

MINUTES OF 193<sup>RD</sup> MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	1 <sup>ST</sup> APRIL, 2008	

CONFIDENTIAL AND RESTRICTED

The 193<sup>rd</sup> Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 1<sup>st</sup> April, 2008 at 10:00 a.m., in the Board Room, State Life Building No.9, Dr. Ziauddin Ahmed Road, Karachi.

PRESENT:

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

2. The meeting started with recitation from the Holy Quran.
3. Mr. Ashraf M. Hayat, Director was granted leave of absence by the Board.

ITEM (01) CONFIRMATION OF MINUTES OF 192<sup>ND</sup> MEETING OF BOARD HELD ON 1<sup>ST</sup> NOVEMBER, 2007.

4. The minutes of 192<sup>nd</sup> meeting of the Board of Directors held on 1<sup>st</sup> November, 2007 were placed before the Board.
5. During the course of confirmation of the minutes, Director Syed Hur Riahi Gardezi pointed out that at page-4 in item-10 regarding appointment of Statutory Auditors for the year ending 31-12-2007 as "a" was reflecting for Pakistan business therefore "b" should reflect for the business of Gulf Zone instead of "a". The correction was made.
6. Ch. Javaid Hussain proposed and Syed Hur Riahi Gardezi seconded that the minutes of 192<sup>nd</sup> meeting of the Board be confirmed with above correction.

Accordingly, it was resolved as under:

RESOLVED:

"that the minutes of 192<sup>nd</sup> meeting of the Board of Directors held on 1<sup>st</sup> November, 2007 are hereby confirmed with above correction."

ITEM (02) IMPLEMENTATION REPORTS ON DECISIONS TAKEN IN 192<sup>ND</sup> MEETING OF THE BOARD OF DIRECTORS HELD ON 01-11-2007.

7. The Board Secretary presented before the Board the implementation reports on decisions taken in the 192<sup>nd</sup> meeting of the Board held on 1<sup>st</sup> November, 2007.

Action:  
Board  
Secretary

8. At this point, Mr. Ansar Hussain, GM(Investment) joined the meeting and briefed the Board on the progress of winding up of SAMCO. Board directed GM(Investment) to submit a detailed report on the progress of winding up of SAMCO in the next meeting of the Board.

Action:  
Board  
Secretary

9. The implementation reports of 192<sup>nd</sup> meeting of the Board were noted.

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**ITEM (03) MINUTES OF BOARD'S COMMITTEES:**

a) Board Audit Committee meetings # 22<sup>nd</sup> and 23<sup>rd</sup> held on 10<sup>th</sup> August, 2007 and 1<sup>st</sup> November, 2007.

10. The minutes of 22<sup>nd</sup> and 23<sup>rd</sup> meetings of Board Audit Committee held on 10<sup>th</sup> August, 2007 and 1<sup>st</sup> November, 2007, were noted by the Board.

b) Social Responsibility Committee meetings # 3<sup>rd</sup> and 4<sup>th</sup> held on 30<sup>th</sup> May, 2007 and 8<sup>th</sup> November, 2007.

11. The minutes of 3<sup>rd</sup> and 4<sup>th</sup> meetings of Social Responsibility Committee held on 30<sup>th</sup> May, 2007 and 8<sup>th</sup> November, 2007, were noted by the Board.

**ITEM (04) BUSINESS REVIEW OF MARKETING, GROUP & PENSIONS, INVESTMENT AND REAL ESTATE DIVISIONS FOR THE PERIOD ENDED ON 31-12-07 AND PROVISIONAL FIGURES OF MARKETING & GROUP & PENSIONS UPTO 29-02-2008.**

12. At this point, Mr. Ejaz Ahmad, ED(P&GS/Law/Real Estate/B&A/Inv./Act.), Syed Arshad Ali, ED(PHS/CI/R&A), Ms. Nargis Ghaloo, ED(Mktg./G&P), Mr. Manzoor Ahmed, DII(Marketing) and DII(B&A) also joined the meeting. The business figures for Marketing/Gulf Zone, Group & Pensions, Investment and Real Estate Divisions were presented before the Board for the period ended on 31-12-2007 and provisional figures of Marketing and Group & Pensions upto 29-02-2008.

13. The business figures of Marketing/Gulf Zone, Group & Pensions, Investment and Real Estate Divisions were noted by the Board.

14. The Board asked ED(Marketing) to submit comparative report of business achievements from years 2001 to 2007 in the next meeting of Board.

**ITEM (05) BUDGET PROPOSALS FOR THE YEAR 2008 AND REVISED BUDGET ESTIMATES FOR THE YEAR 2007.**

15. The Executive Director (B&A) presented before the Board, memorandum No.05 dated 20<sup>th</sup> March, 2008 regarding budget proposals for the year 2008 and revised budget estimates for the year 2007. ED(B&A) briefed the Board on the memorandum. At this point, DII(B&A) joined the meeting.

16. DII(B&A) presented before the Board with the help of multi media the budget proposals for the year 2008 and revised budget estimates for the year 2007. He elaborated the salient features of his presentation and replied to the different queries raised by the members of the Board.

17. Board of Directors was requested to kindly consider and approve budget proposals for 2008 and revised budget estimates for 2007, as proposed in para-9 and 10 of the memorandum.

18. The Board was also requested to consider and authorize to make re-appropriation of

Action: GM(IA&F)

Action: Board Secretary


Action: All EDs

Action: ED(Mkt)

CHAIRMAN'S INITIALS  




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MEMBERS	HELD AT	ON	TIME
MEMBER BOOK	KARACHI	1 <sup>ST</sup> APRIL 2008	
<p>Action: ED(B&amp;A)</p> <p>Action: ED(B&amp;A)</p> <p>Action: ED(P&amp;GS)</p> <p>Action: ED(P&amp;GS)</p>	<p>budget among different heads for revenue expenses/capital expenditure, in case a need for such re-appropriation arises, of course, within the overall total amount of budget approved by the Board of Directors.</p> <p>After thorough discussion, the Board resolved as under:-</p> <p><u>RESOLVED:</u></p> <p>i) "that as proposed by ED(B&amp;A) and contained in the memorandum No.05 dated 20<sup>th</sup> March, 2008, the budget proposals for the year 2008 and revised budget estimates for the year 2007(para-9 &amp; 10 of the memorandum annexed-1 with the minutes), are approved."</p> <p>ii) "that ED(B&amp;A) was authorized to make re-appropriation of budget among different heads of revenue expenses/capital expenditure, within the overall total amount of budget, is also approved by the Board."</p> <p><u>ITEM (06) CBA AGREEMENT 2007-08.</u></p> <p>19. The Executive Director (P&amp;GS) presented before the Board, memorandum No.06 dated 28<sup>th</sup> February, 2008 for ratification of the agreement between the Management of State Life and the CBA for the year 2007-08. ED(P&amp;GS) briefed the Board on the memorandum.</p> <p>After thorough discussion, the Board resolved as under:-</p> <p><u>RESOLVED:</u></p> <p>"that the proposal of ED(P&amp;GS) contained in the memorandum No.06 dated 28<sup>th</sup> February, 2008 regarding agreement executed between the Management and the CBA on 4<sup>th</sup> January, 2008 for the years 2007 and 2008 and placed before the Board, is ratified."</p> <p><u>ITEM (07) WAIVER OF QUALIFICATION REQUIREMENT OF THE EMPLOYEES IN GRADE 1 TO 7, SS-I TO SS-III AND MN-II TO MN-III RECRUITED DURING THE PERIOD 1994-96.</u></p> <p>20. The Executive Director (P&amp;GS) presented before the Board, memorandum No.07 dated 28<sup>th</sup> February, 2008 regarding waiver of qualification requirement of the employees recruited during the period 1994-96. ED(P&amp;GS) briefed the Board on the salient features of their memorandum.</p> <p>After thorough discussion, the Board resolved as under:-</p> <p><u>RESOLVED:</u></p> <p>"that the proposal of ED(P&amp;GS) contained in the memorandum No.07 dated 28<sup>th</sup> February, 2008 for the approval of wavier of qualification requirement of the employees in grade 1 to 7, SS-I to SS-III and MN-I to MN-III recruited during the period 1994-96 is allowed only for one time."</p> <p><u>ITEM (08) PHYSICAL VERIFICATION AND CODING OF TANGIBLE FIXED ASSETS AND REQUEST TO WRITE OFF OBSOLETE ITEMS HAVING BOOK VALUE OF RE.1</u></p>	<p>1</p>	<p>CHAIRMAN'S INITIALS</p> 

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21. The Executive Director (B&A) presented before the Board, memorandum No.08 dated 20<sup>th</sup> March, 2008 regarding physical verification and coding of tangible fixed assets and requested to write off obsolete items having book value of Re.1. It was pointed out that due to inadvertently and bona fide typographical error in line-1 of para-7 of the memorandum word "sold" has been typed which should be read as "sell". Board noted the correction. ED(B&A) briefed the Board on the salient features of their memorandum and replied to the different queries raised by the Board.

22. The statements submitted by zones/locations were analyzed at B&A Division and a zone-wise summary has been prepared on the basis of information received from zones/locations. There are total 28,640 items against total purchase cost of Rs.104,424 millions which are proposed to be written off. After charging continuous depreciation, the accumulated depreciation for these items arrived at Rs.103,498 million while book value of these items have been worked out to Rs.0.075 million. It is further stated that these items fall in three categories. The first category is comprising of those items which are physically available and have become obsolete. The second category of items consists of those items which have already been sold out and now their removal from assets registers, reversal of depreciation and writing off the book value is requested. The third category of items are missing items. Most of these items are those which were provided to sector offices, area offices or field offices and are now not available. The position of all these three categories is as follows:

Category of items	Total number of items	Cost Price	Accumulated Depreciation	Book Value
Obsolete Items which have been shifted to secondary register	28324	97,153,259	96,236,031	66,772
Missing items	183	6,499,121	6,945,515	3,606
Sold out items	133	321,695	316,614	5,081
Total:	28640	104,424,075	103,498,160	75,459

23. The relevant committees have suggested to write off these assets and allow them to dispose off these junks at an appropriate cost prevailing at respective markets. In fact, these junks have gathered at all locations for many years and occupying a considerable space at offices. The disposal of these junks will release a good amount of space at the offices which would be used for other official purposes.

24. It was proposed that the Board may kindly allow to delete these 28,640 items, as stated in para 4, from relevant asset registers, to write off total book value of Rs.75,459 of these items and to allow to reverse and write back the depreciation of Rs.103,498 millions. The net impact will be as follows:

* Total cost price to be written off	...	Rs.104,424,075
* Less: Reversal of depreciation	...	(Rs.103,498,160)
Net amount to be written off	...	Rs. 75,459

Accordingly, it was resolved as under:

**RESOLVED:**


"That the proposal of ED(B&A) contained in the memorandum No.08 dated 20<sup>th</sup>

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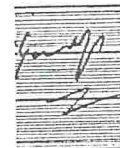
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<p>Action: ED(B&amp;A)</p> <p>Action: ED(B&amp;A)</p> <p>Action: ED(B&amp;A)</p> <p>Action: ED(B&amp;A)</p>	<p>March, 2008, and detailed in paras 4, 5 &amp; 6 of the memorandum, are approved.”</p> <p><b>ITEM (09) APPOINTMENT OF CHAIRMAN FOR SLIC EMPLOYEES CONTRIBUTORY PROVIDENT FUND, EMPLOYEES PENSION AND OFFICERS GRATUITY FUND.</b></p> <p>25. The Executive Director (B&amp;A) presented before the Board, memorandum No.09 dated 17<sup>th</sup> March, 2008 regarding appointment of Chairman for State Life Employees Contributory Provident Fund, Employees Pension and Officers Gratuity Fund. ED(B&amp;A) briefed the Board on the salient features of the memorandum and replied to the different queries raised by the members of the Board.</p> <p>Accordingly, it was resolved as under:</p> <p><u>RESOLVED:</u></p> <p>(a) “that the proposal of ED(B&amp;A) contained in the memorandum No.09 dated 17<sup>th</sup> March, 2008, for appointment of Mr. Ejaz Ahmad, Executive Director (B&amp;A) in place of Mr. Muhammad Javed Khan as Chairman of (i) State Life Insurance Corporation Employees Contributory Provident Fund, (ii) State Life Employees Pension and (iii) State Life Officers Gratuity Fund, is approved.</p> <p>(b) “The Board also approved the proposal of ED(B&amp;A) to appoint Mr. Qazi Zafar Iqbal as Administrator CPF in place of Mr. Masood Pervaiz on behalf of Employees Union.”</p> <p><b>ITEM (10) ASSOCIATE MEMBERSHIP OF PAKISTAN INSTITUTE OF CORPORATE GOVERNANCE (PICG).</b></p> <p>26. The Executive Director (B&amp;A) presented before the Board, memorandum No.10 dated 6<sup>th</sup> December, 2007 regarding Associate Membership of Pakistan Institute of Corporate Governance. ED(B&amp;A) briefed the Board on the salient features of his memorandum and replied to the different queries raised by the members of the Board.</p> <p>Accordingly, it was resolved as under:</p> <p><u>RESOLVED:</u></p> <p>“that the proposal of ED(B&amp;A) contained in the memorandum No.10 dated 6<sup>th</sup> December, 2007, for the Associate Membership of Pakistan Institute of Corporate Governance(PICG) against an initial payment of Rs.155,000/- (Rupees one hundred fifty five thousand) and subsequent Annual Fee of Rs.50,000/- (Rupees fifty thousand) is approved. The Board also authorized ED(B&amp;A) to apply for the Institute’s membership, as provided in their Membership Rules and sign documents, forms, undertaking, etc. concerning membership, is approved.”</p>	<p>CHAIRMAN'S INITIALS</p> 	

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	<p>ITEM (11) <u>HIRING OF SERVICES ON CONTRACT BASIS OF:</u></p> <p>a) MR. MUHAMMAD IQBAL, DEPUTY MANAGER(P&amp;GS), P.O., KARACHI.  b) MR. HAROON A. GHANI, DM(B&amp;A), LARKANA ZONE.  c) MR. LATIF A CHAUDHRY, DH(LAW), P.O.  d) MR. ABDUL GHAFFAR MOOSA, MANAGER(IA&amp;E) G&amp;P, KARACHI ZONE.  e) MR. LIAQUAT ALI FAREED, AM(B&amp;A) INVESTMENT, P.O.  f) MR. S. M. KHALID WASTI, DGM(MKT), P.O.  g) MR. SAIFULLAH SABIR BALOCH, MANAGER/PRINCIPAL, TRAINING ACADEMY, MULTAN.  h) MR. ZAHOOR ELAHI, RETIRED MANAGER(PRO), P.O.  i) MR. MUHAMMAD YOUSUF, DY. MANAGER(CLAIMS) KSZ.</p> <p>27. The Executive Director (P&amp;GS) presented before the Board, memorandums No.11 (a to i) for hiring of services of above officers on contract basis. ED(P&amp;GS) briefed on the salient features of his memorandum and replied to the different queries raised by the Board.</p> <p>Accordingly, it was resolved as under:</p> <p><u>RESOLVED:</u></p> <p>“that the proposals of ED (P&amp;GS) contained in the memorandums No.11 (a to i) for ex-post facto approval for extension in contractual appointment of following officers on the last drawn pay and benefits, is approved as under:-</p> <p>(a) Mr. Muhammad Iqbal, Deputy Manager(P&amp;GS), P.O. for a period of six months w.e.f. January 03, 2008.  (b) Mr. Haroon Abdul Ghani, Deputy Manager(B&amp;A), Larkana Zone, for a period of six months w.e.f. January 02, 2008.  (c) Mr. Latif Ahmed Choudhry, Divisional Head(Law), P.O., for a period of six months w.e.f. December 16, 2007.  (d) Mr. Abdul Ghaffar Moosa, Manager(IA&amp;E), G&amp;P, Karachi Zone, for a period of six months w.e.f. December 01, 2007.  (e) Mr. Liaqat Ali Fareed, Assistant Manager(B&amp;A) Investment, P.O., for a period of six months w.e.f. January 12, 2008.  (f) Mr. S. M. Khalid Wasti, Dy. General Manager(Marketing), P.O., for a period of six months w.e.f. February 15, 2008.  (g) Mr. Saifullah Sabir Baloch, Manager/Principal, Training Academy, Multan Region, for a period of six months w.e.f. January 01, 2008.  (h) Mr. Zahoor Elahi, Manager/Protocol Officer, P.O., for a period of six months w.e.f. February 29, 2008.  (i) Mr. Muhammad Yousuf, Deputy Manager(Claims), Karachi Southern Zone, for a period of six months w.e.f. March 27, 2008.”</p> <p>ITEM (12) <u>REGULARIZATION OF CLUB MEMBERSHIP TO EXECUTIVES OF STATE LIFE.</u></p>		

Action:  
ED(P&GS)

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28. The Executive Director (P&GS) presented before the Board, memorandum No.12 dated 20-03-2008 regarding regularization of club membership to executives of State Life. ED(P&GS) briefed the Board on the salient features of his memorandum.

Accordingly, it was resolved as under:

**RESOLVED:**

"that the proposal of ED(P&GS) contained in the memorandum No.12 dated 20-03-2008, for referring the matter to Finance Division through Ministry of Commerce for regularization of the monthly subscription fee and membership fee already paid, is approved."

Action:  
ED(P&GS)

**ITEM (13) DUES OF SCHON GROUP.**

29. The Executive Director (Investment) presented before the Board, memorandum No.13 dated 8<sup>th</sup> February, 2008 regarding dues of Schon Group. GM(Investment) briefed the Board on the salient features of memorandum and replied to the different queries raised by the members of the Board.

Accordingly, it was resolved as under:

**RESOLVED:**

"that the proposal of ED(Investment) contained in the memorandum No. 13 dated 8<sup>th</sup> February, 2008 was considered by the Board and Board noted the position and reiterated its earlier stand."

Action:  
ED(Inv)

**ITEM (14) LIQUIDATION OF PAKISTAN EMERGING VENTURE LTD (PEVL) AND VENTURE CAPITAL FUND MANAGEMENT COMPANY (VCFMC).**

30. The Executive Director (Investment) presented before the Board, memorandum No.14 dated 20<sup>th</sup> March, 2008 regarding liquidation of Pakistan Emerging Venture Ltd(PEVL) and Venture Capital Fund Management Company (VCFMC). GM(Investment) briefed the Board on the salient features of memorandum and replied to the different queries raised by the members of the Board.

Accordingly, it was resolved as under:

**RESOLVED:**

- (a) "that the Board noted the position however Board showed its concern over the fact that issue was never brought into the notice of the Board earlier.
- (b) "the Board desired to know as to who approved this investment in first instance and why did SLIC representatives on the Board of Directors of PEVL/VCFMC not take action in time? A detailed paper on the subject be placed before the Board of Directors in next meeting of the Board."

Action:  
ED(Inv)

Action:  
ED(Inv)

**ITEM (15) ACQUISITION OF MOSES ACTUARIAL SOFTWARE.**

Action:

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INITIALS







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MEMBERS	HELD AT	ON	TIME
E BOOK	KARACHI	1 <sup>ST</sup> APRIL' 2008	
	<p>35. The progress report for State Life on-going building projects was submitted for the information of the Board of Directors, as under:</p> <ul style="list-style-type: none"> <li>- State Life Tower Project – Islamabad at Annex-I</li> <li>- State Life Building Project – Gujranwala at Annex-II</li> <li>- State Life Building Project – Sargodha, Sialkot and Rahim Yar Khan at Annex-III.</li> <li>- NESPAK's recommended renovation works of State Life Buildings all over Pakistan at Annex-VI.</li> </ul>		
Action: ED(RE)	<p>36. The Board noted the progress report of State Life on-going building projects.</p>		
	<p><u>ITEM (19) JOINT VENTURE FOR DEVELOPMENT OF PLOT SURVEY NO.183/1 BETWEEN SLIC AND ARMY WELFARE TRUST.</u></p>		
Action: ED(RE)	<p>37. Deferred.</p>		
	<p><u>ITEM (20) PURCHASE OF PLOT AT QUETTA.</u></p>		
	<p>38. The Executive Director (Real Estate) presented before the Board, working paper No.20 dated 20<sup>th</sup> March, 2008 regarding purchase of plot at Quetta. ED(RE) briefed the Board on the salient features of the working paper and replied to the different queries raised by the Board</p>		
Action: ED(RE)	<p>39. The Board noted the status of purchase of plot at Quetta.</p>		
	<p><u>ITEM (21) POSITION PAPER ON SLIC PROPERTIES AT YOHANABAD, LAHORE AND MALIR, KRACHI.</u></p>		
Action: ED(RE)	<p>40. Deferred.</p>		
	<p><u>ITEM (22) PERFORMANCE BASED BONUS PLAN FOR G&amp;P OFFICERS.</u></p>		
	<p>41. The Executive Director (P&amp;GS) presented before the Board, memorandum No.22 dated 20<sup>th</sup> March, 2008 regarding performance based bonus plan for G&amp;P officers. ED(P&amp;GS) briefed the Board on the salient features of memorandum and replied to the different queries raised by the Board</p>		
	<p>42. Most of the business increase of G&amp;P Division is taking place because existing groups are increasing their sum assured. For example, a Provincial Government increased its sum assured by more than 500% in one go in the recent past. Similarly, one of the armed forces increased its sum assured by 200% recently.</p>		
	<p>43. Such kind of extra ordinary increase results into a disadvantage for the Group &amp; Pensions officers team under existing system of working out points for "Performance Based Bonus Plan." Therefore, there is some need to rationalize the existing point system details. In order to improve the existing "Performance Based Bonus Plan." The para No. (I) given in notes of "Performance Based Bonus Plan" circular may be replaced with the following para:</p>		
	<p><u>"Real Growth in Group Premium:</u> This means growth in excess of inflation. For this purpose, inflation will be deducted from the official Consumer Price Index (CPI) for the 12 months ended 30<sup>th</sup> June of base year. If the real growth of a particular group policy, which has tailor made contract of more than one year, is more the 25%, its average growth per year would be distributed over a period of its contract period."</p>		

CHAIRMAN'S INITIALS



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ILLUSTRATION

Supposing Growth of "X" policy	= 90%
Supposing Contract period	= 3 years
Average growth per year ("X" policy) = $\frac{90\%}{3}$	= 30%

44. The growth of 30% of policy "X" would be taken into account per year while calculating the bonus for the next three years commencing from the year when 90% growth was achieved.

Accordingly, it was resolved as under:

RESOLVED:

"that the proposal of ED(P&GS) contained in the memorandum No.22 dated 20<sup>th</sup> March, 2008 for Performance Based Bonus Plan for Group & Pensions officers, is approved."

Action:  
ED(P&GS)

**ITEM (23) PERFORMANCE BASED BONUS SCHEME-2006 FOR OFFICERS OF STATE LIFE.**

45. The Executive Director (P&GS) presented before the Board, memorandum No.23 dated 31<sup>st</sup> March, 2008 regarding performance based bonus scheme 2006 for officers of State Life. ED(P&GS) briefed the Board on the salient features of his memorandum and replied to the different queries raised by the Board

46. It was proposed that the Performance Based Bonus Scheme-2006 for officers of State Life may continue on same lines as was approved by the Board for the year 2005. However, in view of the fact that previously the International Division monitored the Gulf Zone operations, the International Division has been dissolved and the Gulf Zone is now under the control of Marketing Division. Therefore the officers of the Marketing Division would receive their share of bonus on the basis of the business of Gulf Zone, too. Since other Divisions also contribute towards the operations of Gulf Zone business, therefore, their Officers would also receive their share of business based on the Gulf Zone Individual Life Business. To incorporate the above, following changes are proposed in the Scheme-2006:

Share of Performance Based Bonus to Officers of Principal Office Divisions:

i) Pakistan Individual Life Business

Division	2005	Proposed 2006
Marketing	100%	90%
PHS	100%	90%
P&GS	75%	70%
B&A		
Internal Audit		
Computer		
Actuarial		
Law		
Research & Analysis		

ii) Gulf Individual Life Business

Division	2005	Proposed 2006
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Marketing	Nil	10%
PHS	Nil	10%
P&GS	Nil	05%
B&A		
Internal Audit		
Computer		
Actuarial		
Law		
Research & Analysis		

47. The matter was submitted for consideration and approval of the Performance Based Bonus Scheme-2006 for officers of State Life as per para-4 of the memorandum.

Accordingly, it was resolved as under:

**RESOLVED:**

“that the proposal of ED(P&GS) contained in the memorandum No.23 dated 31<sup>st</sup> March, 2008 allowed to incorporate the changes as proposed in the Performance Based Bonus Scheme-2006 for officers of State Life as per para-4 of the memorandum, is approved.”

Action:  
ED(P&GS)

**ITEM (24) PERFORMANCE BASED BONUS SCHEME-2007 FOR OFFICERS OF STATE LIFE.**

48. The Executive Director (P&GS) presented before the Board, memorandum No.24 dated 31<sup>st</sup> March, 2008 regarding performance based bonus scheme 2007 for officers of State Life. The Board was requested in para-4 of the memorandum, which had inadvertently been typed as 6 now read as 4. Board noted the correction. ED(P&GS) briefed the Board on the salient features of his memorandum and replied to the different queries raised by the Board

49. It was proposed that the Performance Based Bonus Scheme-2007 may continue on the same lines as the Scheme-2006 except for the following proposed changes:

**i) Point system details for Zonal Officers' Team – Pakistan Individual Life Business:**

Description	2006	Proposed 2007
<b>POINT SYSTEM DETAILS:</b>	Points, provided qualifying standard attained.	Points, provided qualifying standard attained.
<b>FYP</b>		
Real % increase in FYP over previous calendar year calculated to nearer whole 1%. Real means net of inflation.	For each 1% Real Increase - 01 Point  Maximum 25 points.	For each 0.5% Real Increase - 01 Point  Maximum 25 points.

50. The justification for the above proposed amendment is that in the year 2001. Therefore when the scheme was introduced and commenced, the FYP base was Rs. 0.93 billion as compared to Rs. 3.179 billion in 2006. Furthermore, the inflation has also increased since 2001, therefore, it was suggested that the gradation of marks may be made as 01 Point for each 0.5% increase over last year's base plus inflation while the Maximum Points may be kept 25 as before.

**ii) Extension of the Scheme to Officers of Principal Office Team – Pakistan Individual Life and Group Life Business:**

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51. Share of Performance Based Bonus to Officers of Principal Office Divisions in respect of Pakistan Individual Life Business and Group Life Business was proposed to be revised at the following ratio:

	2006	Proposed 2007
<b>Pakistan Individual Life Business</b> P&GS, B&A, Internal Audit, Computer, Actuarial, Law and Research & Analysis Divisions.	70%	85%
<b>Group Life Business</b> P&GS, B&A, Internal Audit, Computer, Actuarial, Law and Research & Analysis Divisions.	25%	10%

52. The justification for the above proposal was that services of officers of Principal Office Team is much higher in Pakistan Individual Life Business as compared to the Group Life Business activity. Therefore, it was proposed that the percentage of Group Life Business bonus ratio for the Principal Office Team be reduced from 25% to 10% and that of the Pakistan Individual Life Business be raised from 70% to 85%.

53. The Board of Directors was requested to consider the above mentioned Performance Based Bonus Scheme-2007 for officers of State Life Insurance Corporation of Pakistan for approval as per para-3 above.

Accordingly, it was resolved as under:

**RESOLVED:**

“that the proposal of ED(P&GS) contained in the memorandum No.24 dated 31<sup>st</sup> March, 2008 to allow to incorporate the changes as proposed in the Performance Based Bonus Scheme-2007 for the officers of State Life as per para-3 of the memorandum, is approved.”

Action:  
ED(P&GS)

**ITEM (25) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.**

(I) MINUTES OF 5<sup>TH</sup> MEETING OF SOCIAL RESPONSIBILITY COMMITTEE HELD ON 31<sup>ST</sup> MARCH, 2008.

Action:  
Board  
Secretary

54. Deferred.

**ITEM (25) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.**

(II) ADHOC RELIEF TO OFFICERS.

55. The Executive Director (P&GS) presented before the Board, memorandum No.25(II) dated 31<sup>st</sup> March, 2008 regarding adhoc relief to officers of State Life. ED(P&GS) briefed the Board on the salient features of memorandum and replied to the different queries raised by the Board.

56. Pay scales of officers were revised by the Board of Directors in its 187<sup>th</sup> meeting held on 14-09-2006 @ 18% w.c.f. 1<sup>st</sup> October, 2006. Since then inflation has increased @ 17.93% as calculated on the CPI data of the Federal Bureau of Statistics.

	CPI	SPI
February 2008	158.50	174.31

CHAIRMAN'S  
INITIALS





**MINUTES OF 193<sup>RD</sup> MEETING OF THE BOARD OF DIRECTORS**

JRS	HELD AT	ON	TIME
BOOK	KARACHI	1 <sup>ST</sup> APRIL' 2008	

October 2006	<u>140.57</u>	<u>149.29</u>
Net inflation	<u>17.93</u>	<u>25.02</u>

57. The Officers Federation has also represented a number of times for increase in the emoluments of the officers so that they can cope with the increasing rate of inflation and can concentrate on their jobs more efficiently and effectively.

58. In view of the high inflation and price hike of essential commodities in the recent past, Government of Pakistan as well as other Organizations like Civil Aviation Authority, Pakistan Reinsurance Company Ltd., State Bank of Pakistan and PIA have revised Pay Scales of their employees as well as granted Adhoc/Special Relief over a period of years as under:

Organization	Period	% Increase	Adhoc/Special Relief/Increase
Government of Pakistan	2001 to 2007	83.00	30%
Civil Aviation Authority	1998 to 2007	60.57	15%
Pakistan Insurance Corp.	2005	30.33	Rs.1100 to 2400 p.m. (Canteen/Entertainment)
State Bank of Pakistan	1999 to 2007	117.17	
Pak. International Airlines	1999 to 2003	147.76	

59. State Life has revised its Pay Scales of officers @ 52.90% from 2000 to 2006 including changes in pay structure.

60. In view of the above facts, it was proposed that some Adhoc Relief may be given to officers of State Life which will be adjusted against any subsequent revision of pay scales. Annual financial impact at various rates of Adhoc Relief are given below:

(Rs. In million)

	Basic Pay (2007) (Rs. In million)	Proposed rate of Adhoc Relief				
		10%	15%	18%	20%	25%
Officer	279.30	27.93	41.90	50.27	55.86	69.83
Area Managers	79.79	07.98	11.97	14.36	15.96	19.95
Total annual financial impact		35.91	53.87	64.63	71.82	89.78

61. The matter was placed before the Board of Directors for consideration and approval to grant Adhoc Relief to officers at an appropriate rate w.e.f. 1<sup>st</sup> January, 2008.

Accordingly, it was resolved as under:

**RESOLVED:**

"that the proposal of ED(P&GS) contained in the memorandum No.25(II) dated 31<sup>st</sup> March, 2008 for grant of adhoc relief to the officers of State Life with a total annual financial impact of Rs. 53.87 million is allowed. This adhoc increase will be adjusted against any subsequent revision of Pay Scales. The case may be forwarded to the Ministry of Commerce for approval."

Action:  
ED(P&GS)

CHAIRMAN'S  
INITIALS



ITEM (25) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

MINUTES OF 193<sup>RD</sup> MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME
MEMORANDUM	KARACHI	1 <sup>ST</sup> APRIL' 2008	

(III) RE-DESIGNATION AS SENIOR GENERAL MANAGERS.

62. The Executive Director (P&GS) presented before the Board, memorandum No.25(III) dated 31<sup>st</sup> March, 2008 regarding re-designation as Senior General Managers. ED(P&GS) briefed the Board on the salient features of his memorandum and replied to the different queries raised by the Board

63. Deputy General Managers were promoted to the rank of General Managers in November 2001. General Managers are promoted as Executive Directors. However, no promotion of General Managers could be carried out due to the reason that the Government has been posting Executive Directors on deputation.

64. In order to keep the General Managers motivated, it was proposed that two senior most General Managers, who also qualify for promotion, be re-designated as Senior General Managers with immediate effect.

65. The salary/allowances and other perquisites of a General Manager if promoted as Executive Director would increase approximately as under:

Description	General Manager	Executive Director	Increase in emoluments on promotion as ED
Pay Scale	25595 - 1257 - 55763	29866 - 1464 - 65002	
Basic Pay	46964	48898	1934
House Rent Allowance	18786	19559	773
Utilities	4696	4890	194
Personal Staff Subsidy	Nil	2375	2375
Appliances/Cash Perquisites	Nil	One AC + One Fridge or Rs.500	500
Driver's Subsidy	3500	Chauffeur driven Car	
Petrol	360 litres	400 litres	40 litres @ 62 = 2480
Newspaper	Nil	1000 (Approx)	1000
Residence Telephone	650 calls	2000 calls	1350 Calls @ 2.31 = 3119
Total			12375

66. In view of the above increase in salary of General Manager promoted as Executive Director and the present trend of inflation, it was proposed that the General Managers, on being re-designated as Senior General Managers, be allowed a special allowance, called Senior General Manager Allowance @ Rs.12,000/- per month.

67. On a query raised by Director Syed Hur Rishi Gardezi and Director Mr. Bashir Ahmed, it was stated that at present there are three General Managers working in State Life. The Board was of the view that all GMs who had put in atleast six years of service as GM and whose performance was satisfactory be considered for the granting designation of Senior General Manager. The special allowance be Rs.10,000/- per month.

Accordingly, it was resolved as under:

CHAIRMAN'S  
INITIALS





**MINUTES OF 193<sup>RD</sup> MEETING OF THE BOARD OF DIRECTORS**

DIRECTORS	HELD AT	ON	TIME
JTE BOOK	KARACHI	1 <sup>ST</sup> APRIL, 2008	

Action:  
ED(P&GS)

RESOLVED:

“that the proposal of ED(P&GS) contained in the memorandum No.25(III) dated 31<sup>st</sup> March, 2008, all General Managers who had put in atleast six years of service as General Manager and whose performance was satisfactory be re-designated as Senior General Managers and allowed a special allowance @ Rs.10,000/- per month subject to approval by the Ministry of Commerce.”

68. The meeting ended with a vote of thanks to the chair.

*[Signature]*  
CHAIRMAN

CHAIRMAN'S  
INITIALS

*[Signature]*

**MINUTES OF 193<sup>RD</sup> MEETING OF THE BOARD OF DIRECTORS**

MEMBERS	Held at	ON	TIME
DATE BOOK	KARACHI	1 <sup>ST</sup> APRIL 2008	

**ITEM (05) BUDGET PROPOSALS FOR THE YEAR 2008 AND REVISED BUDGET ESTIMATES FOR THE YEAR 2007.**

Annexure-1

9. A table showing comparison on corporate basis for income, outgo, contribution to Statutory Funds and Renewal expense Ratio on the basis of actual expenses of 2006, approved and revised estimates of 2007 and budget estimates for 2008 is given hereunder:-

**A. Income**

Rupces in Million

Description	Actual 2006	Budget 2007	Revised Budget 2007	Revised 2007 vs Actual 2006	Budget 2008	Inc/(Dec) over Revised 2007
(a) First Policy Year	3,349	4,265	3,977	18.75%	4,769	19.91%
(b) 2 <sup>nd</sup> Policy Year	2,321	2,783	2,937	26.54%	3,174	8.07%
(c) 3 <sup>rd</sup> and later policy years	7,098	8,872	8,368	17.89%	9,984	19.31%
API	407		796	95.58%	800	0.50%
(e) Total	13,175	15,920	16,078	22.03%	18,727	16.44%
Group Life Premium	2,902	3,000	2,964	2.14%	3,522	18.81%
<b>Total Premium (Gross)</b>	<b>16,077</b>	<b>18,920</b>	<b>19,042</b>	<b>18.44%</b>	<b>22,249</b>	<b>16.34%</b>
Less: Re-Insurance Exp	-85	-42	-50	-41.18%	-55	10.00%
<b>Total Premium (Net)</b>	<b>15,992</b>	<b>18,878</b>	<b>18,992</b>	<b>18.76%</b>	<b>22,194</b>	<b>16.86%</b>
Investment Income	14,702	16,121	17,020	15.77%	19,192	12.70%
Real Estate Income	524	570	626	19.47%	655	4.61%
<b>Investment &amp; Real Estate Income</b>	<b>15,226</b>	<b>16,691</b>	<b>17,646</b>	<b>15.89%</b>	<b>19,847</b>	<b>12.47%</b>
<b>Total Income</b>	<b>31,218</b>	<b>35,569</b>	<b>36,638</b>	<b>17.36%</b>	<b>42,041</b>	<b>14.75%</b>

**B. Outgo**

Rupces in Million

Description	Actual 2006	Budget 2007	Revised Budget 2007	Revised 2007 vs Actual 2006	Budget 2008	Inc/(Dec) over Revised 2007
a) Death, Maturity & Annuities	4,729	5,309	5,646	19.39%	6,930	22.74%
b) Surrenders	1,822	1,924	2,060	13.06%	2,320	12.62%
c) Total	6,551	7,233	7,706	17.63%	9,250	20.04%
Group Life Claims	2,361	2,528	2,541	7.62%	2,574	1.30%
<b>Total Policy Outgo</b>	<b>8,912</b>	<b>9,761</b>	<b>10,247</b>	<b>14.98%</b>	<b>11,824</b>	<b>15.39%</b>
Field Expenses	3,228	4,197	3,926	21.62%	4,646	18.34%
Area Managers Exp.	455	636	524	15.16%	647	23.47%
<b>Total acquisition Cost</b>	<b>3,683</b>	<b>4,833</b>	<b>4,450</b>	<b>20.82%</b>	<b>5,293</b>	<b>18.94%</b>
Admin. Expenses	1,845	2,332	2,082	12.85%	2,344	12.58%
Investment Expenses	22	25	22	0.00%	23	4.55%
Real Estate expenses	362	445	316	-12.71%	406	28.48%

CHAIRMAN'S INITIALS

*[Signature]*



**MINUTES OF 193<sup>RD</sup> MEETING OF THE BOARD OF DIRECTORS**

RS BOOK	HELD AT	ON	TIME
	KARACHI	1 <sup>ST</sup> APRIL, 2008	

Total Admin Exp.	2,229	2,802	2,420	8.57%	2,773	14.59%
Total Management Expenses	5,912	7,635	6,870	16.20%	8,066	17.40%
Income Tax Provision	29	54	43	48.28%	54	25.58%
Govt. share of surplus	229	205	204	-10.92%	205	0.49%
Total outflow + Provisions	15,082	17,655	17,364	15.13%	20,149	16.04%

**C. Life Fund**

(Rupees in Millions)

Description	Actual 2006	Budget 2007	Revised Budget 2007	Revised 2007 vs Actual 2006	Budget 2008	Inc/(Dec) over Revised 2007
Accretion to Statutory Funds	16,136	17,914	19,274	19.45%	21,892	13.58%
Impact of Provision for Employees	-951	-	-	-	-	-
Opening Statutory Funds	122,775	137,794	137,960	12.37%	157,242	13.98%
Closing Statutory Funds	137,960	155,708	157,234	13.97%	179,134	13.93%

**10. Renewal Expense Ratio**

The Securities & Exchange Commission of Pakistan (SECP), vide their circular No. ID-SECP/2/06 dated 28<sup>th</sup> April, 2006 has prescribed maximum management expense limits under Section 22(9) and Section 23(9) of the Insurance Ordinance, 2000 in a phased manner. These limits shall be applied from 2007 and would gradually be reduced year by year till 2012. Some concessions have been granted in comparison to the expense limits which were given under repealed Insurance Act 1938. The limits prescribed for 2007 onwards for the items relating to State Life are as follows:

S.#	Item	2007	2008	2009	2010	2011	2012
i)	Single Premium including immediate and deferred annuities	7.50%	7.00%	6.50%	6.00%	5.50%	5.00%
ii)	Group Insurance Policies	10.00%	9.50%	9.00%	8.50%	8.00%	7.50%
iii)	First Year Premium (after 10 <sup>th</sup> year of insurer in the business)	125.00%	118.00 %	111.00%	104.00%	98.00%	90.00%
iv)	Renewal year's premium	25.00%	23.00%	21.00%	19.00%	17.00%	15.00%

Renewal Expense ratio of State Life Insurance Corporation of Pakistan on actual results for the year 2006, revise budget 2007 and projected budget 2008 are as under. For comparison purpose, the limits applicable on 2007 have been used on the performance of 2006.

Descriptions	2006	2007	2008
Renewal Expense Ratio with APL	11.20%	11.50%	13.00%
Renewal Expense Ratio with out APL	11.70%	12.30%	13.79%

CHAIRMAN'S INITIALS

