

MINUTES OF 205TH MEETING OF THE BOARD OF DIRECTORS

BOOK	HOLD AT	ON	TIME
	KARACHI	22 ND DECEMBER' 2009	

CONFIDENTIAL AND RESTRICTED

The 205th Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Tuesday, 22nd December' 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. Syed Hur Riahi Gardezi | Director |
| 8. Mr. Akbarali Hussain | Secretary Board |

LEAVE OF ABSENCE:

- | | |
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| 1. Mr. Shafqat Naghmi | Director |
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2. The meeting started with recitation of verses from the Holy Quran by Mr. Amin Qasim Dada, Director.

3. Mr. Mohammad Yahya, Executive Director (P&GS/Legal Affairs/RE) and Mr. Shoaib Mir, Executive Director(PHS/IT/I&E/R&A) attended the meeting by invitation.

ITEM (1) CONFIRMATION OF MINUTES OF 204TH MEETING OF THE BOARD OF DIRECTORS.

4. The minutes of the 204th meeting of the Board of Directors held on 4th November, 2009 together with implementation report were placed before the Board.

5. Syed Hur Riahi Gardezi, Director pointed out that the word "on body" in para-21(c) on page-2897 of the minutes be deleted. He also pointed out that the word "existing" in line-5 of para-32 on page-2899 of the minutes be deleted.

6. Syed A. Wahab Mehdi, Director pointed out that the contents of para-12 on page-2893 of the minutes after the words "Memorandum" in line-7 and para-13, 14, 15, 16, 17 and 18 be deleted.

7. Implementation report of 204th meeting of the Board of Directors was noted.

8. Mrs. Spenta Kandawalla, Director proposed and Syed Hur Riahi Gardezi, Director seconded that the minutes of 204th meeting of the Board of Directors be confirmed with the above amendments.

9. Accordingly, it was resolved as under:-


RESOLVED:

"that the Minutes of 204th meeting of Board of Directors held on 4th November, 2009, are confirmed with the above amendments."

CHAIRMAN'S
INITIALS



MINUTES OF 205TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
AGENDA BOOK	KARACHI	22 ND DECEMBER' 2009		
<p>Action: Secretary (BAC)</p> <p>on: (nv)</p> <p>Action: ED(F&A) DH(F&A)</p> <p>Secretary (BAC)</p>	<p>ITEM 2(I) CONFIRMATION OF MINUTES OF 30TH MEETING OF BOARD AUDIT COMMITTEE HELD ON 15-10-2009.</p> <p>10. The minutes of the 30th meeting of Board Audit Committee held on 15th October, 2009 was presented before the Board of Directors for confirmation.</p> <p>11. The confirmation of minutes of the 30th and 31st meetings of Board Audit Committee held on 15th October, 2009 and 21st December, 2009 was deferred to the next meeting of the Board.</p> <p>12. Syed Hur Riahi Gardezi, Director pointed out that it was decided in the 31st meeting of the Board Audit Committee held on 21st December, 2009 that a copy of "<u>Investment Strategy and System detailed report prepared by M/s. Sidat Hyder Morshed Associates (Pvt) Ltd in February 2007</u> be circulated to all the Board Members for their perusal which was agreed to by the Board.</p> <p>13. Syed Hur Riahi Gardezi, Director also pointed out that the Board may give approval for appointment of External Consultant to review the structure and system of internal audit of the Corporation and specify the scope of work of IA&C Division.</p> <p>14. In response to an IOC written by Mr. Abdul Hafeez Shaikh, Secretary, BAC to Mr. Azqar Khan, DH(F&A), the Members of the Board were informed that the budget of the Corporation for the year 2010 would be submitted in the Board meeting which would be held in the last week of January, 2010.</p> <p>15. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that the recommendation of the Chairman, Board Audit Committee for appointment of an External Consultant to review the existing structure and system of internal audit of the Corporation and specify the scope of work of IA&C Division is approved."</p> <p>ITEM 2(II) CONFIRMATION OF MINUTES OF 7TH AND 8TH MEETINGS OF REAL ESTATE COMMITTEE HELD ON 10-10-2009 & 04-12-2009.</p> <p>16. Executive Director(Real Estate) presented before the Board, the minutes of 7th and 8th meetings of Real Estate Committee held on 10th October, 2009 and 4th December, 2009 respectively 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 6th and 7th meetings.</p> <p>17. Syed Hur Riahi Gardezi, Director pointed out that the word "sale dead" be substituted with the word "sale deed" in line-1 of para-213 on page-62 of the minutes of the 7th meeting of the Real Estate Committee held on 10th October, 2009.</p>			<p>CHAIRMAN'S INITIALS</p> 


MINUTES OF 205TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME												
TE BOOK	KARACHI	22 ND DECEMBER' 2009													
<p>Action: ED(RE) DH(REM) DH(PMD)</p>	<p>18. The Board noted the progress mentioned in the minutes of the RE Committee.</p> <p>19. After deliberating on the minutes of 7th and 8th meetings of the Real Estate Committee respectively, the Board resolved as under:</p> <p style="text-align: center;"><u>7TH MEETING OF REAL ESTATE COMMITTEE</u></p> <p><u>RESOLVED:</u> "that the Minutes of 7th meeting of Real Estate Committee held on 10th October, 2009 is confirmed and recommendations of the Real Estate Committee to the Board, is approved."</p> <p style="text-align: center;"><u>8TH MEETING OF REAL ESTATE COMMITTEE</u></p> <p>20. ED(RE) submitted before the Real Estate Committee the progress report pertaining to State Life Tower, Islamabad, State Life Buildings at Gujranwala, Sargodha, Sialkot and Rahim Yar Khan and renovation work being carried out by NESPAK and of the two buildings that were damaged on 27-12-2009 incidents of violence. The Real Estate Committee was also informed that the tenders for State Life Tower, Islamabad, were opened, however no progress could be made as M/s. Zoom Engineers J.V., one of the contractors had submitted his grievance with the Ministry of Commerce and as per Minister's instructions the work has been held in abeyance for investigation. The Committee was informed that the investigation committee had certified that the procedure was correctly adopted. Further clarification was also taken from Pakistan Engineering Council and PPRA in this regard. The Board noted the above progress.</p> <p>21. A presentation on revival of the plan for construction of State Life Building at Davis Road, Lahore was made by Mr. Dadi Surti and Mr. Arif giving details of the changes made in light of the decision taken by the Board in its 203rd meeting held on 30-09-2009. Dr. Arshad Khan, CEO M/s. FBS, a security management company elaborated the security arrangement proposed for the building.</p> <p>22. Mr. Ansar Hussain, Senior General Manager/Divisional Head (Investment), presented a Memorandum pertaining to the Real Estate Investment based on the data prepared by M/s. Sidat Hyder Morshed Associates (Pvt.) Ltd. In the report they have suggested:-</p> <ol style="list-style-type: none"> a) That the primary goal of investment in properties is to provide long term return on investment. The target return net of direct cost should be between 13 to 15%. b) The Corporation's overall strategy provides for 9% of the fund for investment in properties at market value of the assets. c) The Corporation can invest in any commercial buildings, construction projects, land and REITs, however, the Corporation will not invest in buildings used for hotels, warehouses and industrial concern. The limit of bifurcation between four criteria is as follows :- <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">i) Commercial buildings</td> <td style="width: 10%; text-align: center;">-</td> <td style="width: 40%;">No limit.</td> </tr> <tr> <td>ii) Construction projects</td> <td style="text-align: center;">-</td> <td>10%</td> </tr> <tr> <td>iii) Lands</td> <td style="text-align: center;">-</td> <td>15%</td> </tr> <tr> <td>iv) REITs</td> <td style="text-align: center;">-</td> <td>20%</td> </tr> </table>			i) Commercial buildings	-	No limit.	ii) Construction projects	-	10%	iii) Lands	-	15%	iv) REITs	-	20%
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CHAIRMAN'S INITIALS



MINUTES OF 205TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME	
MINUTE BOOK	KARACHI	22 ND DECEMBER' 2009		
<p>Action: ED(RE) DH(INV) DH(REM) DH(PMD)</p> <p>Action: ED(RE) DH(INV) DH(REM) DH(PMD)</p> <p>Action: ED(RE) DH(REM) DH(PMD)</p>	<p>23. The Real Estate Committee decided that the investment return should be 9% to 10% instead of 13% to 15% as suggested. The overall investment funds for Real Estate may be 9% of the fund however, it should be based on book value and not on market value of the assets. State Life needs to follow PPRA rules/Government directives for insurance industry. Investment Division should investigate into the details of the rules applicable on State Life and the ones being followed by other similar insurance firms. DH(Investment) and DH(REM) should develop a transparent system for State Life to purchase property so as to fulfill all requirements of Audit.</p> <p>24. The Board directed that the draft of investment policy for Real Estate Division alongwith view point of the Investment Division be circulated to all the Board members for their review. The average historical returns on investments in real estate should also be highlighted in the above paper. The investment policy would be discussed and finalized at the next meeting of the Board.</p> <p>25. Mr. Ansar Hussain, SGM/DH(Investment) had submitted a memorandum before the Real Estate Committee stating that M/s. TPL Properties (Pvt.) Ltd., (the owners of Centre Point), who had previously offered the said project on outright sale have now offered partly the same of share bases (SPV). He submitted that M/s TPL have suggested to create a Special Purpose Vehicle (SPV) for the project and offered to sell its 45% share at a rate of Rs 27.00 per share as against face value of Rs.10.00. He also added that the total outflow of cash in case of SPV will be around Rs. 920.00 million.</p> <p>26. The Board considered the proposal of the Real Estate Committee regarding TPL Properties (Pvt) Ltd and in principle observed that the option of outright purchase is preferable to option where special purpose vehicle is proposed to be created. It was felt that partial shareholdings in properties create future complications.</p> <p>27. The Board desired that the Real Estate Division and Investment Division should:-</p> <ol style="list-style-type: none"> i) The Chairman SLIC and the Real Estate Committee of the Board should determine and negotiate an acceptable price with M/s. TPL Properties (Pvt) Ltd, the owners of Centre Point. ii) The Management should examine the legal implications of outsourcing the management of a State Life Property to a private sector company. iii) Examine whether a valid agreement of M/s. TPL Properties (Pvt) Ltd with Lever Brothers has been effected to ensure that a long term income stream is being offered with purchase of the property. <p>28. The Board desired that after conducting due diligence of the proposal, the position be re-submitted in the next Board meeting with a draft agreement for its approval.</p> <p>RESOLVED: "that the Minutes of 8th meeting of Real Estate Committee held on 4th December, 2009 is confirmed and recommendations of the Real Estate Committee to the Board, is approved."</p>			<p>CHAIRMAN'S INITIALS</p> 

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DIRECTORS	HELD AT	ON	TIME
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<p>ITEM 2(III) CONFIRMATION OF MINUTES OF 3RD MEETING OF HUMAN RESOURCES COMMITTEE HELD ON 04-12-2009.</p> <p>29. The Secretary, Human Resources Committee presented before the Board, the minutes of the 3rd meeting of the Human Resources Committee held on 4th December, 2009 for confirmation and for approval of recommendations made by the Committee to the Board.</p> <p>30. The compliance report with regard to decisions taken at the 2nd meeting of Human Resources Committee was put up before the Members of HRC which was noted.</p> <p>31. The Committee was apprised that State Life is going to recruit Managers, Deputy Managers, Assistant Managers and Executive Officers on permanent basis. In this regard, advertisement has been floated in the news papers on 23rd November 2009 for inviting application last date of which was 5th December 2009. The Committee was informed in detail about the procedure of recruitment. The HRC Committee Members expressed satisfaction on the recruitment procedure, however, it was desired that at the time of recruitment maximum 15 marks be allocated to candidates possessing good communication skills in English language and maximum 15 marks to insurance related experience and qualification.</p> <p>32. After deliberation, the Board resolved as under:-</p> <p>RESOLVED: "that the minutes of 3rd meeting of the Human Resources Committee held on 4th December, 2009 is confirmed and recommendations of the Committee to the Board, are approved."</p> <p>ITEM (3) PRESENTATION OF BUSINESS REVIEW OF MARKETING, GROUP & PENSION AND INVESTMENT DIVISIONS FOR THE PERIOD ENDED ON 30TH NOVEMBER, 2009.</p> <p>33. The business review of Marketing, Group & Pension and Investment Divisions for and upto the period ended on 30th November, 2009 were placed before the Board.</p> <p>34. DH(Marketing) placed before the Board, Business Review of Individual Life for and upto the Month of November' 2009. The Corporation secured 1st year premium of Rs.4,922 million for the period ended on 30th November, 2009 as against Rs.3,682 million during the corresponding period of last year showing an increase of 34%. The Corporation has collected second year premium of Rs.2,547 million for and upto the month of November, 2009 with second year persistency of 69% as against collection of premium of Rs.2,018 million during the corresponding period of last year with second year persistency of 71%. The third year and over persistency for the period January to November' 2009 was 89% as against 94% for the corresponding period of last year. The number of policies sold for and upto</p>			

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	<p>the month of November 2009 was 372,229 as against 295,648 during the corresponding period of last year showing an increase of 26%.</p>		
<p>Action: ED(Mkt) DH(Mkt)</p>	<p>35. The Board directed that separate targets be given to each Zone while preparing the budget for the year 2010, considering the size of area covered, the existing business, the potential and the existing employee strength. A minimum floor be kept for growth while finalizing the targets.</p>		
<p>Action: ED(Mkt) DH(Mkt)</p>	<p>36. The Chairman directed DH(Marketing) to make efforts for achieving growth of atleast 40% during the year 2009.</p>		
	<p>37. DH(Marketing) further placed before the Board, Business Review of Gulf Zone for and upto the month of November, 2009. The Gulf Zone secured 1st year premium of US\$:2,241,227 for the period ended on 30th November, 2009 as against US\$:2,245,025 during the corresponding period of last year resulting similar performance/no significant change. The Gulf Zone Second Year Persistency of Gulf Zone for and upto the month of November, 2009 was 52% as against 66% achieved during the same period of last year. The third year and over persistency for the period January to November' 2009 was 87% as against 92% for the corresponding period of last year. The number of policies sold for and upto the month of November 2009 was 1,481 as against 1,386 during the corresponding period of last year showing an increase of 7%.</p>		
	<p>38. The Board appreciated the turn around and hoped that the performance for the year 2009 would grow further in the remaining period. The Chairman informed the Board that regular meetings would be held at Karachi with the Zonal Heads and Sector Heads which would also be attended by the Consultant to review the business performance and investment yields.</p>		
	<p>39. DH(G&P) presented before the Board the business review for and upto the month of November, 2009 during which G&P Division collected a total premium of Rs.3,061.141 million as against Rs.2,927.061 million for the corresponding period of last year showing an increase of 4.58%.</p>		
	<p>40. During the period for and upto the month of November 2009, Karachi Zone collected a total premium of Rs.834.621 million as against Rs.1,040.296 million of last year showing a decrease of 19.77%. Lahore Zone collected a premium of Rs.1,266.001 million as against Rs.1,058.449 million of last year showing an increase of 19.61%. Rawalpindi Zone collected a premium of Rs.467.493 million as against Rs.390.014 million last year showing an increase of 19.87%. Peshawar Zone collected a total premium of Rs.493.026 million in 2009 as against Rs.438.302 million in 2008 showing an increase of 12.49%.</p>		
	<p>41. The Board was informed that State Life has lost WAPDA business to Postal Life Insurance due to rate difference. The demanded rate by WAPDA could not be financially sustained. However Pakistan Navy's business has returned to State Life. Efforts would also be made to procure Pakistan Air Force business.</p>		
	<p>42. Business review of Investment Division for and upto the month of November 2009 was presented before the Board. The book value of investment portfolio</p>		
			<p>CHAIRMAN'S INITIALS</p> 

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<p>which was Rs.183,070 million as on December 31, 2008 was estimated to have increased to Rs.200,084 million as on November 30, 2009 showing an increase of Rs.17,014 million and a percentage increase of 9.29% over the year ended November 30, 2009. The investments in Government securities, corporate debts, equities, bank deposits, investment property and loans to policyholders were Rs.147,319 million, Rs.3,783 million, Rs.24,514 million, Rs.5,228 million, Rs.2,500 million and Rs.16,740 million respectively.</p> <p>43. State Life earned Rs.18,979 million on its Investment portfolio excluding unrealized gain on Investment for and upto the month of November, 2009 as compared to Rs.16,643 million earned during the same period of last year. The book value of quoted equity portfolio stood at Rs.22,538 million at 30th November, 2009 while its market value was Rs.41,830 million showing an appreciation of Rs.19,292 million as on November 30, 2009. State Life purchased shares in the amount of Rs.533.886 million during the period under review and sold shares costing Rs.92.729 million for Rs.156.595 million, realizing capital gain of Rs.63.866 million.</p> <p>44. 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 November 30, 2009 was Rs.137,449 million. This constituted 68.70% of the total investment portfolio. The total investments in Government Securities amounted to Rs.147,319 million which constituted 73.63% of the total portfolio. As advised by Appointed Actuary of the Corporation, the Corporation purchased PIBs of 10, 15, 20 and 30 years duration with a face value of Rs.12.050 billion at a cost of Rs.11.126 billion.</p> <p>45. 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. This also includes Rs.2,100 million paid to NITL under State Enterprise Fund guaranteed by GOP. The total investment in Corporate Bonds was Rs.3,783 million as on November 30, 2009.</p> <p>ITEM (4) APPOINTMENT OF STATUTORY AUDITORS FOR AUDIT OF ACCOUNTS FOR THE YEAR ENDING 31-12-2009.</p> <p>46. A Memorandum in respect of appointment of Statutory Auditors for the audit of accounts for the year ending 31st December, 2009 was presented before the Board.</p> <p>47. Annual Accounts of State Life for the year ended 31st December, 2008 were audited by two firms of Chartered Accountants as "joint auditors" i.e. M/s. Avais Hyder Liaquat Nauman and M/s. Riaz Ahmad & Co. against the audit fee of Rs.690,000/- each and out of pocket expenses of Rs.402,500 and Rs.400,000/- respectively.</p> <p>48. It was submitted that M/s. Avais Hyder Liaquat Nauman have completed their five years cycle and it is now mandatory to replace them while the 2nd firm, M/s. Riaz Ahmad & Co., were inducted in 2008 and they may be allowed to continue to audit for the year 2009 on the same terms and conditions as were approved for 2008.</p>			

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49. As per previous practice in State Life, technical and financial quotations were called from all firms of Chartered Accountants placed in the list of SECP for insurers. Only five out of twelve firms responded to the quotation. The committee comprising of ED (F&A), SGM (Investment), SGM (IA&C) and GM (F&A) held a meeting on 25th March, 2009 and scrutinized the technical bids of participating firms. The committee analyzed the profile of all firms against a pre-defined criteria and awarded numerical grading. All five firms qualified for opening of financial bids. Financial bids with regard to audit fee and out of pocket expenses of these 5 firms were opened on 18th May, 2009 in the meeting of the committee and the following was the result (copies of committee's report dated 25th March, 2009 and 18th May, 2009 enclosed as Annex "A" and Annex "B" respectively to the Memorandum.

S #	Name of Firm	Marks scored in Technical Evaluation	Financial Proposals				Remarks
			Audit Fee		Out of pocket expenses	Total	
			Head Office	Zonal Offices			
i)	Anjum Asim Shahid Rahman	100	690,000		402,500	1,092,500	As per rates of previous auditors
ii)	Ilyas Saeed & Co.	92	690,000		402,500	1,092,500	As per rates of previous auditors
iii)	Ford Rhodes Sidat Hyder	100	900,000	750,000	Actual	1,650,000 + Actual	Maximum of out of pocket expenses not given
iv)	KPMG Taseer Hadi	100	1,350,000		400,000	1,750,000	-
v)	M. Yousuf Adil Saleem	100	1,500,000	700,000	540,000	2,740,000	50,000/- per zone (calculated assuming 14 zones)

50. In compliance with the instructions of the Govt. of Pakistan and Auditor General of Pakistan, a request was made to Ministry of Commerce vide letter dated 10th June, 2009 for obtaining concurrence of the Auditor General of Pakistan regarding appointment of statutory auditors (copy enclosed as Annex "C" to the Memorandum).

51. Meanwhile, Board Audit Committee, in its 29th meeting considered the matter regarding approval of appointment of statutory auditors. The BAC did not agree with the present practice where specific approval is accorded by Auditor General of Pakistan for submission of the same to Board.

52. As per the instructions of Board Audit Committee, Ministry of Commerce was requested vide letter dated 7th October, 2009 to get approval of the Auditor General of Pakistan in respect of all five firms short listed in our earlier letter dated 10th June, 2009, allowing State Life to choose one firm from the list (copy placed as Annex "D" to the Memorandum).

53. Ministry of Commerce has conveyed the approval of the Auditor General of Pakistan for the panel of two audit firms i.e. M/s. Riaz Ahmed & Co. and M/s. Anjum Asim Shahid Rahman at an audit fee of Rs.690,000/- each and out of pocket expenses of Rs.400,000/- and Rs.402,500/- respectively vide their letter

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No.271/22/R&SD/SLIC/CA/2005 dated 21.10.2009 (copy placed as Annex "E" to the Memorandum).

54. The Board of Directors was requested to kindly consider the appointment of statutory auditors for carrying out audit of Pakistan business as well as for Gulf Zone as stated below.

a) For Pakistan Business:

Sr. No.	Name of firm	Fees (Rs)		
		Audit Fee	Out of pocket expenses	Total
1	M/s. Riaz Ahmad & Co.	690,000	400,000	1,090,000
2	M/s. Anjum Asim Shahid Rehman	690,000	402,500	1,092,500
TOTAL		1,380,000	802,500	2,182,500

b) For Gulf Zone:

M/s. Sajjad Haider & Co., have audited accounts of Gulf Zone for the year 2008. It is proposed that the same firm may be retained for audit of accounts of Gulf Zone for 2009 at audit fee of Dh.25,300/- and out of pocket expenses not exceeding Dh.8,050/- which was allowed in the previous year.

55. The Board resolved as under:

RESOLVED:

"that the proposal of ED(F&A) contained in the memorandum for appointment of M/s. Riaz Ahmad & Co. and M/s. Anjum Asim Shahid Rehman against an audit fee of Rs.690,000/- for each audit firm and out of pocket expenses not exceeding Rs.400,000/- for each audit firm as auditors for Pakistan business and (ii) M/s. Sajjad Haider & Co., UAE against an audit fee of Dh.25,300/- and out of pocket expenses not exceeding Dh.8,050/- as auditors for Gulf Zone to carry out audit of accounts for the year 2009, is approved."

ITEM (5) PSO – PRIVATIZATION – TRANSFER OF FROZEN SHARES TO PRIVATIZATION COMMISSION OF PAKISTAN.

56. A Memorandum regarding PSO Privatization – transfer of frozen shares to Privatization Commission of Pakistan was presented before the Board.

57. The Board was informed that Government of Pakistan intends to sell its shareholding in PSO to a strategic investor or investors at an appropriate time. The Government therefore desire to have a controlling stake i.e. 51% in the PSO.

58. In pursuance of the Privatization Programme of PSO, State Life was directed in 1997 by the concerned Ministry to freeze shares equivalent to 1.64% of paid up capital of the company.

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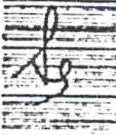
DIRECTORS	HELD AT	ON	TIME						
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<p>59. Now State Life has received draft of consent agreement from J. P. Morgan, engaged by Privatization Commission of Pakistan with respect to PSO Privatization(Annexure-A to the Memorandum).</p> <p>60. The agreement requires State Life to freeze shares equivalent to 1.99% of paid up capital instead of shares equivalent to 1.64% of paid capital of the company. The additional 0.35% of paid up capital requires State Life to freeze 600,318 more shares of PSO to Privatization Commission of Pakistan. The break up is as under:</p> <table style="margin-left: 40px;"> <tr> <td>Under the recent arrangement(1.99% of Paid Up Capital)</td> <td style="text-align: right;">=3,413,228=</td> </tr> <tr> <td>Under initial arrangement(1.64% of Paid Up Capital)</td> <td style="text-align: right;">=2,812,910=</td> </tr> <tr> <td>Freezing of additional shares</td> <td style="text-align: right;"><u>=0,600,318=</u></td> </tr> </table> <p>61. Legal Affairs Division of State Life has vetted the draft agreement and has accorded its consent to sign once the documents concerning to clause 4.1(b) are provided to State Life by the Privatization Commission and duly vetted by the Legal Affairs Division.</p> <p>62. The matter was placed before Board of Directors for authorizing the competent authority to execute the agreement on behalf of the Corporation upon fulfillment of regulatory requirements as proposed by the Law Division.</p> <p>63. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that as recommended by SGM(Investment), the Chairman State Life is authorized to execute the agreement on behalf of the Corporation upon fulfillment of regulatory requirements as proposed by the Legal Affairs Division to Investment Division. Legal Affairs Division has accorded its consent to sign the agreement after documents concerning to clause 4.1(b) is provided to State Life by the Privatization Commission with respect to PSO privatization and duly vetted by Legal Affairs Division."</p> <p>ITEM (6) ESTABLISHMENT OF NEW ZONES BY UPGRADING SECTORS/SUB-ZONES.</p> <p>64. A Memorandum for establishment of new Zones by upgrading Sectors/Sub-Zones was presented before the Board.</p> <p>65. The Board of Directors in its 202nd meeting held on 30th June 2009, had desired that a position paper be submitted to the Board at its next meeting detailing therein the cost of creating a new Zone and 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>66. Pursuant to the decision of the Board of SLIC with regard to establishing of new Zones, Marketing Division has analyzed existing Sectors and sub-Zones</p>				Under the recent arrangement(1.99% of Paid Up Capital)	=3,413,228=	Under initial arrangement(1.64% of Paid Up Capital)	=2,812,910=	Freezing of additional shares	<u>=0,600,318=</u>
Under the recent arrangement(1.99% of Paid Up Capital)	=3,413,228=								
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DIRECTORS	HELD AT	ON	TIME																				
MINUTE BOOK	KARACHI	22 ND DECEMBER' 2009																					
<p>Action: ED(Mkt) DH(Mkt)</p>	<p>within the zonal jurisdiction of target areas and recommends possibility of establishing Nawabshah, Jhang and Muzafarabad Zones by upgrading Nawabshah and Muzaffarabad Sectors and Jhang sub-Zone, with feasibility thereof, details of which are given in the Memorandum submitted to the Board.</p> <p>67. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that a position paper be prepared giving a rationale as regards manpower required to run a Zone and its correlation with business and the same be submitted alongwith the above memorandum to the Board at its next meeting for review and decision."</p> <p>ITEM (7) <u>TRAINEE EXECUTIVE SCHEME FOR THE SON/DAUGHTER OF IN-SERVICE STAFF.</u></p> <p>68. Executive Director(P&GS) presented before the Board, a Memorandum regarding Trainee Executive Scheme for the son/daughter of in-service staff.</p> <p>69. The subject memorandum was submitted in the 3rd meeting of Human Resources Committee of the Board of Directors held on 4th December, 2009.</p> <p>70. The Committee recommended the proposal contained in the Memorandum and desired that it may be submitted to Board of Directors meeting alongwith financial impact worked out jointly with F&A Division.</p> <p>71. Accordingly, the financial impact has been calculated which is as under:</p> <p>i. <u>During Training:</u></p> <table data-bbox="373 1388 1161 1534"> <tr> <td>Number of Trainee Executives to be selected</td> <td>10</td> </tr> <tr> <td>Monthly stipend to one Trainee Executive</td> <td>Rs. 6,000</td> </tr> <tr> <td>Monthly impact of ten Trainee Executive</td> <td>Rs. 60,000</td> </tr> <tr> <td>Financial impact for six months</td> <td>Rs.360,000</td> </tr> </table> <p>ii. <u>After Training:</u> After successful completion of the training, the services of a Trainee Executive shall be absorbed in regular cadre of Executive Officer and its financial impact will be as under:</p> <p>(a) <u>Pay & Allowances:</u></p> <table data-bbox="462 1780 1161 2038"> <tr> <td>Basic Pay</td> <td>Rs. 9,175</td> </tr> <tr> <td>House Rent Allowance @ 40%</td> <td>Rs. 3,670</td> </tr> <tr> <td>Conveyance Allowance</td> <td>Rs. 2,000</td> </tr> <tr> <td>Utility Allowance @ 15%</td> <td>Rs. 1,376</td> </tr> <tr> <td>Total per month</td> <td>Rs. 16,221</td> </tr> <tr> <td>Total per annum</td> <td>Rs.194,652</td> </tr> </table>			Number of Trainee Executives to be selected	10	Monthly stipend to one Trainee Executive	Rs. 6,000	Monthly impact of ten Trainee Executive	Rs. 60,000	Financial impact for six months	Rs.360,000	Basic Pay	Rs. 9,175	House Rent Allowance @ 40%	Rs. 3,670	Conveyance Allowance	Rs. 2,000	Utility Allowance @ 15%	Rs. 1,376	Total per month	Rs. 16,221	Total per annum	Rs.194,652
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(b) Other Benefits:

Reimbursement of 100 Residential Telephone Calls plus line rent per month	Rs. 431
Per Annum (Rs.431 x 12 months)	Rs. 5,172
Performance Based Bonus @ two Basic Pays(estimated)	Rs. 18,350
Leave Encashment (24 days)	Rs. 12,977
Total per annum	Rs. 36,499

Annual Financial Impact for one Executive Officer [Total (a) & (b) above]	Rs. 231,151
Annual Financial Impact of Ten Executive Officers	Rs.2,311,510

(c) In addition to above, an Executive Officer is also entitled to Medical facility as admissible to other officers of the Corporation.

72. The matter was placed before the Board of Directors for consideration and approval of the Scheme as recommended by the Human Resources Committee. Moreover, the budget required as calculated in para-3 of the Memorandum may also be approved for inclusion of the same in budget proposal – 2010.

73. Accordingly, the Board resolved as under:

RESOLVED:

“that as recommended by Human Resources Committee, the Trainee Executive Scheme for the son/daughter of in-service staff alongwith the budget required as calculated in para-3 of the memorandum for inclusion in budget proposal-2010 is approved.”

ITEM (8) PRESENTATION ON COST ESTIMATES FOR IMPLEMENTATION OF APPLICATION SOFTWARE SOLUTIONS OFFERED BY SHMA FOR VARIOUS FUNCTIONS OF STATE LIFE.

74. As directed by the Board at its 204th meeting held on 4th Nov. 2009, Mr. Omer Morshed, CEO, Sidat Hyder Morshed Associates (Pvt.) Ltd. (SHMA) gave presentation to the Board on 'Revised Cost Estimates for IT Project and explaining the reasons for difference in the cost previously approved by the Board'.

75. M/s BearingPoint (Consulting firm) had compiled IT Strategy for State Life. Among other things, BearingPoint presented estimated costs on implementing short term and long term strategy. The strategy and budget proposal was approved by the Board in 192nd meeting held on 1st November 2007. This included costs of acquiring and implementing off-the-shelf software as well as the cost of related hardware, networking and other infrastructure costs. As a part of the Strategy Implementation State Life invited proposals for licensing and implementation of application software and selected Sidat Hyder (SHMA) as its vendor.

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

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76. The Board at its 202nd meeting held on 30th June 2009 directed IT Division to prepare revaluated cost for implementation of short term strategy. IT Division prepared specifications on the recommendation of SHMA and revised cost estimates of implementing the Information Systems short term Strategy in consultation with M/s BearingPoint. The revised cost earlier submitted to the Board at its 204th meeting amounted to Rs.748.92 million (inclusive of cost of Disaster Recovery Plan) was higher than those earlier approved by the Board which was Rs. 448 million(excluding the cost of Disaster Recovery Plan).

77. Cost of implementation of Pre-Packaged Solution has increased from Rs.448.00 Million to Rs.649.44 Million with a difference of Rs. 201.44 Million. The Disaster Recovery Plan (DRP) which was earlier proposed in long term Strategy (with cost of Rs.20 Million) has been included in short term Strategy with revised cost of Rs.99.48 Million. The total difference between approved budget and revaluated costs is Rs.280.92 million, break up of which is given at page 3 & 4 of hard copy of the presentation.

78. Mr. Morshed explained that except for costs of acquiring and implementing off-the-shelf software (which has been offered by the local firm - SHMA), all related hardware, software, networking and other infrastructure required for Strategy Implementation are to be acquired in US\$ equivalent. Rupee devaluation impact of Rs.91.99 million has occurred so far on the cost estimates, the breakup of which is given at page 6 & 7 of hard copy of the presentation. Difference of Rs.188.93 million (difference in revaluated cost Rs.280.92 million - Rupee devaluation impact Rs.91.99 million) has resulted from different other factors such as higher specification capacity/cost of hardware and networking and licensing of Databases, Operating Systems., expenses on additional human resources, and on training & change management which is given at page 22 of the presentation.

79. Mr. Morshed further explained that Bearingpoint had used very low prices for determining budgetary estimate for hardware, networking, licensing for Database and Operating Systems and especially Disaster Recovery Plan (DRP). At this point, Syed Hur Riahi Gardezi, Director pointed out that representative of BearingPoint should have been attending this meeting to clear their position. Mr. Saleem Khaliq, DH (IT) explained that DRP has been discussed in the 'Road-Map for IT Strategy' report in detail by the BearingPoint. The cost of DRP depends on existing IT infrastructure model (viz. centralized or distributed) of organization and its degree of tolerance of Disaster Risks. In case any disaster occurs, if IT infrastructure is such that limited operation of organization is affected, then a cheaper DRP is recommended, other wise in case of centralized online environment with almost zero tolerance to disaster risks, one has to invest almost equal on DRP and Primary Data Centre.

80. Syed Hur Riahi Gardezi, Director enquired reason for SHMA's recommendations for forty seven (47) Servers whereas BearingPoint had recommended only three (3) Servers. Mr. Morshed explained that the overall cost of three Servers recommended by BearingPoint and six (6) Servers recommended by SHMA is same. Remaining forty one (41) Servers are smaller in capacity and do not cost much. Their utility is for providing better security &

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<p>network monitoring at zonal level and cost effective communication to the business requirements. Mr. Aslam Faruque Director agreed to above clarification and said that he had already insisted on such arrangements in the earlier Board meetings.</p> <p>81. Mrs. Spenta Kandawalla, Director enquired as to whether M/s BearingPoint has been taken on board on the hardware & other infrastructure items recommended by SHMA and do they agree to these recommendations. DH (IT) explained that details of hardware, software, networking and other infrastructure recommended by SHMA were E-mailed to them and their consent obtained. M/s BearingPoint has actively contributed in obtaining cost estimates and they were shared with them before submission.</p> <p>82. Syed Wahab A. Mehdi, Director asked if any hardware, software, networking and other infrastructure recommended by SHMA was of specific brand/Proprietary Architecture. Mr. Morshed explained that all items except (Oracle products) recommended by SHMA are based on Open Architecture. The Oracle RDBMS and related tools are essential as their Application Software are primarily developed and successfully implemented in different organizations on this platform. He however informed the Board that Oracle's competitor IBM DB2 has claimed that their product consists of such tools which provide seamless migration from Oracle to their product. In this connection, IBM was asked by State Life and SHMA to create such environment to demonstrate their claim. IBM officials initially made their efforts in this regard but could not succeed and later on they did not come up. Mr. Morshed suggested using the term 'RDBMS with allied tools' instead of 'Oracle' with appropriate noting for its use by running the Oracle based software applications smoothly when floating RFP for acquiring Oracles licenses.</p> <p>83. Comparison of item wise of budgeted cost and revaluated costs of hardware and net working based on State Life's and Bearing Point's estimations are given at Page 10 and 12 of the presentation. The details of cost of licenses for Database and Operating Systems estimated to be Rs.136,067,783/= is given at page 14 of the presentation Mr. Morshed explained that major cost difference between BearingPoint and SHMA's recommendations are on:</p> <ol style="list-style-type: none"> 1. Load Balancer 2. Storage 3. Line matrix Printers 4. Routers for Primary Data Center and Regions/Zones 5. Communication infrastructure 6. Oracle and Microsoft Licenses <p>84. These items have been included to provide optimal performance of IT Systems to end-users which will ultimately result in reducing operational cost.</p> <p>85. Mr. Morshed proposed that deferred approach may be adopted by delaying some elements to be acquired at a later stage (after one/two years) because of expected decrease in cost of comparatively older technology. He proposed that by adopting this option and making corrections in the revaluated costs, the</p>			

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revised budget would amount to Rs.689.87 million; whereas the proposed revalued budget for deferred items is Rs.217.72 million. The Board agreed to this proposal.

86. Accordingly it was resolved as under:

RESOLVED

- a) "that enhancement of Rs.221.87 million in the budget approved in the 192nd Board meeting for implementation of short term IT Strategy (by including Disaster Recovery Plan in short term) has been approved. Breakdown is given at Annexure – A to the minutes."
- b) "that Total current revised budget of Rs.472.15 million for current procurement of Hardware, Software, Network infrastructure and related revenue expense is approved. Breakdown is given at Annexure – B to the minutes."
- c) "that a revised budget of Rs.217.72 million for delayed procurement of Hardware, Software, Network infrastructure is approved. Breakdown is given at Annexure – C to the minutes."

ITEM (9) PRESENTATION ON STATE LIFE SUBSIDIARIES I.E. ALPHA INSURANCE CO., PAKISTAN EMERGING VENTURE CAPITAL MANAGEMENT FUND, STATE LIFE ASSETS MANAGEMENT CO AND STATE LIFE ABDULLAH HAROON ROAD PROPERTIES (PVT) LTD.

87. The above item was deferred to the next meeting of the Board due to paucity of time.

ITEM (10) FIVE YEAR BUSINESS PLAN BASED ON THE ASSUMPTION OF INCREASE IN FYP @ 35% AND 40%.

88. A Memorandum giving financial projection for five year 2009-2013 based at i) 35% first year premium and 82% second year persistency and 90% renewal persistency and ii) 40% first year premium and 82% second year persistency and 90% renewal persistency together with comparison management expenses 2009 to 2013 based on above projection with actual expense limit allowed by SECP was submitted before the Board which was noted.

ITEM (11) WINDING UP OF SAMCO.

89. SGM(Investment) presented before the Board, a Memorandum for winding up of State Asset Management Company(SAMCO) which was formed by State Life in collaboration with M/s. Beg Associates in 1995 to engage in open ended mutual funds. The Economic Coordination Committee of Government of Pakistan desired that the company be wound up before it could commence its operations.

90. A copy of previous memorandum submitted to the Board dated 3rd August, 2007 was annexed to the above Memorandum.


Action:
ED(IT)
DH(IT)

Action:
DH(Inv)

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

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<p>Action: DH(Inv)</p>	<p>91. The Board was informed that the accounts of SAMCO have been prepared and audited upto the year 30th June, 2008. The Board of SAMCO in its meeting held on 10-12-2009 decided to wind up the company and fixed the winding up date as 31-01-2010, <i>as per his recommendations of SAMCO</i></p> <p>92. After deliberation, the Board resolved as under:</p> <p>RESOLVED: "that as decided by the Board of Directors of State Asset Management Company (SAMCO) in its meeting held on 10-12-2009 and as proposed by SGM(Investment) in his Memorandum winding up of SAMCO is approved."</p> <p>ITEM (12) PUBLIC PROCUREMENT REGULATORY AUTHORITY RULES – ADOPTION OF ALLOWED LIMIT.</p> <p>93. Executive Director(P&GS) presented before the Board, a Memorandum regarding Public Procurement Regulatory Authority Rules – Adoption of allowed limit.</p> <p>94. The Board of Directors in its 204th Meeting held on 4th November, 2009 has directed to submit a "Working Paper" on existing procurement policy existing in the Corporation at the Principal Office and Regional/Zonal level alongwith working paper should specify the percentage of total procurement that would require tendering and the percentage of total procurement that would be carried out without tendering through quotations and the items or category of items that would be procured in each of the above cases and the number of times the procurement would be carried out during the year and the total amount that would be involved."</p> <p>95. ED(P&GS) presented before the Board a brief overview of existing Procurement Policy that all purchases are made through Procurement Committees. Procurement Committees are Central Procurement Committee(CPC) for Principal Office and Zonal Procurement Committee(ZPC) for Zonal Offices and Regional Procurement Committee(RPC). The detailed procedure of procurement is placed at Annex.-I to the memorandum alongwith percentages of procurement under each category during 2008 and 2009. It was stated that procurement in 2010 will be approximately the same as during 2008 and 2009 with $\pm 5\%$ (Annex.-II to the Memorandum).</p> <p>96. The issue of "emergency" and "emergent" procurement was also highlighted in the Memorandum. It was mentioned that Rule-42 of PPRA Rules specifies that procuring agency can procure goods in normal manner through quotations at a cost of Rs.1,00,000/- extendable upto Rs.5,00,000/- with the approval of the Board. This may also be further extendable beyond Rs.5,00,000/- after seeking approval from the Federal Government. Thus as per Rule 42(b)(i), there is neither any requirement of emergency nor any emergent needs but it is simply an alternate way to procure goods in an economical manner to avoid the undue delay with prime objective of fulfilling the requirement/need of the procuring agency. This argument was also supported by the Rule 4 (Principle of Procurement) of PPRA Rules which emphasizes that the procurement should be fair, transparent</p>			<p>CHAIRMAN'S INITIALS</p> 

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having an efficient and economical process, which can be done through Rule 42(b)(i) without unduly involving an emergency/emergent requirement.

97. The Members of the Board of Directors were therefore requested to consider and if found appropriate approve the financial limit of procurement through quotations upto Rs.5,00,000/- as authorized under Rule 42(b)(i) of PPRA Rules to meet the procurement needs timely and in an economical manner, as this proposal is also in line with Principles of Procurement as per PPRA Rules.

98. Accordingly, it was resolved as under:

RESOLVED:

"that keeping in view the difficulties faced by the Corporation regarding procurement upto Rs. 500,000/-, as well as to ensure that the procurement needs are met timely and in an economical manner, the proposal of ED(P&GS) to increase the financial limit of procurement through quotations upto Rs.500,000/- as authorized under Rule 42(b)(i) of PPRA Rules is approved."

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

ITEM (13) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR

(I) PURCHASE OF 27 MULTIMEDIA PROJECTORS FOR FMD CENTRES & REAL ESTATE DIVISION/PMD AT PRINCIPAL OFFICE.

99. Executive Director(P&GS) presented before the Board, a Memorandum for purchase of 27 multimedia projectors for FMD Centres and Real Estate Division/PMD at Principal Office.

100. Multimedia Projector has become an important tool for effective communications in a simple manner. Due to importance of multimedia projector, almost all organizations have equipped their training facilities as well as other offices with this facility. In order to pace up with other Insurance Organizations in private sector in general and improve the efficiency of SLIC in particular, the offices of State Life especially Field Manpower Development Department (FMD), should have multimedia projector facility in each Zone where courses/seminars are conducted throughout the year.

101. FMD has Regional Training Academies in the four Regions and 26 FMD Training Centres, one in each Zone. Few years back four multimedia projectors were provided to four Regional Training Academies which have shown very good results in presentation during various trainings and seminars.


102. Therefore, purchase of 26 multimedia for FMD Centres justifies their requirement. Besides, one multimedia is required to be allocated to RED(PMD) for presentations of their projects during the meetings of Real Estate Function Committee(REFC) and other project meetings.

103. It was relevant to mention that purchase of 26 multimedia for FMD Centres in Zones has already been approved by the ED(Marketing) and F&A Division has allocated capital budget for this procurement. General Services, Principal Office has called quotations from the vendors vide Tender Notice No.16/2009 through

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<p>Action: (P&GS) DH(P&GS) DGM(GS)</p>	<p>PPRA for supply of 27 Multimedia Model: PLC-XW200. M/s. General Traders has quoted lowest rates of "SANYO Brand" multimedia @ Rs.57,400/-. The total cost of 27 multimedia comes to Rs.1,549,800.</p> <p>104. The matter was placed before the Members of the Board of Directors to consider and approve the amount of Rs.1,549,800/- for purchase of 26 Multimedia for FMD Centres and one for Real Estate Division, Principal Office.</p> <p>105. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that the proposal of ED(P&GS) contained in the Memorandum for purchase of 26 Multimedia for FMD Centres and one for Real Estate Division, Principal Office @ Rs.57,400/- each for total amount of Rs.1,549,800/- is approved."</p> <p style="text-align: center;">(II) REQUEST OF M/S. APWA FOR AN OUT OF COURT SETTLEMENT REGARDING SHOP OF STATE LIFE BUILDING NO.5, KARACHI.</p> <p>106. Executive Director(RE) presented before the Board, a Memorandum in respect of request of M/s. APWA for an out of court settlement regarding shop of State Life Building No.5, Karachi.</p> <p>107. A space measuring 1865 square feet was rented out to M/s. APWA in State Life Building No.5, Karachi @ Rs.1.50 per square feet per month on 01-07-1996. Later on in 1998, it was felt that rent paid was on extremely lowest side, accordingly a fair rent case was filed against M/s. APWA before the Rent Controller, Karachi(South) with a prayer to fix the rent @ Rs.60 per square feet per month.</p> <p>108. While the case was in the progress, Mr. Towfiq H. Chinoy on behalf of his wife Mrs. Zeenat Chinoy, Chairperson, of the subject shop vide letter dated 04-11-2003 requested the then Executive Director(RE) to accept the possession of the said premises and waive the past arrears that may accrue if the court decides the case in favour of Corporation. Subsequently, M/s. APWA in their letter dated 05-12-2003 addressed to the then Chairman against informed about vacation of shop by the end of December, 2003 subject to an out of court settlement viz rent and refund of excess rent paid by them.</p> <p>109. The Real Estate Function Committee(REFC) in its 143rd meeting held on 23-02-2004 supported the proposal of M/s. APWA regarding vacation of the premises and out of court settlement in terms of the said letter and accordingly recommended the matter to the Management. Copy of the REFC minutes is enclosed as an Annexure-C to the Memorandum.</p> <p>110. On the other hand case filed by the Corporation was dismissed vide Judgment dated 27-02-2004, on technical grounds. Being dissatisfied with the decision of the Rent Controller, this Corporation preferred an appeal before the District Judge (South), Karachi on 29-04-2004. It is imperative to mentioned here</p>			<p>CHAIRMAN'S INITIALS</p> 

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that after the appeal was filed by the Corporation, M/s. APWA vacated the premises and handed over the possession on 06-07-2004. However, the judicial proceedings continued and the case was remanded to the Rent Controller for de novo consideration on 16-05-2007.

111. Subsequently, the Rent Controller, Karachi (South) vide Order dated 29-04-2009, ascertained the rent @ Rs.40/- per square feet per month from the date of filing of fair rent application i.e. 29-04-1998. As a consequence of this judgment, arrears amounting to Rs.5.977 million have accrued as rent for the period 29-04-1998 to 06-07-2004. M/s. APWA has now filed an application before the Rent Controller under Section 12(2) CPC to recall the order dated 29-04-2009.

112. Perusal of complete record reveals that M/s. APWA had been requesting for an out of court settlement which was being considered by the Corporation before the court's judgment. The Corporation did not decide the matter viz out of court settlement but in the meanwhile the court decided the matter as discussed in para-5/ante of the Memorandum.

113. Since M/s. APWA has again moved the court (reference para-5/ante), the matter is accordingly placed before the Board of Directors to solicit advise as to whether the case be still pursued before the court or not? In case M/s. APWA gives in writing their willingness to withdraw the case and the Board of Directors is of the view that there is no need for pursuing the matter any further, in that case it is proposed that the Chairman may be empowered to negotiate and decide viz out of court settlement.

114. The Board directed Real Estate Division that since M/s. APWA has filed an application before the Rent Controller under Section 12(2) CPC to recall the order dated 29-4-2009, the case should be pursued by State Life on its merits.

(III) ISSUE OF INDEMNITY TO NON EXECUTIVE DIRECTORS

115. The issue of indemnity to non Executive Directors was brought before the Board by all the Directors.

116. After deliberation, it was decided that an indemnity insurance cover be taken by State Life Insurance Corporation of Pakistan from Alpha Insurance Company Limited to cover financial penalty/liability that may be imposed on the Directors for decision/action taken by them in good faith in the interest of the Corporation.

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

Sauabiqi
(CHAIRMAN)

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

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

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Annexure-A

State Life Insurance Corporation of Pakistan
Implementation of Short Term IT Strategy
Summary of Already Approved and Revised Budget

No.	Description	Budget already approved (Rs. Million)	Enhancement in Budget (Rs. Million)	Total Revised Budget (Rs. Million)
1.	Purchase of Computer Hardware & Networking (for all Life and G&P Zones and PO)	130.00	80.24	210.24
2.	Acquisition of Pre-packaged Software Solution	100.00	(5.22)	124.78
3.	Licenses for database and Operating Systems etc.	80.00	56.07	136.07
4.	Expense on additional Human Resources and others	34.00	17.6	51.60
5.	Expenses on training and change management	12.00	1.8	13.80
6.	Other expenses (Data migration, customization, etc.)	* 30.00		
7.	Purchase of hardware, software and related equipment immediately required for smooth operation during interim period	62.00	(8.10)	53.90
8.	Disaster Recovery Plan	20.00	79.48	99.48
Sub-total		468.00	221.87	689.87

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State Life Insurance Corporation of Pakistan
Implementation of Short Term IT Strategy
Break up of Revised Budget

Annexure - B

No.	Description	Budget already approved (in Millions)	IT Division's Proposed Revaluated Cost (in Millions)	Revised Budget (in Millions)	Affect of Delaying Some Elements (in Millions)	Suggested Current Budget (in Millions)
1.	Purchase of Computer Hardware & Networking (for all Life and G&P Zones and PO)	130.00	210.24	210.24	**79.80	130.44
2.	Acquisition of Pre-packaged Software Solution	100.00	*124.78	124.78		124.78
3.	Licenses for database and Operating Systems etc.	80.00	136.07	136.07	***38.44	97.63
4.	Expense on additional Human Resources and others	34.00	66.81	51.60		51.60
5.	Expenses on training and change management	12.00	57.64	13.80		13.80
6.	Other expenses (Data migration, customization, etc.)	30.00	*	-		
7.	Purchase of hardware, software and related equipment immediately required for smooth operation during interim period	62.00	53.90	53.90		53.90
8.	Disaster Recovery Plan	20.00	99.48	99.48	****99.48	
Sub-total		468.00	748.92	689.87	217.72	472.15

* Acquisition of Pre-packaged Software Solution including Data migration, customization etc.
 ** Refer Annexure-C(Page-1)
 *** Refer Annexure-C(Page-2)
 **** Refer Annexure-C(Page-3&4)

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Annexure - C

State Life Insurance Corporation of Pakistan
Implementation of Short Term IT Strategy
Summary of Hardware & Network Revised Budget

Sr. No.	ITEM	TOTAL Qty	Unit Cost (Rs.)	REV. CUR. QTY.	Revised Current Budget (Rs.)	DELAY ITEMS QTY	DELAYED ITEMS COST (Rs.)	TOTAL COST (Rs.)
1	Server (Database Cluster) High End	3	1,512,000	2	3,024,000	1	1,512,000	4,536,000
2	Server (Application Cluster) High End	3	1,344,000	2	2,688,000	1	1,344,000	4,032,000
3	Server (Medium size) PDC=2, Regions=4	6	504,000	0	0	6	3,024,000	3,024,000
4	Server Entry Level (Directory Services+ Anti Virus) PDC=4, L Zones=26, G-Zones=4, Gulf=1	35	252,000	0	0	35	8,820,000	8,820,000
5	SAN 27TB	1	4,200,000	1	4,200,000	0	0	4,200,000
6	Load Balancer	2	2,268,000	2	4,536,000	0	0	4,536,000
7	Desktop PCs	500	50,400	250	12,600,000	250	12,600,000	25,200,000
8	Laser Printer (Desktop)	300	18,900	150	2,835,000	150	2,835,000	5,670,000
9	Laser Printer (Network)	40	210,000	20	4,200,000	20	4,200,000	8,400,000
10	Line Matrix Printers	30	420,000	15	6,300,000	15	6,300,000	12,600,000
11	Switches (Gigabit) for PDC	2	1,512,000	2	3,024,000	0	0	3,024,000
12	Switches (100mbps)	24	420,000	24	10,080,000	0	0	10,080,000
13	Routers (High End) for PDC	2	2,940,000	2	5,880,000	0	0	5,880,000
14	Routers (Low End) 2 for each Region & 1 for each Zone including Gulf	39	420,000	20	8,400,000	19	7,980,000	16,380,000
15	Routers (Basic- for Collection centers)	70	126,000	30	3,780,000	40	5,040,000	8,820,000
16	Hardware Firewall	2	336,000	2	672,000	0	0	672,000
17	Generator (30 KVA)	1	1,218,000	1	1,218,000	0	0	1,218,000
18	UPS 12KVA for Servers (Rack mount Model)	1	714,000	1	714,000	0	0	714,000
19	UPS 6KVA for Regional Offices	4	250,000	4	0	4	0	0
20	UPS for Servers (1 KVA)	70	16,800	40	672,000	30	504,000	1,176,000
21	Rack for Servers and Networking Equipment	1	1,008,000	1	1,008,000	0	0	1,008,000

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22	Rack for UPS	2	84,000	2	168,000	0	0	168,000
23	Network and Power Cabling (Improvements in zones and Regional Office)	34	200,000	34	6,800,000	0	0	6,800,000
24	Network and Power Cabling (Collection Counters)	70	100,000	40	4,000,000	30	3,000,000	7,000,000
25	Network and Power Cabling (Principal Office)	300	3,000	300	860,000	0	40,000	900,000
26	Site Preparation (Primary Data Centre)	1	600,000	1	600,000	0	0	600,000
27	Split ACs of 2 Tons	3	60,000	3	180,000	0	0	180,000
28	Communication Infrastructure & Services at 109 Locations				42,000,000		22,601,000	64,601,000
Total Hardware & Network cost					130,439,000		79,800,000	210,239,000

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State Life Insurance Corporation of Pakistan
Implementation of Short Term IT Strategy
Summary of RDBMS and Operating Systems Cost Estimates
with Option of Delayed Purchase

Primary Data Centre (Oracle Licensing) Current Requirement

Product Details	Metric	List Price US\$	# of Cores	Multi-cores Discount	Total Price US\$	# of Cores	Multi-cores Discount	Total Price US\$
Database Server Enterprise Edition	Processor	47,500	24	12	570,000	16	8	380,000
Real Application Cluster Partitioning	Processor	23,000	24	12	276,000	16	8	184,000
Diagnostic Pack	Processor	11,500	24	12	136,000	16	8	92,000
Tuning Pack	Processor	5,000	24	12	60,000	16	8	40,000
Provisioning & Patch Automation Pack	Processor	5,000	24	12	60,000	16	8	40,000
Internet Application Server Enterprise Edition	Processor	3,500	24	12	42,000	16	8	28,000
Diagnostic Pack for Oracle Middleware	Processor	35,000	24	12	420,000	16	8	280,000
		7,000	24	12	84,000	16	8	56,000
Total					1,650,000	Total		1,100,000

Maintenance/Test Site (Oracle Licensing)

Product Details	Metric	List Price (US\$)	# of Cores	Multi-cores Discount	Total Price (US\$)	# of Cores	Multi-cores Discount	Total Price (US\$)
Oracle Database Enterprise Edition	Processor	47,500	4	2	95,000	4	2	95,000
Partitioning	Processor	11,500	4	2	23,000	4	2	23,000
Diagnostic Pack	Processor	5,000	4	2	10,000	4	2	10,000
Tuning Pack	Processor	5,000	4	2	10,000	4	2	10,000
Oracle Application server Enterprise edition	Processor	35,000	4	2	70,000	4	2	70,000
Diagnostic Pack for Oracle Middleware	Processor	7,000	4	2	14,000	4	2	14,000
Total					222,000	Total		222,000

Total Cost of Oracle Licenses in US\$	1,872,000			1,322,000
1st year support cost in US\$ @ 22% per Annum	411,840	0.634		290,840
Total Cost with first year support in US\$	2,283,840			1,612,840
Special Discount 36.6%	835,885			580,622
Discounted Price US\$	1,447,955			1,032,218
Total Cost Pak Rupees (@Rs.84)	121,628,183			86,706,278

PDC & Test Site (Operating System Licensing)

Product Details	Metric	List Price (US\$)	# of Servers / Desktop	Total Price (US\$)	# of Servers / Desktop	Total Price (US\$)
Microsoft Window 2008 Server Enterprise Edition.	Server	2,500	6	15,000	4	10,000
Microsoft Window 2008 Server Standard Edition.	Server	900	41	36,900	0	0
Microsoft Window 2008 Server's clients Per Annum.	Desktop	40	1500	60,000	1500	60,000
Server Antivirus Clients	Desktop	40	1500	60,000	1500	60,000

Total Cost of Microsoft Licenses in US\$ **171,900** **130,000**

Cost of Microsoft Licenses Pak Rupees (@Rs.84) **14,439,600** **10,920,000**

TOTAL COST OF SOFTWARE (Rs.) **136,067,783** **97,626,278**

Delayed software Cost (Rs.) **(38,441,505)**

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**DISASTER RECOVERY SITE COST ESTIMATES
HARDWARE COSTS (WITH OPTION OF DELAYED PURCHASE)**

1 US\$ = PKR 84

No.	ITEM	QTY	Unit Cost (US\$)	Unit Cost (PKR)	TOTAL COST (PKR)
1	Server (Database Cluster) High End	2	18,000	1,512,000	3,024,000
2	Server (Application Cluster) High End	2	16,000	1,344,000	2,688,000
3	Servers Medium Size	1	6,000	504,000	504,000
4	Servers Entry Level Size	4	3,000	352,000	1,008,000
5	SAN 27TB	1	50,000	4,200,000	4,200,000
6	Load Balancer	1	27,000	2,268,000	2,268,000
7	Switches (Gigabit)	1	18,000	1,512,000	1,512,000
8	Switches (100mbps)	2	5,000	420,000	840,000
9	Routers (High End)	2	35,000	2,940,000	5,880,000
10	Firewall Hardware	1	4,000	336,000	336,000
11	Generator (30 KVA)	1	14,500	1,218,000	1,218,000
12	UPS Rackmount for Servers (12 KVA)	1	9,000	756,000	756,000
13	Rack for Servers and Networking Equipment	1	12,000	1,008,000	1,008,000
14	Rack for UPS	1	1,000	84,000	84,000
15	Site Preparation	1		600,000	600,000
16	Split ACs of 2 Tons	2		60,000	120,000
17	Miscellaneous expense			747,000	747,000

Total Hardware Cost: PKR 26,793,000

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SOFTWARE COSTS (WITH OPTION OF DELAYED PURCHASE)

(i) Oracle Technology Products' Licenses

No.	Product Details	Metric	List Price US\$	# of Cores	Multi-cores Discount	Total Price (US\$)
1	Oracle Database Enterprise Edition	Processor	47,500	16	8	380,000
2	Real Application Clusters	Processor	23,000	16	8	184,000
3	Partitioning	Processor	11,500	16	8	92,000
4	Diagnostic Pac	Processor	5,000	16	8	40,000
5	Tuning Pac	Processor	5,000	16	8	40,000
6	Provisioning and Patch Automation Pac	Processor	3,500	16	8	28,000
7	Oracle Internet Application server Enterprise edition	Processor	35,000	16	8	280,000
8	Diagnostic Pack for Oracle Middleware	Processor	7,000	16	8	56,000

Listed Price US \$ 1,100,000
 First year's support cost (@ 22% per Annum) US\$ 242,000
 Total Price US\$ 1,342,000
 Special Discount of 36.6% US \$ 491,172
 Discounted Price US\$ 850,828
Total Estimated Cost of Oracle Licenses PKR 71,469,552

(ii) Microsoft Licenses

No.	Product Details	Metric	List Price US\$	# of Servers/Desktop	Total Price US\$
1	Microsoft Window 2008 Server Enterprise Edition	Server	2,500	4	10,000
2	Microsoft Window 2008 Server Standard Edition	Server	900	5	4,500

Listed Price US \$ 14,500
Total Estimated Cost of Microsoft Licenses PKR 1,218,000

Total Software Cost: PKR 72,687,552

Total Estimated Cost for Disaster Recovery Site: PKR 99,480,552

