

MINUTES OF 190TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	ISLAMABAD	8 TH JUNE' 2007	

CONFIDENTIAL AND RESTRICTED

The 190th Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 8th June, 2007 at 10:00 a.m., in the Board Room, State Life Building No.9, 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. Ch. Javaid Hussain | Director |
| 6. Syed Hur Riahil Gardezi | Director |
| 7. Mr. Shahid Aziz Khan | Board Secretary |

- The meeting started with recitation from the Holy Quran.
- The request for leave of absence of Mrs. Spenta Kandawalla, Director was granted by the Board.

ITEM (01) CONFIRMATION OF MINUTES OF 188TH AND 189TH MEETINGS OF BOARD HELD ON 10TH APRIL, 2007 AND 29TH MAY, 2007 RESPECTIVELY.

4. The minutes of the 188th and 189th meetings of the Board of Directors held respectively on 10th April, 2007 and 29th May, 2007, were placed before the Board.

5. It was pointed out that resolved portion of item-11 regarding contract appointment of Mr. Latif Ahmed Chaudhry Board redrafted it as under: "The ex post facto approval for extension of contract appointment of Mr. Latif Ahmed Chaudhry with effect from 16-12-2006 for a period of six months as approved by Chairman SLIC and thereafter for further six months on same terms and conditions is approved". Likewise at page-17, item-20 Board incorporated certain changes and re-arranged/re-numbered the paragraphs after para-92.

Action:
ED(P&CS)

6. The Board observed that while presenting memorandums from different Divisions the figures mentioned in the memorandums are not stated in words. This creates confusion. The Board directed that in future the figures mentioned in the memorandums should be stated in words also.

Action:
All EDs

7. Ch. Javaid Hussain proposed and Mr. Bashir Ahmed seconded that the minutes of 188th and 189th meetings be confirmed with above corrections.

Accordingly, it was resolved as under:

RESOLVED:

"the Minutes of the 188th and 189th meetings of the Board of Directors held on 10th April' 2007 and 29th May, 2007 are hereby confirmed with above corrections."

Action:
Board
Secretary

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MINUTES OF 190TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	ISLAMABAD	8 TH JUNE' 2007	

ITEM (02) MINUTES OF 20TH MEETING OF BOARD AUDIT COMMITTEE HELD ON 9TH MAY, 2007.

Action:
Secretary
(BAC)

8. At this point, the minutes of the 21st meeting of Board Audit Committee were also distributed. The minutes of 20th meeting of Board Audit Committee held on 9th May, 2007 and the minutes of 21st meeting of Board Audit Committee held on 28th May, 2007, were noted by the Board.

ITEM (03) BUSINESS REVIEW OF MARKETING, GROUP & PENSIONS, INVESTMENT AND REAL ESTATE DIVISIONS.

Action:
All EDs

9. At this point, Mr. Muhammad Javed Khan, ED(B&A/Investment/Act.), Mr. Ejaz Ahmad, ED(P&GS/Law/Real Estate), Syed Arshad Ali, ED(PHS/CD/R&A) and Ms. Nargis Ghaloo, ED(Mktg./G&P) also joined the meeting. The business figures for Marketing/Gulf Zone, Group & Pensions, Investment and Real Estate Divisions were presented before the Board. The Board noted that the business figures presented by Marketing Division mentioned volume of premium. Board directed that volume was not the correct heading. In future correct heading be stated. Also all figures be stated in words. The Board noted the progress.

ITEM (04) PREMIUM COLLECTION THROUGH CREDIT CARDS AT COLLECTION COUNTERS IN ZONES.

10. Executive Director (Computer/PHS) presented before the Board, a memorandum regarding premium collection through credit cards at collection counters in Zones. At this point, DH(Computer) also joined the meeting. ED(Computer/PHS) and DH(CD) briefed the Board on the salient features of their memorandum.

11. The conventional ways of keeping, carrying and transacting hard cash are diminishing rapidly. Now a days reputed firms, departmental stores, fuel stations etc. accept payments through credit cards and few organizations even discourage cash payments now. Use of ATM cards, debit cards, Visa and Master cards is emerging as major source of consumer's financial transaction. The organizations collecting utility payments and bills are exploring new means to facilitate clients/consumers in receiving their dues through non-traditional means.

12. The subject matter of collection of premium through credit cards has earlier been taken up but could not be materialized on account of complexities, the stand off mainly was on the issue of payment of 2.5% per premium collection as service charges which State Life Insurance Corporation deemed as not a feasible proposition in its perspective.

13. With a view to approach the objective of providing the facility of collection of premium through credit cards at collection counters to our valued policy holders more aggressively, a committee comprising of Divisional head (CD) as convener was constituted and other members include DH (Marketing), DH (PHS) and DH (B&A) to negotiate with the Banks which are offering Credit Card facility for collection of premium by providing credit card swapping machines at the collection counters in the Zones.

14. The committee constituted as referred to above held number of meetings with Citi

CHAIRMAN'S
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MINUTES OF 190TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	ISLAMABAD	8 TH JUNE' 2007	
<p>Bank, Bank Alfalah Ltd, MCB and United Bank Ltd. The comparative position of the rates quoted by the Banks per collection of premium is as under:</p> <p>(a) Bank Alfalah Ltd. 1.7% on Bank Alfalah card and 1.85% on other Visa and Master cards.</p> <p>(b) MCB Ltd. 1.7% on MCB and other Visa and Master cards.</p> <p>(c) United Bank Ltd 1.65% on UBL and other Visa and Master cards.</p> <p>15 Initially United Bank Ltd quoted 1.80% on UBL and other Visa and Master cards but subsequent negotiations convinced the UBL management to bring down the quoted rates from 1.80% to 1.65% per collection of premium. Whereas Citi Bank didn't formally submit the rates.</p> <p>16 The offer of UBL is deemed by the committee as reasonable and is the lowest among other proposals. It is approximated that up to 5% of renewal collection would be collected using credit card facility to the tune of Rs 400 million with expenditure of Rs 6 million plus to be incurred by the State Life Insurance Corporation for providing the facility of payment of premium through credit cards to our valued policy holders at the cash counters in Zones. Our competitors in life insurance and other non life insurer have extended this facility to their clients long time ago.</p> <p>17 The Board of Directors of State Life is requested to consider and approve in principle to extend the facility of collection of premium through UBL merchant account & credit card handling machines installed at the collection counters in the Zones of State Life Insurance Corporation @ 1.65% of amount collected through this arrangement as service charges through all Visa and Master cards, the expenses incurred will be treated as Bank charges in the books of accounts.</p> <p>18. The Board noted that the charges offered by the Banks appear to be on the higher side. This would result in increase of acquisition costs. The Board asked B&A Division to negotiate with the banks to try and get the facility free of cost or at the barest possible minimum. The banks already having business relationships with SLIC may be more amenable to this. It was further asked to look into if the proposal then be again put up alongwith complete details regarding the whole procedure like SLIC account etc. etc.</p> <p>ITEM (05) INFORMATION TECHNOLOGY (IT) STRATEGY FOR STATE LIFE: CONSIDERATION/APPROVAL FOR THE PURCHASE OF SOFTWARE, HARDWARE & OTHER INFRASTRUCTURE EQUIPMENTS AND HUMAN RESOURCE ASSOCIATED WITH 'IT' STRATEGY.</p> <p>19. Executive Director (Computer) presented before the Board, a memorandum regarding information technology (IT) strategy for State Life and approval for the purchase of software, hardware & other infrastructure equipments and human resource associated with 'IT' strategy.</p> <p>20. Executive Director(Computer) and DH(Computer) briefed the Board on the salient features of the memorandum. The Board was informed that there were number of possibilities to develop IT technology strategy for State Life like in-house IT development,</p>			

Action:
ED(CD)
ED(B&A)

CHAIRMAN'S
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MINUTES OF 190TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	ISLAMABAD	8 TH JUNE' 2007	

Action:
ED(CD)

out sourcing, enterprise solution as available in the market etc. DII(Computer) informed the Board that tailor made programmes were not available in the market for State Life. Similarly, in-house IT development programme was not possible as Corporation has no capacity to meet with the requirements such as manpower etc. Mr. Bashir Ahmed suggested that IT technology was a technical subject therefore, a presentation may be arranged before the Board with complete details. Air Marshal (Retd) Sharbat A. Changazi opined that the computerization of Corporation already had been much delayed therefore matter should be decided as early as possible. Board agreed with the suggestions and directed ED(CD) to arrange a comprehensive full scale presentation on 14th June, 2007 in 191st meeting of the Board at Karachi.

ITEM (06) WINDING UP OF STATE ASSET MANAGEMENT COMPANY

Action:
ED(Inv.)
ED(B&A)

21. At this point, Mr. Ansar Hussain, GM(Investment) and DH(Law) also joined the meeting. Executive Director (Investment) presented before the Board, a memorandum regarding winding up State Asset Management Company (SAMCO). The ED(Investment), GM(Investment) and DH(Law) briefed the Board on the salient features of the memorandum and replied to the different queries raised by the Board. Board noted that the legal opinion stated to have been obtained now and had not been placed before the Board as earlier directed. The Board was informed that ED(B&A) was to be Chairman of this Company as per its Articles of Association. Board asked ED(Investment) to have a meeting with the CEO from Baig Associates (stated to have resigned) and to come up with a step-by-step solution for winding up of SAMCO. The clearance given by NAB for winding up of SAMCO may once again be looked into to ensure that everything was in order. The updated legal opinion with chronological order in shape of complete paper/memorandum, documented with complete annexures were asked to be placed before the Board with proposed solutions for winding up of SAMCO.

ITEM (07) CONSTRUCTION OF STATE LIFE BUILDING AT GUJRANWALA CIVIL, PLUMBING & ELECTRICAL WORKS.

22. At this point, DH(RE) alongwith Mr. S. Manzar H. Zaidi, DGM(RE) joined the meeting. ED(RE), DH(RE) and DGM(RE) briefed the Board on the salient features of their memorandum and replied to different queries raised by the members on the Board. The Board asked that while NESPAK were the consultants why revised cost had not been reviewed and recommended by them. Syed Hur Riahi Gardezi pointed out that no break up has been given that how the cost has been increased. He further opined that only the proposed increase in civil, plumbing works and electrical works cost has been shown while other works were not shown with any impact of the cost.

Action:
ED(RE)

23. The Board observed that the working papers did not give complete information and the amounts of increase in estimated expenditure put up for consideration and approval of the Board were not verified and vetted by NESPAK. DH(RE) informed the Board that NESPAK had approved the revised estimates however, through inadvertence, they did not put up their signatures. The Board directed that the same may be done now and in the interest of avoiding delay the amounts as verified and recommended for approval by NESPAK are approved. The complete report may however be put up for Board's information including the earlier approved cost and the increased cost item-wise as well as for the entire project

CHAIRMAN'S
INITIALS

MINUTES OF 190TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	ISLAMABAD	8 TH JUNE' 2007	
<p data-bbox="267 336 1266 403">ITEM (08) INSTALLATION OF D.G.SETS FOR PRINCIPAL OFFICE, STATE LIFE BUILDING NO.9, KARACHI.</p> <p data-bbox="267 436 1307 504">24. Executive Director (RE) presented before the Board, memorandum for installation of D.G. sets for Principal Office, State Life Building No.9, Karachi.</p> <p data-bbox="267 537 1307 672">25. State Life Building No.9, Karachi, was constructed in 1982. At the time of construction a generator set of 250 KVA capacity was installed to cater for the basic load, which included lifts, water pumps and common area lighting. This generator has been giving successful results for the past 25 years due to effective maintenance.</p> <p data-bbox="267 705 1307 840">26. With the passage of time load requirement has enhanced, central computer systems installed were hooked up with the generator set. The breakdown in the power supply has become a regular problem, upto 4 to 5 times during a day, which badly hampers the working efficiency.</p> <p data-bbox="267 873 1307 1030">27. This problem was referred to M/s. NESPAK, who have proposed that two separate generators be installed to cater for the complete light and A.C. plant load respectively, (Annexure-A), especially keeping in view that KESC has clearly announced that the electric supply problem and intermittent power failure cannot be solved atleast for the next 5 years.</p> <p data-bbox="267 1064 1307 1220">28. M/s. NESPAK has proposed installation of one generator set for light and lift load and another for air-conditioning load. The estimated cost is around Rs. 31 million including cost of construction of one room for generator. Detailed working of the actual capacity, room size, acoustics, electrical casting hookup system will be worked out by M/s. NESPAK.</p> <p data-bbox="267 1254 1307 1321">29. The case is, therefore, placed before the Board of Directors for approval of capital budget to the extent of Rs. 31 million as recommended by M/s. NESPAK.</p> <p data-bbox="267 1355 698 1388">Accordingly, it was resolved as under:</p> <p data-bbox="267 1400 438 1433">RESOLVED:</p> <p data-bbox="341 1456 1266 1624">"that as recommended by M/s. NESPAK and Real Estate Division, one generator set for light/lift load and another for airconditioning load is allowed to be installed in State Life Building No.9, Karachi for an additional capital budget of Rs.31 million subject to laid down rules, regulations and procedures, is approved."</p> <p data-bbox="267 1646 1282 1713">ITEM (09) APPROVAL OF REVISED COST ESTIMATES FOR STRUCTURAL WORKS UPTO 4TH FLOOR – STATE LIFE TOWER, ISLAMABAD.</p> <p data-bbox="267 1747 1307 1904">30. Executive Director(RE) presented before the Board, memorandum on the approval cost estimates for structural works upto 4th floor – State Life Tower Project, Islamabad. ED(RE), DIH(RE) and Mr. S. Manzar H. Zaidi, DGM(RE) briefed the Board on salient features of their memorandum the former ED(RE) Ms. Nargis Ghaloo also gave a complete background of this case.</p> <p data-bbox="267 1937 1307 2004">31. The proposal of M/s. NESPAK of dove-tailing of on-going civil and plumbing works for 3 basements + ground + 4 upper floor which are under contract of M/s.</p>			

Action:
ED(RE)

CHAIRMAN'S
INITIALS

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MINUTES OF 190TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	ISLAMABAD	8 TH JUNE' 2007	

Moinsons, was discussed in the 188th Board meeting held on 10-04-2007. M/s. NESPAK's recommendation was approved by the Board, the salient features of the decision are as follows:-

- a) M/s. Moinsons, the Contractor for civil works will complete the structural work upto 4th floor excluding finishing works.
- b) Electrical conduit upto 4th floor for electrical work will be carried out by M/s. Moinsons.
- c) Contractor be paid according to his original BOQ tender rates.
- d) He will withdraw all his claims of losses.
- e) M/s. NESPAK will submit the financial impact of the above.

32. M/s. NESPAK vide their letter No.156/08/AIAK/01/145 dated April 19, 2007 submitted financial summary and the estimated cost of the structural works upto 4th floor as Rs. 250 million. (Annexure-A).

33. State Life requested M/s. NESPAK to check and review their estimate of Rs. 250 million. In response, they have confirmed vide their letter dated June 1, 2007 (Annexure-B), that the estimate given by them is appropriate and based on the following two major reasons:-

- a) Increase in cost of material, especially steel and cement.
- b) Increase in quantity of steel and cement due to revision enforced by CIDA, in wake of earthquake disaster on 08-10-2005 in Islamabad and Northern Areas of Pakistan.

34. The under reference revised estimate was overseen by the RED Engineers and they endorsed the revised cost estimate as mentioned above. RED recommends for the approval of M/s. NESPAK's revised estimate of Rs.250 million.

Accordingly, it was resolved as under:

RESOLVED:

"that in the light of decision made in 188th meeting of the Board of Directors held on 10th April, 2007 and as recommended by M/s. NESPAK and Real Estate Division, revised cost of Rs.250 million (Rupees two hundred fifty million only) for structural works upto 4th floor - State Life Tower, Islamabad under the contract of the Contractor M/s. Moinsons, is approved.

ITEM (10) PURCHASE OF PLOT AT QUETTA.

35. Executive Director (RE), DH(RE) and Mr. S. Manzar H. Zaidi, DGM(RE) briefed the Board on the salient features of the memorandum.

36. Item was discussed in detail. The Board was of the view that the idea behind acquiring a plot and construct a building for State Life's own offices emanated from philosophy that SLIC being an all Pakistan Federal Government owned Corporation did not presently have a suitable presence of its own in the province of Balochistan. It must have its own building in Quetta to over-come this situation. The proposed purchase of a plot and construction thereon was not for investment purpose. The Board decided that its meeting in July 2007 may be held at Quetta, when Board of Directors should also visit the sites of

Action:
ED(RE)

Action:
ED(RE)

CHAIRMAN'S
INITIALS



MINUTES OF 190TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	ISLAMABAD	8 TH JUNE' 2007	

offers which SLIC has received now. The Board will give its further directives on future course of action after the visit.

ITEM (11) MANPOWER SHORTAGE AT B&A DIVISION – CONTRACTUAL APPOINTMENT OF MR. ZUBAIR A. KHAN, AGM/REGIONAL ACCOUNTANT, SOUTHERN REGION, KARACHI AND MR. HAROON ABDUL GHANI, DEPUTY MANAGER (B&A) SUKKUR ZONE.

37. Executive Director (P&GS) presented before the Board, a memorandum regarding manpower shortage at B&A Division – contractual appointment of Mr. Zubair A. Khan, AGM/Regional Accountant, Southern Region, Karachi and Mr. Haroon Abdul Ghani, Deputy Manger (B&A), Sukkur Zone.

38. Due to acute shortage of officers, B&A Division is unable to provide a substitute whenever an officer is transferred, retires, resigns or dies. Dual charges have been allowed to officers frequently to look into the work of outgoing officers. The situation will aggravate further as 8 (eight) more officers will retire during 2007. Officers retiring in 2007 include Mr. Zubair A. Khan, AGM/Regional Accountant, Southern Region. Mr. Zubair A. Khan has retired from service of State Life w.e.f. 18th May, 2007. B&A Division does not have a replacement for posting AGM/DGM as Regional Accountant for Southern Region. After retirement of Mr. Zubair Ahmad Khan, the supervision of B&A Departments of all Zones of Southern Region will suffer. He is also a member of Special Audit Committee conducting audit of Sukkur Zone from 1996 to 2005. Without availability of an officer to replace Mr. Zubair Ahmad Khan, AGM (B&A), throughout Southern Region and even at Principal Office, an Assistant General Manager cannot be arranged from present staff strength for posting at Southern Region.

39. In view of the forgoing, Chairman, State Life Insurance Corporation has approved contractual employment of Mr. Zubair Ahmed Khan, Assistant General Manager (B&A) / Regional Accountant Southern Region for a period of 6 (six) months w.e.f. 21.05.2007.

40. Mr. Haroon Abdul Ghani, Deputy Manager (B&A), Sukkur Zone will retire on attaining the age of superannuation on 29th June, 2007. In view of acute shortage of officers no substitute can be provided and therefore, he may be hired on contract basis for a period of 6 (six) months w.e.f. 30.06.2007.

41. The matter is submitted to the Board for consideration and post-facto approval of the proposal at Para-2 ante in respect of Mr. Zubair A. Khan, Assistant General Manager (B&A), Southern Zone, Karachi and approval of the proposal at Para-3 in respect of Mr. Haroon Abdul Ghani, Deputy Manager (B&A), Sukkur Zone.

Accordingly, it was resolved as under:

RESOLVED:

i) "that on the proposal of ED(P&GS) post facto approval for contract appointment for a period of six months to Mr. Zubair A. Khan, AGM(B&A), Southern Zone, Karachi w.e.f. 18th May, 2007 on the same pay/emoluments which he was drawing prior to his retirement is accorded."



ii) "the proposal for contract appointment of Mr. Haroon Abdul Ghani, Dy. Manger(B&A), Sukkur Zone for a period of six months w.e.f. 30th June, 2007 on the same pay/emoluments which he is drawing prior to his retirement, is approved."

Action:
ED(P&GS)

Action:
ED(P&GS)

CHAIRMAN'S
INITIALS

MINUTES OF 190TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	ISLAMABAD	8 TH JUNE' 2007	
	<p>ITEM (12) <u>HIRING OF SERVICES ON CONTRACT BASIS – MR. GHAFFAR MOOSA, RETIRED MANAGER(IA&E), G&P, KARACHI ZONE.</u></p> <p>42. Executive Director (P&GS) presented before the Board, a memorandum regarding hiring of services on contract basis – Mr. Ghaffar Moosa, retired Manager (IA&E), G&P, Karachi Zone.</p> <p>43. The Group & Pension, Karachi Zone is processing death claims of the organizations having the Group Policy of the Corporation. There are 10985 outstanding claims. Due to sensitive nature of the death claim process, audit was made compulsory to avoid any mishap.</p> <p>44. G&P, Karachi Zone is the largest Zone of G&P Division and although it has an approved strength of 33 officers but presently there are only 24 officers available in service. This strength is continuously depleting due to retirement of officers. Mr. Ghaffar Moosa was managing audit of death claims successfully, but due to his attaining the age of superannuation, this backlog of death claims is likely to increase.</p> <p>45. Presently all the premium bills, claims and administrative expenses besides miscellaneous works are being audited by one officer and it is not possible for him to take up the load of another officer. In April, 2007 total number of 251 claims were audited against 422 claims reported during the month on 02.05.2007. A lot of claim files are lying pending and under the present circumstances, it is essential that the services of Mr. Ghaffar Moosa retired Manager (IA&E) G&P, Karachi Zone, be hired on contract basis for a period of six months. Chairman has approved</p> <p>Accordingly, it was resolved as under:</p> <p><u>RESOLVED:</u></p> <p>“that on the proposal of ED(P&GS) to allow to hire the services of Mr. Ghaffar Moosa, retired Manager(IA&E) G&P, Karachi Zone on contract basis for a period of six months on the same pay/emoluments which he was drawing prior to his retirement is approved.”</p> <p>ITEM (13) <u>ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.</u></p> <p>46. It was brought into the notice of the Board that some of the agricultural properties of State Life have been taken away by the unauthorized persons. In this regard, the agricultural lands at Yohanabad (Lahore) and Karachi have been named. The Board directed ED(RE) to provide the comprehensive details to the Board in next meeting.</p> <p>47. The meeting ended with a vote of thanks to the chair.</p>		
Action: ED(P&GS)			
Action: ED(RE)			
	<p style="text-align: right;">  CHAIRMAN </p>		
	<p style="text-align: right;"> CHAIRMAN'S INITIALS  </p>		