

MINUTES OF 203<sup>RD</sup> MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	30 <sup>TH</sup> SEPTEMBER' 2009	

CONFIDENTIAL AND RESTRICTED

The 203<sup>rd</sup> Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Wednesday, 30<sup>th</sup> September' 2009 at 11.00 a.m. in the Board Room, State Life Building No.9, Dr. Ziauddin Ahmed Road, Karachi.

PRESENT:

- |                            |                 |
|----------------------------|-----------------|
| 1. Mr. Shahid Aziz Siddiqi | Chairman        |
| 2. Mrs. Spenta Kandawalla  | Director        |
| 3. Mr. Aslam Faruque       | Director        |
| 4. Mr. Amin Qasim Dada     | Director        |
| 5. Mr. Rasheed Y. Chinoy   | Director        |
| 6. Syed A. Wahab Mehdi     | Director        |
| 7. Mr. Akbarali Hussain    | Secretary Board |

LEAVE OF ABSENCE:

- |                           |          |
|---------------------------|----------|
| 1. Mr. Shafqat Naghmi     | Director |
| 2. Syed Hur Riahi Gardezi | Director |

2. The meeting started with recitation of verses from the Holy Quran by Chairman.

3. The Board expressed their deep sorrow and condolences on the sad demise of Uncle of Syed Hur Riahi Gardezi, Director and prayed that Almighty Allah may grant him "maghferat" and grant "sabr-i-jameel" to his family. The Board decided to send a condolence letter to Syed Hur Riahi Gardezi.

4. The Board felicitated Mr. Qamar Zaman Chaudhry on his elevation to grade-22 as Federal Secretary and his posting as Secretary, Ministry of Interior and wished him best of luck and success in his future endeavours. The Board appreciated the services rendered by him to the Corporation in his capacity as Director State Life. The Board desired that this may be conveyed to him.

5. Syed Arshad Ali, Executive Director(Mkt/G&P), Ms. Nargis Ghaloo, Executive Director(IT/Act.), Mr. Mohammad Yahya, Executive Director(P&GS/Legal Affairs/RE), Mr. Allah Rakha Aasi, Executive Director(F&A) and Mr. Shoaib Mir, Executive Director(PHS/I&E/R&A) attended the meeting by invitation.

6. The Chairman informed the Board that a letter dated September 28, 2009 has been received from the Chief Operating Officer, The Pakistan Credit Rating Agency Limited (PACRA) informing that PACRA has assigned the rating of "AAA" to the Corporation. The rating denotes SLIC's exceptionally strong capacity to meet policyholders and contract obligations. At the same time risk factors are considered minimal and the impact of adverse business and economic factors is expected to be extremely small.

7. The rating reflects state-owned SLIC's leading position in life insurance business in Pakistan. This is supplemented by the Corporation's extensive


Action:  
Secretary  
(Board)

Secretary  
(Board)

CHAIRMAN'S  
INITIALS



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	<p>distribution network, good management quality, comprehensive information system, and growing business volumes. The rating also factors in the State Life's robust financial profile emanating from its sound investment portfolio that has sizeable surplus over policyholder liabilities. Meanwhile, the rating draws strong comfort from the guarantee provided by Government of Pakistan (GoP) in respect of liabilities of the Corporation.</p> <p>8. The Board congratulated the Chairman and all the officers and staff of the Corporation on the above rating and hoped that continuous efforts would be put in to maintain and improve upon the above rating.</p> <p><b>ITEM (1) CONFIRMATION OF MINUTES OF 202<sup>ND</sup> MEETING OF THE BOARD OF DIRECTORS.</b></p> <p>9. The minutes of the 202<sup>nd</sup> meeting of the Board of Directors held on 30<sup>th</sup> June, 2009 together with implementation report were placed before the Board.</p> <p>10. Implementation report of 202<sup>nd</sup> meeting of the Board of Directors was noted.</p> <p>11. Mr. Rasheed Y. Chinoy proposed and Amin Qasim Dada seconded that the minutes of 202<sup>nd</sup> meeting of the Board of Directors be confirmed.</p> <p>12. Accordingly, it was resolved as under:-</p> <p><b>RESOLVED:</b> "that the Minutes of 202<sup>nd</sup> meeting of Board of Directors held on 30<sup>th</sup> June, 2009, are confirmed."</p> <p><b>ITEM (2) CONFIRMATION OF MINUTES OF 29<sup>TH</sup> MEETING OF BOARD AUDIT COMMITTEE HELD ON 17<sup>TH</sup> JULY, 2009.</b></p> <p>13. The minutes of the 29<sup>th</sup> meeting of Board Audit Committee held on 17<sup>th</sup> July, 2009 was presented before the Board of Directors for confirmation.</p> <p>14. The Chairman informed the Board that since State Life is a Corporation as such it is regulated under LINO and State Life (General) Regulations and is therefore not mandatory to get the approval of the quarterly accounts from the Board before its filing with SECP and that the said position will be brought to the notice of the Board Audit Committee in its next meeting.</p> <p>15. Accordingly, the Board resolved as under:</p> <p><b>RESOLVED:</b> "that the minutes of 29<sup>th</sup> meeting of Board Audit Committee held on 17<sup>th</sup> July, 2009 are confirmed."</p>		<p>CHAIRMAN'S INITIALS</p> 

Action:  
Secretary  
(Board)

Action:  
Secretary  
(BAC)

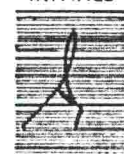
Action:  
Secretary  
(BAC)



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	<p><b>ITEM (3) CONFIRMATION OF MINUTES OF 5<sup>TH</sup> AND 6<sup>TH</sup> MEETINGS OF REAL ESTATE COMMITTEE HELD ON 24<sup>TH</sup> JULY, 2009 &amp; 28<sup>TH</sup> SEPTEMBER, 2009 AND POSITION PAPERS ON FURTHER PROGRESS WITH RESPECT TO UPDATED POSITION.</b></p> <p>16. Executive Director(Real Estate) presented before the Board, the minutes of 5<sup>th</sup> meeting of Real Estate Committee held on 24<sup>th</sup> July, 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 4<sup>th</sup> meeting and the confirmation thereof by the Board of Directors in its 202<sup>nd</sup> meeting held on 30<sup>th</sup> June, 2009.</p> <p>17. 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) where stay order has been obtained.</li> <li>ii) Filing of all cases of Dallo Khurd (12 cases) where stay order has been obtained.</li> <li>iii) 22 Ejectment cases filed and 3 have been decided in favour of SLIC.</li> <li>iv) Mutation of 6 properties is in process</li> <li>v) Criminal investigation for 2 illegal occupants has been referred to the concerned SHO's for investigation.</li> <li>vi) On-going building projects – <ul style="list-style-type: none"> <li>State Life Tower - Advertisement for tender has been processed. PC-1 is in preparation and would be ready by 15-8-2009</li> <li>State Life building Gujranwala - Construction in full swing, RCC work completed. Finishing works started.</li> <li>Other 3 State Life Buildings at Sargodha, Sialkot and Rahim Yar Khan. - Draft tender ready. PC-1's will be prepared after Clearance of PC-1 for State Life Tower-Islamabad by P&amp;D.</li> </ul> </li> <li>vii) Renovation of 11-J, P.E.C.H. Society:- It was submitted that the work of renovation of the above property to house Mr. Sher Ali, DH(IA&amp;E) on the ground floor and rest house on 1<sup>st</sup> floor has already been awarded and shall be completed by 31-08-2009.</li> <li>viii) The Real Estate Committee deferred the matter of acquiring on rent offer of five properties to State Life for use as guest house at Islamabad.</li> </ul> <p>18. The minutes of the RE Committee also highlighted the following salient features about the status of Real Estate Portfolio as on June 30, 2009:-</p> <ul style="list-style-type: none"> <li>• Gross income Rs.308 million as against Rs.335 million for the same period of the previous year.</li> </ul>			

CHAIRMAN'S INITIALS



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- Expense Rs.138 million as against Rs.147 million for the same period of the previous year.
- Net income Rs.170 million as against Rs.188 million for the same period of the previous year.
- Expense/income ratio 45% as against 44% for the same period of the previous year.

19. The Chairman informed the Real Estate Committee that he had met the Chief Secretary, Balochistan, who had offered to examine the provision of selling state land for use of State Life.

20. After deliberating on the minutes of the Real Estate Committee of the meeting of 24<sup>th</sup> July, 2009 and 28<sup>th</sup> September, 2009 respectively, the Board resolved as under:

**5<sup>TH</sup> MEETING OF REAL ESTATE COMMITTEE**

**RESOLVED:**

"that the Minutes of 5<sup>th</sup> meeting of Real Estate Committee held on 24<sup>th</sup> July, 2009 is confirmed and following recommendations of the Real Estate Committee to the Board, is approved."


- "that REM Division should expedite the efforts with direction to ED(RE) to call upon the seller in person to resolve the issue at the earliest in respect of out of court settlement for purchase of Plot Adj SLB-11, Karachi."
- "that REM Division should expedite the efforts in the case for possession of the Lackie Road Property."
- "that M/s. NESPAK has valued property of Plot No.6, Suharwardy Road, Mauve Road, Islamabad at Rs.446.86 million and since there was a wide difference between the asking price of the seller and the price quoted by the evaluator, the property be re-evaluated by M/s. Iqbal A. Nanji and M/s. NESPAK and their report be placed before the Board for review and decision."
- "that in respect of purchase of plot No.131-D, adjacent to Allama Iqbal International Airport at Lahore, as suggested by Syed Hur Riahi Gardezi, since the valuation was done about three months back and the appraised value was below the prevailing market price, the valuation be done again so that the value amount be brought in line with the current prevailing price. The Committee had further recommended that fresh valuation be taken from M/s. Iqbal A. Nanji and M/s. NESPAK which should then be put up to the Board for decision."

Action:  
ED(RE)  
DH(REM)  
DH(PMD)


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	<p>e) "that a committee comprising of the following members of the Real Estate Committee i.e. 1) Syed Hur Riahi Gardezi, Director, 2) Mr. Amin Qasim Dada, Director and 3) Mr. Muhammad Yahya, ED(RE) visit Lahore to survey and arrive at a price to be submitted to the Board. This committee will have a vide mandate to discuss all matters with the seller and review the real estate transactions of similar nature in near past. The report of this committee shall be submitted to the Chairman within ten days for appropriate action."</p> <p>f) "that since there was a large variation between the minimum price offered by the owner and the price suggested by the evaluator, as decided by the Real Estate Committee, Mr. Nasimul Haque, Divisional Head(REM) should write a letter to the owner asking them to give their final selling price of the Plot No.5, Sector C, Phase-1, DHA, Rawalpindi. The case may then be placed before the Board for decision of the acceptable price."</p> <p>g) "that the Real Estate Committee felt that a policy decision has to be taken by the full Board as to whether the existing unutilized plots are to be developed or fresh investments be made in purchase of new plots/properties."</p> <p>h) "that RE, PM Division should consult M/s. NESPAK and Legal Division on the provision to terminate the contract of M/s. Jewajee for supply and installation of lifts at SLB-2 and encashment of their performance guarantee and adjustment of the already paid advance against payment of lifts to be supplied for SLB-1, Karachi."</p> <p>i) "that Real Estate Committee appreciated the efforts made by Mr. Shahid Aziz Siddiqi (Chairman), Mr. Mohammad Yahya, ED(RE) and Mr. Nasim ul Haque, DH(REM) for getting the demolition work of dangerous building of the servant quarters at State Life Building No.106, Clifton, Karachi housing illegal occupants completed as directed by KBCA and ordered by the Court,"</p> <p>j) "that as directed by the Real Estate Committee, DH(PMD) should ensure that the shifting of Mr. Sher Ali Khan, DH(IA&amp;C) is completed before 31-08-2009 and to ensure that SLB-10 can be used for commercial renting and an advertisement be given in the newspapers subsequently for renting of SLB-10, Abdullah Haroon Road, Karachi."</p> <p>k) "that in respect of State Life Building at Davis Road, Lahore, as remarked by the Real Estate Committee, the Consultant should reconsider the in and out flow of cars from the basement and consult a specialist Transport Engineer for proper designing after which a detailed presentation be made by the Architect in the third week of September before a special meeting of the Board of Directors and invitation be extended to Minister of Commerce and Secretary Commerce to be present at the meeting."</p>			<p>CHAIRMAN'S INITIALS</p> 

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	<p>l) "that as decided by the Real Estate Committee, RE- PMD should contact M/s PEPAC and make efforts to have a presentation on Revival of State Life Tower, Karachi, during the proposed meeting."</p> <p>m) "that the recommendations of Real Estate Committee for payment of Rs.8,536,339/- against fluctuation of foreign exchange rate to M/s. Mechtech as recommended by M/s. NESPAK and analyzed by the Project and Maintenance Division in respect of State Life Building No.1, Karachi was not approved by the Board. The Board suggested that the Real Estate Division should re-examine the contract with M/s. Mechtech and put up the case afresh to the Real Estate Committee for review and its recommendations to the Board."</p> <p>n) "that the recommendations of the Real Estate Committee for allocation of budget of Rs.31.00 million for renovation of State Life Building, Hyderabad, as worked out by the Consultant and that Project and Maintenance Division should go ahead with the award of work immediately to avoid any delay, is approved."</p> <p>o) "that the view of the Real estate Committee that REM should make a final attempt to find out the whereabouts of the tenants against whom the out standing dues is over Rs 25,000.00 and assistance of Mr. Ansar Hussain, DH(Investment) be sought in this respect is approved and that once the where about is known, a legal notice be served by the Legal Affairs division of State life without engaging any lawyer."</p> <p>p) "that In light of the out come, the case may then be placed before the Board of Directors in its forth coming meeting for write-off."</p> <p>q) "that the decision of the Real estate Committee to constitute a committee at Karachi comprising of the following members in respect of purchase of floors at "Centre Point" to study the project in depth and submit their recommendation to the Board in its forth coming meeting was approved:-</p> <p style="padding-left: 40px;">Mr. Rasheed Y. Chinoy - Member BOD – Chairman                      Mr. Amin Qasim Dada - Member BOD – Member                      Mr. Ansar Hussain – DH ( Inv ) – Member                      Mr. Nabil Ghafoorzada – DH ( PMD ) – Member"</p> <p>r) "that after discussion of the category of the property at Site Area, Karachi offered by M/s. M. Y. Engineering Works to State Life, the instructions to Real Estate Management to find out the exact category in which the plot fell and to put up its recommendations to the Board at its next meeting was approved."</p> <p>s) "that the decision of the Real Estate Committee that since the property of Zam Zam residency at Lahore was of residential society in nature and as such it was not of use to State Life, the offer be referred to the Board of CPF Administrators for their review and investment(if found feasible) was approved."</p>		<p>CHAIRMAN'S INITIALS</p> 



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- t) "that though the property at Ward No.38, Urban Circle-2, Alamdar Chowk, Quetta offered to State Life for sale has been previously inspected by a full Committee of the Board in 2007 and though no recommendation in respect of the stated plot was given by the Committee, the decision of the Real Estate Committee that there is a need for purchase of a plot in Quetta for constructing a State Life Building so as to make its presence felt in the province as State Life currently had no commercial building in Quetta was approved."
- u) "that the decision of the Real Estate Committee to constitute a Committee comprising of the following members 1) Mr. Shahid Aziz Siddiq, Chairman, 2) Mr. Amin Qasim Dada, Member and Syed Hur Riahi Gardezi, Member to visit Quetta in the 2nd week of August, 2009 during which the plot under consideration will also be visited and reviewed was approved."

**CONFIRMATION OF MINUTES OF 6<sup>TH</sup> MEETING OF REAL ESTATE COMMITTEE HELD ON 28<sup>TH</sup> SEPTEMBER, 2009.**

21. Executive Director(Real Estate) presented before the Board, the minutes of 6<sup>th</sup> meeting of Real Estate Committee held on 28<sup>th</sup> September, 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 5<sup>th</sup> meeting.

22. Executive Director(RE) also presented compliance report on decisions taken by the Real Estate Division in its 5<sup>th</sup> meeting held on 24<sup>th</sup> July, 2009 for the perusal and consideration of the members of the Board which is as follows:-

**A) PLOT NO.6, SUHARWARDY ROAD, MAUVE AREA, ISLAMABAD.**

23. As per decision of the Real Estate Committee to re-evaluate the price of the property from M/s. Iqbal A. Nanji and M/s. NESPAK and submission of the report before the Board for review and decision, the re-valuation was carried out and following values have been assessed by the two firms:-

- M/s. Iqbal A. Nanji & Co. - Rs. 181.98 million
- M/s. NESPAK. - Rs. 303.05 to Rs. 323.5 million

**B) PLOT NO.131-D, ADJACENT ALLAMA IQBAL INTERNATIONAL AIRPORT, LAHORE.**

24. As decided by the Real Estate Committee that as the valuation was done almost three months back, therefore, re-valuation should be done through M/s. Iqbal A. Nanji and M/s. NESPAK and a report be put before the Board for decision and further that a Sub-Committee comprising of following three members 1) Syed Hur Riahi Gardezi, Director, 2) Mr. Amin Qasim Dada, Director and 3) Mr. Mohammad Yahya, ED(RE) should visit Lahore with the mandate to discuss all

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<p>matters with the seller and review the real estate transactions of similar condition in the near past visit Lahore to survey and arrive at a price to be submitted to the Board.</p>															
<p>25. Consequently, the value of the plot was re-evaluated by M/s. NESPAK at Rs. 485.05 million to Rs. 505.5 million which was placed before the Board alongwith the report of the Sub Committee who visited Lahore as per direction of the Real Estate Committee.</p>															
<p>C) <u>HOUSE NO.5, SECTOR "C", PHASE-I, D.H.A., RAWALPINDI.</u></p>															
<p>26. The Real Estate Committee decided that since there is large variation between the offered and the evaluated price, therefore, Divisional Head (REM), should ask the owner for his final selling price.</p>															
<p>27. In compliance to this decision, the owner was requested for the same and they have submitted their final offer at Rs 27 million as against original demand of Rs 30 million.</p>															
<p>D) <u>PURCHASE OF 28 STOREYED BUILDING AT KARACHI OFFERED BY M/S. TPL.</u></p>															
<p>28. M/s. TPL have offered for sale a 28 storeyed commercial building on Shaheed-e-Millat Express Way, Karachi, to State Life. The Real Estate Committee had constituted a Sub-Committee comprising of the following members to study the project in depth and submit their recommendation to the Board in its forthcoming meeting:-</p>															
<table border="0"> <tr> <td>Mr. Rashid A. Chinoy</td> <td>-</td> <td>Member Board – Chairman.</td> </tr> <tr> <td>Mr. Amin Qasim Dada</td> <td>-</td> <td>Member Board – Member.</td> </tr> <tr> <td>Mr. Ansar Hussain</td> <td>-</td> <td>Divisional Head (Investment) – Member.</td> </tr> <tr> <td>Mr. Nabil Ghafoorzada</td> <td>-</td> <td>Divisional Head (PMD) – Member.</td> </tr> </table>				Mr. Rashid A. Chinoy	-	Member Board – Chairman.	Mr. Amin Qasim Dada	-	Member Board – Member.	Mr. Ansar Hussain	-	Divisional Head (Investment) – Member.	Mr. Nabil Ghafoorzada	-	Divisional Head (PMD) – Member.
Mr. Rashid A. Chinoy	-	Member Board – Chairman.													
Mr. Amin Qasim Dada	-	Member Board – Member.													
Mr. Ansar Hussain	-	Divisional Head (Investment) – Member.													
Mr. Nabil Ghafoorzada	-	Divisional Head (PMD) – Member.													
<p>29. The Committee held two meetings in this connection in which representatives of M/s. TPL were also invited and a visit was also made to the site. Minutes of Meeting and Report of the Committee is placed before the Board.</p>															
<p>30. As suggested by the Sub-Committee and approved by the Chairman, State Life, evaluation of the property is being carried out through M/s. Oceanic. Evaluation report shall be placed for the perusal of the Members during the meeting.</p>															
<p>E) <u>INDUSTRIAL PLOT OF 01 ACRE OFFERED BY M/S. M.Y. ENGINEERING WORKS, SITE AREA, KARACHI.</u></p>															
<p>31. As instructed by the Real Estate Committee, the Real Estate Management Division submitted that the industrial plot measuring 01 acre offered to State Life by M/s. M.Y. Engineering Works with demand price of Rs. 55 million was in industrial in nature for the establishment of light engineering work unit.</p>															

CHAIRMAN'S INITIALS





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**F) PURCHASE OF PROPERTY AT QUETTA.**

32. As decided by the Real Estate Committee in respect of plot on Alamdar Chowk, Quetta, offered by Ms. Rubina Salim Hashmi to State Life for sale and on instructions of the Chairman, the Real Estate Management have taken steps to get the plot offered evaluated from M/s. NESPAK and M/s. Iqbal A. Nanji. M/s. NESPAK have evaluated the price of the plot Rs 5.5 – Rs 6.5 million whereas M/s. Iqbal A. Nanji have evaluated the value at Rs.138.03 million.

**G) ZAM ZAM RESIDENCY AT LAHORE.**

33. As decided by the Real Estate Committee, the value of the plot of Zam Zam Residency offered to State Life by M/s. Hussain Cotex Limited was evaluated through M/s. NESPAK and the case was referred to the Board of CPF Administrators for their review and investment, (if found feasible). The property was evaluated by M/s. NESPAK at Rs. 1.13 billion.

**H) POLICY DECISION FOR PURCHASE OF PLOTS.**

34. State Life owns 86 properties in Pakistan out of which 18 plots are still un-developed. Amongst these 18 vacant/un-developed plots, 08 have been encroached over the period of time.

35. The Real Estate Committee proposes that the Board of Directors may kindly take a clear cut decision on the policy as to whether State Life should purchase further plots/buildings in light of the following three reasons :-

- a) There are a number of plots which are still unutilized and buildings can be constructed thereon.
- b) In case of purchase and non-utilization immediately, there are chances that the plots will be encroached.
- c) At present, there is downward trend in prices of the plots, therefore, State Life may wait for a better opportune time.

36. It is also suggested that Board of Directors may kindly constitute a Committee to prepare a transparent method that may be strictly followed for purchase of plots and commercial buildings in order to avoid any complication in future in the form of Audit paras and inquiries.


**I) WRITE OFF OF AN OUTSTANDING AMOUNT OF Rs 4.149 MILLION DUE FROM 71 TENANTS OF VACATED PREMISES OF STATE LIFE.**

37. A memo was presented by the Real Estate Division requesting for write off of Rs.4.149 million from 71 tenants who have already vacated State Life premises. The Real Estate Committee was of the view that REM should make a final attempt to find out the whereabouts of the tenants against whom there was outstanding dues of over Rs.25,000/- and for this purpose assistance of Mr. Ansar Hussain, Divisional Head (Investment), be sought.

CHAIRMAN'S INITIALS



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	<p>38. In compliance to this decision, as per DH (Investment) assessment, most of these people are un-traceable, therefore, it seems that the efforts required for this recovery is not feasible. It is, therefore, submitted before the Board of Directors to kindly write off this amount as the same is also a requirement by the Commercial Audit vide their Para-10 for the year 2004-2005.</p> <p>39. The Board was informed by the Chairman that Real Estate Division has been instructed by him to pursue the matter more vigorously and leave no stone unturned to recover the outstanding.</p> <p>40. DH(REM) presented before the Real Estate Committee brief of the progress made to date by M/s Hajvari Law Group along with the detail of payments. Members of the Real Estate Committee showed their displeasure over the slow progress.</p> <p>41. The Real Estate Committee decided that its next meeting would be held in Lahore on October 10, 2009, under the chairmanship of Syed Hur Riahi Gardezi with one point agenda to discuss the Progress made by M/s Hajvari Law Group. It was also decided that the scope of work approved by the Board of Directors for M/s Hajvari Law group be re-circulated with the present minutes for ready reference of the members.</p> <p>42. The Executive Director informed that as directed by the committee with regard to out of court settlement for purchase of plot adjacent to SLB-11, Karachi, the owner of the plot and his lawyer were called upon and requested to submit their terms of negotiation which is still awaited.</p> <p>43. DH(REM) was instructed that he should first ensure the power of attorney of the person with whom State Life will be negotiating before making any further progress in the matter of settlement of plot adjacent to SLB-11.</p> <p>44. ED ( RE ) and DH ( REM ) had submitted their report stating that the market trend in Real Estate is on the fall and suggested that if ever State Life plans to buy the said plot, the offer should not be more than Rs.325 million, whereas Mr. Amin Qasim Dada and Syed Hur Riahi Gardezi submitted their report at the meeting as follows:-</p> <p style="padding-left: 40px;">"We found the plot to be commercially viable and well-located provided a fair price is negotiated. The owner is asking for Rs.750 million while M/s NESPAK have evaluated the same at Rs.505 million. After detailed survey of the surrounding properties and based on the only similar sized plot recently purchased in the vicinity by M/s NICL for around Rs.1000 million, we suggest an offer price of Rs.500 to 600 million."</p> <p>45. DH ( REM ) informed the committee that the owner of House No.5, Sector-C, Phase-1, DHA, Rawalpindi had demanded Rs.30 million and has now given his final offer at 27 million. The Real Estate Committee was further informed that the evaluators M/s IDG and M/s NESPAK have evaluated the property at Rs.17.65 million and Rs.20.2 million respectively. The Real Estate Committee recommended that Rs.20.2 million be considered as fair offer which was</p>		<p style="text-align: center;">CHAIRMAN'S INITIALS</p> 

Action:  
DH(REM)  
(Legal)

CHAIRMAN'S INITIALS






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<p>forwarded to the Board of Directors for approval.</p> <p>46. The Real Estate Committee recommended that a policy decision has to be taken by the Board of Directors as to whether the existing unutilized plots are to be developed or fresh investments be made in purchase of new plots/properties. In case of purchase of properties following aspects need to be clarified by the Board as a matter of policy so that the procedure of purchase remains transparent:-</p> <ul style="list-style-type: none"> <li>a) Reason for purchase</li> <li>b) Advertisement in newspaper for offer</li> <li>c) Feasibility method</li> <li>d) Justification of choice of a certain property</li> <li>e) Evaluation method</li> <li>f) Future use of the property</li> </ul> <p>47. DH (PMD) submitted before the Real Estate Committee, that as directed by the Real Estate committee, final notice has been served to M/s Jewajee who were awarded the work for supply and installation of lifts at State Life building 1 &amp; 2, Karachi but who have not been able to open the LC for lifts of SLB-2 to date on various ground.</p> <p>48. Mr. Ali Jameel attended the meeting to brief the committee of the progress made to date in respect of offer of sale to State Life by TPL of entire building "Center Point", a multistoried building comprising of 28 floors on Shaheed-e-Milat Express way Karachi. He stated that an LOI has been finalized for renting of the office space to the following three prospective tenants:</p> <table style="margin-left: 40px;"> <tr> <td>M/s UniLever</td> <td>- 100,000 sft</td> </tr> <tr> <td>M/s Tracker ( Pvt ) Ltd )</td> <td>- 28,420 sft</td> </tr> <tr> <td>M/s TRG</td> <td>- 36,195 sft</td> </tr> </table> <p>49. Mr. Ali Jameel also informed the Real Estate Committee that the rent being finalized is Rs. 121 per sft with 10% increase per annum. The contract will be for 10 year which can be discontinued after 5 years giving 1 year notice. He also informed that the management of the building will be done through a company that will be formed by M/s TPL for this purpose. The said company may have two members from State Life on its Board. He stated that his offer price is Rs. 19,000 per sft.</p> <p>50. DH ( REM ) submitted before the Committee that Mr. Aleem Iqbal Hashmi has offered for sale a plot measuring 20387 sft in Quetta with demand price of Rs.245 million. He also informed that following two evaluators were engaged to evaluate the said property and the evaluated price is as follows:</p> <table style="margin-left: 40px;"> <tr> <td>M/s Iqbal a. Nanji</td> <td>-</td> <td>Rs. 138.03 million</td> </tr> <tr> <td>M/s NESPAK</td> <td>-</td> <td>Rs. 5.5 to 6.5 million</td> </tr> </table> <p>51. The Board noted the progress mentioned in the minutes of the RE Committee regarding the following:-</p>				M/s UniLever	- 100,000 sft	M/s Tracker ( Pvt ) Ltd )	- 28,420 sft	M/s TRG	- 36,195 sft	M/s Iqbal a. Nanji	-	Rs. 138.03 million	M/s NESPAK	-	Rs. 5.5 to 6.5 million
M/s UniLever	- 100,000 sft														
M/s Tracker ( Pvt ) Ltd )	- 28,420 sft														
M/s TRG	- 36,195 sft														
M/s Iqbal a. Nanji	-	Rs. 138.03 million													
M/s NESPAK	-	Rs. 5.5 to 6.5 million													

CHAIRMAN'S  
INITIALS


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<p>Report also included the renovation works being carried out by NESPAK and renovation of 02 buildings that were damaged on 27-12-2007 incidents of violence. Brief of progress is as follows :</p> <p>On-going building projects:</p> <p>State Life Tower - Financial bid shall be opened on 29-09-2009 - PC-1 in preparation</p> <p>SLB Gujranwala - Construction in full swing, - RCC work completed. - Finishing works started</p> <p>Other 3 State Life Buildings at Sargodha, Sialkot and Rahim Yar Khan - Draft tender ready. Draft PC-1's have been submitted to the P&amp;D Division for their review and comments.</p> <p>Plumbing works at State Life Building No.3, Karachi. - The work of plumbing at State Life No.3, Karachi is lagging behind Schedule as the work has to be carried out in one shaft at a time.</p> <p>Other 3 State Life Buildings at Sargodha, Sialkot and Rahim Yar Khan. - Draft tender ready. PC-1's will be prepared after Clearance of PC-1 for State Life Tower-Islamabad by P&amp;D.</p> <p>Renovation of 11-J, P.E.C.H. Society:- It was submitted that the work of renovation of the above property to house Mr. Sher Ali (DH IA&amp;E) on the ground floor and rest house on 1<sup>st</sup> floor has already been awarded and shall be completed by 31-08-2009.</p> <p>The Real Estate Committee deferred the matter of acquiring on rent offer of five properties to State Life for use as guest house at Islamabad.</p> <p>52. The Executive Director, Real Estate submitted before the Real Estate Committee, a Memorandum stating that SLIC had purchased the land presently known as SLB -9, from Mr. Rustam F. Cowasjee . Later it was revealed that there was an outstanding due of Rs. 60,808 against the said property as water charges. Suit for recovery was filed in the court of law and finally, it was decided that Mr. Cowasjee should pay an amount of Rs. 60,808 as principal amount and Rs. 228,435 as interest. Upon this decision Mr. Cowasjee submitted a request that he is willing to pay the principal amount, however the interest amount may be waived off. The case was therefore submitted for consideration to approve the following :-</p> <p>a) Accept Rs 60,808/- being the principal amount as full and final b) Waiver of the 14% interest amount of Rs 228,435. c) Withdrawal of execution application</p> <div style="text-align: right;"> <p>CHAIRMAN'S INITIALS</p>  </div>			



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c) Withdrawal of execution application

53. The Executive Director(RE) in the RE meeting informed the Committee that Real Estate Division had received an offer for hiring of State Life Building No.10, Karachi by Security Exchange Commission of Pakistan(SECP) who had offered to take on the building on rent for a period of 10 years and were willing to renovate the building on its own with the condition that the cost will be adjusted against their rent for the next five years. The RE Committee was also informed that SECP had suggested that M/s. NESPAK be engaged to develop a concept paper to be used by SECP policy board and SLIC Board of Directors for approval purpose.

54. Mr. Raseed Y. Chinoy, Director, State Life and Director Alpha Insurance Company briefed the Real Estate Committee that M/s. Alpha Insurance Company required spaces for its business activities through out Pakistan and for the purpose wishes to be housed in State Life own buildings. It was also proposed by him that M/s. Alpha Insurance Company being a subsidiary of State Life be charged subsidized rentals as allowed to State Life Zonal Offices. The facility of residential accommodation may also be allowed to employees of M/s. Alpha Insurance Company similar to that of State Life employees.

55. Accordingly, the Board resolved as under:

**6<sup>TH</sup> MEETING OF REAL ESTATE COMMITTEE**

**RESOLVED:**

- a) "that the Minutes of 6<sup>th</sup> meeting of Real Estate Committee held on 28<sup>th</sup> September, 2009 is confirmed and following recommendations of the Real Estate Committee to the Board, is approved."
- b) "that as recommended by the Real Estate Committee at its 5<sup>th</sup> meeting, re-valuation of the Plot No.6, Suharwardy Road, Mauve Road, Islamabad was carried out by M/s. Iqbal A. Nanji at Rs.181.98 million and by M/s. NESPAK at Rs.303.5 – 323.5 million based on which the members of the Real Estate Committee were of the view that the plot is at a prime location and DH(REM) should negotiate the final offer with the owner of the plot."
- c) "that the recommendation of the Real Estate Committee in respect of purchase of Plot No.131-D, Allama Iqbal International Airport at Lahore to forward the report of the Committee of the Real Estate Division and members of the Board for decision on the basis of the existing data of evaluation was kept pending till the formulation of a policy for investment in real estate and its approval by the Board."
- d) "that the decision of the Real Estate Committee not to recommend the offer to State Life for purchase of property of M/s. M.Y. Engineering Works since it was an industrial plot for establishment of light engineering work unit was approved by the Board."

Action:  
ED(RE)  
DH(REM)  
DH(PMD)

CHAIRMAN'S INITIALS

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<p>e) "that the recommendation of the Real Estate Committee for floating of fresh tender without any delay once the contract for supply and installation of lifts for State Life Building No.2, Karachi with M/s. Jewjee is terminated was approved."</p> <p>f) "that the decision of the Real Estate Committee with regard to purchase of entire building "Centre Point" on Shaheed-e-Milat Express Way, Karachi to further examine the feasibility of acquisition of the project in the light of the formalized agreement with the prospective tenants and the documents of ownership submitted by M/s TPL and that upon completion of all requirements, a final position paper be placed before the Board of Directors for consideration was approved."</p> <p>g) "that after examination of the valuation of property at Ward No.38, Urban Circle-2, Alamdar Chowk, Quetta by the two evaluators, the decision of the RE Committee noting that there was a huge difference in the price evaluated by the two firms to direct DH ( REM ) to call upon both the evaluators and study the basis of their analysis which may be placed in the next meeting of the Real Estate Committee was approved by the Board."</p> <p>h) "that the decision of the Real Estate Committee to direct DH(P&amp;D) to ensure that the plumbing work at State Life Building No.3, Karachi is completed by 30-11-2009 was approved."</p> <p>i) "that the recommendation of the Real Estate Committee in respect of SLB-9 - civil revision APPL No.24/98 – Ardeshir Cowasjee &amp; others vs SLIC – waiver of interest amount to the Board of Directors for a) Accepting Rs 60,808/- being the principal amount as full and final, b) Waiver of the 14% interest amount of Rs 228,435 and c)Withdrawal of execution application, as no substantive advantage was likely to accrue to the Corporation by continued litigation was approved."</p> <p>j) "that the recommendation of the Real Estate Committee in respect of renovation/face lifting/refurbishment of State Life Building No.10, Karachi to get a concept paper developed by SLIC at its own cost through an independent architect or an expert in restoration of buildings spelling therein a) scope of work to be carried out b) estimated cost of restoration on the basis of cost of original material used in the original construction and c) proposed rent was hereby approved."</p> <p>k) "that the recommendation of Real Estate Committee in respect of renting of spaces to Alpha Insurance Company – a subsidiary of State Life, for charging them the rent as that of the Zonal Office of the respective city was approved."</p>			

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<p>l) "that a position paper be prepared detailing therein year-wise position of open plots, number of existing buildings, new building constructed during the year, total rental space, available rental space and percentage of occupancy. The above information be categorized city-wise a, b and c, a being provincial capitals, b being semi industrial cities and c being small cities."</p> <p>m) "that based on information in the position paper above, investment in real estate policy be prepared laying down bench marks and parameter on the basis of which the offers be analyzed and recommendation be made by the Real Estate Committee to the Board for decision for purchase or otherwise. The Board directed that the above policy be prepared by Real Estate Committee within the next four weeks and its recommended policy be then submitted to the Board for final approval."</p> <p>n) "that after examining the offers made to State Life for purchase of various properties on individual basis, since there was a difference of opinion of various members of the Committee as to valuation and desirability of purchase of plots and wide variations in values evaluated by the valuers, the Board decided that the issue of purchase of plots will be taken up in the light of real estate investment policy to be finalized by Real Estate Committee and submitted to the Board."</p> <p><b>ITEM (4) PRESENTATION OF BUSINESS REVIEW OF MARKETING, GROUP &amp; PENSIONS AND INVESTMENT DIVISIONS FOR THE PERIOD ENDED ON 31-08-2009.</b></p> <p>56. The business review of Marketing, Group &amp; Pension and Investment Divisions for and upto the period ended on 31<sup>st</sup> August, 2009 were placed before the Board.</p> <p>57. ED(Marketing) placed before the Board, Business Review of Individual Life for and upto the Month of August' 2009. The Corporation secured 1<sup>st</sup> year premium of Rs.3622 million for the period ended on 31<sup>st</sup> August, 2009 as against Rs.2656 million during the corresponding period of last year showing an increase of 36%. The Corporation has collected second year premium of Rs.1736 million for and upto the month of August, 2009 with second year persistency of 65% as against collection of premium of Rs.1407 million during the corresponding period of last year with second year persistency of 69%. The third year and over persistency for the period January to August' 2009 was 90% as against 99% for the corresponding period of last year. The number of policies sold for and upto the month of August 2009 was 279,082 as against 216,203 during the corresponding period of last year showing an increase of 29%.</p> <p>58. ED(G&amp;P) presented before the Board the business review for and upto the month of August, 2009 during which G&amp;P Division collected a total premium of Rs.2,297.110 million as against Rs.1,969.701 million for the corresponding period of last year showing an increase of 16.62%.</p>			


CHAIRMAN'S INITIALS

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DIRECTORS	HELD AT	ON	TIME
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<p>59. During the period for and upto the month of August 2009, Karachi Zone collected a total premium of Rs.610.436 million as against Rs.630.024 million of last year showing a decrease of 3.11%. Lahore Zone collected a premium of Rs.1094.266 million as against Rs.775.749 million of last year showing an increase of 41.06%. Rawalpindi Zone collected a premium of Rs.286.238 million as against Rs.306.937 million last year showing a decrease of 6.74%. Peshawar Zone collected a total premium of Rs.306.17 million in 2009 as against Rs.256.991 million in 2008 showing an increase of 19.14%.</p> <p>60. SGM(Investment) presented before the Board, business review of Investment Division for and upto the month of August 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.193,216 million as on August 31, 2009 showing an increase of Rs.10,146 million and a percentage increase of 5.54% over the year ended December 31, 2009. The investments in Government securities, corporate debts, equities, bank deposits, investment property and loans to policyholders were Rs.133,844 million, Rs.6,828 million, Rs.26,584 million, Rs.8,811 million, Rs.2,445 million and Rs.14,704 million respectively.</p> <p>61. State Life earned Rs.13,126 million on its Investment portfolio excluding unrealized gain on Investment for and upto the month of August, 2009 as compared to Rs.11,575 million earned during the same period of last year. The book value of quoted equity portfolio stood at Rs.22,277 million at 31<sup>st</sup> August, 2009 while its market value was Rs.40,104 million showing an appreciation of Rs.17,827 million as on August 31, 2009. State Life purchased shares in the amount of Rs.429.002 million during the period under review and sold shares costing Rs.21.250 million for Rs.38.560 million, realizing capital gain of Rs.17.310 million.</p> <p>62. 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 August 31, 2009 was Rs.132,211 million. This constituted 68.43% of the total investment portfolio. The total investments in Government Securities amounted to Rs.133,844 million which constituted 69.26% 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>63. 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 of 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.6,828 million as on August 31, 2009.</p>			
			<p>CHAIRMAN'S INITIALS</p> 



**MINUTES OF 203<sup>RD</sup> MEETING OF THE BOARD OF DIRECTORS**

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	KARACHI	30 <sup>TH</sup> SEPTEMBER' 2009		
<p>Action: ED(Mkt) ED(G&amp;P) DH(Inv)</p>	<p>64. The Board noted the business figures of Marketing, Group &amp; Pension and Investment Divisions for the period ended on 31<sup>st</sup> August, 2009 and directed that henceforth a forecast be fixed for each Zone and activity so that a realistic growth rate is reflected and actual performance is compared there against and reasons given for non performance.</p> <p><b>ITEM (5) PRESENTATION ON STATE LIFE BUILDING, DAVIS ROAD, LAHORE.</b></p> <p>65. Mr. D. R. Surti and Mr. Arif Saleem of M/s. Surti &amp; Partners, Chartered Architects and Interior Designers gave a detailed presentation on multi media on proposed State Life Building, Davis Road, Lahore highlighting the following:-</p> <ol style="list-style-type: none"> <li>1. Design Analysis and Salient Features – vertical – with eye leading from ground to above, Horizontal – depicting peace, tranquility and harmony.</li> <li>2. The main block is diagonal to create             <ol style="list-style-type: none"> <li>i) much bigger edifice, larger frontage</li> <li>ii) motion (life) in the edifice to inspire the workers</li> <li>iii) Scientific to reduce noise by creating less echo.</li> <li>iv) It will be a double glazed curtain wall with concealed frame with glass to be 100% heat resistance.</li> </ol> </li> <li>3. Salient features             <ol style="list-style-type: none"> <li>i) water and a greenery to help in beautifying spaces and bring about environmental control.</li> <li>ii) Water monument – which will help coloured water rotating from top to the pool to cool off the vicinity.</li> <li>iii) Green architecture – the top two Executive floors project out from curtain wall has a two storey hanging garden, housing orchids, haliconia (exotic plants only) – the entrance of both side of water at first floor level will have planters which will house scented flowers.</li> </ol> </li> <li>4. Working papers as per revised LDA building bye laws 2007 which lays down the following:-             <ol style="list-style-type: none"> <li>i) Plot ratio 1:8</li> <li>ii) Height limit 180 ft.</li> <li>iii) Open spaces, front, side, and rear to be 30 ft., 13 ft., and 13 ft.</li> <li>iv) New parking regulations</li> </ol> <p style="margin-left: 40px;">Based on the above regulations the allowable plot area ratio would be 432,000 sq.ft. and allowable plot height would be 180 ft. based on 100 ft. with width.</p> <ol style="list-style-type: none"> <li>v) The break down of areas would be as follows: Covered area                 <ol style="list-style-type: none"> <li>i) Ground floor plus 1<sup>st</sup> floor 51880 sq.ft.</li> <li>ii) 2<sup>nd</sup> floor to 12th floors 308220 sq.ft.</li> <li>iii) 13<sup>th</sup> and 14<sup>th</sup> floors 66840 sq.ft.</li> </ol> <p style="margin-left: 40px;">Total 426940 sq.ft.</p> </li> </ol> </li> </ol>			<p>CHAIRMAN'S INITIALS</p> 

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Basement

- i) Basement 1 & 2 49840 sq.ft.
  - ii) Basement 3 45440 sq.ft.
  - iii) Basement 4 52340 sq.ft.
- Total 197460 sq.ft.

Roofs

3681 sq.ft.

Non useable area

Ground floor to 12 floors 70291 sq.ft.  
 13<sup>th</sup> and 14<sup>th</sup> floors 14930 sq.ft.  
 Total 85225 sq.ft.

Useable area

426940 – 85225 = 341715 sq.ft.

Parking

Cars (required) 342000 sq.ft. / 1000 = 342  
 Motor cycle/cycle 16% of the total parking  
 area = 197460 sq.ft. x 16 persons = 31593 sq.ft.  
 Total motor cycles/cycles parked in  
 basement 1552 x 15 sq.ft. = 23280 sq.ft.  
 Circulation = 8313 sq.ft.

Parking provided

Floors	Cars	Motorcycles/Cycles
Ground floor		81
Basement 1	95	532
Basement 2	102	324
Basement 3	90	348
Basement 4	90	348

Total 377      1,633

66. The architect presented a picture of the ground floor plan, typical basement floor, 1<sup>st</sup> floor plan, typical floor plan(2<sup>nd</sup> to 12<sup>th</sup>), 13<sup>th</sup> and 14<sup>th</sup> floors.

67. The budgetary costing of the project was as follows

Office block


- Ground + 14 floors  
 426,940 sft @ Rs.4,500/sft. = Rs. 1,921.230 M  
 i/c all civil, electrical, plumbing,  
 HVAC, lift works.
- Basements ( 4 Nos.)  
 197,460 sft @ Rs.2,500/sft = Rs. 493.650 M

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<p>• Roof 3,861 sft @ Rs.2,000/sft = Rs. 7.722 M Total Cost (Approx) = Rs.2,422.602. M With architects fees &amp; other Expenses etc. say. = Rs. 2.6 billion</p> <p>The anticipated returns on the above project would be as follows yearwise:</p> <ul style="list-style-type: none"> <li>- expected return 1<sup>st</sup> year after deduction of maintenance cost at 3% of the cost of the project taking occupancy to be 50% and rent to be Rs.140/sq.ft. on covered area of 171000 sq.ft. would be Rs.209.280 million.</li> <li>- expected return 2nd year after deduction of maintenance cost at 3% of the cost of the project taking occupancy to be 75% of rentable area and rent to be Rs.140/sq.ft. on covered area of 256000 sq.ft. would be Rs.352.920 million.</li> <li>- expected return 3rd year and onward based on 100% occupancy and rent at Rs.140/sft on total covered area of 342,000 sq.ft. after deduction of maintenance cost at 3% of the cost of the project would be Rs.496.560 million.</li> <li>- Total investment would be recovered in approximately 7.5 years time.</li> </ul> <p>68. The Board members pointed out that the prevalent rent in Lahore was in the range of Rs.105 to Rs.110 per sq.ft. as such the pay back period would be around 10 years. It was also pointed out that the architect should revisit the layout plan and consider the existing position vis a vis traffic on Davis Road, security issues, flow in the parking zone, entry exit point, reduction in parking space to allow for free flow, reception area at every basement and renting out of the executive floors to tenants rather than its use by State Life and increase in executive floors from 2 to 4.</p> <p>69. The architect was also asked to give details of projects completed by them in the recent past.</p> <p>70. Accordingly, the Board resolved as under:</p> <p><b>RESOLVED:</b></p> <p>a) "that the Board agrees in principle to construction of State Life Building at Davis Road, Lahore." b) "that the Real Estate Division should have a detailed meeting with the architect with respect to traffic flow, security concerns, increase in executive floors from 2 to 4, co generation, fire fighting, placement of HAVC pumps, electrical pumps, increase in number of rams, adjustment of architect fee from payment made to them in the past and possibility of shifting of lifts from left to right in the basement area after which the final position be submitted to the Real Estate Committee for final review and its recommendation to the Board for approval."</p>			
<p>Action: ED(RE) DH(REM) DH(PMD)</p>	<p>CHAIRMAN'S INITIALS</p> 		

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<p>c) "that State Life may pay for fees to be paid to traffic engineers and security consultant for their input into the project."</p>			
<p>d) "that once the details have been finalized and approved by the Board, a presentation would be given to the Minister of Commerce and Secretary of Commerce at a special meeting of the Board of Directors."</p>			
<p><b>ITEM (6) PROVISION OF SPECIAL NURSING CARE – RESOLUTION PASSED BY CIRCULATION ON 24<sup>TH</sup> JULY, 2009 FOR CONFIRMATION OF THE BOARD.</b></p>			
<p>71. The Board of Directors of State Life Insurance Corporation of Pakistan had at its 202<sup>nd</sup> meeting held on 30<sup>th</sup> June, 2009 had approved the following resolution:-</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>72. A Memorandum was received from ED(P&amp;GS) on 24<sup>th</sup> July, 2009 recommending that the Board may by circulation approve proposal of providing Special Nursing Care for Ms. Shikoh Ara Begum mother of Mr. Shahid Aziz Siddiqi, Chairman, a case Dementia and Alziehmer disease. Accordingly, the Board passed the following resolution by circulation and approved the proposals contained in para-5 of the Memorandum.</p>			
<p>73. Accordingly, it was resolved as under:-</p>			
<p><b><u>RESOLVED:</u></b></p>			
<p>"that as recommended by Executive Director(P&amp;GS) in his Memorandum dated 24<sup>th</sup> July, 2009, the arrangement of Staff Nurse and Nurse Aid at Rs.1,200 to Rs.1,500 and Rs.800 to Rs.1,000 per 12 hours duty respectively for M/s. Shikoh Ara Begum as and when the facility is required approved by the Board by circulation is hereby confirmed. The services may be around the clock depending on condition of the patient."</p>			
<p><b>ITEM (7) APPROVAL OF CREDIT RATING OF STATE LIFE – PAYMENT OF ADVANCE TO PACRA.</b></p>			
<p>74. Executive Director(F&amp;A) presented before the Board, a Memorandum dated 02-09-2009 for approval of advance payment to PACRA in respect of Credit Rating of State Life.</p>			
<p>75. Pakistan Credit Rating Agency(PACRA) has been awarded the assignment of Credit Rating of State Life at a fee of Rs.450,000/-. Fifty percent of the fee, Rs.225,000/- has to be paid in advance.</p>			

Action:  
ED(P&GS)  
DH(P&GS)  
DGM/CMA

CHAIRMAN'S  
INITIALS





**MINUTES OF 203<sup>RD</sup> MEETING OF THE BOARD OF DIRECTORS**

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UTE BOOK	<b>KARACHI</b>	<b>30<sup>TH</sup> SEPTEMBER' 2009</b>	

76. As per clause 7 of the specific guidelines of Delegation of Financial Powers, approved by the Board of Directors of State Life, payment of advance to contractors beyond 25% of the contract value needs approval by the Executive Committee.

77. However, in order to avoid any delay, PACRA was paid an amount of Rs.225,000/- i.e. 50% of the contract amount with the permission of the Chairman subject to post facto approval by the Executive Committee.

78. Since no meeting of the Executive Committee was on the anvil in year future, the matter was placed before the Board of Directors (being a higher forum) for consideration and post facto approval for payment of 50% advance to PACRA.

79. Accordingly, the Board resolved as under:

**RESOLVED:**

- a) "that the proposal of ED(F&A) contained in the Memorandum for post facto approval for payment of 50% advance i.e. Rs.225,000/- to PACRA in respect of Credit Rating of State Life is approved."
- b) "that performance targets be fixed for all Divisional Heads and a criteria be developed for evaluating their performance against the set targets by the senior management."
- c) "that a Committee consisting of 1) Syed Arshad Ali, ED(Mkt/G&P), 2) Mr. Allah Rakha Aasi, ED(F&A), 3) Mr. Shoaib Mir, ED(PHS/R&A), 4) DH(Investment) and 5) DH(P&GS) is hereby constituted to monitor the performance as per PACRA's check list on quarterly basis."

**ITEM (8) RATIFICATION OF CBA AGREEMENT FOR THE YEAR 2009-10.**

80. Executive Director(P&GS) presented before the Board, a Memorandum for ratification of CBA agreement for the year 2009-2010.

81. Consequent upon submission of Charter of Demands for the period 2009-2010, by State Life Employees Federation of Pakistan(CBA) vide their communication dated 9<sup>th</sup> January, 2009, a Negotiation Committee was constituted by the Management to hold formal negotiations with the representatives of the CBA.

82. ED(P&GS) informed the Board that as per past practice, increase in the pay and allowances of employees of State Life Insurance Corporation is made on the basis of inflation and % increase announced for the employees of Government of Pakistan.

83. The Board was also informed that after detailed and exhaustive negotiations with CBA starting from 18<sup>th</sup> June, 2009, keeping in view the un-controlled inflation and 20% annual increase announced by Government of Pakistan for last two

Action:  
ED(F&A)  
DH(F&A)

CHAIRMAN'S  
INITIALS

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consecutive years, following conservative increase with the following financial impact was mutually agreed:

(Rs. In Million)

* Basic Salary and Related Allowances (35%)	Rs.140.28
* Conveyance Allowance	Rs. 14.18
* Utilities	Rs. 15.18
* Cost of Medicines	Rs. 07.92
* Annual Bonuses	Rs. 20.66
* Pension Contribution	Rs. 13.70

84. ED(P&GS) further informed the Board that the Agreement was signed by the Management and Members of CBA Negotiation Team on 25<sup>th</sup> August, 2009. Members of the Board were requested to kindly ratify the agreement, mutually agreed upon.

85. Accordingly, the Board resolved as under:

**RESOLVED:**

- a) "that as recommended by ED(P&GS) in his Memorandum, the agreement executed between the Management and the CBA on 25<sup>th</sup> August, 2009 for the year 2009-2010 was ratified."
- b) "that the Management in future should also present its own counter Charter of Demands to the CBA at the time of negotiation on the charter of demand that would be submitted after expiry of the above ratified CBA agreement."

**ITEM (9) FIVE YEAR BUSINESS PLAN BASED ON THE ASSUMPTION OF INCREASE IN FYP @ 35% AND 40%.**

86. The above item was deferred due to paucity of time.

**ITEM (10) APPROVAL OF OPENING OF NEW BRANCHES OF STATE LIFE AT ALAIN AND SHARJAH GULF ZONE DUBAI.**

87. Executive Director(Marketing) presented before the Board, a Memorandum for approval of opening of new branches of State Life at Alain and Sharjah Gulf Zone, Dubai.

88. The Board was informed that State Life began its Gulf operation in the UAE as a branch of foreign insurance company in 1978 with Zonal Office registered in Dubai and a branch office in Abu Dhabi. Subsequently branch office in Kuwait and in the Kingdom of Saudi Arabia became operational in the same year. The total life fund of UAE business is about AED 77 million and has over 5000 inforce policies. At present the field force is 29 in all comprising of Area Managers, Sales Mangers and Sales Representatives.

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

Action:  
ED(F&A)  
DH(F&A)

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INITIALS





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89. In line with the State Life's growth strategy and business plan duly presented to the Board earlier on, it was deemed expedient to broaden the base of State Life's insurance business in the GCC countries in general. To achieve the objective, it is imperative to expand its net work of branch offices and augment the agency system both in terms of its capacity and work force in the first place so as to facilitate the policy holders in terms of service delivery.

90. In pursuance, a feasibility study has been carried out by Sajjad Haider & Company, Chartered Accountants who incidentally are also the external/statutory auditors of State Life's Gulf operation headquartered in Dubai. The report was placed at Annexure-A to the memorandum.

91. The feasibility report interalia contains in brief a socio economic picture of Sharjah and Al Ain viz-a-viz commerce and trade, tourism and recreation in the overall context of the United Arab Emirates. In addition, the report presents projected set up expenses, insurance premium income projected five years down the road and the management expenses of Sharjah and Al Ain branches which are part of the feasibility report mentioned above.

92. The report is based on the assumption that FYP increases conservatively @ a flat rate of 10%, 2<sup>nd</sup> year premium with 80% persistency and renewal premium with third year and over persistency at 90%. The management expense have been estimated on the basis of actual expenses of Dubai Office. Commission expenses are based on commission payment structure and claim payments on the past experience of Dubai. The feasibility report in the end concludes that the opening of the new branches at Sharjah and Al Ain in the United Arab Emirates is feasible from life insurance business standpoint.

93. ED(Marketing) further informed that currently a reasonably good size of Pakistan diaspora is working as expatriate in the United Arab Emirates approximately about 1.5 to 2.0 million and insurance penetration in relation to the size of the community is minimal i.e. roughly over 5,000 policies in the entire UAE. According to the report, the ratio of Al Ain and Sharjah business in the total State Life's UAE operation is almost 15% and it is expected to increase to 25-30% after the opening of new branches, for a large number of Pakistanis are living in Al Ain and Sharjah and most of them have their own businesses.

94. Presently the business at Al Ain is looked after by both Dubai and Abu Dhabi field force and Sharjah by Dubai field force. These branches will serve as good contact point for policy holders living in Sharjah and Al Ain to promote new business. The cost of opening branch offices is extremely low in terms of the cost effectiveness and benefit; the drive time to Al Ain is about 1.5 hours and is connected with 6 lanes high way.

95. The Board of Directors of State Life was requested to accord approval for:

- (a) Grant of permission to open branch offices at Sharjah and Al Ain in UAE, in conformity with the local laws, rules and regulations.

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(b) Approval of Pak Rupees 20,205,000/- (Pak Rupees twenty million two hundred and five thousand only) equivalent of Arab Emirates Dirham (AED) 900,000/- @ existing rate of 1AED=Rs.22.45 to meet:-

- (i) Operating expenses of both the branches for the year 2010
- (ii) One time expense for set up of branches, and
- (iii) Exigencies (such as exchange differences and other contingent and unforeseen expenditure).

SCHEDULE OF ESTIMATED FINANCIAL IMPACT (AED)

S.No.	Heads	Al Ain	Sharjah	Total
1.	Approval of Insurance Authority	15,000/-	15,000/-	30,000/-
2.	One time capital expenditure	43,000/-	43,000/-	86,000/-
	Total one time expenses			116,000/-
3.	Annual Management Expenses	372,000/-	382,000/-	754,000/-
	Sub Total			870,000/-
4.	Exigencies			30,000/-
	Grand Total			<u>900,000/-</u>

Note: It is pertinent to add here that the total annual management expenses includes "Sponsorship Fee" being 5% of expected initial new business, which is AED 1,000,000/- in the year 2010 which may vary corresponding to new business procured.

96. After deliberation, the Board resolved as under:

**RESOLVED:**

"that as proposed by ED(Marketing), the following request is hereby approved:-

- 1) Grant of permission to open branch offices at Sharjah and Al Ain in UAE, in conformity with the local laws, rules and regulations with the proviso that the new branch should be self sufficient and self supporting with maximization of inforce policies and minimization of cost and a benchmark be laid down to compare the efficiency of these offices.
- 2) Approval of Pak Rupees 20,205,000/- (Pak Rupees twenty million two hundred and five thousand only) equivalent of Arab Emirates Dirham (AED) 900,000/- @ existing rate of 1AED=Rs.22.45 to meet;
  - (i) Operating expenses of both the branches for the year 2010
  - (ii) One time expense for set up of branches, and
  - (iii) Exigencies (such as exchange differences and other contingent and unforeseen expenditure)."

Action:  
ED(Mkt)  
DH(Mkt)

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

**(I) IMPLEMENTATION OF SHORT TERM IT STRATEGY – FINANCIAL APPROVAL FOR ACQUISITION AND IMPLEMENTATION OF PRE-PACKAGED SOFTWARE SOLUTION.**

97. The above item was deferred due to paucity of time.

**(II) PROVISION OF SPECIAL NURSING – REQUEST FROM MR. M. SHOAIB MIR, ED(PHS) FOR REIMBURSEMENT OF BILLS BEING THE COST OF 24 HOURS SPECIAL NURSING CARE PROVIDED TO HIS SON.**

98. Executive Director(P&GS) presented before the Board, a Memorandum in respect of request received from Mr. M. Shoaib Mir, ED(PHS) for reimbursement of bills being the cost of 24 hours special nursing care provided to his son.

99. Master Inshal S/o Mr. M. Shoaib Mir, Executive Director(PHS)/R&A) met an unfortunate road traffic accident on 6<sup>th</sup> November, 2008. The child remained in Coma for three weeks and also suffered fractured femur and was bed ridden for nine and half months. Special nursing care was provided to him round the clock during rehabilitative process while recuperating from serious head and leg injury.

100. The Executive Director has requested for reimbursement of bills submitted by M/s. Medi Serve from 23-01-2009 (the date he assumed the charge as Executive Director in SLIC) to 31-08-2009 amounting to Rs.3,53,600/- (Rupees three lac fifty three thousand six hundred only) being the cost of 24 hours special nursing care provided to his son for 221 days at Rs.1600 per day.

101. ED(P&GS) informed the Board that the Board of Directors at its 202<sup>nd</sup> meeting held on 30-06-2009 had resolved as under on the provision of Special Nursing Care:

"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."

102. Accordingly, it was resolved as under:

**RESOLVED:**

"that as recommended by Executive Director(P&GS), the request of Mr. M. Shoaib Mir, ED(PHS) for reimbursement of bills submitted by M/s. Medi Serve from 23-01-2009 to 31-08-2009 amounting to Rs.3,53,600/- being the cost of 24 hours special nursing care provided to his son for 221days at Rs.1600 per day, is approved."

CHAIRMAN'S  
INITIALS



Action:  
ED(IT)  
DH(IT)

Action:  
ED(P&GS)  
DH(P&GS)  
DGM/CMA

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<p>(III) <u>INCREASE OF DIRECTOR'S FEE</u></p> <p>103. Executive Director(P&amp;GS) submitted before the Board, a Memorandum for increase of Director's Fee for attending the Board/Committees meetings.</p> <p>104. ED(P&amp;GS) informed the Board that the matter relating to the increase of Director's Fee for attending Board/Executive Committee or other meetings is governed by Rule 5 of State Life Directors (Remuneration) Rules 1973 (Annex-A to the memorandum). The jurisdiction to issue or amend these rules is vested with Federal Government and the same is governed by Article 48 of State Life Insurance Corporation (Nationalization) Order 1972.</p> <p>105. As per Rule 5 of the State Life Directors(Remuneration) Rule 1973, initially the fee for attending the Board meeting and other meetings was Rs.100 and Rs.50 respectively. However, in 157<sup>th</sup> meeting of the Board of Directors held on 11<sup>th</sup> November, 2000, the Board resolved to pay Rs.2,000 for attending meetings of the Board/Executive Committee. For the amendment of the status/rules the matter was referred to the Federal Government, Ministry of Commerce which only accepted the increase to the tune of Rs.1,000 for attending above referred meetings. To this effect SRO No.202(1)/2001 dated 30<sup>th</sup> March, 2001 was issued by the Federal Government. This increase was given after the issuance of above referred SRO (Annex-B).</p> <p>106. As done in the past, Federal Government, Ministry of Commerce has the legal jurisdiction to amend the rules 5(I) and 5(II) of SLIC Directors (Remuneration) Rules 1973, to substitute the figures and words of Director's Fee by issuing a Gazette Notification as per laid down laws/procedure.</p> <p>107. ED(P&amp;GS) further informed the Board that the value of Pak Rupee has depreciated resulting in decrease in purchasing power of Rupee and inflation has gone up and it has also been noted that most comparable organizations in the public sector are paying a much higher Director's Fee ranging upto Rs.25,000 per meeting. It was therefore proposed that the Director's Fee for attending Board/Committee's meetings be increased from Rs.10,000 to Rs.15,000 per meeting to bring it in line with the prevalent Director's Fee paid by the corporate entities.</p> <p>108. The members of the Board requested that the Fee be increased to Rs.20,000 instead of Rs.15,000 per meeting as such scale of fee was prevalent in other public entities and other private sector companies as compensation for time given by the Directors.</p>			

CHAIRMAN'S INITIALS




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DIRECTORS	HELD AT	ON	TIME																		
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<p>109. Accordingly, the Board resolved as under:</p> <p><b>RESOLVED:</b></p> <p>a) "that the increase in the Director's Fees in line with such scale of fees prevalent in other public entities for attending Board/Committee's meetings from Rs.10,000 to Rs.20,000 per meeting from the 204<sup>th</sup> meeting of the Board, is approved. This decision was also made applicable to the Director appointed on behalf of Ministry of Commerce, Federal Government."</p> <p>b) "that the Ministry of Commerce, Federal Government would be requested for issuance of Gazette Notification for the increase mentioned in resolution (a) above."</p> <p>(IV) <b>BUDGET FOR RENOVATION OF "FARAN TOWERS" RENTED FOR HOUSING STATE LIFE, KARACHI CENTRAL ZONE.</b></p> <p>110. Executive Director(RE) presented before the Board, a Memorandum in respect of budget for renovation of "Faran Towers" rented for housing State Life, Karachi Central Zone.</p> <p>111. The Board was informed that two floors covering 14360 sq.ft. of "Faran Towers" at Nazimabad, Karachi, has been acquired on rent for housing Karachi Central Zone. The lease period for this renting is 10 years and an amount of Rs.5,808,160/- has already been paid as advance rent for the first year. In order to occupy the area, it was agreed/approved by the Chairman that following works will be carried out by the Real Estate Division and the budget will be provided by the respective Zone:-</p> <ol style="list-style-type: none"> <li>Front division wall masonry with window and grill provision.</li> <li>Wooden partition and false ceiling.</li> <li>Entire lighting arrangement(wiring,light,fixtures,fitting,DB etc.)</li> <li>Telephone and intercom layout and PABX.</li> <li>Generator and allied wiring and DB.</li> <li>Air-conditioning.</li> <li>Furniture and counters.</li> <li>Flooring.</li> <li>Toilets and kitchen.</li> <li>Painting.</li> </ol> <p>112. ED(RE) mentioned that the work has already started at site and the flooring, masonry works, plaster and partitions have already been completed while air-conditioning works are yet to be carried out.</p> <p>113. ED(RE) further informed that the payment can be made to the Contractor only after the budget is approved by the Board for the above works. The budget required is as follows:</p> <table style="margin-left: 40px;"> <tr> <td>a) Civil works</td> <td>-</td> <td>Rs. 6 million</td> </tr> <tr> <td>b) Electrical works</td> <td>-</td> <td>Rs. 2 million</td> </tr> <tr> <td>c) Airconditioning works</td> <td>-</td> <td>Rs. 3 million</td> </tr> <tr> <td>d) Furniture works</td> <td>-</td> <td>Rs. 3 million</td> </tr> <tr> <td>e) Miscellaneous works</td> <td>-</td> <td>Rs. 1 million</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td><b><u>Rs.15 million</u></b></td> </tr> </table>	a) Civil works	-	Rs. 6 million	b) Electrical works	-	Rs. 2 million	c) Airconditioning works	-	Rs. 3 million	d) Furniture works	-	Rs. 3 million	e) Miscellaneous works	-	Rs. 1 million	<b>Total</b>		<b><u>Rs.15 million</u></b>	<p>Action: ED(P&amp;GS) DH(P&amp;GS)</p> <p>Action: ED(P&amp;GS) DH(P&amp;GS)</p>		
a) Civil works	-	Rs. 6 million																			
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c) Airconditioning works	-	Rs. 3 million																			
d) Furniture works	-	Rs. 3 million																			
e) Miscellaneous works	-	Rs. 1 million																			
<b>Total</b>		<b><u>Rs.15 million</u></b>																			


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INITIALS


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<p>Action: ED(RE) DH(REM) DH(PMD)</p>	<p>114. The case was therefore submitted for the perusal of Board of Directors to approve the budget of Rs.15 million for renovation of "Faran Towers", Karachi to house the Karachi Central Zone. This cost would be debited to the Marketing Division.</p> <p>115. Accordingly, the Board resolved as under:</p> <p><b>RESOLVED:</b> "that as proposed by ED(RE) in his Memorandum, a budget of Rs.15 million for carrying out civil, electrical, airconditioning and other miscellaneous works and for purchase of furniture for renovation of "Faran Towers" Karachi to house the Karachi Central Zone is approved. However the laid down procedures for such works be strictly followed."</p> <p>(V) <u>STATE LIFE TOWER PROJECT – ISLAMABAD.</u></p> <p>116. Executive Director(RE) presented before the Board, a Memorandum in respect of State Life Tower Project – Islamabad.</p> <p>117. State Life Building, Islamabad was initially conceived to comprise of 3 basements + Ground + 18 Upper floors, however, Board of Directors in its 162<sup>nd</sup> meeting held on 11<sup>th</sup> August, 2001 decided to construct the building in three phases. Contract for civil and plumbing works was awarded to M/s. Moinsons for 1<sup>st</sup> phase i.e. 3 Basements + Ground + 4 floors. Later, the Board of Directors decided to construct the entire building in one-go. In compliance to the Board's decision, M/s. Suhail &amp; Pasha commenced working on various options of dovetailing and finally the Board of Directors in its 179<sup>th</sup> meeting held on 07-08-2004, approved that the building should be completed in one-go with the original façade design and centrally air-conditioning. The budget approved for this project was Rs.709 million. It was also decided that the scope of work of the contract of M/s. Moinsons be concluded on the completion of structural works upto 4<sup>th</sup> floor and finishing items be included in the tender for remaining works.</p> <p>118. Tenders were floated for civil and plumbing works of the remaining building vide advertisement dated 4<sup>th</sup> August, 2008. Fourteen contractors collected the tender while four submitted the same. M/s. Moinsons stood the lowest, however, the Architect of the Project suggested that the rates were on higher side based on the fact that the prices of steel and cement had dropped tremendously, thus the contractors were requested to give their fair price through sealed quotations. As a result of this revision M/s. Maqbool Sons become the lowest, however, the Board decided that State Life should confirm from PPRA if this process was acceptable under PPRA Rules.</p> <p>119. Numerous meetings were held with the officials of PPRA and finally on the directives of PPRA and as decided by the Competent Authority, re-tendering was practiced.</p> <p>120. Re-tendering for civil, electrical and plumbing works was exercised through advertisement dated 30-07-2009. Seventeen contractors collected the tender. The</p>			<p>CHAIRMAN'S INITIALS</p> 



MINUTES OF 203<sup>RD</sup> MEETING OF THE BOARD OF DIRECTORS

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	<p>technical bid was opened on 10-09-2009. Four contractors participated out of which the Consultant technically post-qualified only two contractors namely M/s. Moinsons and M/s. Maqbool Associates. Upon the approval of competent authority, the financial bid of these two contractors were opened on 29-09-2009, with the following result:-</p> <p style="margin-left: 40px;">1) M/s. Maqbool Associates (Pvt) Ltd - Rs.598,097,403/- 2) M/s. Moinsons - Rs.571,904,913/-</p> <p>121. Based on the prices quoted by the lowest tenderer for civil, electrical and plumbing works, estimated cost for air-conditioning and lifts and the add-ons approved by the Board, the revised cost of the project has been evaluated as Rs.1272 million.</p> <p>122. Case is submitted before the Board of Directors for approval of:</p> <p style="margin-left: 40px;">1) Additional budget of Rs.563 million to the previously approved budget of Rs.709 million thus making the total budget of Rs.1272 million for State Life Tower, Islamabad. 2) Special powers may be given to Chairman, State Life for award of work to the lowest bidder after evaluation by the Consultant.</p> <p>123. Accordingly, the Board resolved as under:</p> <p><b>RESOLVED:</b> "that the above Memorandum after evaluation of the bid by the Consultant be re-submitted to the Real Estate Committee for its review and submission of its recommendation to the Board for approval."</p> <p>(VI) <b><u>PRESENTATION BY VALUERS</u></b></p> <p>124. The representative of M/s. NESPAK and Iqbal A. Nanji were called to give a presentation to the Board members on the criteria and parameters on which valuation of property is done by them.</p> <p>125. Mr. Nasim of M/s. Iqbal A. Nanji pointed out that to arrive at a value of a property the following steps are taken by them:-</p> <p style="margin-left: 40px;">1) Inquiries about the land in respect to its location, possible usages, documentations and of and on prices from real estate agents and people who matter in the area and valuation fixed for tax purposes by the government authorities. 2) Examination of structure of the building 3) Measurement of the constructed area of the building 4) Depreciated value based on 75 years life 5) Recent transaction done</p> <p>126. Mr. Nasim further explained that after taking into account the above points and exercising ones' own judgment a reasonable value is arrived at. In his opinion there should not be a difference of more than 10% in valuation quoted by two valuers.</p>			<p style="text-align: center;">CHAIRMAN'S INITIALS</p> 

Action:  
ED(RE)  
DH(REM)  
DH(PMD)

