRMATION OF MINUTES OF 173RD MEETING OF THE BOARD OF DIRECTORS HELD ON 27TH DECEMBER, 2003.

4. The minutes of the 173rd Meeting of the Board of Directors held on 27th December' 2003 were placed before the Board.

5. Air Marshal (Retd) Sharbat A. Changazi proposed and Mr. Umar Ata Bandial seconded that the Minutes be confirmed.

Accordingly, it was resolved as under;

RESOLVED:

"that the Minutes of the 173rd Meeting of the Board of Directors held on 27th December, 2003 be and were hereby confirmed."

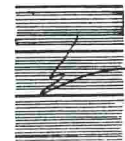
Action:
Board
Secretary

ITEM (2) IMPLEMENTATION REPORT ON DECISIONS TAKEN IN THE PREVIOUS BOARD MEETINGS.

6. The Board Secretary presented before the Board the implementation report on decisions taken at the 173rd Meeting of the Board held on 27th December' 2003, which were discussed and noted.

Action:
Board
Secretary

CHAIRMAN'S
INITIALS



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<p>Action: GM(IA&E)</p> <p>Action: GM(IA&E)</p>	<p>ITEM (3) CONSIDER/REVIEW – MINUTES OF 10TH MEETING OF BOARD AUDIT COMMITTEE HELD ON 20TH SEPTEMBER' 2003.</p> <p>7. Mr. Bashir Ahmed, Chairman Board Audit Committee, presented before the Board, the Minutes of 10th meeting of Board Audit Committee held on 20th September, 2003, which were noted with the following observations:-</p> <p>8. Mr. Muhammad Sharif Ijaz Ghauri pointed out that the meeting of 10th Board Audit Committee was convened on 20-09-2003 while minutes were placed before the Board, after considerable delay of almost four months. Mr. Bashir Ahmed briefed that it was usual practice of the Board Audit Committee that minutes of a meeting are placed in the next meeting of Board Audit Committee for confirmation and subsequently confirmed minutes are presented in the meeting of the Board of Directors for its review/noting. Mr. Muhammad Sharif Ijaz Ghauri suggested that to avoid any unnecessary delay, the minutes of Board Audit Committee need to be confirmed through circulation. The Chairman agreed and desired that Secretary (Board Audit Committee) be advised for compliance.</p> <p>ITEM (4) PRESENTATION OF BUSINESS FIGURES OF MARKETING, GROUP AND PENSIONS, INTERNATIONAL, INVESTMENT AND REAL ESTATE DIVISIONS. ED(Marketing), ED(G&P), ED(Int'l), ED(Inv.) And ED(RE)'s Memorandum dated 14-01-2004</p> <p>9. The Business Review Memorandums of ED(Marketing), ED(G&P), ED(Int.l), ED(Investment) and ED(Real Estate) for business review of Marketing, Group & Pensions, International, Investment and Real Estate Divisions respectively for the period from 1st January 2003 to 31st December, 2003 were submitted to the Board which were noted.</p> <p>MARKETING DIVISION:</p> <p>10. Executive Director(Marketing) presented before the Board the business review Memorandum of Marketing Division.</p> <p>11. The Corporation procured FYP of Rs.1667 million for the period ended December 31, 2003 as compared to Rs.1227 million during the corresponding period of last year, thus registering an increase of 35.86% over the corresponding period of last year.</p> <p>12. The Corporation collected Rs.977 million as 2nd year premium, as against Rs.1227 million FYP of the corresponding period of the year 2002. The 2nd year persistency for the period from January to December 2003 was 79.57%. The 3rd year and later year's premium for the period ended December 31, 2003 was Rs.5232 million as against Rs.4653 million renewal premium collected during the same period of 2002. The 3rd year persistency ratio for the period January to December, 2003 was 91.46%. The new policies sold upto the month of December 2003 were 1,83,595 as against 1,49,739 policies sold during the same period of preceding year and thus registering an increase of 22.61%.</p>		

CHAIRMAN'S INITIALS



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Action: ED(Mkt)	<p>13. Mr. M. Sharif Ijaz Ghauri pointed out that surrender rate of policies in the previous years had gone up and resultantly Corporation had to suffer. Mr. Zafar Mahmood, ED(Marketing) briefed that the management has taken steps to control the surrender of policies and as a result of those efforts in the previous year the rate of surrender has decreased by 16%. The Chairman briefed the Board that the Management was stressing on persistency regarding 2nd and 3rd year premiums and as a result of it the persistency rate has gone up in the year 2003 as compared to the year 2002. Mr. M. Sharif Ijaz Ghauri however stressed that Corporation must have a system of checks and balances in connection with surrender of policies and showed his interest to see the details of policies surrendered during the year 2003 and 2002 so that a comparison could be made. Mr. Zafar Mahmood, ED(Marketing) agreed to this proposal and promised to provide the requisite details to the Honourable members of the Board. On a query concerning excellent business during the year 2003, the Chairman explained that it was due to the reforms which were made in the field structure and as a result of the same, the commission structure was also reviewed, dummy and ineffective field workers were eliminated, mal practices were minimized and quality business was made the prime consideration instead of quantity. He further pointed out that life fund of State Life has considerably increased, which was a result of the sincere efforts of the Management. The members of the Board appreciated for the remarkable business achievements of the Corporation in 2003 and congratulated the current Chairman and his predecessor.</p> <p><u>GROUP & PENSION DIVISION:</u></p> <p>14. Executive Director (G&P) presented before the Board business review Memorandum of G&P Division.</p> <p>15. The collection of premium for G&P business in 2003 stood at Rs.2,220.316 million as against Rs.1,397.015 million during the last year, showed a record increase of 58.93%.</p> <p>16. G&P Division secured 259 new groups during the period ending on 31st December' 2003 having total premium of Rs.168.653 million as against 226 new groups having premium of Rs.32.696 million, for the same period of last year showing an increase of 15% in new policies and 416% in premium income under new groups in 2003 as compared with 2002. During the annual period ending on 31st December' 2003 G&P Division lost 79 policies having total premium of Rs.13.968 million. The persistency of G&P Division was thus 99%.</p> <p>17. The Board of Directors expressed their pleasure for excellent achievements of Group and Pensions business in general and particularly the increase of 58.93% in business in the year 2003, as compared with year 2002. Mrs. Spenta Kandawalla pointed out that we must maintain these standards in future as well. Mr. Zafar Mahmood, ED(G&P) assured the Board that Corporation would make all possible efforts to maintain these standards. Mr. Nessar Ahmad suggested that State Life may have a group fund for unseen events other than life fund which was already in existence. Mr. Zafar Mahmood, ED(G&P) pointed out that Corporation already had separate fund for pensions. Mr. Nessar Ahmad elaborated his point and stressed that the proposed fund would be for unseen big events like war, earthquake, epidemic etc. It was explained that Actuarial Division is in a position to recommend to the Board, whether a new proposed fund could be created or not. The Chairman agreed to this proposal and directed the</p>		
Action: ED(G&P)/ DH(Act.)			

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Actuarial Division to arrange a presentation on this point in coordination with G&P Division in one of the forthcoming meetings of the Board.

18. The members of Board appreciated the remarkable achievements made by G&P Division and congratulated the management of Corporation.

INTERNATIONAL DIVISION:

19. Executive Director(International) presented before the Board business review Memorandum of International Division..

20. International Division has secured first year premium of US\$.2,101,330 during the annual period ending on December 31, 2003 as against US\$. 1,931,775 during the last year, showing an increase of 9%. The 2nd year persistency in the year 2003 was 70% as against 76% achieved during the year 2002, showing a decline of 6%. The 3rd year and over persistency for the period from January to December 2003 was 76% as against 87% achieved during the same period of last year showing a decline of 11%. The policies sold by International Division during the period ending on December 31, 2003 were 1733 as against 1511 during the same period of last year, showing an increase of 15%.

21. The Board of Directors expressed their concern over only 9% increase and other indicators in the overseas business. Mr. Zafar Mahmood, ED(Int'l) pointed out that the recent political situation in the Middle East and the newly introduced commission structure were the main causes for insufficient increase in overseas business. As things were settling down in the area better results are expected in future.

Action:
ED(Int'l)

INVESTMENT DIVISION:

22. Executive Director (Investment) presented before the Board a business review Memorandum of Investment Division.

23. Book value of the investment portfolio, which was Rs.86,853 million as on December 31, 2002, was estimated to have increased to Rs.96,490 million as on December 31, 2003, reflecting an increase of Rs.9,637 million and a percentage increase of 11.10%, during the year ending on December 31, 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.17,477 million in PIBs during the year under review raising the total investment in PIBs inclusive of accrued interest to Rs.52,669 million. This constitutes about 73.28% of Corporation total investment in Government Securities, which was Rs.62,451 million as on December 31, 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.1,260 million as on December 31, 2003. Balance outstanding against TFCs of other companies was Rs.882 million as on December 31, 2002 and Rs.744 million as at December 30, 2003.

24. State Life equity portfolio, which was Rs.7,752 million as on December 31, 2002 has increased to Rs.8,724 million as on December 31, 2003. State Life purchased shares with a book value of Rs.1,219 million during the annual period ending on December 31,

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	<p>2003. State Life also sold shares with a book value of Rs.46.423 million for Rs.96.114 million thereby realizing capital gain of Rs.49.691 million during the period. The book value of total quoted equity portfolio as on 31st December, 2003 was Rs.8,491 million while its market value was Rs.21,940 million showing an appreciation of Rs.13,449 million. State Life has earned Rs.10,006 million (estimated) on its investment portfolio excluding unrealized gains on investment for the period ending on December 31, 2003, as compared to Rs.11,214 million earned during the year 2002. Last year i.e. in the year 2002, a provision in the amount of Rs.571 million was reversed. Further accounting system was changed to incorporate effects of IAS-39 which resulted in an additional income of Rs.380 million. This was a one time effect in the year 2002. The reduction in income in 2003 was mainly due to these factors accompanied by reduction in interest rates.</p>		
Action: ED(Inv)	<p>25. The Board of Directors appreciated the achievements made by Investment Division and congratulated the management of Corporation.</p>		
	<p><u>REAL ESTATE DIVISION:</u></p>		
	<p>26. Executive Director (Real Estate) presented before the Board a business review Memorandum of Real Estate Division.</p>		
	<p>27. The net income of Real Estate Division was Rs.20 million as against projected net income of Rs.22 million. The expenses for the year 2003 were budgeted to the tune of Rs.366 million. The estimated gross income for the year 2003 was Rs.388 million. Out of which Real Estate Division achieved Rs.384 million, which was 99% of the target.</p>		
Action: ED(RE)	<p>28. The Board of Directors stressed for better results and directed the ED (RE) to have close monitoring of different projects of Real Estate.</p>		
	<p>ITEM(5) <u>CONSIDER/APPROVE – RE-ALLOCATION OF SECTOR OFFICES.</u> Executive Director(Marketing)'s Memorandum dated 16-01-2004</p>		
	<p>29. Executive Director(Marketing) presented before the Board, a memorandum for consideration and approval of relocation of Sector Offices</p>		
	<p>30. The 26 Zones of State Life at present are having un-demarcated geographical boundaries because most of the rural areas or semi urban Municipal Committees and Towns do not have physical presentation of our Offices. In order to include the remote areas in our operations, Marketing Division is in the process to divide the whole of Pakistan in 26 Zones with Sector Offices to be located in such a way that almost all of Municipal Committees, Town Committees and Union Councils are covered. This exercise would be beneficial for the State Life on the following counts:</p>		
	<ul style="list-style-type: none"> • Those sections of the society who are living in semi urban or rural areas would have ready access to the insurance coverage. • The Sector Heads who generally have their offices located inside the Zonal Offices would have to spread out to small towns located at far away places. They would become responsible for bringing in fresh business for the Corporation by 		

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developing local marketing force through recruitment of local educated youth as Sales Representatives.

- This step, however, would need hiring of offices for the Sector Heads and providing them, upon acquiring sufficient knowledge of computer, one PC with printer and one hired help, on re-imbusement basis.
- As this scheme has tremendous potential for the Corporation, the Board is requested to allow provision of these facilities to the Sector Heads with the cost upper limits of Rs.4,000/- per month for the hired help. Rs.10,000/- per month for rent of office in provincial headquarters and Rs.7,500/- per month as rent of offices in other cities.
- The total expenditure in this regard is likely to be in the range of Rs.2.0 to 2.5 Crore for the year 2004.
- The Marketing Division would incur this expenditure from the funds already allocated by the Board in the budget of 2004 through re-appropriation.

31. Air Marshal (Retd) Sharbat A. Changazi supported the proposal in principle but opined that huge amount would be involved for relocation of Sector Offices, therefore full details be placed before the Board of Directors. Mr. M. Sharif Ijaz Ghauri and other members of the Board supported Air Marshal (Retd) Sharbat A. Changazi and added that a complete and comprehensive presentation, with new locations of the sector on the map be placed before the Board of Directors, so that the cost of shifting Sector offices from one place to another and exact number of affected people may be seen. The Chairman agreed to this proposal and directed ED(Marketing) to arrange a comprehensive presentation, mentioning therein all the relevant details including maps etc.

Action:
ED(Mkt)

ITEM(6) CONSIDER/APPROVE – UP-GRADATION OF PRINCIPAL OFFICE AND POLICY HOLDERS' SERVICE COUNTER.
Executive Director(RE)'s Memorandum dated 16-01-2004.

32. The above item was deferred and directed to be placed in the next meeting of the Board.

Action:
ED(RE)

ITEM(7) POSITION PAPER ON ADVERTISING STRATEGY.
Executive Director(Marketing)s' Position Paper dated 22-01-2004

33. Executive Director (Marketing) presented before the Board a position paper our advertising strategy of State Life.

ADVERTISING REVIEW 2002-2003

34. State Life is successfully serving the nation for more than 3 decades by effectively providing financial services and educating the masses through multimedia advertising campaigns. From the last two years State Life is concentrating on public service messages advertising in the print and electronic media. This campaign was appreciated by our marketing force, valued policyholders and the general public, interalia it helped enhance our corporate image.

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ADVERTISING VISION 2004

35. State Life's advertising strategy for the year 2004 is under preparation. Prompted by new challenges State Life is pursuing to launch state of the art advertising campaigns in the year 2004. Main features of this campaign are:

- ❖ Consultation of our marketing force through a comprehensive questionnaire with broad advertising contents. This questionnaire will be placed before the participants of next Zonal Heads / Regional Chief's quarterly Conference in 2004 for seeking their opinion.
- ❖ Feedback from advertising agencies on our panel.

This strategy will also include non conventional areas of advertising such as:

- Celebrating various national and international events.
- Involving teachers and students of universities in our various corporate events.
- Arranging health walks.
- Supporting life related issues.
- Essay competition amongst students on life insurance.
- Sponsorship of literary works.
- Promotion of fine arts etc.

36. In addition Marketing Division would also explore the possibility of brand association with star personalities through extension of State Life Insurance Policies.

37. The advertising strategy which was being formulated under the above parameters will be presented to the Board of Directors in the next meeting.

ADVERTISING DURING FEBRUARY AND MARCH 2004

38. Till the finalization of new advertising strategy, Advertising and Sales Promotion Department has prepared a Two- month Advertising Plan which include the release of Advertisements on:

1. Business performance of State Life in print Media.
2. Our market share/size in market
3. Achievements of our work force.
4. A telesong is also being produced.

39. Mr. M. Sharif Ijaz Ghauri pointed out that Board was not informed about total budget allocation for advertisements. He further asked that different means of media also be named, which State Life was planning to use as means of advertisements. Mr. Zafar Mahmood, ED (Marketing) briefed that total allocated budget for advertisements was Rs.5 crore. The means of advertisements would be print media, electronic media, publication etc. Mrs. Spenta Kandawalla inquired whether from the advertisement budget donation would be permissible. Mr. Zafar Mahmood, ED (Marketing) briefed that donation from the advertisement budget were not permissible and the budget under discussion would

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ED(Mkt)

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be only for advertisement purposes. Mr. Umar Ata Bandial suggested that like other big organisations, State Life must allocate some budget for health, civic and social assignments and Corporation needs to project sponsored documentaries, videos and brochures to promote the image of State Life. He further suggested that the environmental programmes and expeditions on high mountains also be sponsored by the Corporation as these things leave very healthy and ever lasting image in the minds of people. Air Marshal (Retd) Sharbat A. Changazi suggested that sponsored educational plans also be encouraged by State Life. The Chairman directed ED(Marketing) to look into these proposals in the light of Insurance Ordinance 2000.

ITEM(8) CONSIDER/APPROVE - REVISED INVESTMENT POLICY.
Executive Director(Investment)'s Memorandum dated 24-01-2004

40. Executive Director(Investment) presented before the Board a memorandum for consideration and approval of the recommendations contained in the revised investment policy. At this juncture of time, Mr. S.S. Akhtar, Appointed Actuary, Mr. Ansar Hussain, GM(Investment), Mr. Shahrukh Sabzwari, DH(Actuarial) also joined the meeting.

41. The Board of Directors at its 171st meeting held on 17th May, 2003 while considering remarks of Appointed Actuary regarding changed interest rate scenario, desired that the Investment Division in consultation with the Actuarial Division and the Appointed Actuary should draft a revised Investment Policy. The Board further desired that the revised Investment Policy be submitted to the Executive Committee, and after incorporating the changes suggested by the Executive Committee, the same be submitted to the Board for approval.

42. Accordingly the Investment Division and Actuarial Division in consultation with the Appointed Actuary drafted a revised Investment Policy which was submitted to the Executive Committee. The Executive Committee considered the initial draft of the revised policy in its 271st meeting held on 4th October, 2003 and resolved as under:-

"that the revised investment policy as presented before the Executive Committee be and was hereby agreed in principle after including guidelines suggested by Mr. Nessar Ahmad with the direction to place the same, before the Board of Directors for its approval. As regards suggested changes in the delegation of financial powers, the same be looked into by the Chairman and if considered necessary by him, the matter be placed before the Board separately."

43. Accordingly, the guidelines suggested by the Executive Committee as mentioned in the minutes of the meeting were incorporated in the initial draft and the revised draft of the Investment Policy was presented in the meeting before the Board.

44. As regards revision of delegation of financial powers relating to Investment Portfolio, this will be taken up by Budget & Accounts Division separately alongwith revision of delegation of financial powers of all the other Divisions.

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Action: ED(Inv.)	<p>45. A presentation through multi media was made by Mr. Shahrukh Sabzwari, Divisional Head (Actuarial) before the Board. Mr. S.S. Akhtar, Appointed Actuary and Mr. Ansar Hussain, General Manager (Investment) also helped Mr. Shahrukh Sabzwari, Division Head (Actuarial) and briefed the Board on different aspects of revised investment policy. The members of the Board appreciated the presentation.</p>		
Action: ED(Inv.)	<p>46. The revised investment policy highlighted the existing investment avenues according to the Insurance Ordinance 2000, Insurance Rules 2002 and SRO 309(k) of 1970 as amended to-date.</p>		
Action: ED(Inv.)	<p>47. Mr. Nessar Ahmed pointed out, that due to rapid changes in investment avenues, the investment policy of State Life needs to be reviewed from time to time. In this regard any tenure of period, from three to six months be fixed. Mr. M. Sharif Ijaz Ghuari suggested that while making investment in different avenues it must be ensured that all Rules, Regulations and guidelines given by the Government are strictly followed. Mr. Nessar Ahmed pointed out that at present huge investment in stock market was not advisable as the present boom in stock market may reverse at any time. He further suggested that while interest rate was rapidly decreasing, investment in long term bonds was not recommendable. However purchase of short term bonds was recommended. He advised that maximum cash be kept ready for investment purposes keeping in view the rapid changes of trend in investment environment. Mr. S. S. Akhtar, the Appointed Actuary said that keeping in view, the long term nature of State Life's liabilities investment in short term bonds may not be advisable. He further advised that State Life should invest in long term bonds to minimize the risk posed by fluctuation in interest rates.</p>		
Action: ED(Inv.)	<p>48. ED (Investment) briefed the Board that Government bonds were not readily available in the market and stated that investment be made in bonds of any tenure available in the market. Mr. Nessar Ahmad suggested that policy loans given to the policyholders were the safest, as these loans would give us the maximum return. Mr. Nessar Ahmad further stressed that due to the changing circumstances the investment policy be reviewed from time to time. The Board appreciated for the expert wisdom and guidelines given by Mr. Nessar Ahmad. At this point, Mr. S. S. Akhtar, Appointed Actuary, Mr. Ansar Hussain, GM (Investment) and Mr. Shahrukh Sabzwari, Divisional Head (Actuarial) left the meeting.</p> <p>After deliberations, the Board resolved as under:-</p> <p>RESOLVED: "that the revised investment policy, with addition to make the investment in government bonds of different tenures, preferably in long term bonds, subject to periodical review of investment policy after every three months, be and was hereby approved."</p> <p>ITEM (9) PRESENTATION ON COMPUTERIZATION OF STATE LIFE.</p>		
Action: ED(Inv.)	<p>49. Mr. Zafar Mahmood, ED(Computer) made a presentation before the Board on computerization of State Life. At this point, Mr. Salim Khaliq, DH(Computer) also joined the meeting.</p>		

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Action:
ED(CD)

50. The presentation made was appreciated by the members of the Board and it was stressed that while the computerization of State Life was already delayed so the development of the web site and other related assignments be completed on urgent basis. Mr. Zafar Mahmood, ED(Computer) informed the Board that web site of State Life would be made available by May 2004. Air Marshal (Retd) Sharbat A. Changazi pointed out that so far Computer Consultant had not been hired how the job of web site would be completed in such a short span of time. Replying to this observation, Mr. Zafar Mahmood, ED(Computer) pointed out that we were trying our level best to complete the assignment of web site as soon as possible. However if there was any change, the Board would be taken into confidence and communicated any change occurs in the time schedule. Air Marshal (Retd) Sharbat A. Changazi, recalled that so for the proposed visit of Directors has not been arranged to the Principal Office as well as to one of the Zones of Karachi, to witness the PHS services through computer. Mr. Nessar Ahmad supported the assertion made by Mr. Changazi and suggested that one meeting be arranged at Lahore to witness the achievement of Corporation in computerization. Mr. M. Sharif Ijaz Ghuari observed that the Ministry was arranging a grant from Asian Development Bank for the Corporation for computerization and training of staff but same was refused. Air Marshal (Retd) Sharbat A. Changazi replying to this observation mentioned, that it was loan and not the grant and State Life was not in the need of funds that is why the offer was refused.

Action:
ED(CD)

51. The Board of Directors appreciated the efforts being made for computerization and for development of web site on urgent basis. The Board also appreciated the presentation made before them.

ITEM (10)-I ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.
CONSIDER/APPROVE – AMENDMENT IN THE MISSION STATEMENT OF STATE LIFE.
Executive Director(Marketing)'s Memorandum dated 17-01-2004

52. Executive Director (Marketing) presented before the Board a memorandum for consideration and approval of amendment in the mission statement of State Life.

53. In 1973, with a view to remove the widely shared perception of alleged mal-practices on the part of Individual Life Insurance Companies, State Life Insurance Corporation was created through Nationalization of existing Life Insurance Companies. State Life continued to enjoy the monopoly position in the market from 1973 till 1990. From then onwards, it has been competing with the private sector Insurance Companies, national as well as multinational, on a level playing field. It has successfully withstood the competition from Private Sector for the last 13 years and it was a matter of satisfaction that in a Newspaper article written by a responsible journalist which was published in daily Dawn on 23rd December, 2003 (copy enclosed), the current status of State Life was mentioned in the following words:

“There are five Life Insurance Companies. The giant Public Sector, State Life Insurance Company commands more than 85% of the market share while 4 Private Companies are still in infancy and vie for about 15% remaining share in the business.”

54. After having proved its commercial edge, continuous profitability and hegemonic presence in the market, even in the perfectly open competition environment, it was

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proposed that from now onwards State Life may assume for itself a socially more responsible role. It may consciously and deliberately concentrate more on the rural areas, small towns and the people which belong to less privileged class. At the moment, its main concentration of business was not in these areas and its each and every commercial move was directed more towards earning profits rather than spreading the benefits of insurance to the people who deserve it most.

55. Keeping the above submissions in view, it was suggested that our mission statement which reads as follows,

"To remain the leading Insurer in the country by meeting our commitments to our valued policyholders and the nation",
..... be rewarded as follows
To remain the leading life insurer in the country by extending the benefits of insurance to all sections of society and meeting our commitments to our policyholders and the nation."

56. The addition to the Mission Statement is felt necessary because the sole aim of the State Life should not be to have the narrow aim of remaining the "leading insurer in the country" but as a national institution it may aim to facilitate the provision of insurance benefit to almost 50% of the neglected population which is currently residing in rural and semi-urban areas.

After deliberations, the Board resolved as under:-

RESOLVED:

"that the Board resolved the change in the mission statement be and was hereby approved."

Action:
ED(Mkt)

ITEM (10)-II ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR, CONSIDER/APPROVE - PROPOSAL TO AUTHORIZE MANAGEMENT COMMITTEE TO TAKE DECISIONS IN SUCH CASES ON THEIR MERIT FOR OBTAINING MEDICAL TREATMENT IN AN EMERGENCY SITUATION WITHOUT INTIMATION FROM HOSPITAL WHERE THE PATIENT WAS NOT AUTHORIZED TO TAKE TREATMENT.

57. Executive Director (P&GS)'s Memorandum dated 20-01-2004, was deferred to be placed in the next meeting of the Board.

Action:
ED(P&GS)

ITEM (10)-III ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR, ALPHA INSURANCE COMPANY LIMITED.

58. Mr. M. Sharif Ijaz Ghauri stated that he had written a letter to the Chairman that agenda item on matter pertaining to the Alpha Insurance Company Ltd., be included in the next Board Meeting, but same has not been done. Mr. Muhammad Latif, Executive Director (B&A / Inv.) explained that Mr. Ghauri's letter has raised various issues concerning Alpha Insurance Company Ltd., which were being examined and it was not possible to submit the comprehensive report to the Board in the present meeting, which had been called on short notice. However, the report would be submitted to the Board in one of the next meetings.

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MINUTES OF 174TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	24 TH JANUARY, 2004	

ITEM (10)-IV ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR,
TRANSFER OF AREA MANAGERS FROM MARKETING TO
OFFICE SIDE.

59. Mr. M. Sharif Ijaz Ghauri, expressed his reservations in connection with the decision taken by Board on item No.13 in its 173rd meeting, for transfer of Area Managers from Marketing to Office side. The Board after detailed discussions, agreed to reconsider the matter as and when it would be placed before the Board, in form of a proper memorandum with fresh information and further details for review of the earlier decision.

ITEM (10)-V ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR,
RELAXED CRITERIA OF MARKETING FOR UNDER
DEVELOPED AND UNDEVELOPED AREAS.

60. Mr. M. Sharif Ijaz Ghauri also pointed out that business criteria for Marketing should be different and relaxed for under developed and undeveloped areas. The Board agreed to consider the matter as and when it would be placed in the proper form, through a memorandum.

61. The meeting ended with mutual vote of thanks.


CHAIRMAN

CHAIRMAN'S
INITIALS

