

MINUTES OF 184TH MEETING OF THE BOARD OF DIRECTORS

RECTORS	HELD AT	ON	TIME
NOTE BOOK	ISLAMABAD	15 TH MARCH' 2006	

CONFIDENTIAL AND RESTRICTED

The 184th Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 15th March 2006 at 11:00 a.m., in the Board Room, State Life Building No.9, 33-E, Jinnah Avenue, Blue Area, Islamabad.

PRESENT:

- | | |
|---|-----------------|
| 1. Mr. Kamal Afsar | Chairman |
| 2. Mr. Nasim Qureshi | Director |
| 3. Mr. Bashir Ahmed | Director |
| 4. Air Marshal (Retd) Sharbat A. Changazi | Director |
| 5. Mrs. Spenta Kandawalla | Director |
| 6. Ch. Javaid Hussain | Director |
| 7. Syed Hur Riahi Gardezi | Director |
| 8. Mr. Shahid Aziz Khan | Board Secretary |

2. Chairman introduced Mr. Nasim Qureshi, Additional Secretary, Ministry of Commerce as the newly appointed Director to the members of the Board. The Chairman and members of Board of Directors extended warm welcome to Mr. Nasim Qureshi and expressed confidence that the Board would be benefited from the experience and wisdom of Mr. Nasim Qureshi. Mr. Nasim Qureshi thanked the Chairman and members of Board for the kind words for him and assured that he would extend his full cooperation in the meetings of Board.

ITEM (01) CONFIRMATION OF MINUTES OF 183RD MEETING OF THE BOARD OF DIRECTORS HELD ON 15-11-2005.

3. The minutes of the 183rd Meeting of the Board of Directors held on 15th November, 2005, were placed before the Board. At this point, Mr. Muhammad Javed Khan, Executive Director(B&A), Syed Arshad Ali, Executive Director(PHIS/CI/R&A), Ms. Nargis Ghaloo, Executive Director(P&GS/Law/RE) and Mr. Ansar Hussain, OMG, Executive Director(Investment/Act.) also joined the meeting. Syed Hur Riahi Gardezi pointed that at page-2 para-7, line-6 the query was raised by him, and therefore correction may be made in the minutes. The correction was accordingly made. Mr. Ansar Hussain pointed out that at page-29 in para-115 in line-5 after the word "continue", the following sentence was missing, "The Board felt that the settlement be accepted in case principal is received in lump sum." Likewise in the resolved portion after para-115 at page-29 the resolved should be recorded as under "The Board directed ED(Investment) to obtain legal opinion in the matter and place it before the Board for consideration". The Board asked the Board Secretary to make the corrections in the minutes.

4. Air Marshal (Retd) Sharbat A. Changazi proposed and Mrs. Spenta Kandawalla seconded that the minutes of 183rd meeting held on 15th November, 2005 be confirmed with above corrections.

Accordingly, it was resolved as under:

RESOLVED:

"that the Minutes of the 183rd Meeting of the Board of Directors held on 15th November' 2005, were hereby confirmed with above corrections."

[Signature]

CHAIRMAN'S INITIALS

Action:
Board
Secretary

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ITEM (02) IMPLEMENTATION REPORT ON DECISIONS TAKEN IN THE 182ND MEETING OF BOARD OF DIRECTORS.

5. The Board Secretary presented before the Board the implementation report on decisions taken in the 183rd meeting of the Board held on 15th November, 2005.

6. The implementation report of 183rd meeting of the Board was noted.

Action:
Board
Secretary

ITEM (03) MINUTES OF 1ST MEETING OF SOCIAL RESPONSIBILITY COMMITTEE HELD ON 6TH DECEMBER, 2005.

7. The Board Secretary presented before the Board the minutes of 1st meeting of Social Responsibility Committee held on 6th December, 2005.

8. A meeting of Social Responsibility Committee was held on 6th December, 2005. The following were present:-

- | | | |
|------|---|----------|
| i) | Mr. Kamal Afsar, | Chairman |
| ii) | Mrs. Spenta Kandawalla, | Director |
| iii) | Air Marshal (Retd) Sharbat A. Changazi, | Director |

9. It was stressed that SLIC needed to bolster its image as a socially responsible corporate body and this could be done best by participating in the efforts launched by well known institutions, NGOs etc. through contribution of funds by SLIC. It was seen that many other corporate bodies were doing the same and thereby helping the needy sections of population of Pakistan. Mrs. Spenta Kandawalla was of the view, that to select such events or Organizations, the concept of being able to reach the maximum number of people should be the guiding criteria and other criteria should be transparency, management efficiency and low administrative costs. Air Marshal Changazi was of the view that the most important and deserving sector for such support was educational institutions particularly the schools. Mr. Kamal Afsar also supported these views and stated that SLIC, because of its very nature of selling 'protection' to people owes it even more to participate in such efforts which should also include other social sectors like health, culture, sports etc.

10. It was decided that a policy including budget provisions for such participations be firmed up early for consideration by the Board of Directors. The committee may again meet before the next meeting of Board of Directors.

Accordingly it was resolved as under:

RESOLVED

"that the minutes of 1st meeting of "Social Responsibility Committee" held on 6th December, 2005 were noted by the Board."

Action:
Board
Secretary

ITEM (04) PRESENTATION ON BUSINESS FIGURES OF MARKETING, GROUP & PENSIONS, INVESTMENT AND REAL ESTATE DIVISIONS.

11. The business figures for Marketing/Gulf Zone, Group & Pensions, Investment and Real Estate Divisions pertaining to the year ended 31st December, 2005 were presented

[Signature]

CHAIRMAN'S
INITIALS

Action:
Board
Secretary

Action:
Board
Secretary

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before the Board. Syed Hur Riah Gardazi pointed out that business figures of Group & Pensions had shown a decline. It was explained that the rates of premium have to be approved by the Appointed Actuary as per SECP Regulations. Sometimes, other insurance companies quote much lower rates specially so the Postal Life, which is not governed by Security Exchange Commission of Pakistan yet. SLIC is in contact with SECP to correct this anomaly. The SLIC however continue to make efforts through better service and marketing to expand its G&P business. The Board noted with satisfaction the improvement in the overall business of SLIC.

12. The Board was appreciative of the efforts of ED(B&A) and his team in getting the refund including mark up from the Tax authorities

13. It was proposed a meeting of the Board of Directors be convened in the Gulf Zone at an appropriate time.

ITEM (05) TO CONSIDER WINDING UP OF STATE ASSET MANAGEMENT COMPANY.

14. Executive Director(Investment) presented before the Board, a memorandum regarding winding up of State Asset Management Company. It was observed that the legal opinion was taken some years ago.

After thorough discussions it was resolved as under:

RESOLVED

“that an updated legal opinion be obtained and be placed before the Board of Directors.”

ITEM (06) PRIVATIZATION OF MORAFCO INDUSTRIES LIMITED.

15. Executive Director(Investment) presented before the Board, memorandum No.06 dated 05-12-2005 regarding privatization of Morafco Industries Limited.

16. A letter has been received from Privatization Commission asking State Life to give irrevocable consent of selling its shareholding in Morafco Industries Ltd to Privatisation Commission. (Annexure A)

17. The Privatisation Commission desires to have this consent in order to assure maximum number of shares at its disposal to ensure smooth transfer of management control of Morafco Industries to a strategic investor. The shares of Morafco Industries have already been frozen by the Government.

18. In this regard, the Privatisation Commission requires the Corporation to sign and deliver a power of attorney duly stamped and notarized, authorizing Privatisation Commission to sell shares of Morafco Industries Ltd., on behalf of the Corporation. (Annexure B)

19. State Life's holds =25,325= shares of Morafco Industries Limited at an average holding cost of Rs.7.90 per share. Return on the investment over many years has been nil as the plant is closed since 1999. Over the years, accumulated loss has swelled to Rs.829.4 million against the paid up capital of Rs.5.7 million. Morafco Industries was a manufacturer of Vanaspati Ghce, Cooking Oil and its bye products.

Action:
ED(B&A)

Action:
ED(Inv)

[Signature]

CHAIRMAN'S INITIALS

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	<p>20. The company was listed at Karachi Stock Exchange but was on its default counter due to non compliance of listing regulations 32(1)(b)(c) i.e. because of failure to declare Dividend/Bonus for 5 years from the date of last declaration and to pay Annual Listing fee for a period of 2 years.</p> <p>21. Consequently, it was illiquid scrip with last trading quoted at Rs.63.00 per share. (KSE Quotation dated 25th Nov 2005).</p> <p>22. With no hope of revival of company in near future and possibility of finding a buyer for entire holding in the secondary market, State Life may consider to give its consent to Privatisation Commission in this respect. Such a step would facilitate Corporation in unlocking an investment that has turned barren since long.</p> <p>23. As shares of Morafco Industries Limited had been purchased out of life fund of the Corporation, which belongs to the policy holders, therefore, it would be pertinent to request the Privatisation Commission to accomplish the task in a way that net privatization proceeds which come to the Corporation should be higher than the holding cost.</p> <p>24. In view of the facts stated above, Board was requested to accord its approval to the deal and authorize Acting E.D. Investment to sign the necessary documents in this respect.</p> <p>Accordingly it was resolved as under:</p> <p>RESOLVED</p> <p>"that Executive Director(Investment) was directed to ask Privatization Commission to accomplish the task in a way that net privatization proceed cover the holding cost of 25,325 shares of Morafco Industries Limited."</p> <p>ITEM (07) TO CONSIDER – PRIVATE PLACEMENT OF RS.200 MILLION IN GOVT. GUARANTEED SUKUK (TRUST) CERTIFICATES OF WAPDA FIRST SUKUK COMPANY LTD (DEFERRED IN 183RD MEETING OF THE BOARD.)</p> <p>25. Executive Director (Investment) informed the Board that the memorandum originally placed in 183rd meeting of the Board regarding private placement of Rs.200 million in Government Guaranteed Sukuk (Trust) Certificates of WAPDA First Sukuk Company Ltd withdrawn. The Board of Directors agreed.</p> <p>ITEM (08) TO CONSIDER PRIVATE PLACEMENT OF RS.200 MILLION IN LISTED TERM FINANCE CERTIFICATES OF PAKISTAN MOBILE COMMUNICATION LIMITED.</p> <p>26. Executive Director(Investment) presented before the Board, a memorandum regarding private placement of Rs.200 million in listed Term Finance Certificates of Pakistan Mobile Communication Limited. The matter was considered in detail and the Board of Directors approved as follows:</p> <p>After discussions, it was resolved as under:-</p> <p>RESOLVED:</p> <p>"that the proposal of Executive Director(Investment) contained in Memorandum No.08 dated 03-01-2006 for private placement upto Rs.200 million in listed Term Finance Certificates of Pakistan Mobile Communication Limited, was approved."</p>		

Action:
ED(Inv)Action:
ED(Inv)Action:
ED(Inv)

[Signature]
 CHAIRMAN'S
 INITIALS

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MEMORANDUM	ISLAMABAD	15 TH MARCH 2006	
<p>ITEM (09) TO CONSIDER THE MEMORANDUM ON FULL SALARY TO <u>SUSPENDED OFFICIALS.</u></p>			
<p>27. Executive Director(P&GS) presented before the Board, memorandum No.09 dated 31-01-2006 for the amendment in Regulation No.32(3)&(4) of State Life Employees (Service) Regulations 1973.</p>			
<p>After discussions, it was resolved as under:-</p>			
<p><u>RESOLVED:</u></p>			
<p>"that the proposal of Executive Director(P&GS) contained in Memorandum No.09 dated 31-01-2006 for amendment of Regulation No.32(3)&(4) of State Life Employees (Service) Regulations 1973 to amend in the line with the Finance Division (Regulation Wing) Notification No. F.1(6)R.4/93-(I) dated 21-09-1994 and judgement of Supreme Court was approved."</p>			
<p>ITEM (10) TO CONSIDER CONTRACT APPOINTMENT OF MR. LATIF AHMED CHOUDHRY, RETIRED DIVISIONAL HEAD, LAW DIVISION, STATE LIFE INSURANCE CORP OF PAKISTAN.</p>			
<p>28. Executive Director(P&GS) presented before the Board, memorandum No.10 dated 28-02-2006 regarding contract appointment of Mr. Latif Ahmed Choudhry, retired Divisional Head, Law Division, State Life Insurance Corporation of Pakistan.</p>			
<p>29. Mr. Latif Ahmed Choudhry, Deputy General Manager/Divisional Head, Law Division who is L.L.B. Master of Science, Fellow of Chartered Insurance Institute U.K., Fellow of Life Management Institute (LOMA) is associated with State Life Insurance Corporation of Pakistan since 1982. He retired from the services of the Corporation on 05.12.2005 on attaining the age of superannuation. During the entire career he remained attached with Law Division and has been assisting/supervising the legal matters pertaining to administration, legislation/statutory requirements as well.</p>			
<p>30. Mr. Latif Ahmed Choudhry, gained knowledge and experience in the legislative works of the Corporation and in the absence of competent Law Officer (Divisional Head) legal works of State Life would suffer tremendously. It was felt that Mr. Latif Ahmed Choudhry has the necessary expertise and was well conversant with the existing rules/regulations etc. of State Life Insurance Corporation of Pakistan. SLIC was in litigation in a number of cases. It was in the interest of SLIC that Mr. Latif Ahmed Choudhry continues to handle all legal matters of State Life Insurance Corporation of Pakistan for the sake of continuity and specialized knowledge of SLIC and its rules and regulations.</p>			
<p>31. Accordingly, Mr. Latif Ahmed Choudhry had been given contract for six months by allowing the pay in his grade drawn at the time of retirement from services plus the allowances and perquisites in addition to the retirement benefits.</p>			
<p>32. Matter was placed for ex-post facto approval of the appointment of Mr. Latif Ahmed Choudhry as stated above.</p>			
<p>After discussions, it was resolved as under:-</p>			

Action:
(P&GS)


CHAIRMAN'S INITIALS


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RESOLVED:

"that the proposal of Executive Director(P&GS) given in Memorandum No.10 dated 28-02-2006 for ex-post facto approval of the contract appointment for a period of six months to Mr. Latif Ahmed Choudhry, was accorded. The Board of Directors further allowed the Chairman to extend the contract for additional 6 months keeping in view the importance of availability of Mr. Latif Ahmed Choudhry."

Action:
ED(P&GS)

ITEM (11) PERFORMANCE BASED BONUS SCHEME FOR OFFICERS OF STATE LIFE INSURANCE CORPORATION OF PAKISTAN.

33. Executive Director (P&GS) presented before the Board memorandum No.11 dated 24-02-2006 regarding performance based bonus scheme for officers of State Life Insurance Corporation of Pakistan.

34. A memorandum to the Board was submitted for consideration in the 183rd Board meeting for approval of Performance Based Bonus Scheme-2005 for officers of State Life on the same line as was approved for the year 2004 by the Board in its 177th held on 28.04.2004. However, minutes/resolution of the Board are awaited (Annex-A).

35. After receipt of the final audited figures of the Performance Based Bonus-2004 and with the approval of Chairman State Life, the advances towards Performance Based Bonus-2004 were being adjusted by payment of balance/or by deduction from the salary in accordance with the entitlement as per the quantum achieved by the officers of the Corporation for the year 2004.

36. As far as the business year 2005 of the Corporation is concerned, the accounts as at 31.12.2005 were being finalized. It was further stated that officers of State Life were also paid one month basic pay as advance towards Performance Based Bonus-2005 on the occasion of Eid-ul-Fitr - 2005 and also Eid-ul-Azha- 2006 on production of undertaking that the said advance paid was adjustable against Performance Based Bonus for the year-2005 as and when finally declared by the Corporation in accordance with the laid down criteria/scheme after approval of the Board of Directors and Ministry of Commerce/Finance Division. In case the Performance Based Bonus-2005 was not approved or not earned as per the criteria, the amount of said salary advance would be adjusted /refunded.

After discussions, it was resolved as under:-

RESOLVED:

"that the proposal of Executive Director(P&GS) contained in the Memorandum No.11 dated 24-02-2006 for performance based bonus scheme-2005 for officers of State Life was noted/approved."

Action:
ED(P&GS)

ITEM (12) TO CONSIDER STAFF STRENGTH OF LAW DIVISION.

37. Executive Director(Law) presented before the Board memorandum No. 12 for the staff strength of the Law Division.

38. After discussions, the Board directed that the said memorandum be placed in the next meeting of the Executive Committee.

Action:
ED(Law)

[Signature]

CHAIRMAN
INITIALS

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ITEM 13) TO CONSIDER THE MEMORANDUM ON BUNGALOW NO.102-B, GULBERG-II, LAHORE.

39. Executive Director(Real Estate) presented before the Board, a revised memorandum No.13 dated 13-03-2006 regarding Bungalow No.102-B, Gulberg-II, Lahore.

40. The Board of Directors in its 172nd Meeting held on 20th September 2003 at Karachi while considering the above matter, directed as follows;

“Whether the bungalow in question was appearing in the books of accounts and in the books of Real Estate or not. Accordingly it was decided and Management was advised to ascertain the position “

41. In pursuance of Board directives the record of Real Estate Division pertaining to this property had been examined and it had been found that the Trustee appointed by the Federal Government to take over the assets and liabilities of erstwhile Life Insurance Companies did not take over this Bungalow inspite of the fact that it was and was still in the name of Muslim Insurance Company. State Life Insurance Corporation of Pakistan was constituted and established on 1.11.1972 and in terms of Life Insurance Nationalization Order, 1972 it took over assets and liabilities of Nationalized Life Insurance Companies from the Trustees. Since the Bungalow was not taken over by the Trustee it did not appear in the books of accounts of State Life and Real Estate Division.

42. In the record there was a copy of agreement dated 28.3.67 (Annexure-K) executed by the Manager Admin & PR of Muslim Insurance Company and 5 Vendees signatures of one Vendee were missing. Whether the Manager Admin was authorized to execute such agreement was not known. The various payments made by the Vendees were dubious and not supported by the record as confirmed by the Regional Accountant State Life Central Region Lahore. The note of condonation of waiver in late payments of alleged sale prices was a doubtful document as it carries conflicting dates. The note was moved on 31.11.1972 (Annexure-L) while the condonation was approved on 7.11.1972 on the basis of legal opinion given on 6.11.1972.

43. From the facts, it was clear that Bungalow No.102 was property of Muslim Insurance Company and as successor in interest it had devolved to State Life. State Life may take necessary steps to bring this property on book of State Life Insurance Corporation.

After discussions, it was resolved as under:-

RESOLVED:

“that the proposal of Executive Director(Real Estate) contained in revised Memorandum No.13 dated 13-03-2006 for taking the necessary steps to bring Bungalow No.102-B, Gulberg-II, Lahore in the books of State Life Insurance Corporation of Pakistan was approved.”

ITEM (14) TO CONSIDER REQUIREMENT FOR FRESH INDUCTEES IN REAL ESTATE DIVISION.

44. Executive Director(Real Estate) presented before the Board, memorandum No.14 dated 01-03-2006 regarding requirement for fresh inductees in Real Estate Division.

Action:
ED(RE)

Signature
CHAIRMAN'S
INITIALS



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Action: ED(RE) 45. The Board discussed the subject memorandum and directed Executive Director(Real Estate) to present the same in next meeting of the Executive Committee for consideration.

ITEM (15) TO CONSIDER RENOVATION OF EXISTING STATE LIFE BUILDINGS ALL OVER PAKISTAN.

46. Executive Director(Real Estate) presented before the Board, memorandum No.15 dated 09-03-2006 for renovation of existing State Life Buildings all over Pakistan.

47. State life Real Estate Division maintains 69 buildings all over Pakistan. Most of the buildings were inherited at the time of Nationalization while a few were constructed thereafter. Real Estate looks after the daily maintenance and operation of the buildings however no major renovation work had been carried in any of the buildings since nationalization.

48. On the approval by the Board of Directors, services of M/s NESPAK had been engaged as Consultant to Real Estate Division. Amongst the various assignments given to NESPAK, they were also awarded the assignment to visit all the State life buildings and submit complete report on the renovation and improvement works that need to be carried out in these buildings.

49. NESPAK has surveyed all the buildings and prepared a brief of the work that need to be carried out. (Annexure "A"). The entire works to be carried out have been divided into three priorities depending upon the urgency of the nature of the work. As per the report the estimated cost of the jobs that would be carried out priority wise were as follows : (Annexure "B")

	Actual Cost	NESPAK FEE (5%)	Total Cost
In priority-I	Rs. 640.8 Million	32.06 Million	672.86 Million
In priority II	Rs. 33.5 Million	1.68 Million	35.18 Million
In priority - III	Rs. 52.7 Million	2.63 Million	55.33 Million
Total	Rs. 727.0 Million	36.37Million	763.37Million

50. It may be noted that the cost mentioned above includes 5% service charges as demanded by NESPAK which may be negotiated.

51. The case was placed before the Board of Directors for approval in principle for estimated budget of Rs. 765 million for renovation works to be carried out at various State Life buildings as worked out by M/s NESPAK.

After discussions, it was resolved as under:-

RESOLVED:

"that the proposal of Executive Director(Real Estate) contained in the Memorandum No.15 dated 09-03-2006 for approval of estimated budget of Rs.765 million (Rupees seven hundred sixty five million) for renovation work of 69 State Life Buildings situated in all over Pakistan was accorded, provided said budget would spread over a period of two years and each-year would be allowed 50% of the total budget i.e. Rs.382.50 million only."

Action: ED(RE)

[Signature]
CHAIRMAN'S INITIALS

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	<p>ITEM (16) TO CONSIDER CHARGING OF HOUSE RENT ALLOWANCE FROM STATE LIFE EMPLOYEES AVAILING ACCOMMODATION IN RESIDENTIAL BUILDING AT KARACHI.</p> <p>52. Executive Director(Real Estate) presented before the Board, Memorandum No.16 dated 06-03-2006 for consideration to charge house rent allowance from State Life Employees availing accommodation in residential buildings at Karachi.</p> <p>53. State Life owns 14 residential buildings and amongst these buildings, residential accommodations are provided to the employees in light of the Board decision made at its 143rd and 145th Meetings held on 19-12-1998 and 25/27-02-1999 respectively (minutes of meetings were placed at Flag "A" and "B"), in the following buildings:-</p> <ol style="list-style-type: none"> 1-B Flats, Lalazar, Karachi. 49-A, Flats, Lalazar, Karachi. 1-A, Flats, Framroze Road, Karachi. Building No. 10, Abdullah Haroon Road, Karachi. <p>54. According to the decisions made by the Board, occupants were to pay either market rent or an amount equivalent to their house rent entitlement, whichever was less besides that the Chairman was authorized to grant upto 25% concessions in market rent in exceptional cases.</p> <p>55. Moreover, the criteria for allotment of residential units to the officers of State Life was also proposed by ED (P&GS) and approved by the then Chairman on 27-06-2001 (Flag "C"). Presently apartments at 1-B, Lalazar, Karachi, were given out on market rate and few of these were given with 25% rebate and other properties have been rented out to the employees on the basis of house rent admissible to them.</p> <p>56. Letting out accommodations on market rents to the employees created problem as employees always contest the market rate. Moreover, employees as matter of right apply for 25% rebate on the plea that market rent was less than its house rent entitlement which was contrary to the factual position of prevailing rent in the areas where these residential buildings were located.</p> <p>57. Real Estate Division proposed that in order to streamline the situation the employees allowed to reside in residential premises owned by State Life should be charged their house rent allowance without any rebate for use of the premises. The rent must be deducted from the monthly salary.</p> <p>58. The Board of Directors was therefore, requested to consider and approve the proposal as submitted, above.</p> <p>59. Syed Hur Rishi Gardezi opined that the charging of house rent allowance from the employees of State Life availing accommodation in residential buildings at Karachi would be acceptable to all employees if it would not have the tendency of discrimination or inequality. Mrs. Spenta Kandawalla suggested that a uniform policy may be adopted for charging the house rent so no employee may have any objection.</p> <p>After discussions, it was resolved as under:-</p>		

Syed Hur Rishi
 CHAIRMAN
 INITIALS

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RESOLVED:

"that the proposal of Executive Director(Real Estate) contained in para-5 of the Memorandum No.16 dated 06-03-2006 for charging the house rent allowance from the State Life Employees availing accommodation in residential buildings at Karachi was approved."

ITEM (17) TO CONSIDER – BUDGET PROPOSALS FOR THE YEAR 2006 AND REVISED BUDGET ESTIMATES FOR THE YEAR 2005.

60. Executive Director(B&A) presented before the Board memorandum No.17 dated 22-02-2006, regarding budget proposals for the year 2006 and revised budget estimates for the year 2005.

61. At this point, Mr. Khizer Hayat Aamir, Divisional Head(B&A) joined the meeting and with the help of multi media made a presentation on the subject. He highlighted the salient features of budget proposals for the year 2006 and revised budget estimates for the year 2005. He also replied to the different queries raised by the members of the Board. The Board considered that the budget proposals for the year 2006 needed a little readjustment because some of proposed expenses had been shown on the higher side. The Board directed ED(B&A) to make the following adjustments:-

Description	Percentage in Memo	Revised by the Board
Second year persistency	82%	83%
Renewal persistency	90%	91%
Investment income	14%	15%
Real Estate income	14%	15%
Real Estate expenses	16%	10%
Renewal expense ratio	29.7%	29%

Accordingly, it was resolved as under:

RESOLVED

"that the Board directed ED(B&A) to submit fresh memorandum to the Board after incorporating the readjustments mentioned above."

ITEM (18) TO CONSIDER ACTUARIAL TRAINEE SCHEME.

62. Divisional Head(Actuarial) presented before the Board memorandum No.18 dated 13-03-2006 (Annexure-A attached to the Minutes) regarding revised Actuarial Trainee Scheme

Accordingly, it was resolved as under:

RESOLVED

"that the proposal of Divisional Head(Actuarial) contained in the Memorandum No.18 dated 13-03-2006 to approve the revised technical allowance and accelerated promotion scheme as mentioned in para 3(a) to 3(e) of the memorandum(attached to the minutes as Annexure-A)), was approved."

ITEM (19) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

(I) POST RETIREMENT MEDICAL FACILITY TO OFFICERS OF STATE LIFE.

63. Executive Director(P&GS) presented before the Board, Memorandum

Action:
ED(RE)

Action:
ED(B&A)

Action:
ED(B&A)

Action:
DH(Act)

Samuel J...
CHAIRMAN
INITIALS

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<p>Action: ED(P&GS)</p>	<p>No.19(I) dated 13-03-2006 regarding post retirement medical facility to officers of State Life.</p> <p>64. After discussion, the Board directed the Executive Director(P&GS) to place the subject memorandum in the next meeting of Executive Committee for consideration.</p> <p><u>ITEM (19) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.</u></p> <p><u>(II) INCREASE IN DIRECTOR'S FEE</u></p> <p>65. The Board Secretary presented before the Board, memorandum No.19(II) dated 14-03-2006 for the increase of Director's fee.</p> <p>66. The matter relating to the increase of Director's Fee for attending Board/Executive Committee or other meetings is governed by Rule 5 of State Life Directors (Remuneration) Rules 1973 (Annex-A). The jurisdiction to issue or amend these rules is vested with Federal Government and same is governed by Article 48 of State Life Insurance Corporation (Nationalization) Order 1972.</p> <p>67. As per Rule 5 of the State Life Directors (Remuneration) Rules 1973, initially the fee for attending the Board meeting and other meetings was Rs.100/- and Rs.50/- respectively. However, in 157th meeting of the Board of Directors held on 11th November, 2000, the Board resolved to pay Rs.2000/- (Annex-B) for attending meetings of the Board/Executive Committee. For the amendment of the statute/rules the matter was referred to the Federal Government, Ministry of Commerce which only accepted the increase to the tune of Rs.1000/- for attending above referred meetings. To this effect SRO No. 202(1)/2001 dated 30th March, 2001 was issued by the Federal Government. This increase was given after the issuance of above referred SRO. (Annex-C).</p> <p>68. SLIC Board of Directors in its meeting dated 12th February, 2004 interalia resolved that the rate of Director's Fee and air travel entitlement be brought at par with those of NICL & PRCL and the same be recommended to Ministry of Commerce for approval.</p> <p>69. As informed by M/s. National Insurance Company they were paying Rs.5000/- per meeting to their Directors for attending the meetings of the Board/Committees and the travel entitlement was business class (Annex-D). As per M/s. Pakistan Reinsurance Company Limited, their Directors were entitled to Rs.5000/- as Director Fee and travel entitlement of business class air ticket (Annex-E).</p> <p>70. The decision for increase of Director's Fee etc. was earlier referred to the Ministry of Commerce for their approval. The Ministry of Commerce vide letter No.3(10)/98-Ins.I dated 4th March, 2005 (Annex-F), observed that the matter of increase of Director's Fee was an internal issue of State Life therefore the decision should be taken at the Board of Directors level.</p> <p>71. As done in the past, Federal Government, Ministry of Commerce has the legal jurisdiction to amend the rules 5(1) and 5(II) of SLIC Directors (Remuneration) Rules 1973, to substitute the figures and words of Director's Fee by issuing a Gazette Notification as per laid down laws/procedures. With all above submissions, the matter was once again placed before the Board of Directors for taking the appropriate decision.</p>		

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DIRECTORS	HELD AT	ON	TIME	
AGENDA BOOK	ISLAMABAD	15 TH MARCH 2006		
<p>Action: Board Secretary/ ED(B&A)</p> <p>Action: Board Secretary/ ED(B&A)</p> <p>Action: Board Secretary/ ED(B&A)</p>	<p>After thorough discussion, the Board resolved as under:</p> <p>RESOLVED:</p> <p>(a) "that the Board approved the increase in Director's Fee for attending Board/Committee's meetings to the tune of Rs.5000 per meeting with effect from 184th meeting held on 15th March, 2006. This decision would also be applicable to the Director appointed on behalf of Ministry of Commerce, Federal Government."</p> <p>(b) "that the Ministry of Commerce, Federal Government would be requested for issuance of Gazette Notification for the increase mentioned in resolved (a)."</p> <p>(c) "that the Board also approved the entitlement of air travel of the members of the Board in business class."</p> <p>ITEM (19) <u>ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.</u></p> <p>(III) <u>POSITION PAPER EXPO PAKISTAN 2006.</u></p> <p>72. A position paper regarding Expo Pakistan 2006 was presented before the Board.</p> <p>73. Export Promotion Bureau (EPB) is organizing Expo Pakistan 2006 an exhibition being held from 29th March to 2nd April, 2006 at Karachi. This is a major national event and is supported by the Federal and Provincial Government. Mr. Humayun Akhtar Khan, Federal Minister for Commerce is taking keen interest in this exhibition as it is arranged under the auspices of his Ministry. He has also directed the State Life and other Departments under Ministry of Commerce to support this mega event through sponsorship of various events.</p> <p>74. Three sponsorship packages have been offered by the organizers as listed below:</p> <p>A) Platinum Package for Rs. 10 million B) Gold Package for Rs. 05 million C) Silver Package for Rs. 01 million</p> <p>75. In return EPB would provide advertising opportunities to the sponsors at the Expo 06.</p> <p>76. Expo Pakistan is a national event and would help to boost our exports. Apart from it a large number of people would attend this exhibition and would be beneficial for State Life also as it provide great advertising opportunity. State Life's name and logo would be highlighted along with other sponsors in the media which will cover this event nationally and internationally. In addition a stall would also be provided to State Life in the same amount for display of its plans and other activities.</p> <p>77. Keeping in view the importance of this high profile event initially Silver Package worth Rs. one million had been considered by the State Life. Later under the directives of the Ministry of Commerce, State Life had signed an agreement with the Export Promotion Bureau for Sponsorship of Exhibition under Gold Package worth Rs. five</p>			<p>CHAIRMAN INITIALS</p>

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DIRECTORS	HELD AT	ON	TIME
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million. The agreement was signed by Mr. Javed Khan, Acting Chairman on behalf of State Life.

Action:
ED(B&A)

78. ED(B&A) explained to the Board the importance of forthcoming Expo Pakistan 2006 wherein State Life would be having great opportunity of advertisement in the national as well as international circles. Board noted and appreciated the decision taken by the management for Gold Package for Rs.5 million for Expo Pakistan 2006.

ITEM (19) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

(IV) NESPAK'S PRESENTATION REGARDING FUTURE PROJECTS OF STATE LIFE

79. At this point, Mr. Asad I. Khan and his team joined the meeting and they made a presentation before the Board with the help of multi media regarding future projects of State Life. NESPAK gave different proposals regarding upgradation/face lifting of different properties, properties in dilapidated condition need to be sold off, and vacant plots proposed for construction of new buildings etc. M/s. NESPAK also submitted a brief outline, business plan for State Life's vacant plots.

80. Mrs. Spenta Kandawalla asked as to how NESPAK had determined that a hotel or commercial building be constructed on a particular plot. Mr. Asad I. Khan explained that the location/size of the plot and impression of interest etc. were the guiding principles to determine the nature of proposed construction. Mr. Gardezi inquired that in case on a vacant plot a hotel is constructed, whether that hotel would be run by SLIC? Chairman stated that it was his understanding that running of a hotel is a very specialized job and SLIC had no expertise of that, so in his view only companies specializing in running hotels could manage such ventures.

After thorough discussion, it was resolved as under:

RESOLVED:

Action:
ED(RC)

"that the Board approved the work done by NESPAK so far and directed that further necessary action on the recommendations of NESPAK be taken by the Management."

ITEM (19) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

(V) EXECUTIVE COMMITTEE/COMMITTEE FOR VISIT OF QUETTA/GWADAR.

Action:
Board
Secretary

81. The Board decided to include Syed Hur Rishi Gardezi as Member in Executive Committee. Board further decided to replace Syed Asif Shah on Executive Committee and on the Committee for the visit of Quetta/Gwadar by Mr. Nasim Qureshi as Member.

ITEM (19) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

(VI) 2ND MEETING OF SOCIAL RESPONSIBILITY COMMITTEE HELD ON 4TH MARCH, 2006.

82. The Board was briefed about the proceedings of 2nd meeting of Social

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Responsibility Committee held on 4th March, 2006 and that the Social Responsibility Committee had recommended an amount of Rs. 5 to 6 crores (Rupees five to six crores) to be disbursed for the current year for eligible cases like the reconstruction and rehabilitation of earthquake affectees. Mrs. Spenta Kandawalla stated the objects of this Committee were mainly to support the needy in the sectors of education, health, culture sports etc. The Board appreciated the efforts made by Social Responsibility Committee and after thorough discussion resolved as under:

RESOLVED:

"that for the purpose of donations and other assistance to discharge the obligation as a responsible corporate citizen, an amount of Rs. 6 crores (Rupees six crores) was approved for the current year."

Action:
ED(B&A)

ITEM (19) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

(VII) NEXT MEETING OF THE BOARD OF DIRECTORS

Action:
Board
Secretary

83. The Board decided that the next meeting of the Board of Directors would be held in the last week of April, 2006 to approve the annual accounts and actuarial valuation for 2005.

ITEM (19) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

(VIII) THE PRIVATIZATION OF STATE LIFE.

84. The Chairman apprised the members of the Board the position of the privatization of State Life Insurance Corporation of Pakistan. He informed that Privatization Commission of Pakistan was to appoint a lead manager for this purpose. ADB's Technical Assistance Programme was also looking after. The management of State Life was extending its full cooperation for the said assignment. He further explained that the Board would be kept informed regarding the progress in this matter

85. The meeting ended with mutual vote of thanks.

Ghulam G
CHAIRMAN

Ghulam G
CHAIRMAN
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<p style="text-align: right;"><u>Annexure-A</u></p> <p style="text-align: center;"><u>Actuarial Trainee Scheme</u></p> <p>1. A revised technical allowance and accelerated promotion scheme for employees taking actuarial examinations was approved by the Board of Directors in its 156th meeting held on 7th October 2000. The purpose of the scheme was to provide incentives to the Actuarial students for passing actuarial examinations. However, the practical implementation of this scheme has been less than perfect, which has defeated its purpose. The scheme envisages promotions and special technical allowances on completing various stages of actuarial examinations. Quite often the due promotions of actuarial students are delayed for logistical reasons and when the necessary orders are issued they are not made effective from the date when the concerned student became eligible for it. This has given rise to dissatisfaction and frustration amongst the students. There are also some other irritants in implementation of the scheme which have been bothering the students. Furthermore, the technical allowances allowed to actuarial personnel have not been revised since more than 5 years. The present structure of allowances is very much out of line with the market.</p> <p>2. Due to a combination of frustration at implementation of the actuarial trainee scheme and brighter prospects offered by other employers, in recent months, the Actuarial Division has been experiencing quite a heavy turnover of Actuarial personnel, resulting in depletion of the strength of the Division to less than half its level just 18 months ago. To stop this trend it is proposed that this scheme be simplified in such a way that it may become competitive with the market and its smooth implementation be ensured.</p> <p>3. We propose a new actuarial trainee scheme as follows:</p> <p>a) Remove administrative delays in promotions by simplifying the process and making it dependent on:</p> <p style="margin-left: 40px;">i) Completion of examination requirements laid down in the scheme.</p> <p style="margin-left: 40px;">ii) Recommendation of Divisional Head (Actuarial).</p> <p>The effective date of the promotion should be the date when both these two conditions were met, independent of vacancies or the date of the promotion order.</p>			
			<p style="text-align: center;"><i>[Signature]</i></p> <p style="text-align: center;">CHAIRMAN INITIAL</p>

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- b) Presently the actuarial examinations are held in Pakistan by both the Institute of Actuaries of England and the Society of Actuaries of USA. The examinations of both these bodies are of equivalent standard and they enjoy a similar professional repute and are equally recognized by SECP and the Pakistan Society of Actuaries. The actuarial trainees should be free to decide whether to pursue the examinations of the Institute or the Society of Actuaries. Reimbursement of educational expenses and incentives and awards should be equally admissible irrespective of which examination track is selected by the student.
- c) Recently new trainees joining State Life are required to sign a surety bond that they would serve State Life for at least three years after qualifying as a Fellow of the Society or Institute of Actuaries. If they leave earlier they are required to refund all the training and educational expenses incurred by State Life on them subject to a minimum of Rs 150,000 if he leaves as a student or Rs 225,000 if he leaves as an Associate or Rs 300,000 if he leaves as a Fellow. It is proposed that for new trainees the amount to be refunded be a fixed amount irrespective of the actual training and educational expenses incurred on them. This amount is proposed to be Rs 150,000 in case of departure from the scheme as a student, Rs 400,000 in case of departure as an Associate and Rs 500,000 in case of departure as a Fellow. However, no amount would be refundable if a trainee has completed ten years of service with State Life, including the initial probationary period.
- d) Under the new scheme, promotion criteria for students taking exams of the Society of Actuaries, USA and Institute of Actuaries, UK are proposed to be as follows:

Society of Actuaries, USA.

Promotion as	Present under old syllabus	Proposed under new syllabus
	On passing	On passing
Executive Officer	Course No 1 or 2 plus any other course OR Any one of Course no 3 onwards	Any 2 of Exams P, MF, M and C
Assistant Manager	Course No 1 & 2 plus any two of Courses 3 onwards OR Any 3 of Course No 3 onwards	Exams P, MF, M and C or an equivalent combination in terms of technical allowance.
Deputy Manager	Course Nos 1 & 2 plus any 4 of Courses 3 onwards OR Any 5 of Courses 3 onwards	Exams P, MF, M and C plus FAP Modules 1 through 8 including 1 st and 2 nd FAP exams or an equivalent combination in terms of technical allowance.
Manager	Any 7 courses	Exams P, MF, M and C plus FAP Modules 1 through 8 including 1 st and 2 nd FAP exams plus FSA Modules including capstone Module or an equivalent combination in terms of technical allowance.
AGM	On attaining Fellowship	On attaining Fellowship

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Institute of Actuaries, UK.

Promotion as	Present under old syllabus	Proposed under new syllabus
	On passing	On passing
Executive Officer	Two Subjects	Two Subjects
Assistant Manager	Six Subjects	Five Subjects
Deputy Manager	Ten Subjects	Nine Subjects
Manager	Thirteen Subjects	Twelve Subjects
AGM	On attaining Fellowship	On attaining Fellowship

c) It is proposed that technical allowance for employees passing or having passed the examinations of the Society of Actuaries and the Institute of Actuaries be revised as follows:

Society of Actuaries, USA.

Present		Proposed	
On passing (old syllabus)	Technical Allowance per month	Equivalent (new syllabus)	Technical Allowance per month
Courses 1 to 2	Rs 1,000 per exam	Exams P and MF	Rs 5,000 per exam
Courses 3 to 4	Rs 2,000 per exam	Exams M and C	Rs 5,000 per exam
Course 5	Rs 2,000	FAP Modules 1 through 5 and 1 st FAP exam	Rs 5,000
Course 6	Rs 2,000	FAP Modules 6 through 8 and 2 nd FAP exam	Rs 5,000
On passing either Courses 1 & 2 plus any three courses out of Course 3 onwards or any four courses out of course 3 onwards	Rs 5,000	On attaining Associate ship	Rs 10,000
Course 7	Rs 3,500	FSA Modules including capstone module	Rs 5,000
Course 8	Rs 3,500	Exam DP	Rs 5,000
On completing Professional Development Requirement	Rs 5,000	Exam CSP	Rs 5,000
Total	Rs 27,000		Rs 55,000
On attaining Fellowship	Rs 25,000 (Special Pay)	On attaining Fellowship	Rs 50,000 (Special Pay)

Institute of Actuaries, UK.

Present		Proposed	
On passing (old syllabus)	Technical Allowance per month	Equivalent (new syllabus)	Technical Allowance per month
Subjects 101 to	Rs 800 per	Subjects CT 1 to CT 9, where	Rs 3,000 per

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109	subject	subject CT4 would be counted as two subjects and given twice the allowance each month.	subject
On passing a total of 9 subjects	Rs 5,000	On passing a total of 9 subjects	Rs 10,000
Subject 201	Rs 800	Subject CA3	Rs 3,000
Subjects 301 to 305 (any 4 subjects)	Rs 2,250 per subject	Subject CA1 and any 2 of Subjects ST0 to ST6	Rs 3,000 per subject
Any one subject from 400 series	Rs 5,000	Any one subject from the SA series	Rs 3,000
Total	Rs 27,000		Rs 55,000
On attaining Fellowship	Rs 25,000 (Special Pay)	On attaining Fellowship	Rs 50,000 (Special Pay)

4. The revised technical allowance and accelerated promotion scheme as proposed in paras 3 (a) to 3 (c) may kindly be approved.

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CHAIRMAN'S INITIALS

