

**MINUTES OF 194<sup>TH</sup> MEETING OF THE BOARD OF DIRECTORS**

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	LAHORE	15 <sup>TH</sup> APRIL, 2008	

**CONFIDENTIAL AND RESTRICTED**

The 194<sup>th</sup> Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 15<sup>th</sup> April, 2008 at 10:00 a.m., in the Committee Room, Hotel Pearl Continental, Lahore

**PRESENT:**

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

- The meeting started with recitation from the Holy Quran.
- Mr. Kamal Afsar was granted leave of absence and Mr. Bashir Ahmed was elected as Chairman to chair the 194<sup>th</sup> meeting of the Board.
- Mr. Ashraf M. Hayat had been transferred as Incharge, in Minorities Affairs Division and so far no nomination has been made by the Ministry of Commerce as his replacement.

**ITEM (01) CONFIRMATION OF MINUTES OF 193<sup>RD</sup> MEETING OF BOARD HELD ON 1<sup>ST</sup> APRIL, 2008.**

- The minutes of 193<sup>rd</sup> meeting of the Board of Directors held on 1<sup>st</sup> April, 2008 were placed before the Board.
- During the course of confirmation of the minutes, Director Syed Hur Riahi Gardezi suggested that in item-24 regarding performance based bonus scheme for 2007 at para-48 in line-3 after the words "State Life" the next sentence should be amended. The Board agreed and accordingly the sentence was amended as under: "The Board was requested in para-4 of the memorandum, which had inadvertently been typed as 6 now read as 4." Similarly at para-50 in line-1 after year 2001 a full stop be inserted. After the full stop word "Therefore" be entered. It was also pointed out that in resolved portion of item-17, in line-4 after the word "only)" "and revised project cost of Rs.222.31 million," should be added. Board agreed and accordingly, the minutes were corrected.
- Syed Hur Riahi Gardezi proposed and Ch. Javaid Hussain seconded that the minutes of 193<sup>rd</sup> meeting of the Board be confirmed with above corrections.

Accordingly, it was resolved as under:

**RESOLVED:**

"that the minutes of 193<sup>rd</sup> meeting of the Board of Directors held on 1<sup>st</sup> April, 2008 are hereby confirmed with above corrections."

Action:  
Board  
Secretary

**ITEM (02) MINUTES OF 5<sup>TH</sup> MEETING OF SOCIAL RESPONSIBILITY COMMITTEE HELD ON 31<sup>ST</sup> MARCH, 2008.**

- The minutes of 5<sup>th</sup> meeting of Social Responsibility Committee held on 31<sup>st</sup> March, 2008, were noted by the Board.

Action:  
Board  
Secretary

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*[Handwritten Signature]*

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**ITEM (03) BUSINESS REVIEW FOR AND UPTO THE MONTH OF MARCH, 2008.**

9. Mr. Ejaz Ahmad, ED(P&GS/Law/B&A/Inv.), Syed Arshad Ali, ED(PHS/CD/R&A/RE) and Ms. Nargis Ghaloo, ED(Mktg./G&P/Act.) were invited to join the meeting. The business figures for Marketing, Group & Pensions, Investment and Real Estate Divisions were presented before the Board for the period ended on 31-03-2008.

Action:  
All EDs

10. The Board appreciated the achievements made and noted the business figures of Marketing/Gulf Zone, Group & Pensions, Investment and Real Estate Divisions.

**ITEM (04) ACQUISITION OF MOSES ACTUARIAL SOFTWARE.**

11. The Executive Director (Actuarial) presented before the Board, memorandum No.04 dated 25<sup>th</sup> March, 2008 regarding acquisition of Moses Actuarial Software. At this point, DH(Actuarial) and DH(Computer) joined the meeting and briefed the Board on the salient features of the memorandum. DH(Actuarial) informed the Board that earlier approval given by the Board for software etc. was for the general computer system while the present software was for research and development purposes and had been suggested by the Appointed Actuary for smooth and systematic running of affairs of Actuarial Division. On a query raised by Mr. Bashir Ahmed, DH(Computer) and DH(Actuarial) informed that they were not definite whether in near future more computer equipment would be required or not.

12. The Actuarial Division has researched the market for actuarial software. Currently there are only three known brands in the market offering this software; Watson and Wyatt offering VIPitech, B&W Deloitte offering Prophet and Tillinghast Software Solutions offering Moses. Of the three, Prophet is not available for sale in Pakistan. The representatives of the other two software companies have given a detailed technical presentation of their respective softwares. The Actuarial Division is of the view that Moses software is preferable from a technical point of view. The Appointed Actuary concurs with this view.

13. The VIPitech software is available for USD 45,000 per user along with maintenance costs of USD 9,000 per annum. Moses on the other hand costs USD 52,000 per user and has an annual maintenance charge of USD 5,200. Hence from a purely cost perspective the Moses software is cheaper in the long run.

After thorough discussion, the Board resolved as under:-

**RESOLVED:**

Action:  
ED(Act.)

(a) "that the proposal of ED(Actuarial) contained in the memorandum No.04 dated 25<sup>th</sup> March, 2008, for acquisition of Moses Actuarial Software for one user for USD:52,000 and annual maintenance charges of USD:5,200 is approved. However, for any future software requirements case with complete justification shall be placed before the Board."

Action:  
ED(Act.)

(b) "that the Appointed Actuary is designated as appropriate forum as required by PPRA rule 42."

**ITEM (5) JOINT VENTURE FOR DEVELOPMENT OF PLOT SURVEY NO.183/1 BETWEEN SLIC AND ARMY WELFARE TRUST.**

Action:  
ED(RE)

14. Deferred.

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**ITEM (6) POSITION PAPER ON SLIC PROPERTIES AT YOCHANABAD, LAHORE AND MALIR, KRACHI.**

15. The Executive Director (Real Estate) presented before the Board, position paper No.6 dated 20<sup>th</sup> March, 2008 regarding State Life properties at Yohanabad, Lahore and Malir, Karachi. ED(RE) and DH(RE) briefed the Board on the salient features of their position paper and replied to the different queries raised by the Board

16. The Board of Directors expressed its concern that the properties at Yohanabad (Lahore) and Malir (Karachi) had not been kept under supervision and control with the result that these had been encroached upon and illegally occupied. Management should fully investigate this matter and identify officials who have neglected their responsibility in allowing corporation properties to be encroached upon. Management should investigate what legal or others steps can now be taken to recover this property. The possibility of disposing off the properties should also be considered.

Action:  
ED(RE)/  
ED(P&GS)

**ITEM (7) PROVISION OF WALK THROUGH GATES AT VARIOUS STATE LIFE BUILDINGS.**

17. The Executive Director (Real Estate) presented before the Board, memorandum No.7 dated 9<sup>th</sup> April, 2008 regarding provision of Walk Through Gates at various State Life Buildings. ED(RE) briefed the Board on the salient features of his memorandum and replied to the different queries raised by the Board.

18. In view of recent security threats, security of State Life needs to be tightened. It is suggested that Walk-through Gates may be installed at various State Life Buildings located all over Pakistan to monitor entry into the buildings.

19. Real Estate Division has worked out immediate requirement of Walk Through Gate, (Annexure-A of the memorandum). The total requirement is of 36 Gates. Out of which, 3 have already been installed in Karachi, and 33 new ones are required. Estimated cost for purchase of these Gates is approximately Rs.10 million.

20. Case was submitted for approval in principle of the Board of Directors, for provision of Rs. 10 million for installation of 33 Walk Through Gates of American, Britain, Italian or German make.

Accordingly, it was resolved as under:

**RESOLVED:**

“that the proposal of ED(Real Estate) contained in the memorandum No. 7 dated 9<sup>th</sup> April, 2008 as per annexure-A of the memorandum, for provision of Rs. 10 million for installation of 33 Walk Through Gates, is approved.”


Action:  
ED(RE)

**ITEM (8) PURCHASE OF COMPUTERS AND PERIPHERALS FOR DIFFERENT DIVISIONS AND ZONES.**

21. The Executive Director(P&GS) presented before the Board, memorandum No.8 dated 3<sup>rd</sup> April, 2008 regarding purchase of computers and peripherals for different Divisions and Zones. ED(P&GS) briefed the Board on the salient features of his memorandum and

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<p>Action: ED(P&amp;GS)</p> <p>Action: ED(Inv)</p> <p>Action: ED(Inv.)</p>	<p>replied to the different queries raised by the Board.</p> <p>Accordingly, it was resolved as under:</p> <p><b>RESOLVED:</b></p> <p>“that the proposal of ED(P&amp;GS) contained in the memorandum No. 8 dated 3<sup>rd</sup> April, 2008, for purchase of computers and accessories detailed in para-3 of the memorandum with total cost impact of Rs.49,737,401( Rupees forty nine million seven hundred thirty seven thousand four hundred and one), is approved.”</p> <p><b>ITEM (9) PAKISTAN EMERGING VENTURE AND VENTURE CAPITAL MANAGEMENT FUND.</b></p> <p>22. The Executive Director (Investment) presented before the Board, memorandum No.9 dated 7<sup>th</sup> April, 2008 regarding Pakistan Emerging Venture and Venture Capital Management Fund. At this point GM(Investment) joined the meeting. ED(Investment) and GM(Investment) briefed the Board on the salient features of their working paper.</p> <p>23. The Board noted the contents of the working paper and directed that efforts should be made for the recovery and Board be kept informed.</p> <p><b>ITEM (10) POSITION PAPER IN RESPECT OF ASSET MANAGEMENT COMPANY (SAMCO).</b></p> <p>24. The Executive Director (Investment) presented before the Board, position paper No.10 dated 7<sup>th</sup> April, 2008 regarding winding up of SAMCO. ED(Investment) and GM(Investment) briefed the Board on the salient features of their position paper and replied to the different queries raised by the Board</p> <p>25. The Board directed to speed up the matter for winding up of SAMCO and instructed that Board may be kept informed about the progress of the case.</p> <p><b>ITEM (11) SEATING &amp; ALLIED FACILITIES TO THE FIELD WORKERS.</b></p> <p>26. The Executive Director (Marketing) presented before the Board, memorandum No.11 regarding seating and allied facilities to the field workers. At this point, DH(Marketing) joined the meeting. ED(Marketing) and DH(Marketing) briefed the Board on the salient features of their memorandum and replied to the different queries raised by the Board</p> <p>27. The S&amp;AF to the field workers are provided by the Corporation on the basis of pre-determined performance standards. In the year 1978, the Management of the Corporation in view of scarcity of space and some other practical difficulties decided to pay Cash Compensation in lieu of S&amp;AF at a rate of 4.35% of the preceding year's First Year Premium of the qualifiers. It was, however, decided that the field workers who opt for S&amp;AF instead of Cash Compensation will be provided office, furniture &amp; fixture (presently admissible at various slabs of FYP). During the past few years, cost of providing S&amp;AF to the Employer of Agents is increasing due to inflationary trends.</p> <p>28. To address the problem of increasing cost, the matter was discussed with Regional Chiefs &amp; Zonal Heads during State Life Convention 2007 and in Zonal Heads' Conferences. In addition, the scheme has also been discussed with B&amp;A Division, PO. After discussion,</p>	<p>CHAIRMAN'S INITIALS</p> 	

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following changes in the existing scheme are placed before the Board of Directors for consideration and approval:

1. Qualified Sales Officers, Sales Executives and Sales Managers producing more than Rs 10 Lac & Rs 15 Lac F.Y.P. respectively will be provided S&AF instead of cash compensation. This shall not be mandatory; however, the establishment of well affordable offices will be encouraged.
2. All other Qualified Sales Officers, Sales Executives and Sales Managers will be allowed reimbursement of amount @ 4.35% of their preceding year's First Year Premium in lieu of S.A.F.
3. The inspection of offices being maintained by qualifiers receiving cash compensation will be carried out provided their FYP is more than Rs 5.50 & Rs 11.00 Lac for Sales Officers & Sales Managers respectively. On satisfactory report of the Inspection Committee, the amount of reimbursement @ 4.35% of the FYP will be released. Rest of the qualifiers will be allowed reimbursement @ 4.35% on the basis of certificate provided by the qualifier duly recommended by Area Managers or Sector Head.
4. The effective date of the revised scheme will be 01-01-2008 based on the performance of the year 2007.
5. The existing qualifiers availing SAF failing to achieve the new qualification in 2010 based on the performance of 2009 will be automatically converted to cash compensation @ 4.35% of their FYP subject to completion of criteria and thereafter they will be required immediately to vacate the offices.

29. There is no major shift from the existing scheme except that under the new scheme higher premium slab for providing office space with seating & allied facilities is being recommended. The proposed scheme will save costs substantially as a majority of the qualifiers will avail the cash compensation option.

Accordingly, it was resolved as under:

**RESOLVED:**

"that the proposal of ED(Marketing) contained in the memorandum No.11 to allow the seating and allied facilities to the field workers as mentioned in para-2 & 3 of the memorandum, is approved."

Action:  
ED(Mkt)

**ITEM (12) REVISION OF STRENGTH OF MANAGERS(MARKETING)/  
SECTOR HEADS.**

30. The Executive Director (Marketing) presented before the Board, memorandum No.12 dated 3<sup>rd</sup> April, 2008 regarding revision of strength of Managers(Marketing)/Sector Heads. ED(Marketing) and DH(Marketing) briefed the Board on the salient features of their memorandum and replied to the different queries raised by the Board

Accordingly, it was resolved as under:

**RESOLVED:**

"that the proposal of ED(Marketing) contained in the memorandum No.12 dated 3<sup>rd</sup> April, 2008 for revision of total strength of Managers(Marketing)/Sector Heads from 115 to 150, is approved. This approval is without the precondition of overall strength."

Action:  
ED(Mkt)

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	<p><b>ITEM (13) REPORT OF MARKETING/GROUP &amp; PENSIONS DIVISIONS REGARDING BUSINESS ACHIEVEMENTS FROM 2001 TO 2007.</b></p> <p>31. The Executive Director (Marketing/G&amp;P) presented before the Board, memorandum No.13 dated 10<sup>th</sup> April, 2008 regarding business achievements from 2001 to 2007 by Marketing/G&amp;P Divisions. ED(Marketing/G&amp;P) briefed the Board on the salient features of her memorandum and replied to the different queries raised by the Board</p> <p>32. The Board noted and appreciated the comparison of business achievements of Marketing/Gulf Zone/G&amp;P Divisions from the year 2001 to 2007 and asked ED(Marketing/G&amp;P) to keep up the momentum of progress in future.</p> <p><b>ITEM (14) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.</b></p> <p><b>(I) RENEWAL OF CONTRACT OF APPOINTED ACTUARY</b></p> <p>33. The Executive Director(Actuarial) presented before the Board, memorandum No.14(I) dated 11<sup>th</sup> April, 2008 regarding renewal of contract of Appointed Actuary. ED(Actuarial) briefed the Board on the salient features of the memorandum and replied to the different queries raised by the Board.</p> <p>Accordingly, it was resolved as under:</p> <p><b>RESOLVED:</b></p> <p>“that the proposal of ED(Actuarial) contained in the memorandum No.14(I) dated 11<sup>th</sup> April, 2008, to renew the contract of Mr. Jawwad Ahmed Farid, Appointed Actuary, for a period of 14 months w.e.f. 1<sup>st</sup> May, 2008 to 30<sup>th</sup> June, 2009 on a monthly retainer fee of Rs.85,000/- (Rupees eighty five thousand), is approved.”</p> <p><b>ITEM (14) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.</b></p> <p><b>(II) WORKING PAPER – ADHOC RELIEF TO THE OFFICERS.</b></p> <p>34. The Executive Director(P&amp;GS) presented before the Board, memorandum No.14(II) dated 11<sup>th</sup> April, 2008 regarding adhoc relief to the officers. ED(P&amp;GS) briefed the Board on the salient features of his memorandum and replied to the different queries raised by the Board.</p> <p>35. In the past 7% Adhoc Relief (Cost of Living Allowance) was paid to the employees of the Government of Pakistan as well as to the officers of the Corporations, Autonomous/Semi-Autonomous Bodies with effect from 1<sup>st</sup> June, 1995 on the orders of the President of Pakistan (Annex-A). This Cost of Living Allowance was adjusted in the next revision of Pay Scales i.e. in 1998 by State Life (Annex-B). No Adhoc Relief has been granted after 1995.</p> <p>36. The matter of grant of Allowances, Perquisites and Fringe Benefits to employees of the Corporation has always been approved by the Board of Directors and have never been sent to the Ministry for approval. The Board of Directors is competent to grant Allowances and other Perquisites to its employees.</p> <p>37. The Board of Directors in its 193<sup>rd</sup> held on 1<sup>st</sup> April, 2008 has decided to grant an Adhoc Relief Allowance, the Annual Financial Impact of which comes to around Rs.53.87 million. This Adhoc Relief Allowance will be adjusted in the subsequent revision in Pay Scales.</p>		

Action:  
ED(Mkt)  
ED(G&P)

Action:  
ED(Act)

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38. In this regard, it is submitted that the Board of Directors is competent to grant any Allowance to the employees of the Corporation. Moreover, the officers will be asked to submit an undertaking (as per specimen attached) before release of the said Allowance that in case the future revision in Pay Scales of officers is less than the Adhoc Relief Allowance granted, the difference will be recovered from their salary. Therefore, the payment may be released.

Accordingly, it was resolved as under:

**RESOLVED:**

“that the proposal of ED(P&GS) contained in the memorandum No.14(II) dated 11<sup>th</sup> April, 2008, for disbursement of adhoc relief to the officers of State Life on an undertaking annexed alongwith memorandum be implemented. As of earlier the raise in pay is approved by Board of Directors, it may be sent to Ministry of Commerce for approval. The adhoc increase being allowed now will be adjusted accordingly. This is in reference to approval already made in 193<sup>rd</sup> meeting of the Board held on 1<sup>st</sup> April, 2008.”

Action:  
ED(P&GS)

**ITEM (14) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.**

**(III) WORKING PAPER – RE-DESIGNATION OF GENERAL MANAGERS.**

39. The Executive Director (P&GS) presented before the Board, memorandum No.14(III) dated 11<sup>th</sup> April, 2008 regarding re-designation of 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.

40. A Board memorandum regarding re-designation of General Managers was submitted to the Board of Directors in its 193<sup>rd</sup> meeting held on 1<sup>st</sup> April, 2008. The Board has approved the proposal contained in the memorandum and has decided to re-designate those General Managers as Senior General Managers who have put in at least six years of service as General Managers and whose performance was satisfactory. The re-designated Senior General Managers will be allowed a Special Allowance of Rs.10,000/- per month. However, the Board had desired to obtain approval of the Ministry of Commerce before implementation.

41. In this regard, it is submitted that the Board of Directors is competent to allow grant of allowances, perquisites and fringe benefits to employees of the Corporation. This has been the practice in the past.

42. In view of the above, it is requested that the approval for re-designation of General Managers and the additional allowance allowed to them on re-designation may be implemented without referring to the Ministry.

Accordingly, it was resolved as under:

**RESOLVED:**

“that the proposal of ED(P&GS) contained in the memorandum No.14(III) dated 11<sup>th</sup> April, 2008, for implementation of decision of re-designation of General Managers, is approved and it is w.e.f. 1<sup>st</sup> April, 2008. This is in reference to approval already made in 193<sup>rd</sup> meeting of the Board held on 1<sup>st</sup> April, 2008.”

Action:  
ED(P&GS)

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

  
CHAIRMAN

CHAIRMAN'S  
INITIALS
