

MINUTES OF 202<sup>ND</sup> MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	30 <sup>TH</sup> JUNE' 2009	

CONFIDENTIAL AND RESTRICTED

The 202<sup>nd</sup> Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Tuesday, 30<sup>th</sup> June' 2009 at 10.30 a.m. in the Board Room, State Life Building No.9, Dr. Ziauddin Ahmed Road, Karachi.

PRESENT:

- |                             |                 |
|-----------------------------|-----------------|
| 1. Mr. Shahid Aziz Siddiqi  | Chairman        |
| 2. Mr. Qamar Zaman Chaudhry | Director        |
| 3. Mr. Aslam Faruque        | Director        |
| 4. Mr. Amin Qasim Dada      | Director        |
| 5. Mr. Rasheed Y. Chinoy    | Director        |
| 6. Mr. Akbarali Hussain     | Secretary Board |

LEAVE OF ABSENCE:

- |                           |          |
|---------------------------|----------|
| 1. Mrs. Spenta Kandawalla | Director |
| 2. Syed A. Wahab Mehdi    | Director |
| 3. Syed Hur Riahi Gardezi | Director |

2. The meeting started with recitation of verses from the Holy Quran by Mr. Allah Rakha Aasi, Executive Director.

3. Syed Arshad Ali, Executive Director(Mkt/G&P/PHS), Mr. Allah Rakha Aasi, Executive Director(F&A) and Mr. Shoaib Mir, Executive Director(IT/R&A) attended the meeting by invitation.

**ITEM (1) CONFIRMATION OF MINUTES OF 201<sup>ST</sup>  
MEETING OF THE BOARD OF DIRECTORS.**

4. The minutes of the 201<sup>st</sup> meeting of the Board of Directors held on 15<sup>th</sup> May, 2009 together with implementation report were placed before the Board.

5. Implementation report of 201<sup>st</sup> meeting of the Board of Directors was noted.

6. The Directors took a serious note of delay in receiving of working papers and directed that in future the Board would not be accepting working papers/new items until and unless they are received a week before the date of the meeting. The above directive of the Board be communicated to all the Divisional Heads and their signatures obtained as a confirmation of their having been informed of the Board decision.

7. The Board was informed that in addition to the donation of Rs.2 million to the Prime Minister's Fund created for the Local Displaced Persons of Swat, an amount of Rs.1,850,099 was handed over to the Ministry of Commerce for onward payment to the Prime Minister's Fund being contribution of one day's basic salary by the employees of the Corporation.

8. The Chairman informed that the Board had at its last meeting approved constitution of a Committee comprising of two outside practicing Actuaries to examine and propose a sustainable acquisition cost structure for the Corporation.

Action:  
All EDs  
All DHs

CHAIRMAN'S  
INITIALS



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<p>however since the number of practicing Actuaries were very few, it is suggested that out of the two Actuaries to be included in the Committee, the Board may approve appointing one Appointed Actuary and the other Actuary from within the Corporation on the Committee.</p> <p>9. Accordingly it was resolved as under:</p> <p><b>RESOLVED:</b>  "that as suggested by the Chairman instead of two outside practicing actuaries, one Appointed Actuary and the other Actuary from within the Corporation be appointed on the Committee to examine and propose a sustainable acquisition cost structure for the Corporation."</p> <p>10. Mr. Amin Qasim Dada proposed and Mr. Rasheed Y. Chinoy seconded that the minutes of 201<sup>st</sup> meeting of the Board of Directors be confirmed.</p> <p>11. Accordingly, it was resolved as under:-</p> <p><b>RESOLVED:</b>  "that the Minutes of 201<sup>st</sup> meeting of Board of Directors held on 15<sup>th</sup> May, 2009, are confirmed."</p> <p><b>ITEM (2) CONFIRMATION OF MINUTES OF 4<sup>TH</sup> MEETING OF REAL ESTATE COMMITTEE HELD ON 9<sup>TH</sup> JUNE, 2009.</b></p> <p>12. Executive Director(Real Estate) presented before the Board, the minutes of 4<sup>th</sup> meeting of Real Estate Committee held on 9<sup>th</sup> June, 2009 for confirmation and approval of recommendations made by the Committee to the Board. The minutes also contained the implementation/compliance report to the queries/progress arising out of the recommendations given by the Real Estate Committee in its 3<sup>rd</sup> meeting and the confirmation thereof by the Board of Directors in its 200<sup>th</sup> meeting.</p> <p>13. At the 4<sup>th</sup> meeting of the Real Estate Committee held at Karachi on 9<sup>th</sup> June, 2009, while confirming the minutes of the 3<sup>rd</sup> meeting of the Real Estate Committee, Syed Hur Riahi Gardezi suggested the following corrections:-</p> <ul style="list-style-type: none"> <li>that in the last line of para – 60 of page 28, the word "was" be replaced by "were".</li> <li>That in the second last line of para-67 of page 29, the word "against 42%" be replaced by "against 47%".</li> <li>Para 67 be replaced in its entirety as follows:  "Real Estate Committee appreciated the efforts being made by the Division especially the former Divisional Head Mr. Nasir Javed Khan. It also desired that REM should prepare a complete statement of the renting and vacant spaces for the perusal and information of the Chairman"</li> <li>that in the last line of para-93 of page 33, the word "persuaded" be replaced by "pursued".</li> </ul>			

CHAIRMAN'S  
INITIALS


Action:  
ED(P&GS)  
ED(MKT)  
H(P&GS)  
MKT)

Action:  
Secretary  
(Board)



MINUTES OF 202<sup>ND</sup> MEETING OF THE BOARD OF DIRECTORS

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<p>Action: ED(RE) DH(RE)</p>	<ul style="list-style-type: none"> <li>That in the first line of para-104 of page-35, the word "show" be replaced by "shown".</li> <li>That in the third line of para-105 of page 36, the word "sublet-tee" be replaced by "Sublette".</li> </ul> <p>14. The Board directed that the corrected version be incorporated in the minutes of the RE Committee and in the working papers of the Board meeting.</p> <p>15. The Board noted the progress mentioned in the minutes of the RE Committee regarding the following:</p> <ul style="list-style-type: none"> <li>i) Filing of all cases of Yuhanabad (90 cases)</li> <li>ii) Issue of Letters to all defaulters (61 letters)</li> <li>iii) Filing of legal cases against defaulters (18 cases)</li> <li>iv) Signing of 06 tenancy agreements with tenants</li> <li>v) On-going building projects – <ul style="list-style-type: none"> <li>State Life Tower - PC-1 in preparation and tender in process</li> <li>State Life building Gujranwala - Construction in full swing, roof Slab to be concreted.</li> <li>State Life building Sialkot - PC-1 and tender in preparation stage.</li> <li>State Life building Sargodha - PC-1 and tender in preparation stage.</li> <li>State Life building Rahim Yar Khan – PC-1 and tender in preparation stage.</li> <li>State Life building Larkana - Renovation work is in full swing</li> <li>State Life building Hyderabad - Tender already floated.</li> </ul> </li> <li>vi) Renovation of plumbing and allied civil works at State Life Building 1, 2 &amp; 2A, Karachi being carried out by M/s. Prime Engineers. The contractor is not willing to work and the work is at standstill for the past 8 months.</li> <li>vii) Deferment of presentation of legal position of cases with tenants regarding properties at Karachi.</li> <li>viii) Dishonouring of agreement by the owner in respect of renting of bungalow on plot No.30, F-11/1, Islamabad for State Life Guest House and submission of a memorandum before the Real Estate Committee for informing that alternate premises is being looked for and requesting for approval of budget of Rs. 2 million per annum for rent.</li> </ul> <p>16. The minutes of the RE Committee also highlighted the following salient features about the status of Real Estate Portfolio as on March 31, 2009:-</p> <ul style="list-style-type: none"> <li>Gross income Rs.197 million as against Rs.176 million for the same period of the previous year.</li> <li>Expense Rs.83 million as against Rs.74 million for the same period of the previous year.</li> </ul>		

CHAIRMAN'S INITIALS



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	<ul style="list-style-type: none"> <li>Net income Rs.114 million as against Rs.102 million for the same period of the previous year.</li> <li>Expense/income ratio 42% as against 47% for the same period of the previous year.</li> </ul> <p>Purchase of plots at Islamabad and Lahore(item-7, para-126 to 128) of the minutes of 4<sup>th</sup> meeting of Real Estate Committee.</p> <p>17. As approved by the Board of Directors at its 200<sup>th</sup> meeting held on 28<sup>th</sup> April, 2009 on the recommendations of the Real Estate Committee , a committee comprising of the following members had visited Islamabad and Lahore to survey the properties offered to State Life:-</p> <ol style="list-style-type: none"> <li>(1) Syed Hur Riahi Gardezi – Member of the Board of Directors of State Life</li> <li>(2) Mr. Amin Qasim Dada - Member of the Board of Directors of State Life</li> <li>(3) Mr. Mohammad Yahya, Executive Director – Real Estate</li> <li>(4) Ch. Madad Ali Anjum, Regional Chief, Central Region(for property in Lahore)</li> <li>(5) Raja Zafar Ali Shan Regional Chief, Northern Region(for property in Islamabad and Rawalpindi)</li> <li>(6) Mr. Nasimul Haq, Divisional Head, Real Estate Management, P.O.</li> </ol> <p>18. Mr. Shahid Aziz Khan, Divisional Head(Legal Affairs) is also the member of the Committee to examine the documentations.</p> <p>19. The terms of reference of the Committee were as follows:-</p> <ol style="list-style-type: none"> <li>(i) Physically visit the offered properties in Lahore and Islamabad</li> <li>(ii) Gather first hand information about the property and evaluate them from investment perspective.</li> <li>(iii) Give recommendations to the Real Estate Committee which shall make appropriate recommendations for the Board of Directors.</li> </ol> <p>20. A brief report prepared and signed by Syed Hur Riahi Gardezi and Mr. Amin Qasim Dada, Members of the Board on the above Committee and presented before the Real Estate Committee by Mr. Gardezi was placed at Annexure-A to the minutes of the Real Estate Committee. Executive Director(RE) had also presented a detailed report on behalf of officials of State Life on the Committee on the subject which was placed at Annexure-B to the minutes of the Real Estate Committee.</p> <p>21. The Board deliberated on the two reports submitted by the members of the Board on the above Committee and the officials of State Life including officers of Real Estate Division with respect to purchase of plot No. 131-D, adjacent to Allama Iqbal International Airport and Garrison Country Club Lahore measuring 9716 sq. yards. The Board noted that the plot was well located and was a good investment for the future as a hedge against inflation for the Corporation. The Board however desired that the case may be referred back to the Real Estate Committee for negotiating the price to ensure that the best possible investment results accrue to</p>		

Action:  
ED(RE)  
DH(RE)

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INITIALS






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<p>Action: ED(RE) DH(RE)</p>	<p>the Corporation in terms of the price negotiated. The Board also decided that other matters pertaining to due diligence and other formalities should be completed and submitted to the Real Estate Committee for examination and for submission of its recommendations to the Board at its next meeting for a formal decision.</p>		
	<p>22. The Board examined the case of Mehak Marriage Hall, 32 Road, Lahore having a covered area of 10,700 sq.ft. and constructed on a plot having an area of 4 kanals and felt that the proposal was not feasible as the plot is located in a very congested area of the old city which is mainly a market of car dealers and is also out of proper dimension. The utilization of such a property is difficult for the Corporation as Marriage and Banquet Hall is out side the purview of its core activity.</p>		
	<p>23. The Board examined the case of plot No. 6, Surharwardy Road, Mauve Area, G-8/1, Islamabad measuring 4044 sq.yds. and agreed with both the department recommendations of the officials of State Life including officers of Real Estate Division as well as the report of the members of the Board on the Committee that the property is located at a prime location and is a good investment proposition. However, the Board desired that a proper evaluation of property should be done as well as other plots in view on the basis of a common template pertaining to a number of property evaluators and proper scrutiny of documents and ownership details be carried out. The Board therefore desired that the Corporation may put up such a report to the Real Estate Committee for its scrutiny and subsequent submission of its recommendations to the Board in its next meeting for a formal decision.</p>		
	<p>24. The Board examined the case of purchase of Bungalow located at House No.5, Sector "C", Phase-I, D.H.A., Rawalpindi measuring 509.24 sq.yd with a covered area of 7822 sq.ft. and noted that there was a big difference in evaluation between expectation of the owner's and expected market value of the two evaluators. Whilst noting that the purpose of purchase of property should be examined in greater detail, it desired that the matter be taken up by the Real Estate Committee in the desired template for appropriate action.</p>		
	<p>25. The Board agreed with the views of the Director's on the Committee as well as that of the members of the Real Estate Division that keeping in view the size and dimension of plot (850.27 sq. meters), its purchase is not feasible for any commercial utilization.</p>		
<p>Action: ED(RE) DH(RE)</p>	<p>26. After deliberation, the Board resolved as under:</p>		
	<p><b>RESOLVED:</b>          "that subject to the above, the Minutes of 4<sup>th</sup> meeting of Real Estate Committee held on 9<sup>th</sup> June, 2009 is confirmed and following recommendations of the Real Estate Committee to the Board, is approved."            (a) "that REM Division should ensure that a detailed report of progress of each case regarding cases awarded to M/s. Hajvary Law Group in respect of properties owned by State Life at Lahore be placed for perusal of the members of the Real Estate Committee. The report should contain in detail the data of the case, action taken to date, future line of action and bottle necks if any."</p>		

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<p>(b) "that Mr. Mohammad Akhlaq, AGM(Law) REM PO be immediately transferred to Lahore for ensuring effective coordination with Hajvary Law Group. He will ensure that each and every case handed over to Hajvary Law Group is properly attended by the REM Office at Lahore."</p> <p>(c) "that RE Project Management Division should ensure that progress report in respect of on-going building projects and renovation work should contain all possible dates of project activity to monitor progress."</p> <p>(d) "that RE – Project Management Division should serve final notice to the contractor through the Consultant M/s. NESPAK in line with the relevant clause of the contract and if the response/progress of the contractor is not satisfactory, the performance security be encashed and the remaining work be carried out at the risk and cost of M/s. Prime Engineers."</p> <p>(e) "that Real Estate Committee showed its concern over the attitude of the owner and directed REM to serve a legal notice to the owner. It was also resolved that release of budget is within the competence of the Chairman and shall be approved accordingly when renting is finalized."</p> <p>(f) "that REM Division should consult the Law Division for an out of court settlement with the owners in respect of property adjacent to State Life Building No.11, Karachi."</p> <p>(g) "that Investment Division should examine the whole issue of purchase of property from investment perspective and submit a detailed report containing recommendations before the Board of Directors in its 202<sup>nd</sup> meeting scheduled on June 30, 2009."</p> <p>27. As directed by the Real Estate Committee, a Memorandum on evaluation of investment feasibility in properties was submitted by Senior General Manager(Investment). The Board was informed that the investment of the Corporation are governed by the provision of Insurance Ordinance 2000 read with Insurance Rules 2002 according to which the Corporation can make investment in properties as under:-</p> <table><tr><td>Any one unit of immovable property</td><td>5% of the fund</td></tr><tr><td>Total immovable property</td><td>20% of the fund</td></tr><tr><td>Immovable property and shares</td><td>60% of the fund</td></tr></table> <p>28. SGM(Investment) informed the Board that the exposure of the Corporation in Real Estate as on 31<sup>st</sup> May, 2009 was 1.29% at cost there by living a sufficient room for investment in properties which can be in the form of buying constructed buildings or plots which has been done in the past for use as its own offices or for renting them out to earn a continuous stream of income.</p> <p>29. Investment in Real Estate is always made by life insurance companies as a hedge against inflation. The rental income though continuous provides a small yield on investment, however it is the appreciation in value of the properties that holds the prime consideration. It is therefore necessary that the objective of buying the properties should be clear as and when the purchase is made,</p>				Any one unit of immovable property	5% of the fund	Total immovable property	20% of the fund	Immovable property and shares	60% of the fund
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**ITEM (3) PRESENTATION OF BUSINESS REVIEW OF MARKETING, GROUP & PENSIONS AND INVESTMENT DIVISIONS FOR THE PERIOD ENDED ON 31-05-2009.**

30. The business review of Marketing, Group & Pension and Investment Divisions for and upto the period ended on 31<sup>st</sup> May, 2009 were placed before the Board.

31. ED(Marketing) placed before the Board, Business Review of Individual Life for and upto the Month of May' 2009. The Corporation secured 1<sup>st</sup> year premium of Rs.2118 million for the period ended on 31<sup>st</sup> May, 2009 as against Rs.1562 million during the corresponding period of last year showing an increase of 35%. The Corporation has collected second year premium of Rs.964 million for and upto the month of May, 2009 with second year persistency of 62% as against Rs.831 million during the corresponding period of last year with second year persistency of 68%. The third year and over persistency for the period January to May' 2009 was 89% as against 104% for the corresponding period of last year. The number of policies sold for and upto the month of May 2009 was 166,126 as against 129,880 during the corresponding period of last year showing an increase of 28%.

32. ED(G&P) presented before the Board the business review for and upto the month of May, 2009 during which G&P Division collected a total premium of Rs.1193.131 million as against Rs.1047.692 million for the corresponding period of last year showing an increase of 13.88%.

33. During the period for and upto the month of March 2009, Karachi Zone collected a total premium of Rs.214.972 million as against Rs.437.040 million of last year showing a decrease of 50.81%. Lahore Zone collected a premium of Rs.616.599 million as against Rs.370.715 million in 2008 showing an increase of 66.33%. Rawalpindi Zone collected a premium of Rs.201.883 million as against Rs.139.221 million last year showing an increase of 45.01%. Peshawar Zone collected a total premium of Rs.159.677 million in 2009 as against Rs.100.716 million in 2008 showing an increase of 58.54%.

34. SGM(Investment) presented before the Board, business review of Investment Division for and upto the month of May 2009. The book value of investment portfolio which was Rs.183,070 million as on December 31, 2008 was estimated to have increased to Rs.188,845 million as on May 31, 2009 showing an increase of Rs.5,775 million and a percentage increase of 3.15%. The investments in Government securities, corporate debts, equities, bank deposits, investment property and loans to policyholders were Rs.134,391 million, Rs.6,435 million, Rs.26,104 million, Rs.5,305 million, Rs.2,445 million and Rs.14,165 million respectively.

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	<p>35. State Life earned Rs.7,767 million on its Investment portfolio excluding unrealized gain on Investment for and upto the month of May, 2009 as compared to Rs.6,373 million earned during the same period of last year. The book value of quoted equity portfolio stood at Rs.22,156 million at 31<sup>st</sup> May, 2009 while its market value was Rs.36,476 million showing an appreciation of Rs.14,320 million as on May 31, 2009. State Life purchased shares in the amount of Rs.308.349 million during the period under review and sold shares costing Rs.3.936 million for Rs.10.378 million, realizing capital gain of Rs.6.443 million.</p> <p>36. The Board was informed that the total investment of the Corporation in Pakistan Investment Bonds(PIBs) floated by Government of Pakistan since December 2000 including accrued interest as at May 31, 2009 was Rs.132,784 million. This constituted 70.31% of the total investment portfolio. The total investments in Government Securities amounted to Rs.134,391 million which constituted 71.16% of the total portfolio. As advised by Appointed Actuary of the Corporation, the Corporation purchased PIBs of 15, 20 and 30 years duration with a face value of Rs.7.8 billion at a cost of Rs.6.959 billion.</p> <p>37. The corporate debts included investments in TFCs of different companies such as Pakistan Mobile Communication Ltd., Engro Chemicals Ltd., and Pak Arab Fertilizer Ltd, etc. State Life purchased TFCs of Pakistan Mobile Communication Ltd with a face value of Rs.214 million at a cost of Rs.200 million during the period under review at a coupon rate 6 months KIBOR plus 1.65%. State Life also participated in circular debt bond floated by the Government of Pakistan to the extent of Rs.5,000 million at a coupon rate of 6 month KIBOR plus 1.75%. The total investment in corporate debt was Rs.6,635 million as on May 31, 2009.</p> <p>38. The Board noted the business figures of Marketing, Group &amp; Pension and Investment Divisions for the period ended on 31<sup>st</sup> May, 2009.</p> <p><b>ITEM (4) PRESENTATION ON TAKAFUL VIS A VIS CONVENTIONAL INSURANCE.</b></p> <p>39. Divisional Head(Investment) gave a presentation to the Board on Takaful vis a vis Conventional Insurance.</p> <p>40. The Board was informed that the basic principles of Islamic economics are as follows:-</p> <ul style="list-style-type: none"> <li>(a) Belief in divine guidance</li> <li>(b) Justice, equality and solidarity</li> <li>(c) Forbidden objects and creatures</li> <li>(d) Acquisition of property rights</li> <li>(e) No gain without efforts</li> <li>(f) General conditions of credit suggested Prohibition of Riba, uncertainty, gambling and profit and loss sharing.</li> </ul> <p>41. The word Takaful was derived from the word Kafil which means shared responsibility in which there are four parties i.e. participant, operator, insured and</p>		

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<p>beneficiary. The general Takaful products are motor, fire, burglary, workman compensation, money and personal accident, whereas family Takaful consist of individual plan and group plan.</p> <p>42. The comparison of family takaful and life insurance is as follows:-</p> <table border="1"> <thead> <tr> <th><u>Issue</u></th><th><u>Family Takaful</u></th><th><u>Life Insurance</u></th></tr> </thead> <tbody> <tr> <td>1. Essence of Intention</td><td>To create both spiritual and legal relationship</td><td>To create legal relationship only.</td></tr> <tr> <td>2. The Company</td><td>The participants collectively appoint the Takaful Operator to act as trustee/manager of the Waqf &amp; investment funds.  The Takaful Operator is remunerated through Wakala &amp; management fees for its services.</td><td>The insurer offers Insurance Service as a commercial business.</td></tr> <tr> <td>3. Premium or contribution</td><td>Each participant pays Tabarru (donation) into the Waqf fund which provides the Takaful benefits.  The Waqf fund is created under a Waqf Deed.</td><td>It is a contract of exchange (sale &amp; purchase) between insurer and insured.  The insurer provides compensation to the insured in exchange for payment of premiums.</td></tr> <tr> <td>4. Accounts</td><td>The contribution is segregated into two separate accounts: (a) Waqf fund (b) Participant Investment Account(PIA)</td><td>The premiums are credited into a single account known as the life insurance fund.</td></tr> <tr> <td>5. Benefits</td><td>Paid from the Waqf fund under joint indemnity borne by participants.</td><td>Paid from the insurance fund legally owned by the Insurer.</td></tr> <tr> <td>6. Investment</td><td>The funds are invested in interest free and shariah-compliant assets/ instruments approved by the Shariah Supervisory Board.  Investments must not be driven by unethical commercial activities.</td><td>The funds may be invested in any instruments including those not Shariah-compliant.  No religious restrictions except those imposed for prudential reasons:</td></tr> <tr> <td>Investment Avenue.</td><td> <u>Particulars</u>  Fixed Income Securities  Term Finance Certificates   Equities  Bank Deposits   Policy Loans  Property </td><td> <table border="1"> <thead> <tr> <th><u>Conventional</u></th><th><u>Takaful</u></th></tr> </thead> <tbody> <tr> <td>Allowed</td><td>Not allowed</td></tr> <tr> <td>Allowed</td><td>Only floating rate allowed.</td></tr> <tr> <td>Allowed</td><td>Not all stocks</td></tr> <tr> <td>All banks</td><td>Only Islamic Banks</td></tr> <tr> <td>As per rules</td><td>As Qarz-e-Hasna</td></tr> <tr> <td>Allowed</td><td>Allowed</td></tr> </tbody> </table> </td></tr> </tbody> </table>				<u>Issue</u>	<u>Family Takaful</u>	<u>Life Insurance</u>	1. Essence of Intention	To create both spiritual and legal relationship	To create legal relationship only.	2. The Company	The participants collectively appoint the Takaful Operator to act as trustee/manager of the Waqf & investment funds.  The Takaful Operator is remunerated through Wakala & management fees for its services.	The insurer offers Insurance Service as a commercial business.	3. Premium or contribution	Each participant pays Tabarru (donation) into the Waqf fund which provides the Takaful benefits.  The Waqf fund is created under a Waqf Deed.	It is a contract of exchange (sale & purchase) between insurer and insured.  The insurer provides compensation to the insured in exchange for payment of premiums.	4. Accounts	The contribution is segregated into two separate accounts: (a) Waqf fund (b) Participant Investment Account(PIA)	The premiums are credited into a single account known as the life insurance fund.	5. Benefits	Paid from the Waqf fund under joint indemnity borne by participants.	Paid from the insurance fund legally owned by the Insurer.	6. Investment	The funds are invested in interest free and shariah-compliant assets/ instruments approved by the Shariah Supervisory Board.  Investments must not be driven by unethical commercial activities.	The funds may be invested in any instruments including those not Shariah-compliant.  No religious restrictions except those imposed for prudential reasons:	Investment Avenue.	<u>Particulars</u> Fixed Income Securities Term Finance Certificates  Equities Bank Deposits  Policy Loans Property	<table border="1"> <thead> <tr> <th><u>Conventional</u></th><th><u>Takaful</u></th></tr> </thead> <tbody> <tr> <td>Allowed</td><td>Not allowed</td></tr> <tr> <td>Allowed</td><td>Only floating rate allowed.</td></tr> <tr> <td>Allowed</td><td>Not all stocks</td></tr> <tr> <td>All banks</td><td>Only Islamic Banks</td></tr> <tr> <td>As per rules</td><td>As Qarz-e-Hasna</td></tr> <tr> <td>Allowed</td><td>Allowed</td></tr> </tbody> </table>	<u>Conventional</u>	<u>Takaful</u>	Allowed	Not allowed	Allowed	Only floating rate allowed.	Allowed	Not all stocks	All banks	Only Islamic Banks	As per rules	As Qarz-e-Hasna	Allowed	Allowed
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2. The Company	The participants collectively appoint the Takaful Operator to act as trustee/manager of the Waqf & investment funds.  The Takaful Operator is remunerated through Wakala & management fees for its services.	The insurer offers Insurance Service as a commercial business.																																							
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4. Accounts	The contribution is segregated into two separate accounts: (a) Waqf fund (b) Participant Investment Account(PIA)	The premiums are credited into a single account known as the life insurance fund.																																							
5. Benefits	Paid from the Waqf fund under joint indemnity borne by participants.	Paid from the insurance fund legally owned by the Insurer.																																							
6. Investment	The funds are invested in interest free and shariah-compliant assets/ instruments approved by the Shariah Supervisory Board.  Investments must not be driven by unethical commercial activities.	The funds may be invested in any instruments including those not Shariah-compliant.  No religious restrictions except those imposed for prudential reasons:																																							
Investment Avenue.	<u>Particulars</u> Fixed Income Securities Term Finance Certificates  Equities Bank Deposits  Policy Loans Property	<table border="1"> <thead> <tr> <th><u>Conventional</u></th><th><u>Takaful</u></th></tr> </thead> <tbody> <tr> <td>Allowed</td><td>Not allowed</td></tr> <tr> <td>Allowed</td><td>Only floating rate allowed.</td></tr> <tr> <td>Allowed</td><td>Not all stocks</td></tr> <tr> <td>All banks</td><td>Only Islamic Banks</td></tr> <tr> <td>As per rules</td><td>As Qarz-e-Hasna</td></tr> <tr> <td>Allowed</td><td>Allowed</td></tr> </tbody> </table>	<u>Conventional</u>	<u>Takaful</u>	Allowed	Not allowed	Allowed	Only floating rate allowed.	Allowed	Not all stocks	All banks	Only Islamic Banks	As per rules	As Qarz-e-Hasna	Allowed	Allowed																									
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59. Accordingly, the Board resolved as under:

**RESOLVED:**

"that as suggested by Divisional Head(Investment), investment in only those mutual funds be considered if the total return comprising the dividend paid and appreciation in value exceeds average six month T-bill yield for the last three years as mentioned in Finance Division office memorandum dated 2<sup>nd</sup> July, 2003 and the fund should have been in existence for at least three years."

**ITEM (7) FIVE YEAR BUSINESS PLAN BASED ON THE ASSUMPTION OF INCREASE IN FYP @ 35% AND 40%.**

60. As desired by the Board in its 201<sup>st</sup> meeting held on 15<sup>th</sup> May, 2009, Financial projections for five years with annual growth of 35% and 40% in first year premium and keeping second year persistency at 82% and renewal persistency at 90%, was presented before the Board, details of which are placed hereunder. All other assumption in respect of rental income, occupancy, growth in investment income, yield on average life fund, ratio of premature claims, death claims and maturity claims, acquisition cost and growth in administrative expenses given at para-26(iii) to (vii) of the minutes of the 201<sup>st</sup> meeting of the Board of Directors for the financial projections for next five years is kept same.

61. Business figures for the year 2009 to 2013, based on above stated assumptions will be as under:-

**a) Financial Projections at 35% First Year Premium**

(Rs. In millions)

	2009	2010	2011	2012	2013
Income					
Premiums less Reinsurances	27,195	33,591	42,355	54,267	70,379
Rental Income from Investment property	369	399	431	465	502
Net Investment Income	18,879	21,677	24,895	28,600	32,865
Total Net Income	46,444	55,666	67,681	83,333	103,746
Claims, including bonuses, net of reinsurance recoveries	15,031	16,168	18,244	20,806	22,112
Acquisition Cost	7,617	9,985	13,348	17,898	24,049
Admin Expenses	2,790	3,131	3,502	3,391	4,397
Total Management Expenses	10,407	13,117	16,850	21,829	28,446
Total Claims and Management Expenses	25,438	29,285	35,094	42,635	50,558
Excess of Income over Claims and Management Exp.	21,006	26,381	32,587	40,697	53,188
Surplus appropriated to share holder's fund	(422)	(506)	(608)	(729)	(875)
Balance of statutory fund at beginning of year	177,459	198,043	223,917	255,896	295,864
Balance of statutory fund at end of year	198,043	223,917	255,896	295,864	348,177

Comparison of actual management expenses 2009-2013 based on the above projections with the actual expense limit allowed by the SECP.

(Rs. In millions)

Descriptions	2009	2010	2011	2012	2013
Total Allowable Expenses	10,878	12,095	13,455	14,659	17,591
Actual Expenditure	10,407	12,307	14,505	17,127	20,224
Expenses Saved/(Exceeded)	471	(211)	(1,050)	(2,468)	(2,633)

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*[Signature]*

Action:  
DH(Inv)



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59. Accordingly, the Board resolved as under:

**RESOLVED:**

"that as suggested by Divisional Head(Investment), investment in only those mutual funds be considered if the total return comprising the dividend paid and appreciation in value exceeds average six month T-bill yield for the last three years as mentioned in Finance Division office memorandum dated 2<sup>nd</sup> July, 2003 and the fund should have been in existence for at least three years."

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61. Business figures for the year 2009 to 2013, based on above stated assumptions will be as under:-

**a) Financial Projections at 35% First Year Premium**

(Rs. in millions)

	2009	2010	2011	2012	2013
Income					
Premiums less Reinsurances	27,195	33,591	42,355	54,267	70,379
Rental Income from Investment property	369	399	431	465	502
Net Investment Income	18,879	21,677	24,895	28,600	32,865
Total Net Income	46,444	55,666	67,681	83,333	103,746
Claims, including bonuses, net of reinsurance recoveries	15,031	16,168	18,244	20,806	22,112
Acquisition Cost	7,617	9,985	13,348	17,898	24,049
Admin Expenses	2,790	3,131	3,502	3,391	4,397
Total Management Expenses	10,407	13,117	16,850	21,829	28,446
Total Claims and Management Expenses	25,438	29,285	35,094	42,635	50,558
Excess of Income over Claims and Management Exp.	21,006	26,381	32,587	40,697	53,188
Surplus appropriated to share holder's fund	(422)	(506)	(608)	(729)	(875)
Balance of statutory fund at beginning of year	177,459	198,043	223,917	255,896	295,864
Balance of statutory fund at end of year	198,043	223,917	255,896	295,864	348,177

Comparison of actual management expenses 2009-2013 based on the above projections with the actual expense limit allowed by the SECP.

	2009	2010	2011	2012	2013
Descriptions					
Total Allowable Expenses	10,878	12,095	13,455	14,659	17,591
Actual Expenditure	10,407	12,307	14,505	17,127	20,224
Expenses Saved/(Exceeded)	471	(211)	(1,050)	(2,468)	(2,633)

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## b) Financial Projections at 40% First Year Premium

(Rs. In millions)

	2009	2010	2011	2012	2013
Income					
Premiums less Reinsurances	27,195	33,902	43,465	56,963	75,900
Rental Income from Investment property	369	399	431	465	502
Net Investment Income	18,879	21,677	24,895	28,600	32,865
<b>Total Net Income</b>	<b>46,444</b>	<b>55,977</b>	<b>68,792</b>	<b>86,028</b>	<b>109,267</b>
Claims, including bonuses, net of reinsurance recoveries	15,031	16,168	18,244	20,806	22,112
Acquisition Cost	7,617	10,255	14,183	19,695	27,424
Admin Expenses	2,790	3,131	3,502	3,931	4,397
<b>Total Management Expenses</b>	<b>10,407</b>	<b>13,386</b>	<b>17,684</b>	<b>23,626</b>	<b>31,821</b>
<b>Total Claims and Management Expenses</b>	<b>25,438</b>	<b>29,554</b>	<b>35,928</b>	<b>44,432</b>	<b>53,933</b>
Excess of Income over Claims and Management Exp.	21,006	26,423	32,863	41,596	55,334
Surplus appropriated to share holder's fund	(422)	(506)	(608)	(729)	(875)
Balance of statutory fund at beginning of year	177,459	198,043	223,959	256,215	297,082
Balance of statutory fund at end of year	198,043	223,959	256,215	297,082	351,541

Comparison of actual management expenses 2009-2013 based on the above projections with the actual expense limit allowed by SECP.

(Rs. In millions)

Descriptions	2009	2010	2011	2012	2013
Total Allowable Expenses	10,878	13,400	16,824	20,926	28,821
Actual Expenditure	10,407	13,386	17,684	23,626	31,821
Expenses Saved/(Exceeded)	471	14	(860)	(2,700)	(3,000)

62. ED(F&A) informed the Board that review of the said projections reveal that Corporation is exceeding the expense limit prescribed by SECP in 2010 at 35% growth rate in first year premium income. However, 40% increase in first year premium will provide a marginal cushion of Rs.14.0 million only and the Corporation will remain in the ambit of expense limit prescribed by SECP till 2010.

63. The allowed renewal expense ratio for the year 2010 is 19% where as renewal expense ratio worked out at 40% growth in first year premium is 19.2%. A slight variation in any assumption may adversely affect the ratio and Corporation may cross the SECP limit in 2010 even at 40% growth in the first year premium.

64. ED(F&A) also mentioned that figures for the year 2009 are based on Corporation's budget for the year 2009, duly approved by the Board of Directors in its 200<sup>th</sup> meeting held on 28<sup>th</sup> April, 2009. As per budget proposal 2009, Corporation is well within the expense limit prescribed by SECP for the year 2009 with a cushion of Rs. 471 million. However, any abnormal negative variance in either side i.e. income or expenses may cause the Corporation to cross the expense limit set by SECP for the year 2009.

65. ED(F&A) further submitted before the Board that keeping in view the situation explained above, it is imperative for the Corporation to take a strategic decision to stay within the expense limit set by SECP for life insurers. The Board has already constituted a committee comprising of two outside Practicing Actuaries, ED(Marketing), three Senior Members of Field Management, DH(F&A), DH(P&GS)

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<p>and DH(Actuarial) to revisit and propose a sustainable acquisition cost structure for the Corporation which will be submitted as and when the report is ready to the Board.</p> <p>66. The Board was informed that a sum of Rs.1.6 million worked out at 0.09 per thousand of total premium was paid by State Life towards cost of the Secretariat of the Insurance Ombudsman.</p> <p>Action: ED(F&amp;A) DH(F&amp;A)</p> <p>67. The Board directed ED(F&amp;A) to write to the Chairman, SECP to visit State Life and a presentation be given to him explaining State Life view point regarding allowable expenses and request be made to grant relief to State Life in this regard.</p> <p>Action: ED(Mkt) DH(Mkt)</p> <p>68. The Board desired that a position paper be submitted to the Board at its next meeting detailing therein the cost of creating a new Zone. ED(Marketing) was requested to look into the possibility of establishing a new Zone at Kasur, Jhelum and Nawabshah to bring about growth in business in the above areas.</p> <p>Action: ED(Mkt) DH(Mkt)</p> <p>69. The Board also desired that ED(Marketing) should prepare a questionnaire and arrange to have it filled up by the agents visiting the potential policyholders soliciting comments from them on the advertisement campaign launched by State Life as to its quality and impact thereof on the business and its influence on the policyholders to purchase a policy from State Life.</p> <p>Action: ED(F&amp;A) DH(F&amp;A)</p> <p>70. The Board desired that the presentation on the five year business plan be given again at the next meeting of the Board.</p> <p><b>ITEM 8(I) <u>REPLACEMENT OF OFFICIAL VEHICLE AT GULF ZONE</u></b></p> <p>71. A Memorandum dated June 29, 2009 of Divisional Head(P&amp;GS) for replacement of official vehicle at Gulf Zone was presented to the Board.</p> <p>72. Zonal Chief, Gulf Zone has informed in his letter dated 20-6-2009 that the existing official vehicle Toyota Camry GLI was purchased in the year 2002, spent about seven years and run 212,600 KMs. Its book value is AED 1/-. Significant amount has been spent on its repair. Moreover, car is due for passing through Route Transport Authority (RTA), UAE in June 2009. Reportedly the car is not in a condition to get through the test. Further repair will cost approximately AED 20,000. Quotations were called from different old cars buying dealers and the highest quoted buying value is AED 22,500.</p> <p>73. Taking into account the additional financial burden for its repair etc. the Gulf Zone has proposed that a new car Model GLX 2009 at a cost of AED 78,500/- may be allowed to be purchased through Al-Futtaim Motors, Dubai the official dealer of Toyota Motors Company at UAE.</p>			


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Action: ED(P&GS) DH(P&GS)	<p>74. In case, the Gulf Zone is allowed to purchase new car then the actual financial burden for the Gulf Zone would be as under:-</p> <table><tr><td>* Cost of New Car</td><td>AED 78,500/-</td></tr><tr><td>* Less: Cost of sale of old car</td><td>AED 22,500/-</td></tr><tr><td>* Net cost for purchase of new car</td><td>AED 56,000/-</td></tr></table>			* Cost of New Car	AED 78,500/-	* Less: Cost of sale of old car	AED 22,500/-	* Net cost for purchase of new car	AED 56,000/-
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	* Net cost for purchase of new car	AED 56,000/-							
	<p>75. The expenses for purchase of new Toyota Camry GLX will be met by Zonal Office, Gulf Zone.</p>								
	<p>76. The Board was requested to consider and approve for disposal of old car and purchase of new car by the Gulf Zone.</p>								
	<p>77. After deliberation, the Board resolved as under:</p>								
	<p><b><u>RESOLVED:</u></b></p>								
	<p>"that as proposed by DH(P&amp;GS), purchase of a new car Model GLX 2009 for Zonal Chief, Gulf Zone at a cost of AED 78,500/- and sale of the existing official vehicle Toyota Camry GLI at AED 22,500/- and allocation of budget and fund by F&amp;A Division, is approved. The Board pointed out that in future such approval be obtained from the Chairman of State Life and not referred to the Board."</p>								
	<p><b>ITEM 8(II) PURCHASE OF OFFICIAL VEHICLE FOR STATE LIFE</b> <b><u>QUETTA ZONE.</u></b></p>								
<p>78. A Memorandum dated June 29, 2009 of Divisional Head(P&amp;GS) for purchase of official vehicle for State Life Quetta Zone was presented before the Board.</p>									
<p>79. Toyota Corolla GL 1300cc Model 1996 car bearing Registration No.GA-0932 was provided to the Zonal Head, Quetta Zone for official use. In January, 2009 the car was stolen. The car was insured with M/s. National Insurance Company Limited. Proper formalities were completed and claim lodged with NICL. Now the insurer has informed vide letter No.NV-30-185/2009 dated 26-5-2009 that claim of Rs.4,00,000 has been approved subject to submission of some documents and the same are in process.</p>									
<p>80. Zonal Head, Quetta Zone is without official conveyance. Quetta Zone is located in rural and hilly area. For procurement of business traveling is a must to meet the potential clients for which the vehicle of good condition is necessary.</p>									
<p>81. Ministry of Commerce, Government of Pakistan vide letter No.8(1)/2009.Ins. dated May 14, 2009 has conveyed that under Finance Division's OM No.F.4(1)/Exp.IV/07/891 dated May 5, 2009, the State Life being a body Corporate having its own fund with powers to acquire hold and dispose off property, as envisaged under Section 11(2) (c) &amp; (i) and Section 27 of LINO 1972, may decide the matter at their end.</p>									
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ction: D(P&GS) H(P&GS)	<p>82. Quotation from Toyota Southern Motors the authorized dealer of Indus Motors has been received for purchase of Toyota Corolla GLI 1300cc Model 2009 for Rs.13,54,000/-. If approved cost of purchase of new Toyota Corolla car would be as under:</p> <table><tr><td>* Cost of new Toyota Corolla GLI</td><td>Rs.13,54,000/-</td></tr><tr><td>* Claim of stolen car from NICL</td><td>Rs. 4,00,000/-</td></tr><tr><td>Net cost</td><td>Rs. 9,54,000/-</td></tr></table>			* Cost of new Toyota Corolla GLI	Rs.13,54,000/-	* Claim of stolen car from NICL	Rs. 4,00,000/-	Net cost	Rs. 9,54,000/-
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	* Claim of stolen car from NICL	Rs. 4,00,000/-							
	Net cost	Rs. 9,54,000/-							
	<p>83. The Board was requested to consider and approve for purchase of new Toyota Corolla 1300cc Model 2009 car for Zonal Head, Quetta Zone for which necessary budget and fund be allocated by F&amp;A Division.</p>								
	<p>84. After deliberation, the Board resolved as under:</p>								
	<p><b>RESOLVED:</b> "that as proposed by DH(P&amp;GS), purchase of a new car Toyota Corolla GLI 1300cc Model 2009 for Zonal Head, Quetta Zone at a cost of Rs.13,54,000/- and allocation of budget and fund by F&amp;A Division, is approved. The Board pointed out that in future such approval be obtained from the Chairman of State Life and not referred to the Board."</p>								
	<p><b>ITEM 8(III)      <u>PROVISION OF SPECIAL NURSING</u></b></p>								
	<p>85. A Memorandum dated 25-6-2009 of ED(P&amp;GS) regarding provision of Special Nursing was presented to the Board.</p>								
	<p>86. The Board was informed that In various instances, employees and their dependants suffer from diseases such as Dementia, Parkinsonism and Alziehmer's, as a consequence such patients get physically in-active and bed-ridden with inability to take orally. In such conditions the patients are advised for gastrostomy and other procedures requiring special Nursing round the clock.</p>								
<p>87. In terms of Medical Regulations, 1973, nursing care is ordinarily provided to in-patients. A need has arisen for a further clarification regarding the extent of this facility. With a view to elaborate the existing facility and to make it more meaningful, it is felt that Chairman, State Life may be empowered to decide all such cases viz Special Nursing on the recommendations of a Committee comprising of one Executive Director, Divisional Head(P&amp;GS) and Chief Medical Advisor. The Committee shall also recommend to the Chairman viz cost involved for the purposes of Special Nursing on case to case basis.</p>									
<p>88. Considering the fact that Special Nursing Care at times becomes extremely necessary in certain circumstances, and denial of which can lead to serious consequences, the aforesaid proposal was presented before the Board of Directors for approval.</p>									
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Action: ED(P&GS) DH(P&GS)	<p>89. After deliberation, the Board resolved as under:-</p> <p><b>RESOLVED:</b></p> <p>"that the Board agreed in principle to the proposal of providing special nursing care to the employees and their dependants suffering from diseases such as Dementia, Parkinsonism, Alziehmer's etc. resulting in immobility and bed ridden with inability to take medicines orally, however cases of Special Nursing be put up on case to case basis to the Board for approval."</p> <p><b>ITEM 8(IV)      <u>CONTRACTUAL APPOINTMENTS</u></b></p> <p>90. A Memorandum dated 30<sup>th</sup> June, 2009 of ED(P&amp;GS) for contractual appointments was placed before the Board.</p> <p>91. The Board was informed that State Life Insurance Corporation of Pakistan is facing acute shortage of human resources in its core insurance functionality as well as in various Divisions/Departments of Principal Office/Regions/Zones on account of the fact that there has been absolutely no recruitment in the State Life over the last 12 years or so.</p> <p>92. The ban on recruitment has now been lifted and the directives have been received from the Minister of Commerce with regard to fill in the vacant positions after observing the codal formalities and fulfillment of quota i.e. provincial quota together with quota for minorities and women and the quota of disabled persons which is mandatory. The approval of the Commerce Minister is also to be obtained to release the advertisement in print media.</p> <p>93. It was submitted before the Board that keeping in view the pressing sense of urgency to arrest the deteriorating human resource position, and the exigencies of work and in the interest of Corporation at large, the following appointments have been made on contract basis for a period of six months:</p> <table border="1"><thead><tr><th>S.No.</th><th>Name</th><th>Designation</th><th>Place of Posting</th></tr></thead><tbody><tr><td>1.</td><td>Mr. Anwar Ali Baloch</td><td>Assistant General Manager</td><td>Real Estate Division</td></tr><tr><td>2.</td><td>Ms. Shazia Shahoke</td><td>Assistant Manager</td><td>Hyderabad Zone</td></tr><tr><td>3.</td><td>Mr. Kamran Hassan</td><td>Assistant Manager</td><td>Real Estate Division P.O., Karachi</td></tr><tr><td>4.</td><td>Mr. Muhammad Waqas</td><td>Assistant Manager</td><td>Real Estate Division Lahore.</td></tr><tr><td>5.</td><td>Syed Hassan Zaheer</td><td>Assistant Manager</td><td>PRO, Karachi</td></tr><tr><td>6.</td><td>Mr. Bashir Ahmed Solangi</td><td>Executive Officer</td><td>Larkana Zone</td></tr></tbody></table> <p>94. The above named employees have been appointed on adhoc basis and are purely temporary and are liable to be terminated on the expiry of the term of a period of six months.</p> <p>95. It was also suggested that in the event, if State Life wants to retain any of the employees appointed on adhoc basis, purely temporary and contractual for a period of six months, (a) the Chairman be authorized to grant another extension for a period of six months or one year or till such time State Life completes its course of action in relation to recruitment of human resources according to the need and</p>			S.No.	Name	Designation	Place of Posting	1.	Mr. Anwar Ali Baloch	Assistant General Manager	Real Estate Division	2.	Ms. Shazia Shahoke	Assistant Manager	Hyderabad Zone	3.	Mr. Kamran Hassan	Assistant Manager	Real Estate Division P.O., Karachi	4.	Mr. Muhammad Waqas	Assistant Manager	Real Estate Division Lahore.	5.	Syed Hassan Zaheer	Assistant Manager	PRO, Karachi	6.	Mr. Bashir Ahmed Solangi	Executive Officer	Larkana Zone
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DIRECTORS	HELD AT	ON	TIME																												
MINUTE BOOK	KARACHI	30 <sup>TH</sup> JUNE' 2009																													
Action: ED(P&GS) DH(P&GS)	<p>requirements and (b) on the recommendations of the management, the Human Resources Committee of the Board of Directors of the State Life may evaluate his/her performance and if it is found satisfactory, his/her services may be regularized in the State Life in the exigencies of work.</p> <p>96. After deliberation, the Board resolved as under:</p> <p><b>RESOLVED:</b></p> <p>(a) "that the proposal of ED(P&amp;GS) contained in the Memorandum dated 30<sup>th</sup> June, 2009, for contractual appointments of the following officers on contract basis for a period of six months, is hereby approved:</p> <table border="1"><thead><tr><th>S.No.</th><th>Name</th><th>Designation</th><th>Place of Posting</th></tr></thead><tbody><tr><td>1.</td><td>Mr. Anwar Ali Baloch</td><td>Assistant General Manager</td><td>Real Estate Division</td></tr><tr><td>2.</td><td>Ms. Shazia Shahoke</td><td>Assistant Manager</td><td>Hyderabad Zone</td></tr><tr><td>3.</td><td>Mr. Kamran Hassan</td><td>Assistant Manager</td><td>Real Estate Division P.O., Karachi</td></tr><tr><td>4.</td><td>Mr. Muhammad Waqas</td><td>Assistant Manager</td><td>Real Estate Division Lahore.</td></tr><tr><td>5.</td><td>Syed Hassan Zaheer</td><td>Assistant Manager</td><td>PRO, Karachi</td></tr><tr><td>6.</td><td>Mr. Bashir Ahmed Solangi</td><td>Executive Officer</td><td>Larkana Zone."</td></tr></tbody></table> <p>(b) "that further in the event of the Corporation requiring appointment of any person on contractual basis, the Chairman is authorized to appoint such person for a period of six months and extendable to a period of an additional six months only."</p> <p>(c) "that the contractual employees so appointed may compete with such applicants applying for the above post to be filled up through advertisement at the end of the total contractual period allowed."</p> <p><b>ITEM 8(V) PURCHASE OF 40 KVA GENERATOR FOR KARACHI EASTERN ZONE</b></p> <p>97. A Memorandum dated June 29, 2009 of DH(P&amp;GS) for purchase of 40 KVA Generator for Karachi Eastern Zone was presented before the Board.</p> <p>98. State Life, Karachi Eastern Zone is housed on three (3<sup>rd</sup>, 5<sup>th</sup> &amp; 7<sup>th</sup>) floors in Jason Trade Centre, Shahrah-e-Faisal, Karachi. Since long there is shortage of electricity power resulting in heavy load shedding for long intervals by KESC daily as a result the work of the Zone is badly suffering and it is very difficult to sit in the office without electricity.</p> <p>99. State Life had allowed the Regions/Zones to purchase the generators of different capacity and allocated the budget for purchase of capital items. Karachi Eastern Zone has called quotations from the vendors vide Tender Notice No.SLC/KEZ/TN-02/2009 dated April 10, 2009 through PPRA for supply of</p>			S.No.	Name	Designation	Place of Posting	1.	Mr. Anwar Ali Baloch	Assistant General Manager	Real Estate Division	2.	Ms. Shazia Shahoke	Assistant Manager	Hyderabad Zone	3.	Mr. Kamran Hassan	Assistant Manager	Real Estate Division P.O., Karachi	4.	Mr. Muhammad Waqas	Assistant Manager	Real Estate Division Lahore.	5.	Syed Hassan Zaheer	Assistant Manager	PRO, Karachi	6.	Mr. Bashir Ahmed Solangi	Executive Officer	Larkana Zone."
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<div>CHAIRMAN INITIALS </div>																															

MINUTES OF 202<sup>ND</sup> MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME												
TE BOOK	KARACHI	30 <sup>TH</sup> JUNE' 2009													
	<p>generator having capacity of 40 KVA. Details of the generator and other required items are as under:</p> <table><tr><td>(i) Cost of 40 KVA generator(JD 40B)</td><td>Rs.825,000/-(GST Exempted)</td></tr><tr><td>(ii) Sound proof canopy for Genset</td><td>Rs.104,400/-(GST Included)</td></tr><tr><td>(iii)ATS panel for Genset</td><td>Rs. 58,000/-(GST not applicable)</td></tr><tr><td>(iv)Installation charges</td><td>Rs. 75,000/-(GST not applicable)</td></tr><tr><td>(v) Cables and laying charges(estimated)</td><td>Rs. 36,755/-</td></tr><tr><td>Total</td><td>Rs.1,099,155/-</td></tr></table> <p>100. The matter is placed before the Board to consider and approve the amount of Rs.1,099,155/- for purchase of 40 KVA Generator with other allied capital items and installation charges for Karachi Eastern Zone.</p> <p>101. After deliberation, the Board resolved as under:</p> <p><b>RESOLVED:</b></p> <p>"that as proposed by DH(P&amp;GS) purchase of 40 KVA generator for Karachi Eastern Zone at a cost of Rs.1,099,155/- is approved, however the requirement of PPRA and laid down procedure be strictly followed."</p> <p><b>ITEM (9) APPROVAL IN PRINCIPLE OF THE TECHNICAL BID FOR ACQUISITION OF RE-PACKAGED SOFTWARE SOLUTION.</b></p> <p>102. Executive Director(IT) presented before the Board, a Memorandum dated 29<sup>th</sup> June, 2009 for approval in principle of the technical bid of M/s. Sidat Hyder Morshed Associates (Pvt) Ltd for acquisition of Pre-packaged Software Solution and opening of the financial bid.</p> <p>103. The Board of Directors at its 200<sup>th</sup> meeting had discussed the results of the technical evaluation of the only bid submitted by M/s. Sidat Hyder Morshed Associates (Pvt) Ltd for acquisition of pre-packaged integrated software solution of automation of State Life. The Board had then also decided that the following would also be invited in the future Steering Committee (for implementation of IT Strategy of State Life) meetings:</p> <ul style="list-style-type: none"><li>- Mr. Aslam Faruque, Director Board of Directors State Life</li><li>- Syed A. Wahab Mehdi, Director Board of Directors State Life</li><li>- Mr. Ansar Hussain, Sr. General Manger(Investment)</li><li>- Mr. Izqar Khan, General Manger(Finance &amp; Accounts)</li></ul> <p>104. It was further decided that M/s. Sidat Hyder Morshed Associates would make presentation before the Steering Committee, which would evaluate the bid and put up its recommendations to the Board for final approval.</p> <p>105. A meeting of the Steering Committee was held on 27<sup>th</sup> May, 2009 and Mr. Omer Morshed CEO Sidat Hyder Morshed Associates(SHMA) made its</p>			(i) Cost of 40 KVA generator(JD 40B)	Rs.825,000/-(GST Exempted)	(ii) Sound proof canopy for Genset	Rs.104,400/-(GST Included)	(iii)ATS panel for Genset	Rs. 58,000/-(GST not applicable)	(iv)Installation charges	Rs. 75,000/-(GST not applicable)	(v) Cables and laying charges(estimated)	Rs. 36,755/-	Total	Rs.1,099,155/-
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Action:  
ED(P&GS)  
DH(P&GS)

CHAIRMAN'S INITIALS

CHAIRMAN'S INITIALS



Action:  
ED(P&GS)  
DH(P&GS)



MINUTES OF 202<sup>ND</sup> MEETING OF THE BOARD OF DIRECTORS

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<p>presentation. He explained salient features of various modules offered in their technical bid/proposal. On a query SHMA informed that there were other players with respect to insurance software solutions but SHMA has a major share and that there was no business connection between M/s. BearingPoint and SHMA. At the end of the meeting the Honourable Directors desired to have a presentation from our Consultants – M/s. BearingPoint Pakistan (Pvt) Ltd on basis and contents of IT Strategy, contents of request for proposal(RFP), Evaluation Criteria for selection of the software solution and up to date progress of the IT Project of State Life (copy of minutes of the Steering Committee was attached as Annexure-B to the memorandum.</p> <p>106. Another meeting of the Steering Committee was held on 26<sup>th</sup> June, 2009 and Mr. Rodney Rahman, MD, BearingPoint Pakistan (Pvt) Ltd made a presentation. He elaborated the IT Strategy for State Life already approved by the Board of Directors. After the presentation, detailed discussions were held on different aspects of the technical bid vis-à-vis IT Strategy.</p> <p>107. ED(IT) submitted before the Board that the Steering Committee had recommended that the technical evaluation of the technical bid of M/s. Sidat Hyder Morshed Associates (attached as Annexure-C to the memorandum) be approved in principle by the Board of Directors and that subsequent to the approval the financial bid may be opened.</p> <p>108. The Board of Directors was requested to grant approval in principle of the technical bid of M/s.Sidat Hyder Morshed Associates (Pvt) Ltd and that subsequent to the approval, the financial bid may be opened.</p> <p>109. After deliberation, the Board resolved as under:</p> <p><b>RESOLVED:</b></p> <p>(a) "that as proposed by ED(IT) the evaluation of the technical bid of M/s. Sidat Hyder Morshed Associates (Pvt) Ltd for acquisition of Pre-packaged integrated software solution for State Life is approved in principle and that the financial bid be opened."</p> <p>(b) "that the draft legal contract be duly vetted by Legal Affairs Division."</p> <p>(c) "that a memorandum be submitted to the Board at its next meeting detailing therein a time frame for implementation of software solution and roll out plan for procurement of software/hardware and other requisite infrastructure and revaluated cost, global foot prints, mapping of documents and time frame for running of the computerized system and signing off of the local system. "</p> <p><b>ITEM (10) GROUP HEALTH INSURANCE BUSINESS</b></p> <p>110. Divisional Head(Actuarial) presented before the Board, a Memorandum dated June 29, 2009 for Group Health Insurance Business.</p>			

CHAIRMAN'S INITIALS



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DH(IT)

MINUTES OF 202<sup>ND</sup> MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME
BOOK	KARACHI	30 <sup>TH</sup> JUNE' 2009	
	<p>111. State Life had been writing small amounts of health insurance business until the year 2000. In that year the Insurance Ordinance 2000 came into force which classified health insurance as both life insurance and general insurance." The life insurance companies were permitted to write health insurance business provided a separate statutory fund is created for this business.</p> <p>112. Upon promulgation of the new insurance ordinance, the State Life Board decided to wind-up all the existing health insurance business of State Life and to not to create a separate statutory fund for this business.</p> <p>113. Rethinking on this subject was necessitated by the fact that the Government is of the view that as a public sector entity State Life has social responsibility to develop its group health insurance business.</p> <p>114. Accordingly, the views of the Appointed Actuary were taken regarding the feasibility of re-commencing health insurance. He has advised that a cash contribution of Rs. 250 to Rs. 300 million would be required from the Government as seed money for starting this business. Also, State Life would need to develop a proper infra-structure for servicing of this business.</p> <p>115. The Board was informed that about 91000 employees of the Sindh Police Department would be initially covered under this scheme to be taken up as a pilot project which would fetch a premium of Rs.180 million.</p> <p>116. It is therefore proposed as follows:</p> <ul style="list-style-type: none"> <li>a) The Government may be requested to contribute Rs. 250 million for setting up a separate health and accident statutory fund.</li> <li>b) G&amp;P Division be directed to take necessary steps for developing a proper infra-structure for this business.</li> <li>c) State Life may commence writing group health insurance business after completing the necessary formality of informing the SECP about it.</li> <li>d) A specimen of the product description which State Life intends to market is attached herewith for reference.</li> </ul> <p>117. After deliberation, the Board resolved as under:</p> <p><b>RESOLVED:</b></p> <ul style="list-style-type: none"> <li>(a) "that the Government be requested to contribute Rs. 250 million for setting up a separate Health and Accident Statutory Fund."</li> <li>(b) "that G&amp;P Division be directed to take necessary steps for developing a proper infra-structure for this business."</li> <li>(c) "that State Life may commence writing group health insurance business after completing the necessary formality of informing the SECP about it."</li> </ul>		

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ED(G&P)  
DH(G&P)

CHAIRMAN'S  
INITIALS





## MINUTES OF 202<sup>ND</sup> MEETING OF THE BOARD OF DIRECTORS

ORS	HELD AT	ON	TIME
BOOK	KARACHI	30 <sup>TH</sup> JUNE' 2009	

ITEM (11) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR

## PERFORMANCE LINKED BONUS SCHEME FOR OFFICERS

118. The Board was informed that there is a performance linked bonus scheme in practice for the officers based on which bonus is paid on the basis of points earned by the Divisions in which the officer is posted. The Board directed that a bonus scheme be prepared for the year 2009 and submitted to the HR Committee for detailed examination which would then frame its recommendations to the Board at its next meeting for approval. The Board desired that such a scheme be developed wherein the officers receives bonus based on the performance of the Corporation as a whole rather than the performance of the Divisions in which he is posted.

119. The meeting ended with vote of thanks to the chair.

*Sanjiv*  
(CHAIRMAN)

CHAIRMAN'S  
INITIALS

*[Illegible handwritten notes]*