

MINUTES OF 216TH MEETING OF THE BOARD OF DIRECTORS

CTORS	HELD AT	ON	TIME
TE BOOK	KARACHI	15 TH DECEMBER, 2010	

CONFIDENTIAL AND RESTRICTED

The 216th Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Wednesday, 15th December, 2010 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. Mr. Shahid Rahim Shaikh | Director |
| 3. Mrs. Spenta Kandawalla | Director |
| 4. Mr. Aslam Faruque | Director |
| 5. Mr. Rasheed Y. Chinoy | Director |
| 6. Syed A. Wahab Mehdi | Director |
| 7. Mr. Akbarali Hussain | Secretary Board |

LEAVE OF ABSENCE:

- | | |
|---------------------------|----------|
| 1. Mr. Amin Qasim Dada | Director |
| 2. Syed Hur Riahi Gardezi | Director |

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

ITEM (1) CONFIRMATION OF MINUTES OF 215TH MEETING OF THE BOARD OF DIRECTORS.

3. The minutes of the 215th meeting of the Board of Directors held on 19th October, 2010 together with implementation report were placed before the Board.

4. Implementation report of 215th meeting of the Board of Directors were noted.

5. Mrs. Spenta Kandawalla, Director proposed and Mr. Rasheed Y. Chinoy, Director seconded that the minutes of 215th meeting of the Board of Directors be confirmed.

6. Accordingly, it was resolved as under:-

RESOLVED:

"that the Minutes of 215th meeting of Board of Directors held on 19th October, 2010 are confirmed."

ITEM 2 CONSIDERATION AND APPROVAL OF RECOMMENDATIONS IN MINUTES OF 36TH AND 37TH MEETINGS OF BOARD AUDIT COMMITTEE HELD ON 29TH NOVEMBER, 2010 AND 14TH DECEMBER, 2010.

7. The minutes of the 36th and 37th meetings of Board Audit Committee held on 29th November, 2010 and 14th December, 2010 were presented before the Board of Directors for consideration and approval of decisions/recommendations made by the Committee. A copy of the minutes of the 36th and 37th meeting of BAC duly signed by the Chairman of the Board Audit Committee are placed at Annexure-A and B to the Minutes.

Action:
Secretary
(Board)

CHAIRMAN'S
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Action: Secretary (BAC)	<p>8. Accordingly, the Board resolved as under:</p> <p>RESOLVED:</p> <p>"that the minutes of 36th and 37th meetings of Board Audit Committee held on 29th November, 2010 and 14th December, 2010 together with observations/recommendations are approved."</p> <p>"that ED(F&A) was hereby authorized to take all necessary steps including advertisement in newspaper for short listing and appointment of a outside Consultant from Class-A category Consultant laid out as per PPRA rules to review the existing system/structure of Internal Audit Division and develop an internal audit manual containing policies conforming with a) ERP, b) Anti Fraud Program and Control c) chart of delegation of financial powers and d) compliance of directives and rules and regulations issued from time to time by various regulatory authorities including SECP and Ministry of Finance and corporate governance."</p> <p>"that the terms of reference of the consultant to be appointed to develop internal audit manual as proposed by the Committee comprising of GM(IA&C), GM(F&A), GM(Investment) and DGM(GS) and as given below was approved:</p> <ol style="list-style-type: none"> 1) Review of audit manual prepared by M/s. Yousuf Adil & Co. and reasons for its non implementation. 2) Review of existing internal controls, system and structure of internal audit and to suggest improvements. 3) Specify the scope of work of IA&C Division. 4) Recommendation for the removal of weaknesses in present system. 5) Review of documentations of money receipt and payments made in consultation with Managements. 6) Review of system for protecting, properties & fixed assets from theft, misuse and misappropriation. 7) Review system of physical verification of assets and properties. 8) Review and recommend the procedure for audit of commission structure and payments on sampling basis. 9) Develop a system for financial analysis/periodic audit report for the Management. 10) Develop a system for surprise checking of activities/jobs/assets of various Divisions/Departments at PO/Region/Zone. 11) Development of a system for inter-Divisional Co-ordination of IA&C with other Divisions of the Corporation. 12) Review of financial powers and authorities and responsibilities of officers of the Corporation. 13) Manpower requirements/recruitments and placement of the staff/officers to effectively implement the changes suggested by him. 14) Recommend and suggest training program for audit staff and officers to update them with the modern audit techniques. 15) Submit a final and comprehensive practically applicable report and coordinate in implementation of the recommendations made by him 		

CHAIRMAN'S
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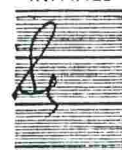

MINUTES OF 216TH MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME
TE BOOK	KARACHI	15 TH DECEMBER, 2010	
<p>i.e. Appointed Consultant.</p> <p>16) Review of all policies of chart of delegation of financial powers and administrative powers.</p> <p>17) Strategic vision of State Life.</p> <p>18) Compliance of various rules and regulations of Insurance Ordinance and directives issued by SECP and Ministry of Finance and other regulatory authorities from time to time.</p> <p>ITEM (3) CONFIRMATION OF RESOLUTION DATED 21-10-2010 PASSED THROUGH CIRCULATION IN RESPECT OF APPROVAL OF REVISION IN TOTAL STRENGTH OF AREA MANAGERS FROM 680 TO 710.</p> <p>9. The Secretary Board presented before the Board, a Memorandum for confirmation of resolution dated 21-10-2010 passed through circulation under Section 3(11) of State Life Insurance Corporation (General) Regulations, 1972 in respect of approval of revision in total strength of Area Managers from the existing 680 to 710 so as to enable appointment of remaining fully qualified candidates as Area Managers from Sales Managers in 2010 on the basis of performance as at 31-12-2009.</p> <p>10. The Area Managers are appointed out of those Sales Managers who on the basis of business performance as per laid down criteria qualify for selection and appointment.</p> <p>11. In 2010, on the basis of performance as at 31-12-2009, 130 Sales Managers fully qualified for appointment as Area Managers, however, due to limited provision of new appointees to the tune of 99 Area Managers in the budget proposals 2010, the existing strength of Area Managers was approved by the Board from 550 to 680 in its 213th meeting held on 22-07-2010. Consequently, 95 Sales Managers were appointed as Area Managers out of 130 qualified candidates, while the remaining duly qualified candidates were denied promotion even though they were fully qualified and cleared by the Selection Committee.</p> <p>12. The matter was discussed during course of recently held meeting of the Regional Forum in presence of the Chairman and the General Manager(F&A). It was discussed and decided that in the Revised Budget 2010 proposals, provision for appointment of remaining fully qualified candidates as Area Managers may also be made. Consequently, on the request of Marketing Division, the required provision for 31 Area Managers has been made by the F&A Division in the revised budget proposals 2010.</p> <p>13. Marketing Division, therefore, suggested that by virtue of relevant budget provisions, revision in total strength of Area Managers may be revised to 710. Marketing Division is fully confident that this arrangement will certainly open new geographical avenues of State Life to help us achieve our legitimate business targets. The provisions of the additional Area Managers so approved will be made in the revised budget estimates for the year 2010 which will be submitted to the Board for approval.</p>			
			CHAIRMAN'S INITIALS

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<p>Action: ED(Mkt) DH(Mkt)</p>	<p>14. The members of the Board were requested in the Memorandum to kindly consider by circulation by putting their signatures against their names, if they agreed, for the approval of the revised strength of Area Managers as 710 from the existing 680 Area Managers for appointment of remaining eligible candidates in 2010.</p> <p>15. Accordingly, the Board may pass the following resolution:-</p> <p>"Resolved that the recommendations of Executive Director (Marketing) that the strength of Area Managers be revised to 710 from the existing strength of 680, so as to enable appointment of remaining fully qualified candidates as Area Managers in 2010, is hereby approved."</p> <p>RESOLVED: "that the recommendation of Executive Director (Marketing) contained in the Memorandum dated 21-10-2010 passed through circulation for revision of existing strength of Area Managers from 680 to 710 so as to enable appointment of remaining fully qualified candidates as Area Managers in 2010 is hereby confirmed under Section 3(11) of State Life Insurance Corporation (General) Regulations, 1972."</p>		
	<p>ITEM 4(I) CONSIDERATION AND APPROVAL OF RECOMMENDATIONS IN MINUTES OF 14TH MEETING OF REAL ESTATE AND INVESTMENT DIVISION COMMITTEE.</p> <p>16. The minutes of the 14th meeting of Real Estate and Investment Division Committee held on 18th October, 2010 was presented before the Board of Directors for consideration, confirmation and approval of its recommendations. A copy of the minutes duly signed by the Chairman, REIC are placed at Annexure-C to the Minutes.</p> <p>17. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that the minutes of 14th meeting of Real Estate and Investment Division Committee held on 18th October, 2010 together with following recommendations are approved."</p> <p>"that the recommendations of the Real Estate and Investment Division Committee that market rent should be charged for the SLIC flats under occupation of Mr. Nasir Javed Khan(MD Alpha Insurance) who has since retired from State Life and other officers of Alpha Insurance was approved."</p> <p>"that due diligence of properties offered by Dawood Investment Bank for settlement of amount outstanding to State Life against COI issued be carried out in all respect including ownership status, valuation and legal status as to title and Court orders before submission of the case by Investment Division to the Board."</p>		

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ECTORS	HELD AT	ON	TIME
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<p>"that the recommendation of REIC that liquidated damages clause be imposed on the contractor as per contract agreement in respect of ongoing works at Larkana building of State Life for delays on the part of the contractor was approved."</p> <p>"that the recommendation of REIC to delete from tenders airconditioning items which should be installed by respective Zones and tenants Rahim Yar Khan, Sialkot and Sargodha Zone project was approved."</p> <p>"that the recommendation of REIC to carry out initial environmental examination in respect of Rahim Yar Khan, Sargodha and Sialkot projects before mobilization was approved."</p> <p>"that the proposal of REIC on the basis of recommendations of the consultant / project manager to grant extension to contractor of Gujranwala project upto 15th February, 2011 due to unavoidable delay was approved."</p> <p>"that the recommendation of REIC to get stamp duty of SLIC properties as endorsed by Revenue Department, Punjab exempted was approved."</p> <p>"that the recommendation of REIC for preparation of PC-1 in respect of Sargodha, Sialkot and Rahim Yar Khan projects for formal approval of DWP as per their requirement was approved."</p> <p>"that the recommendation of REIC for setting up of a project monitoring unit (PMU) for SLIC projects under DH(RE) and comprising of one engineer and two support staff to be placed at Principal Office, Karachi with one civil engineer each to be placed at Sargodha, Sialkot and Rahim Yar Khan to monitor progress of projects in terms of quality assurance and management perspective to mitigate to all projects orientated matters and apprise REIC and SLIC Board of the progress for timely decision making was approved. The scope of project monitoring unit would be enhanced in case of future projects being mobilized by State Life at Lahore and Karachi. One Engineer is already posted at Principal Office at Karachi."</p> <p>"that separate PC-1 be prepared for PMU for all projects (as one package) with time line with implementation and the same be formally got approved from DWP was approved by the Board. PC-1 to include employment on contract basis of 4 suitably qualified and experienced civil engineers and two support staff (surveyors) to monitor progress of Rahim Yar Khan, Sialkot and Sargodha projects till completion."</p> <p>"that in order to reduce the work load and to achieve meaningful results, the recommendation of REIC to divide Interior Sindh and Karachi into three Sub Zones for better administration and for exercising proper technical administrative and financial control with each Sub Zone to be headed by DGM/AGM as per availability of engineers was approved as follows:-</p> <ol style="list-style-type: none"> <u>Interior Sindh</u>. To look after all properties and 2,11,784 sft rentable spaces (8%) located in Interior Sindh out of which 51% is vacant. <u>Karachi - A</u>. To look after 8,39,413 sft 32% of rentable spaces comprising buildings # 3,5,8,9,10,11,12 & Jason Centre. 			

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	<p>c. <u>Karachi - B.</u> To be responsible for tenancy issues of 6,34,181 sft (24%) of rentable spaces for buildings # 1,2,4,6 and 7 & plus residential accommodation at Karachi.</p> <p>"that the recommendation of REIC that RED at PO should take on PMU, Maintenance, Security, Recoveries contract management and Legal issues in addition to exercising overall technical, administrative and financial controls was approved."</p> <p>"that the Board appreciated the efforts put in by GM(RE) in respect of mutation and transfer of Lahore properties and qualitative working paper prepared for DWP."</p> <p>ITEM 4(ii) CONSIDERATION AND APPROVAL OF RECOMMENDATIONS IN MINUTES OF 15TH MEETINGS OF REAL ESTATE AND INVESTMENT DIVISION COMMITTEE.</p> <p>18. The minutes of the 15th meetings of Real Estate and Investment Division Committee held on 30th November, 2010 were presented before the Board of Directors for consideration, confirmation and approval of its recommendations. A copy of the minutes duly signed by the Chairman, REIC are placed at Annexure- D to the Minutes.</p> <p>19. Accordingly, the Board resolved as under:</p> <p><u>RESOLVED:</u></p> <p>"that the minutes of 15th meeting of Real Estate and Investment Division Committee held on 30th November, 2010 together with following recommendations are approved."</p> <p>"that the recommendation of REIC for due diligence by GM(Investment) of the alternate proposal received from First Dawood Investment Bank Ltd (FDIBL) on offer to State Life of percentage of shareholding in Takaful Insurance Company owned by them for settlement of their dues to State Life against COI issued by (FDIBL) and subsequent submission of a position paper to the Board for consideration and approval was approved."</p> <p>"that a Memorandum be submitted to the Board in respect of expression of interest received in respect of Multan and Abdullah Haroon Road properties after due diligence by RED of valuation and legal aspects of the properties."</p> <p>"that the recommendation of REIC for posting of an experienced senior engineer at Larkana for supervision of the ongoing works at State Life Larkana building to ensure timely completion and to provide relief to the Zone currently housed in a displaced building was approved."</p> <p>"that the recommendation of REIC for constitution of an internal committee headed by ED(RE) to formalize the entire episode of damages to SLIC building due to explosion at CID building and to come with specific recommendation to address similar situation for future and to beef up safety/security measures was approved."</p>		

Action:
ED(RE)
DH(RE)

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	<p>"that a Memorandum be submitted to the Board in respect of amalgamation of two State Life plots near FTC measuring 9468 sq. yards and 4292 sq. yards with 60 feet road located between both the plots which AWT has agreed to vacate in lieu of 90 feet road to be provided by SLIC near NIC building for consideration and approval after completion of all the valuation formalities regarding space to be vacated by AWT and offer of road with extra strip to AWT by State Life from technical, construction, financial perspectives and resultant advantage to SLIC due to amalgamation of plots."</p> <p>"that the recommendation of REIC for setting up of project monitoring unit (PMU) for SLIC projects which has been made compulsory by DWP was approved. PMU shall perform technical monitoring and quality assurance for all the new projects to be undertaken by State Life. The PMU shall ensure qualitative execution of works and timely completion of the project and keep REIC and SLIC Board abreast of the progress for timely decision making."</p> <p>"that the recommendation of REIC for preparation of PC-1 comprising of i) part-I – structuring, scope, functions and duties of PMU and ii) Part-II for establishment and cost effect with time line (Rs.16.15 million) for employment of four qualified civil engineers and two support staff to monitor qualitative and time construction at sites of Rahim Yar Khan, Sialkot and Sargodha projects and PO was approved."</p> <p>"that a strategic plan comprising of a) short term(one to two years) b) mid term(3 to 5 years) and c) long term (5 to 10 years) prepared by RED to contribute to increase in overall rental as well as increases in the rentable spaces be evaluated and submitted to the Board for consideration and approval."</p> <p>"that ED(RE) should look into the circular No.094/76 dated July 5, 1976 issued by Administration Division in respect of standard of furniture and equipment approved for officers and staff of the Corporation and circular No.P&GS/PO/04/2000 dated February 11, 2000 wherein space standard has been laid down by the Board Integration Committee for Executive Directors, Zonal Heads and other officers and staff members together with furniture and fixture entitlement for officers and staff and submit a position paper on changes if any proposed by RED together with financial impact for approval of the Board so that rentable area can be maximized and revenue increased. The benefits in monetary and administrative terms be highlighted in the Position Paper for information of the Board."</p> <p>"that the Board appreciated (i) the dedicated and devoted efforts of DH(RE) for quick restoration of substantial damages to SLIC Building No. 9 & 3 with utmost economy (ii) placement of SLIC Building No. 10 on annual rental of Rs. 1 million per month with built in arrangements for repair and restoration of the building exteriors, services and structures interior works done and (iii) relentless efforts in getting State Life Laytton Road property at Lahore measuring 17.75 Kanals mutated."</p>		

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	<p>ITEM 4(iii) VIEW POINT OF CONSULTANT/CONTRACTOR AND LEGAL ADVISOR ON SEISMIC ZONING OF ISLAMABAD TOWER BUILDING.</p> <p>20. The Board of Directors at its 215th meeting held on 19th October, 2010 had desired that a Memorandum be put up before the Board giving therein details of seismic zoning of Islamabad Tower so that the Board can review the same and take necessary decision as to change in design of Islamabad Tower Building. The view point of consultants, contractors and legal advisor be also incorporated in the Memorandum. The saving that would arise out of the recommendation of the Real Estate Division be also put up before the Board.</p> <p>21. Divisional Head (Real Estate) presented before the Board, a Memorandum regarding design on Seismic Zone 3 in respect of Islamabad Tower Project. Islamabad Tower Project was designed at Seismic Zone (2B) which is more economical. During construction at foundation stage, Pakistan experienced the severe earthquake. Consequently, structural design of Islamabad area was upgraded to Seismic Zone 3.</p> <p>22. The aspect was mitigated at foundation design and remaining (G + 4) floors were designed / mitigated as per Seismic Zone-3. Phase-1 of the project was completed.</p> <p>23. Phase-II (6th to 18th) floor has been designed, contracted and mobilized as per Seismic Zone-3, whereas, the Govt. of Pakistan has notified for Islamabad to be placed back on Zone-2B, which if incorporated, could have been affected the economy.</p> <p>24. As directed by the Board technical opinion of the Consultant (i.e. M/s Suhail & Pasha) was obtained which is attached to the Memorandum. Technical advice of the Consultant is summarized as under:-</p> <p>"We are of the considered opinion that further exercise(s) thereupon would be counter productive; more so realizing that the delay, of \pm 4 months in the construction/completion of the project (because of the said exercise(s) as assessed by our structural designers), means substantial financial loss(es) to SLIC in terms of rental revenues, contractors claim(s) for idle labour charges etc. for the period the work would remain suspended."</p> <p>25. The case is placed for appraisal of the Board please.</p> <p>26. Accordingly, the Board resolved as under:</p> <p>RESOLVED:</p> <p>"that the recommendation given in the technical opinion of the Consultant i.e. M/s. Sohail & Pasha that further exercise(s) thereupon would be counter productive; more so realizing that the delay, of \pm 4 months in the construction/completion of the project (because of the said exercise(s) as assessed by our structural designers), means substantial financial loss(es) to SLIC in terms of rental revenues, contractors claim(s) for idle labour charges etc. for the period the work would remain suspended as such construction be continued as per Seismic Zone-3 specifications was approved."</p>		

Action:
ED(RE)
DH(RE)

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<p>Action: DH(Inv) DH(Mkt) DH(G&P)</p> <p>27. The business review of Marketing and Group & Pension for and upto the period ended on 31st October, 2010 and for Investment Division for and upto the period ended on 30-11-2010 were placed before the Board which was noted.</p> <p>28. The highlight of Individual Life Business and Group Life Business for the period ended on 31st October, 2010 is placed at Annexure-E and F to the Minutes.</p> <p>29. GM(Investment) presented before the Board, business review of Investment Division for and upto the month of November, 2010, detail of which are placed at Annexure-G to the Minutes.</p> <p>Action: DH(Inv)</p> <p>30. The Board desired that Investment Division should submit a position paper to the Board at its next meeting on steps taken for realization of capital gains by Investment Division during the year 2000 to 2010 to enable payment of bonus to policyholders including sale of equities.</p> <p>✓ ITEM (6) <u>APPROVAL OF INVESTMENT MANUAL.</u></p> <p>31. Divisional Head (Investment) submitted before the Board, a Memorandum for approval of Investment Manual.</p> <p>32. The Board at 215th meeting held on 19th October, 2010 directed preparation of investment manual which should contain copies of Government circulars and directives, investment policy, directives of the Board, requirements of Insurance Ordinance and Rules, criteria of selection of brokers, recommendations of ADB etc.</p> <p>33. As desired, all directives and instructions contained in various documents have been summarized and investment manual is being submitted to the Board for consideration.</p> <p>Action: DH(Inv)</p> <p>34. The Board directed that the Investment Division should ensure that the investment manual submitted to the Board is as per the guidelines given in the investment strategy suggested by M/s. Sidat Hyder Morshed Associates (Pvt) Ltd and approved by the Board at its 207th meeting held on 2nd March, 2010.</p> <p>Action: DH(Inv)</p> <p>35. Due to paucity of time, the consideration of the above item was deferred by the Board till its next meeting to be held on 14th February, 2011.</p> <p>ITEM (7) <u>POSITION UPDATE OF HEALTH INSURANCE FOR THE RECEIPT OF BENAZIR INCOME SUPPORT PROGRAMME(BISP) WASEELA-E-SEHET.</u></p> <p>36. Executive Director(G&P) presented before the Board, a position update of health insurance for the recipients of Benazir Income support programme (BiSP) Waseela-e-Sehet.</p>			

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	<p>37. The competent authority in State Life Insurance Corporation of Pakistan vide circular No.G&P/Po/PHS/CIR-01/2001 dated June 06,2001 had decided not to carry on with health insurance business (Annexure-A to the Memorandum), notwithstanding State Life prior to promulgation of the Insurance Ordinance, 2000, had been writing small amount of health insurance business. The Ordinance ibid had made it obligatory upon life insurers to establish a separate statutory fund for selling health insurance products.</p> <p>38. State Life's Board of Director in its 202nd meeting held on June 30, 2009 deliberated upon the health insurance business in its entirety and in the context of State Life's corporate social responsibility in particular, resolved that the government be requested to contribute Rs.250 million for setting up Health and Accident Insurance Statutory Fund for health insurance business. In addition steps/measures be also taken for developing necessary infrastructure (Annexure-B to the Memorandum). The Board had further directed that State Life may commence writing group health insurance business after completing the necessary formality of informing the SECP about it.</p> <p>39. In pursuance thereof State Life Corporation of Pakistan vide letter No. Act/X-12/2009 dated July 8,2009 addressed to the Commerce Secretary has requested the government of Pakistan to make a capital contribution of Rs. 250 million from Shareholders Fund of State Life to the new Health and Accident Insurance Statutory Fund adjustable to the Shareholders Fund from the Government's share of surplus for the year ending on December31,2009 (copy of State Life's letter is placed at Annexure-C to the Memorandum).</p> <p>40. Finance Division, Government of Pakistan vide Memorandum F.No.2(2) CF111/2010-734 dated August 10,2010 has accorded concurrence to the proposed Health and Accident Insurance Scheme and Statutory Fund in principle however State Life was advised to seek the budget for the subject scheme from Finance Division rather than adjusting the amount at source from the receipts' share of the Federal Government.(copy of Finance Division letter is placed at Annexure-D to the Memorandum).</p> <p>41. Accordingly State Life vide letter dated August 16, 2010 has requested the Finance Division, Government of Pakistan for sanction of an amount of Rs. 350 million for State Life to establish Health and Accident Insurance Statutory Fund (copy of State Life letter is placed at Annexure-E to the Memorandum).</p> <p>42. The Secretary/Managing Director, Benazir Income Support Programme (BISP) contacted State Life Insurance Corporation of Pakistan under directive from Government of Pakistan to initiate health insurance coverage scheme for the recipients of Benazir Income Support Programme. Under the BISP scheme, each family will be insured for Rs. 25000/- for expenses relating to hospitalization and medical treatment.</p> <p>43. The Board was further informed that BISP is pressing hard to sign a Memorandum of Understanding (MoU) with State Life. Copy of the MoU is placed at Annexure-F to the Memorandum. MoU defines the role of SLIC and its partners. It gives SLIC complete freedom to form consortium of other life insurers for provision of health service. BISP has selected initially four Districts, one in</p>		

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	<p>each Province as model District for pilot projects for health insurance coverage for the recipients of BISP.</p> <p>44. Subsequently Ministry of Commerce (Insurance Wing) vide its letter No.18(I)/2009/SLIC-Ins dated 6th October, 2010 based on the queries of Finance Division has asked State Life for full details of the proposal in which the Fund involving Rs. 250 million was demanded and the justification for demand of Rs. 350 million afterwards. (Copy of Ministry of Commerce letter is placed at Annexure-G to the Memorandum).</p> <p>45. SLIC vide letter dated November 3, 2010 (Annexure-H) has responded stating therein that Rs. 330 million has been reflected as estimated solvency margin and Rs. 30 million as capital expenditure. Thus we may say that an amount of Rs. 350 million is needed by State Life to establish 'Health and Accident Insurance Fund'.</p> <p>46. The above Memorandum was placed before the Board for information which was noted.</p> <p>ITEM (8) GROUP TERM INSURANCE FOR BREADWINNER OF FAMILIES RECIPIENT OF BENAZIR INCOME SUPPORT PROGRAMME(BISP) WASEELA-E-SEHET.</p> <p>47. Executive Director (G&P) presented before the Board, a Memorandum in respect of Group Term Insurance for Breadwinner of Families - Recipient of Benazir Income Support Programme (BISP) Waseela-e-Sehet.</p> <p>48. ED(G&P) informed that in a meeting held on September 23, 2010 in Islamabad duly attended by the Chairman, State Life Insurance Corporation of Pakistan and the chairperson, Benazir Income Support Programme, the progress of Health Insurance Scheme for the recipients of Benazir Income Support Programme was reviewed. It was informed that the Statutory Health and Accident Insurance Fund is still pending for want of approval in the Finance Division. State Life thus is in no position to sign MoU with the BISP, nor can it propel any health insurance scheme at this state.</p> <p>49. The Chairperson BISP expressed the desire that since no progress could be made in the Health Insurance Scheme for BISP beneficiaries, State Life Insurance Corporation may, in the mean time provide Group Term Insurance to the breadwinners-recipients of BISP.</p> <p>50. The Chairman informed the Board that the Chairperson Benazir Income Support Program had suggested contribution rate of Rs.150 per hundred thousand sum assured. In addition to contribution rate, BISP shall pay SLIC Rs. 50 per member (for printing of insurance certificate), Rs. 30 per member (as administration expenses) and Rs.3000 per reported claim for investigation of claim. All these charges are subject to review after every six months. Further BISP has also agreed to go through experience review after every six months every year and reimburse SLIC any excess of claims over contribution.</p> <p>51. The above Memorandum was placed before the Board for information which was noted.</p>		
<p>Action: ED(G&P) DH(G&P)</p>			
<p>Action: ED(G&P) DH(G&P)</p>			

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<p>ITEM (9) POSITION PAPER ON BUSINESS PLAN OF BAHRAIN OFFICE/ STATE LIFE OPERATION IN KSA.</p> <p>52. Divisional Head (Investment) submitted before the Board, a Memorandum regarding feasibility report for opening of office of State Life in Bahrain.</p> <p>53. The Board at its 215th meeting held on 19th October, 2010 while discussing operations of State Life in KSA had decided as under:-</p> <p>"that a business plan of setting up an office at Bahrain be submitted to the Board at its next meeting giving details of cost of opening office and its justification and comparative financial projection for a period of 3 to 5 years of business under both the scenarios i.e. if business was to be continued on as it is basis i.e. from Dubai and if the business was to be carried from Bahrain Office."</p> <p>54. Mr. Mohammad Nafees our External Auditor and Advisor in UAE was requested to prepare a feasibility report for Bahrain operations. He informed that State Life can legally open an office in Bahrain. Mr. Nafees asked for a fee of AED 40,000 for preparing a feasibility report. This fee is inclusive of his travel cost and out of pocket expenses. Mr. Nafees asked for a time of three weeks to complete the report. Copy of letter of Mr. Nafees is placed as Annexure-A to the Memorandum. The letter of Mr. Nafees was discussed in house and it was felt that the fee asked by him was much on the higher side.</p> <p>55. DH(Investment) further informed that thereafter Mr. Omer Morshed of M/s. Sidat Hyder Morshed Associates was requested to prepare feasibility for Bahrain. Mr. Omer informed that the contents of the business plan would include a product strategy, an operational strategy, investment strategy and financial projections for 10 years. He asked for a fee of PKR 2,500,000 and Rs.400,000 for each plan to be submitted to Bahrain authorities and Rs.200,000 for each rider. Mr. Omer asked for eight weeks time for completing this assignment from the date of approval of his quotation. Copy of letter received from Mr. Omer is placed at Annexure-B to the Memorandum.</p> <p>56. The letters received from Mr. Nafees and Mr. Omer were discussed in the meeting of Investment Committee held on 23rd November, 2010. It was felt that the fee asked by both the consultants was exorbitant. Further the assignments cannot be completed without assistance of the concerned Divisions of the Corporation which would add to the cost. It was proposed that the exercise can be carried out in house by our Actuarial Division with the assistance of Investment and Marketing Divisions. It was proposed that Divisional Heads of Actuarial and Investment Division along with Zonal Chief (Gulf) should visit Bahrain for about 5 to 7 days, study the market, meet with Bahrain Authorities and some banks and submit their report to the Board for consideration. This would save the cost and the time for preparation of the report.</p> <p>57. The above Memorandum was submitted for decision of the Board.</p> <p>58. Accordingly, the Board resolved as under:</p>			


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<p>Action: ED(Mkt) ED(Act) DH(Inv) DH(Mkt) DH(Act)</p>	<p>RESOLVED: "that as proposed by DH(Investment), that the exercise of preparation of feasibility report for opening of State Life Office in Bahrain be carried out in house by State Life Actuarial Division with the assistance of DH(Investment) and DH(Marketing) Division and that DH(Actuarial) and DH(Investment) alongwith Zonal Chief(Gulf) should visit Bahrain for about 5 to 7 days to study the market, meet with Bahrain authorities and some banks and submit a report to the Board by end of February, 2011 detailing therein scope, legal requirement and financial plan for consideration and final decision of the Board, is hereby approved."</p> <p>ITEM (10) POSITION PAPER ON APPROVAL OF GOVERNMENT OF PAKISTAN REGARDING INCREASE IN AUTHORIZED CAPITAL AND PAID UP CAPITAL OF STATE LIFE AND APPROVAL OF SANCTION OF GRANT TO MEET SHORTFALL DUE TO REDUCTION IN DIVIDEND AS A RESULT OF BENAZIR EMPLOYEES STOCK OPTION SCHEME (BESOS).</p> <p>59. Executive Director (F&A) presented before the Board, a Position Paper on approval of Government of Pakistan regarding increase in authorized capital and paid up capital of State Life and approval of sanction of grant to meet shortfall due to reduction in dividend as a result of Benazir Employees Stock Option Scheme (BESOS).</p> <p>60. The matter of increase in authorized capital and paid up capital of State Life was considered by Board of Directors in its 215th meeting held on 19th October, 2010. The Board approved the proposal for increase in authorized and paid up capital to Rs.3,000 million and Rs.2,500 million respectively and allowed to refer the matter to the Ministry of Commerce for obtaining concurrence from Finance Division.</p> <p>61. ED(F&A) submitted before the Board that the Government of Pakistan under Benazir Employees Stock Option Scheme (BESOS) has divested its 12% shareholding in State Life for distribution amongst the employees of State Life. The units for entitled shares have already been delivered to trustees of State Life. Thus, the amount of dividend payable to Government of Pakistan as sole shareholder of the Corporation will be reduced from the year 2010 onwards corresponding to the decrease in its holding i.e. 12%, which will be required to be distributed amongst unit-holders of State Life and Ministry of Commerce as per formula defined under this scheme.</p> <p>62. ED(F&A) further mentioned that In the above situation, the dividend earning of the Government of Pakistan on the equity of State Life may not be sufficient for payment towards increase in paid up capital and that the shortfall in funds for increasing the paid up capital may have to be met by Government grant.</p> <p>63. Therefore, in compliance of directives of the Board of Directors, the Ministry of Commerce has been requested by State Life to take up the matter of enhancement in authorized and paid up capital in phased manner at appropriate level and convey us the approval of Government of Pakistan regarding:</p>		

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<p>Action: ED(F&A) DH(F&A)</p>	<p>a) Increase in authorized capital from Rs. 1,500 million to Rs.3,000 million. b) Increase in paid up capital from Rs.1,100 million to Rs.2,500 million in three equal installments after utilizing dividend income for the year 2010, 2011 and 2012. c) Sanction of grant to State Life for years 2010, 2011 and 2012 to meet any shortfall due to reduction in dividend income.</p> <p>64. DH(F&A) informed the Board that the above shares would be given to employees based on number of points earned as per years of service put in by him in excess of five years and not more than 20 years as on 14th August, 2009. Independent Director would be representing the interest of the employees on the Board of Directors of State Life. A list of shares to be distributed to the employees has already been received from the Privatization Commission.</p> <p>65. The above information was noted by the Board.</p> <p>ITEM (11) APPROVAL OF GUIDELINES AND CHART TO DELEGATION OF FINANCIAL POWERS.</p> <p>66. Executive Director (F&A) presented before the Board, a Position Paper regarding current status of work being carried out in respect of guidelines and chart to delegation of financial powers.</p> <p>67. The Board of Directors in its 215th meeting held on 19th October, 2010 had advised F&A Division to complete the remaining work in respect of revision in delegation of financial powers for officers of State Life, relating to link various items/guidelines with each other and get it reviewed by a Consultant who should be asked to go through the same so that only fine tuning is required at the time of migration to automated system with special reference to ERP control.</p> <p>68. As directed by the Board, meetings were held with partners of two consultant firms, Mr. Omer Morshed of Sidat Hyder Morshed Associates and Mr. S. Fraz Anwer of M/s. A. F. Ferguson. The proposed draft changes in guidelines and chart to delegation of financial powers were discussed with them. Both the firms agreed to give their feedback with special reference to ERP.</p> <p>Action: ED(F&A) DH(F&A)</p> <p>69. The Board will be informed of the further development made in this respect after the feedback is received from consultants which was noted by the Board.</p> <p>Action: ED(F&A) DH(F&A)</p> <p>70. The Board directed DH(F&A) that the time limit for submission of revised guidelines and chart of delegation of financial powers to the Board would be 1st week of February, 2011.</p> <p>ITEM (12) APPROVAL OF WRITE OFF OF EXCESS COST OF AREA MANAGERS DURING THE PERIOD 1993 TO 1996.</p> <p>71. Executive Director(Marketing) presented before the Board, a Memorandum for approval of write off of excess cost of Area Managers during the period 1993 to</p>		
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<p>72. Area Managers posted in all IL Zones are responsible to supervise and keep the teams in their respective Organizations mobilized to secure each year fresh business in addition to ensure persistency of previous business. An Area Manager's team consists of Sales Managers, Sales Officers and Sales Representatives.</p> <p>73. Area Managers perform in the initial pay-scale of a Deputy Manager, having no annual increments, instead, are paid business related perks and incentives in a year on the basis of their performance during last year. All payments made in a year are reflected towards their operating expenses which are required to remain within overall 10% of the First Year Premium collected through the Area Manager in respective year. Since business figures and expenses vary area to area and time to time significantly, operating cost of the Area Managers obviously tends to be at either side of the prescribed limits.</p> <p>74. ED(Marketing) further informed the Board that the operating cost amount if exceeding 10% is called excess operating cost which is treated in accordance with Corporation's criteria having predefined system of adjustment if the persistency in the respective area is 75% or more. A portion of excess amount, to some extent, is absorbed by the good persistency whereas, to some more extent, a relief on excess amount is applied if renewal premium collection in the area is also according to the prescribed standard. The resultant excess, if still remains, is liable to be recovered from the Area Manager. Copy of management's formula for absorption of excess cost is placed at Annexure-I to the Memorandum..</p> <p>75. ED(Marketing) submitted before the Board that for the years 1993 to 1996, an aggregate amount of Rs 2.286 Million towards excess operating expenses was reported and attributed towards Area Managers of Gujranwala Zone by Rs 1.387 Million and Sialkot Zone by Rs 1.299 Million. Prior to reporting, such amount was not treated by ways of "adjustment" and "applicable renewal premium relief". Further, the amount could not be accounted for recovery by the management due to some reasons (termination/death of respective Area Managers), hence, during course of pendency of recovery, it was reported vide Audit Para for the Year 1997-1998.</p> <p>76. ED(Marketing) highlighted that during July 2010 in connection with DAC meetings to settle down the Audit Para, both the Zones were connected to the proceedings and latest conclusion has been arrived at as under:</p> <p>i) <u>Gujranwala Zone</u></p> <table border="1"><thead><tr><th>Description</th><th>Amount in Rs</th></tr></thead><tbody><tr><td>Excess Cost recoverable as per Commercial Audit:</td><td>1387,000</td></tr><tr><td>Excess Cost recoverable as per Corporation's criteria:</td><td>295,000</td></tr><tr><td>Excess Cost recovered till 31-12-2005:</td><td>250,000</td></tr><tr><td>Balance Not Recoverable:</td><td>45,000</td></tr></tbody></table> <p>ii) <u>Sialkot Zone</u></p> <table border="1"><thead><tr><th>Description</th><th>Amount in Rs</th></tr></thead><tbody><tr><td>Excess Cost recoverable as per Commercial Audit:</td><td>1299,000</td></tr><tr><td>Excess Cost recoverable as per Corporation's criteria:</td><td>615,000</td></tr><tr><td>Excess Cost recovered till 31-12-2005:</td><td>402,871</td></tr><tr><td>Balance Not Recoverable:</td><td>212,129</td></tr></tbody></table>				Description	Amount in Rs	Excess Cost recoverable as per Commercial Audit:	1387,000	Excess Cost recoverable as per Corporation's criteria:	295,000	Excess Cost recovered till 31-12-2005:	250,000	Balance Not Recoverable:	45,000	Description	Amount in Rs	Excess Cost recoverable as per Commercial Audit:	1299,000	Excess Cost recoverable as per Corporation's criteria:	615,000	Excess Cost recovered till 31-12-2005:	402,871	Balance Not Recoverable:	212,129
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Total outstanding amount of recovery:

257,129

77. Although, from the respective years till 2005, all possible recoveries were made, but the amount so remained as outstanding till date is against those Area Managers whose services have been terminated by the Corporation. The above Zones have confirmed that all efforts for recovery have been made but owing to several years' old matter and in few cases due to demise of concerned Area Managers, the recovery became impossible.

78. Marketing Division is of the view that the balance amount of Rs 257,129/- which is not recoverable may be written off from the books of the Corporation as requested by the Zones, enabling Audit Para to be settled down.

79. Accordingly, it was resolved as under:

RESOLVED:

"that the recommendation of ED(Marketing) for writing off the total outstanding amount of Rs.45,000 and Rs.212,129 from Area Managers in Gujranwala Zone and Sialkot Zone respectively due to impossibility of amount being recovered owing to several years old matter and in few cases due to demise of concerned Area Managers is hereby approved."

ITEM (13) POSITION PAPER ON PROFIT ON INVESTMENT OF FUNDS OF G&P DIVISION NOT PASSED ON TO G&P DIVISION.

80. Divisional Head(G&P) presented before the Board, a Position Paper on profit on investment of funds of G&P Division not passed on to G&P Division resulting in adverse trend in G&P business.

81. The financial indicators of G&P business were presented to Board Audit Committee on 16th September, 2010. The Committee observed that G&P Division registered a negative accretion to life fund to the tune of Rs. 1,120 million in 2009. The Committee asked the Divisional Head(G&P) to apprise the Committee as to what steps were being taken to arrest this adverse trend and to make G&P business profitable.

82. The Divisional Head(G&P) clarified that above negative figure includes the provision for doubtful recovery of premium amounting to Rs. 736 million. In addition he informed the Committee that the G&P Division was trying to increase the rate of premium of Provincial Government and Pakistan Army policies gradually. Another factor which the Divisional Head, G&P brought into the knowledge of Committee was that the G&P business did not have a separate statutory fund, therefore, its profit becomes the part of life fund. Resultantly no investment income had been passed which could have reflected true position of accretion to life fund. On this the Committee Members instructed the Divisional Head(G&P) to present a paper depicting a picture had the G&P Division been passed on investment income on its funds.

83. To depict the above picture, G&P Division has incorporated the investment income in the profitability working of G&P since 1975. The yield on life fund has

Action:
ED(Mkt)
DH(Mkt)

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<p>Action: ED(G&P) DH(G&P)</p>	<p>been used to calculate the investment income of the respective years. It may be observed that without incorporating the investment income, the G&P business was showing an accumulated accretion to life fund of Rs.1.339 billion from 1975 to 2009 but had the investment income been passed on to G&P Division, it would have registered an accumulated accretion to life fund of Rs.32.047 billion from 1975 to 2009 (working of hypothetical G&P financial indicators showing accretion to life fund excluding investment, interest earned per year and accretion to life fund by G&P for the year 1975 to 2009 is given at Annexure-A to the Memorandum. The working was certified by Mr. Niaz Ahmed Sheikh, Deputy Manager(F&A) PO).</p>		
	<p>84. DH(G&P) submitted before the Board that in this way the average accretion to life fund per year was Rs.38.255 million on the basis of operations whereas it would have been Rs.915.626 million per year had the investment income been included in it.</p> <p>85. The matter was submitted before the Board in compliance of instructions of Board Audit Committee for perusal.</p> <p>ITEM (14) STATUS REVIEW – IMPLEMENTATION OF PRE-PACKAGED SOFTWARE SOLUTION.</p> <p>86. Executive Director (IT) presented before the Board, a Memorandum regarding status review – implementation of Pre-Packaged Software Solution. In compliance of the directives of the Board of Directors in its 215th meeting held on October 19, 2010.</p> <p>A. Continuation of BearingPoint as I.T. Consultant</p> <p>M/s BearingPoint has been intimated about the decision and directives of the Board of Directors (Flag A). A meeting was held with the officials of BearingPoint to chalk out modalities of Phase II. It was agreed therein to exchange vital documents by November 26, 2010 regarding the project and meet again on December 01, 2010 to finalize further course of action.</p> <p>B. Module-wise status of implementation of Pre-Package Software Solution</p> <p><u>Individual Life Administration System Module - (ILAS)</u></p> <ul style="list-style-type: none"> • All product questionnaires dully filled by user divisions (PHS and Actuarial) have been provided to SHMA for initial product configuration. • Examples of policy plans' alterations have also been forwarded for reference to SHMA. • Information regarding Mortality Plans has been provided for incorporation in the module. • Walk through sessions for PHS, Finance & Accounts and Actuarial Divisions have been arranged by IT division in collaboration with SHMA. 		

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	<ul style="list-style-type: none"> Gap Analysis sessions are in progress, 1st session was held on 10th November 2010. Gap Document is expected to be prepared by SHMA in mid December 2010. <p><u>User Division's feedback:</u></p> <ol style="list-style-type: none"> <i>In-house meeting demonstration should be increased.</i> <i>Access to Application Software already available to acquaint with the processing and working of PHS, New Business & Claims module.</i> <p><u>Investment Module</u></p> <ul style="list-style-type: none"> All product questionnaires dully filled by user division have been provided to SHMA for initial product configuration. Equity related Products have initially been configured, test environment created and the product deployed on Staging Server. Opening balance for Equity Products have been loaded with half year transactions. Test Users for Equity Products have been created on Staging Server for user division to initiate initial interaction with the application and improve product usage and understanding; which will lead to Gap Analysis. Gap Document is expected to be prepared by SHMA in mid December 2010. <p><u>User Division's feedback:</u></p> <p><i>With exception to interaction with Application Software in real time environment, the implementation of proposed software appears to be heading in the right direction but at a piece-meal approach.</i></p> <p><u>GL Module</u></p> <ul style="list-style-type: none"> All product questionnaires dully filled by user division have been provided to SHMA for initial product configuration. Product demonstration sessions were arranged to create better understanding and familiarity regarding newly acquired product. Discussion sessions were carried out between user division, SHMA and IT Division to design draft Chart-of-Accounts. IT Division, in collaboration with SHMA, has arranged a four days discussion session for F&A Division and its representatives called from regions/zones to create consensus regarding the draft Chart of Account. 		

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	<ul style="list-style-type: none"> Final version of Chart-of-Accounts validated by user division has been provided to SHMA for initial configuration. Newly developed Chart of Account have initially been configured, test environment created and the product deployed on Staging Server. Test Users have been created on Staging Server for user division to initiate initial interaction with the application and improve product understanding; which will lead to Gap Analysis in mid December. <p><u>User Division's feedback:</u></p> <p><i>Demonstration Sessions may be increased keeping in mind that users have not worked on ERP before.</i></p> <p><u>Group Life Administration System Module - (GLAS)</u></p> <ul style="list-style-type: none"> All product questionnaires dully filled by G&P Division have been provided to SHMA for initial product configuration. Two days walk-through sessions were held for product demonstrations which were attended by users from all zones (Karachi, Lahore, Rawalpindi and Peshawar) in addition to the officials of G&P Division. Data pertaining to "diverse policy cases" have been collected from all the zones. Initial product configuration has been carried out by SHMA and test environment has been created and the product deployed on Staging Server. Detailed demonstrations/discussions sessions were held in connection with Gap Analysis after initial product configuration. Users from Karachi, Lahore, Rawalpindi and Peshawar were called to participate in these sessions to gauge the capacity of the application and to identify their requirements/gaps based on their experience and expertise for better implementation. Gaps have been identified and its documentation activity is in process which is expected to be completed by 8th December 2010. Gaps so documented will be got validated from the users. This process will lead to customization of the application by SHMA by third week of January 2011. <p><u>User Division's feedback:</u></p> <p><i>The participants of G&P participated in above activity with my permission as per their feedback things are moving in the right direction.</i></p> <p><u>HRM & Payroll Module – (HRM)</u></p> <ul style="list-style-type: none"> HRM meta-data required by SHMA for initial product configuration was provided by Personnel Dept. of P&GS Division. 		

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	<ul style="list-style-type: none"> Global parameters, required to incorporate in this module, were prepared by IT Division in consultation with F&A & P&GS divisions and were provided to SHMA for initial product configuration. Actual employee data (for sample size of 600+ employees) were collected from P&GS Division. This data was structured and organized by IT Division as per SHMA's provided HRM template and forwarded to SHMA for product configuration. Payroll rules were documented to generate and monitor "employee salary structure" and were provided to SHMA for configuration in the module. Initial product configuration for HRM & payroll has been completed by SHMA. A demonstration session was held for designated implementation committee of IT Division. The next step is to hold Gap Analysis session for P&GS and F&A divisions. This will lead to the activity for documentation of gaps; this activity is expected to be completed by 25th December 2010. <p><u>User Division's feedback:</u></p> <p><i>The software should be GUI Based, user friendly and interface should be designed as per User requirement, As the Software is to be used by the Field Formation across Pakistan, it should very simple, Repeating mechanism should be integrated and Error-free.</i></p> <p><u>Fixed Assets Module – (FA)</u></p> <ul style="list-style-type: none"> Integrated Chart-of-Fixed Assets has been formulated in consultation with GS and Real Estate division. A new coding scheme has been introduced through this Chart-of-Fixed Asset; which will facilitate to have five-leveled assets categorization instead of existing two-leveled resulting in efficient MIS. Sample data of fixed assets have been collected from PO (GS & Real Estate), Karachi Zone (Regional Chief Office and Karachi South Zone) for initial product configuration. Initial product configuration has been completed by SHMA and a demonstration session was held for designated committee of IT Division. Detailed demonstration and discussion sessions are to be held for users - GS PO, Karachi South Zone & Real Estate PO. This will lead to initiate work for the sub-modules of Procurement, Inventory and Stock. <p><u>Real Estate Module</u></p> <ul style="list-style-type: none"> The Real Estate product available with SHMA is not compatible with our requirements; therefore, respective team of SHMA is doing the necessary spade work to prepare a module to suit our needs. Various initial-requirement-analysis sessions have been held between Real Estate Division, IT Division and SHMA. 		

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	<ul style="list-style-type: none"> Source data pertaining to Lifts, HVAC, Electrical Installation and Tenancy for formulation of functional specification have been provided to SHMA. SHMA is in process of formulating functional specifications of Real Estate Module which will be presented for requirement mapping. It is expected that SHMA will provide initial functional specifications to SLIC by 15th December 2010. <p><u>User Division's feedback:</u></p> <p><i>Process are Slow, we need to speed up.</i></p> <p>87. The above information was noted by the Board with a directive to submit a progress report at its next meeting.</p> <p>ITEM (15) <u>POSITION PAPER ON STRATEGIC PLAN – RED</u></p> <p>88. Executive Director (Real Estate) presented before the Board, a Position Paper on Strategic Plan for Real Estate Division.</p> <p>89. Sequel to directive of 215th Meeting of the Board, RED was tasked to prepare the Strategic Plan for management and maintenance of properties, construction of new buildings and all future financial outlays. Accordingly, three fold Business Plan has been evolved as follows:-</p> <ul style="list-style-type: none"> a) Short Term Measures (1-2 years) b) Mid Term Measures (3-5 years) c) Long Term Measures (6-10 years) <p>90. In Short Term Measures, certain prevailing shortcomings and ground realities have been identified to enhance the revenue generation from within the present rentable spaces..</p> <p>91. ED(RE) submitted before the Board that based upon the suggested measures, future construction plans have been proposed utilizing available vacant plots including recently mutated properties at Lahore. Construction has been proposed on the basis of prevailing Floor Area Ratio (FAR). Accordingly, the projected rentals have been worked out on the basis of prevailing rentals in the respective cities. Additionally, increase in rentable spaces has been commutated as per periodic expansion.</p> <p>92. Restructuring of Real Estate Division has been proposed in order to evenly distribute the work load under the responsibility of senior engineers to personally monitor the tenancy and real estate management under a balanced tasking, prompt supervision and responsibility sharing by Senior Managers.</p> <p>93. Owing to visible shortage, new engineers have not been inducted ever since departure of 28 Engineers in 1995, whereas the work load has increased manifold entailing induction of almost the same number of engineers.</p>		

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<p>94. Certain planning parameters have also been identified for forward planning towards disposal of unproductive and old properties together with acquisition of plots from Army/Government Departments. Exact requirement of engineers, additional cost effect, cost outflows for construction of additional buildings and related cost effects would be calculated after formal approval of the strategic plan.</p> <p>95. As resolved in REIC, ED (RE), Senior General Manager Investment and DH(RE) would evaluate the Strategic Plan and suggest further improvements.</p> <p>96. Working paper on strategic plan was also placed for appraisal of the Board.</p> <p>97. The salient features submitted in the business plan is as follows:-</p> <p>A. Premise</p> <p>SLIC owns sizeable real estate all over Pakistan comprising 52 rentable buildings, 12 residential buildings and 19 plots (total: 88 properties). SLIC has the mandate to invest in Real Estate by purchasing new properties with a (self imposed) restriction on sale of properties with some located at low to average business potential places. SLIC has to house its integral entities (i.e. Regions / Zones) in own buildings under low rentals. With better planning and monitoring the income stream can be improved reasonably.</p> <p>B. Mandate</p> <p>Salient tasks of RED are as follows :-</p> <p>a. Real Estate Management</p> <ol style="list-style-type: none"> (1) Tenancy. (2) Security. (3) Recoveries. (4) Legal issues. (5) Financial aspects, audit, draft paras, Income tax returns, Insurance, valuation of assets and payment of utilities etc. (6) Provision of utilities & services (janitorial, water supply, utilities & services etc). (7) Improvement of rentals. (8) Feasibility for new proposals on Real Estate through REIC. (9) Administration and office management. <p>b. Real Estate Maintenance</p> <ol style="list-style-type: none"> (1) Renovation and repair. 			

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(2) Maintenance (HVAC, lifts & generators etc)

(3) Alternations & additions.

c. Projects Management

(1) Contracting and contract management.

(2) Administrative, Financial and technical control on all civil engineering works.

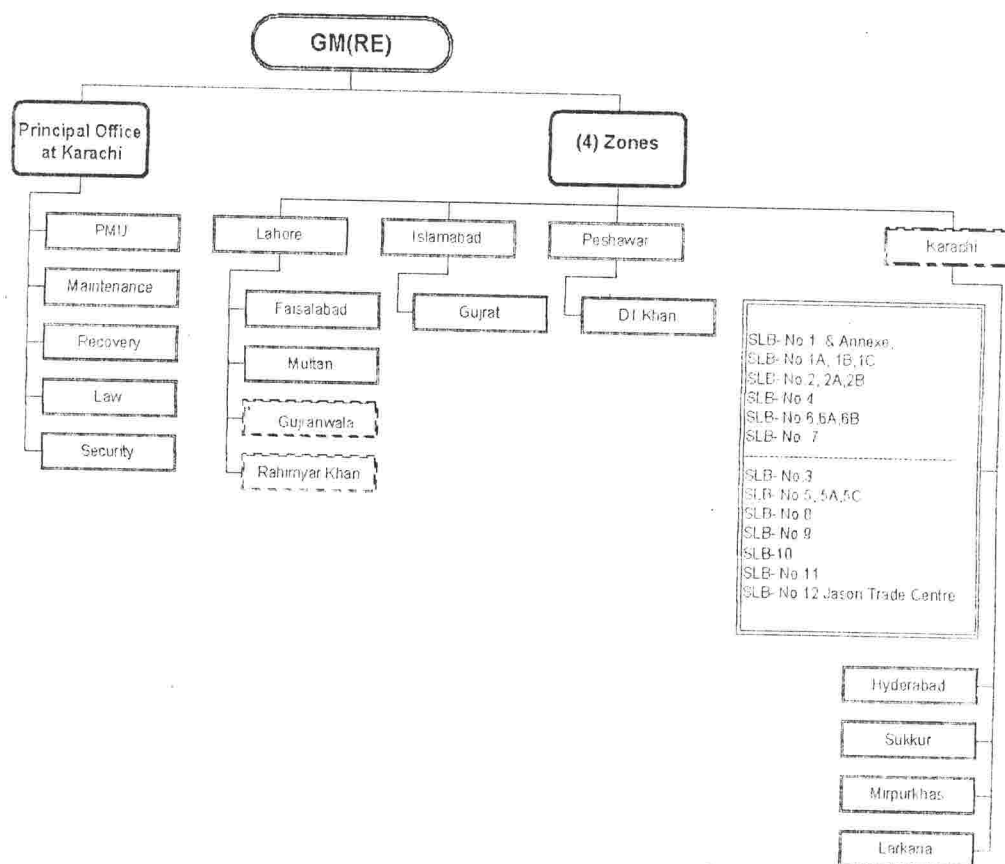
(3) Completion & takeover of constructed works.

d. Project Monitoring Unit (PMU)

It is a new portfolio in the offing to meet the requirements of DWP for project management of new projects.

C. Organization of RED

i. Divided into 4 x Zones, RED is organized as follows:-



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[Signature]

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	<p><u>D.Real Estate Holding (Zone-wise)</u></p> <p>Real estate allocation to (4) Zones is as follows :-</p> <p>a. <u>Peshawar Zone</u> (168,423 sft)</p> <p>(1) 1 x Building at Peshawar</p> <p>(2) 1 x building at D.I. Khan</p> <p>b. <u>Islamabad Zone</u>(342,765 sft)</p> <p>(1) 6 x bldgs including 1 x under construction bldg and 1 x plot at Islamabad.</p> <p>(2) 4 x bldgs at Rawalpindi with open plot.</p> <p>(3) 1 x bldg at Gujrat</p> <p>(4) 2 x plots at Mirpur (AK)</p> <p>(5) 1 x Guest Room at Ayubia.</p> <p>c. <u>Lahore Zone</u> (452,040 sft)</p> <p>(1) 9 x Bldgs, 3 res bldgs and 2 plot at Lahore.</p> <p>(2) 2 x Bldgs at Faisalabad</p> <p>(3) 1 x Bldg at Multan.</p> <p>(4) 1 x under construction bldg at Gujranwala</p> <p>(5) 1 x plot each at Sahiwal, Sargodha, Sialkot and Rahimyar Khan.</p> <p>a. <u>Karachi Zone</u> (1,473,594 sft + 207,824 sft in Interior Sindh G-Total 1.67 million sft).</p> <p>(1) 22 x Commercial Bldgs. At Karachi.</p> <p>(2) 12 Residential Bldgs. (including 2 huts at Sandpit.)</p> <p>(3) 4 plots at Karachi.</p> <p>(4) <u>Interior Sindh</u> (207,824 sft)</p> <p>a) 3 Bldgs at Hyderabad.</p> <p>b) 1 Bldg at Sukkur.</p> <p>c) 1 Bldg at Mirpurkhas.</p> <p>d) 1 Bldg at Larkana.</p> <p>e) 1 Plot at Nawabshah.</p>		

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	<p>E. <u>Grey Areas</u> The grey areas identified by RED are as follows:-</p> <ol style="list-style-type: none"> SLIC inherited bldgs due to LINO which were mostly constructed in early fifties and sixties which require extensive/perennial maintenance. Old fashioned bldgs were constructed on Lower Floor Area Ratio (FAR) resulting in less occupation. Due to rapid urbanization and emergence of new posh localities, most of our bldgs in Karachi and Lahore are located in traffic jammed / crowded areas as compared to Defence, Clifton, Liberty etc. Poor follow up of chronic legal cases. No market survey done on rent fixation. Hesitation to off load financially non productive bldgs / plots. Lack of technical manpower to professionally handle real estate Management. Upcoming trend to shift to newly completed bldgs constructed in recent real estate boom of 2003 – 05. Weak clauses of Rental Lease Agreement which does not impose financial penalties on defaulters. Stalled properties at Lahore. Poor Structuring of RED. Lack of proper system of recoveries and monitoring. Lavish spaces occupied by Zones and Alpha Insurance with fixed rentals since 2000. Poor monitoring of maintenance works. Non-existence of engineering works procedures and SOPs. No policy to capitalize real estate boom. Non-existence of future expansion and real estate investment plans. Limited capacity to undertake / manage engineering construction/maintenance projects and consequent dependence on various consultants. Holding of limited engineers / professionals and non – induction after extinction of 28 engineers since 1995. Centralized control vis delegation of financial powers. 		

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	<p>u. Tunnel vision and Committee solutions.</p> <p>v. Half backed outsourcing through diversified service providers instead of following. Facility Management regime under one window operation.</p> <p>w. Lack of accountability and check back.</p> <p>F. <u>Revenue enhancement Plan</u></p> <p>Revenue generation can be enhanced through well planned and executed strategy to address all the limitations and upgrading RED into a potent outfit under short and mid term plans. Both are elaborated in succeeding paras.</p> <p>I. <u>Short Term Plans (1 – 2 years)</u></p> <p>a. Increase of rentable spaces from within the present holding through readjustment of zones.</p> <p>b. Appointment of Tenancy Consultants to fill up vacant spaces and utilization of field force.</p> <p>c. Curtail extra expenditures on maintenance, utilities and services through monitoring and record keeping.</p> <p>d. Outsourcing Maintenance of buildings through single engineering professionals (Facility Management).</p> <p>e. Timely mutation of properties.</p> <p>f. Approach Govt. of Punjab to get rentals from 5 departments occupying 5 buildings at Lytton Road.</p> <p>g. Restructuring of RED to address all the identified limitations.</p> <p>h. Facilitation of RED (transport / and professional manpower etc.) towards better performance.</p> <p>i. Expedite amalgamation of AWT Plot (value addition).</p> <p>j. Review rentals of Zones to balance out expenditures due to price hike.</p> <p>k. Curtail storage accommodation to enhance rentals.</p> <p>l. Review present rental structures through necessary adjustment as per market dynamics.</p> <p>m. Timely completion of new projects at Gujranwala, Rahimyar Khan, Sargodha and Sialkot.</p> <p>n. Improvement of Recovery mechanism under proper billing system.</p> <p>o. Data management, monitoring of expenditures on utilities and services.</p>		

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	<p>p. Record keeping, preparation of inventories and proper stock taking.</p> <p>q. Computerization of Real Estate Management.</p> <p>r. Plan construction of buildings on present vacant plots to increase rentable spaces.</p> <p>s. Review demolition of non productive buildings and plan afresh.</p> <p>t. Additions in existing buildings due to increased FAR.</p> <p>u. Commercialization of residential properties at Gulberg towards value addition and subsequent construction of commercial buildings.</p> <p>v. Plan new construction on newly mutated Lytton Road (25 Kanal corner plot having non productive/old structures) for value addition.</p> <p>w. Renting out of Building # 10 & 12 (Hashoo Centre).</p> <p>x. Out of the court settlement of cases where possible.</p> <p>y. Improve upon some weak clauses of lease agreement and impose punitive clauses in KIBOR.</p> <p>z. Plan acquiring of lands in posh localities at Lahore, Karachi, Islamabad & Rawalpindi in Defence, Clifton, Liberty, Gulberg etc.</p> <p>aa. Identify and dispose off non productive properties.</p> <p>bb. Lease of Army land at Bahawalpur and other cities.</p> <p>I. <u>Mid Term Plans (3 – 5 years)</u></p> <p>a. Completion of Islamabad Tower.</p> <p>b. Plan and commence construction of state of the art high rise buildings at vacant plots (Karachi, Lahore and Islamabad)</p> <p>c. Construction of high-rise commercial buildings at commercialized (3) plots of Gulberg properties.</p> <p>d. Construction of offices building at Sahiwal.</p> <p>e. Construction of offices building at Nawabshah.</p> <p>f. Commencement of construction at recently mutated (25 Kanal) plot of Lytton Road Lahore.</p> <p>g. Plan construction at Hyderabad vacant plot.</p> <p>II. <u>Long Term Plan (5 – 10 years)</u></p> <p>a. Completion of Karachi project with 0.5 Million sft rentable space.</p> <p>b. Completion of Davis Road Lahore Project with 342,000 sft rentable space.</p>		

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	<p>c. Completion of Lytton Road Lahore project with 0.4 Million sft rentable space.</p> <p>d. Completion of commercial projects at 3x Gulberg properties with 0.3 Million sft spaces.</p> <p>e. Completion of Sahiwal building with 60,000 sft area.</p> <p>f. Completion of Mirpur (Azad Kashmir) and Muzzafabad buildings with 1 lac sft spaces as per fresh offer of AJK Govt.</p> <p>g. Completion of Islamabad extension project with 75000 sft rentable space.</p> <p>h. Construction of commercial building at Hyderabad plot with 75000 sft rentable space.</p> <p>G. <u>Immediate short term measures (1 to 2 years) suggested by RED:-</u></p> <p>a. <u>Relocation of Zones</u> The current spaces in State Life Building occupied for office use can be curtailed through relocation of Zones analogous to corporate culture (cubicles) this would provide approximately 5 to 8 persons of rental space enhance rentals amounting to Rs. 15 million per annum.</p> <p>b. <u>Tenancy Consultant</u> Appointment of Tenancy Consultant. This would enhance rentals by Rs.100 million per annum.</p> <p>c. <u>Litigation cases</u> Out of court settlement of cases. This will increase rentable income to the tune of Rs.10 million.</p> <p>d. <u>Monitoring</u> Stringent monitoring and record keeping under decentralized mechanism. This will curtail expenditure to Rs.15 million per year.</p> <p>e. <u>Outsourcing of building maintenance</u> Outsourcing to single professional having all the services of lifts, hvac, water supply, janitorial, fire fighting, security and maintenance of standby generator. This would result in curtailing of over all maintenance expenditure by 25%.</p> <p>f. <u>Timely mutation of Lahore properties(Cooperative building)</u> This would result in an additional rentals.</p> <p>g. <u>Non payment of rentals by Government of Punjab</u> Settlement could result in increasing rentals by about Rs.7 million per year</p>		


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	<p>h. <u>Other measures</u></p> <p>Other measures suggested by RED was i) restructuring of RED at Karachi with concentrated efforts on renting out vacant spaces in Interior of Sindh State Life Buildings, ii) Amalgamation of SLIC plot at FTC, iii) Curtailing of storage accommodation, iv) Assessment of rentals as per market dynamic, v) special review of Interior Sindh and DIK rentals, vi) rehabilitation of Gujrat building, vii) timely completion of Gujranwala project, viii) timely completion of Sialkot, Sargodha and Rahim Yar Khan projects, ix) review of recovery of mechanism, x) computerization and data monitoring, xi) completion of 4 storey building at Rawalpindi, xii) renting of Hashoo Centre, xiii) renting of Building No.10, xiv) upkeep and improvement of all the buildings of SLIC.</p> <p>This would result in increase in income by Rs.653.64 million and additional space of 157518 sq.ft. and saving of Rs.300 million due to above steps.</p> <p>H. <u>Mid term Measures (3 to 5 years)</u></p> <p>These include: i) timely completion of Islamabad Tower, ii) completion of Davis Road, Project, iii) completion of Lytton Road project, iv) commercial building at 3-Gulberg properties, iv) construction of commercial buildings at Sahiwal, v) construction of Nawabshah building, v) Karachi project, vi) Bahawalpur building, vii) planning construction of Lackie Road project, viii) disposal of Malir plot, ix) disposal of Youhanabad properties, x) lease of Army land at Quetta.</p> <p>This would result in increase in additional income of Rs.1077 million and increase in rentals space of 1.52 million sq.ft.</p> <p>I. <u>Long term Measures (5 to 10 years)</u></p> <p>Construction of building of Hyderabad plot, ii) construction of Tower of Islamabad plot, iii) acquisition of land at Muzaffarabad, iv) construction of building at Mirpur, Azad Kashmir, and v) disposal of non productive properties, demolition of old buildings with new plans for construction, acquisition of land for Army, government department at various cities and identification of future potential commercial centres in posh localities in big cities.</p> <p>This would result in additional income of Rs.940 million with additional space of 1.32 million sq.ft. After ten years approximate income of State Life would increase to nearly Rs.3 billion per year with rentable space of 462 million sq.ft.</p> <p>J. <u>Restructuring</u></p> <p>In order to rationalize the work load through delegation of responsibilities under decentralized control for better management and monitoring by dedicated senior staff, the restructuring of RED as per Annexure-D was suggested for approval by the Board.</p>		

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Action: ED(RE) DH(RE)	<p>The Board directed that a business plan be prepared for each property owned by State Life given therein details of cost to the building and match the same with the earnings therefrom and expenses incurred thereon and the yield derived. A picture of each building be presented to the Board on multimedia.</p> <p>98. After deliberations, the Board resolved as under:</p> <p>RESOLVED: "that RED business plan including (i). organization of RED into PO and four Zones (ii). Revenue Enhancement Plan (iii). Short Term, Mid Term and Long Term Plan together with short term, mid term and long term measures and re-structuring as recommended by ED(RE) was approved in principle by the Board with directives to prepare a ten year financial plan alongwith strategic plan and individual plan for each building." "that the efforts put into the preparation of the business plan by RED was highly appreciated."</p> <p>ITEM (16) POSITION PAPER OF PROCEDURE FOR HIRING OF SERVICE OF BROKERAGE CONSULTANT.</p> <p>99. Divisional Head (Real Estate) presented before the Board, a Position Paper for hiring of service of Brokerage Consultant.</p> <p>100. The Board of Directors at its 214th meeting held on 7th September, 2010 had approved in principle the recommendation of REIC at its 9th meeting for hiring of service of Brokerage Consultants for renting of vacant spaces in all SLIC Buildings through advertisement in the Press on the basis of brokerage /fee equivalent to 15 days rental to the Consultant, however the Board directed Real Estate Division to submit a Position Paper giving therein details of procedure for approval of Brokerage Consultant.</p> <p>101. The procedure suggested by DH(RE) to be being prescribed for enlistment of Tenancy Consultants in respect of rentable properties of SLIC situated in various cities of Pakistan was included in the Position Paper submitted to the Board.</p> <p>102. The case which was previously placed before the REIC is now placed before the Board of Directors for consideration.</p> <p>103. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that as recommended by DH(RE) the following procedure for hiring of service of brokerage consultant for renting of vacant spaces in all SLIC Buildings through advertisement in the press on the basis of brokerage fee equivalent to the consultant is hereby approved:-</p> <p>a. Financially well established Property Consultants having experience of at least five (5) years enjoying good professional reputation may apply for the pre-qualification.</p>		
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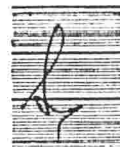
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	<p>b. The applicants should also submit copies of their National Identity Cards (NIC) and National Taxation Number (NTN) alongwith company profile encompassing quantum and details of business undertaken by them during last five (5) years.</p> <p>c. Only such Consultants shall be considered eligible for the pre-qualification who have a turnover of one hundred million rupees or more during the last three (3) years. (The turnover means that the Consultant has materialized transaction viz sale or renting of properties having value or rent or both worth rupees one hundred million).</p> <p>d. The Tenancy Consultants shall be pre-qualified separately for Karachi, Multan, Lahore and Islamabad Regions.</p> <p>e. The application for pre-qualification shall be scrutinized and examined by a Committee headed by Executive Director (RE) as the Chairman and Divisional Head (RE) and two Deputy General Managers to be nominated by the Executive Director (RE).</p> <p>f. After scrutiny of applications the Committee shall submit its recommendations viz pre-qualification to the Chairman SLIC who shall approve or decide otherwise about the Tenancy Consultants for pre-qualification.</p> <p>g. Once the panel of Consultants has been pre-qualified in respect of each region, the details and specifications of all vacant properties shall be provided to all enlisted Consultants of the region in which the said property is lying vacant. Upon receipt of the details of vacant properties, the Consultants shall be required to furnish their detailed proposals (for prospective tenants enjoying good reputation) to the Divisional Head (RE) who shall refer the proposal to REFC for scrutiny and filing up its recommendations to the Executive Director (RE).</p> <p>h. In case the proposal furnished by a Tenancy Consultant is approved and tenancy / lease agreement has been duly signed and advance rent as agreed between both the parties has been deposited, the Tenancy Consultants shall be paid the consultancy fee equivalent to rent of 15 days as per agreed monthly rent.</p> <p>i. The successful Tenancy Consultants at the time of applying for pre-qualification shall submit an indemnity bond equivalent to the sum of Rs.10 million. In case of any default on part of the Tenancy Consultant, irregularities or misappropriation committed, the indemnity bond shall be enforced immediately.</p> <p>j. In such situation, the Chairman State Life upon the recommendations of the Committee as mentioned in sub para-(e) above can delist such Tenancy Consultant from the approved panel of Tenancy Consultants.</p>		

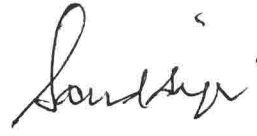

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	<p>"that an advertisement be also given simultaneously in the newspaper for renting of properties of State Life beside obtaining of quotations from panel of Brokerage Consultants and listed for various areas in different cities of Pakistan to ensure complete transparency."</p> <p>"that the renting of rentable properties of SLIC in Karachi as per procedure laid out in 1 and 2 above as a pilot project was approved to be replicated in other cities of Pakistan based on experience gained in the pilot project."</p> <p>ITEM (17) <u>ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.</u></p> <p>(I) <u>REVISED/FORECASTED BUDGET ESTIMATES FOR THE YEAR 2010.</u></p> <p>104. Executive Director(F&A) presented before the Board, a Memorandum dated 6th December, 2010 regarding revised/forecasted budget estimates for the year 2010 showing all necessary details of First Year Premium, Second Year and Third Year and above Renewal Premium in respect of Individual Life Business within Pakistan and Overseas, Group Life Premium, Investment Income, Real Estate Income and Total Income, payment to policyholders and field workers including death claims and maturity claims and surrenders, group life claims and profit commission, administrative expenses including personnel cost of officers and staff, Area Managers expenses (on corporate basis) alongwith head-wise details of other Revenue and Administrative Expenses including that of Investment and Real Estate Division, second year and renewal persistency, renewal expense ratio and accretion to life fund.</p> <p>105. The budget estimates for the year 2011 will be submitted on receipt of recommendations of Acquisition Cost Committee and decision of SECP on Maximum Management Expenses Limit.</p> <p>106. DH(F&A) explained the salient features of the revised budget proposals for the year 2010 in his presentation on multi media and replied to the different queries raised by the members of the Board.</p> <p>107. The Board of Directors were requested to kindly consider and approve revised budget estimates for the year 2010 as proposed in paras-4 to 10 of the Memorandum and Annexures-A, B & C to the Minutes).</p> <p>108. The Board was also requested to consider and authorize re-appropriation of budget among different heads for revenue expenses/capital expenditure, in case a need for such re-appropriation arises, of course, within the overall total amount of budget approved by the Board of Directors.</p> <p>109. To a query the Board was informed that there is no change in commission rates and seating and allied facilities allowed to the field workers and which is laid down in the already approved commission and field structure. The Board therefore felt that necessary approval be accorded by the Board to those heads of account where the forecasted amount is in excess of the amount of already approved budget proposals submitted previously to the Board at its 206th meeting held on 17th February, 2010.</p>		

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<p>Action: ED(F&A) DH(F&A)</p>	<p>110. The Board appreciated the excellent business achieved so far by the operating Divisions of State Life for the year 2010.</p> <p>111. After deliberations, the Board resolved as under:</p> <p>RESOLVED:</p> <p>"that as proposed by ED(F&A), the revised/forecasted budget estimates under heads of account showing increase over the previously approved budget proposals in respect of payment to field workers, administrative expenses including i) personnel cost – officers, ii) area managers expenses(on corporate basis), iii) printing and stationery, iv) annual fee of SECP and Ombudsman expenses, v) major expenses – Real Estate a) utilities(electricity, gas and water) b) law and professional charges, c) rates and taxes with detailed break down given in paras 6 and 7 of the Memorandum and Annexure-H to Annexure-J to the Minutes are approved."</p> <p>"that ED(F&A) is authorized to make re-appropriation of budget among different heads of revenue expenses/capital expenditure, in case a need for such re-appropriation arises within the overall total amount of budget approved by the Board."</p> <p>(II) <u>WORKING OF LEGAL AFFAIRS DIVISION.</u></p> <p>112. The Chairman expressed serious concern about the working of Legal Affairs Division and desired that restructuring of Legal Affairs Division be carried out to improve its capability and monitoring of cases filed by and against State Life. Induction of competent law graduates in the Corporation be looked into. Young and competent advocates on competitive fees be brought on to the panel of State Life for handling of legal cases before the court of law. Efforts be made to minimize adjournment of cases and early decision on cases filed in the court of law.</p> <p>113. The meeting ended with vote of thanks to the chair.</p> <div style="text-align: right;">  (CHAIRMAN) </div>		
<p>Action: ED(Legal) DH(Legal)</p>	<div style="text-align: right;">  CHAIRMAN'S INITIALS </div>		

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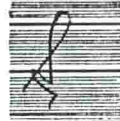
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<p style="text-align: right;"><u>Annexure-A</u></p> <p style="text-align: center;">MINUTES OF 36TH MEETING OF BOARD AUDIT COMMITTEE HELD ON 29TH NOVEMBER, 2010.</p> <p>The 36th meeting of the Board Audit Committee of State Life Insurance Corporation of Pakistan was held on 29th November, 2010 (Monday) at 11:00 A.M. in the Board Room, 3rd Floor, State Life Building No. 9, Dr. Zia-ud-din Ahmed Road, Karachi.</p> <p style="text-align: center;"><u>PRESENT:</u></p> <table><tr><td>Mr. Rasheed Y. Chinoy</td><td>Director/Member (Co-opted as Chairman for this meeting)</td></tr><tr><td>Syed A. Wahab Mehdi</td><td>Director/Member</td></tr><tr><td>Mr. Aslam Faruque</td><td>Director/Member</td></tr><tr><td>Mrs. Spenta Kandawalla</td><td>Director/ Member</td></tr><tr><td>Mr. Jawaid Akhtar</td><td>Secretary</td></tr></table> <p style="text-align: center;"><u>LEAVE OF ABSENCE:</u></p> <table><tr><td>Syed Hur Riahi Gardezi</td><td>Chairman (BAC)</td></tr></table> <p>2. The following officers also participated in the meeting :</p> <table><tr><td>Mr. Shahid Aziz Siddiqi</td><td>Chairman (SLIC) By Special invitation</td></tr><tr><td>Mr. Malik Asrar Hussain</td><td>E.D. (F&A)</td></tr><tr><td>Mr. Azqar Khan</td><td>Divisional Head (F&A)</td></tr><tr><td>Mr. Ansar Hussain</td><td>Divisional Head (Invest)</td></tr></table> <p>3. The Board Audit Committee deliberated on the following items:</p> <p>The Following Agenda items were discussed and compliance reports relating to the 35th meeting were deliberated upon as under;</p> <p><u>Item No 1: To Co-opt Chairman BAC among members of Board Audit Committee.</u></p> <p>4. All other 3 Board Audit committee members present in this meeting unanimously nominated and co-opted for Mr. Rasheed Y. Chinoy to head this BAC Meeting in the absence of Syed Hur Riahi Gardezi and this 36th BAC meeting was chaired by Mr. Rasheed Y. Chinoy</p> <p style="text-align: center;"><u>Agenda Item .2: To approve minutes of the 35th BAC meeting and examine the Compliance Reports.</u></p> <p>5. The Minutes of the 35th BAC Meeting held on 17th September, 2010 together with implementation report were placed before the Committee & the minutes were unanimously approved by the committee.</p> <p>6. The committee decided that in future the draft minutes should be approved by Circulation together with any changes as made by any member / Director BAC. The draft minutes be circulated by Secretary BAC within 7 calendar days after the meeting and any comments, changes, modifications shall be responded within 5 working days, otherwise, the same shall be treated as confirmed.</p> <p>The Chairman SLIC has kindly agreed that on confirmation of these</p>				Mr. Rasheed Y. Chinoy	Director/Member (Co-opted as Chairman for this meeting)	Syed A. Wahab Mehdi	Director/Member	Mr. Aslam Faruque	Director/Member	Mrs. Spenta Kandawalla	Director/ Member	Mr. Jawaid Akhtar	Secretary	Syed Hur Riahi Gardezi	Chairman (BAC)	Mr. Shahid Aziz Siddiqi	Chairman (SLIC) By Special invitation	Mr. Malik Asrar Hussain	E.D. (F&A)	Mr. Azqar Khan	Divisional Head (F&A)	Mr. Ansar Hussain	Divisional Head (Invest)
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<p>BAC minutes he would hold a co-ordination meeting with all concerned to ensure compliance of decisions of BAC within stipulated time. The minutes of each such meeting held by Chairman SLIC will be appended / annexed on regular basis.</p> <p>7. The BAC members appreciated the efforts made by IA&C division on a very short notice regarding the submission of Comparative Statement of last 8 meetings of BAC and also directed that a comparative statement / report of all BAC meetings from January 2008 up till this 36th meeting be submitted in the next meeting along-with the date of each BAC meeting.</p> <p>8. BAC members also desired and decided that preferably from next BAC meeting and onwards, AGM (IA&C) or in his absence Syed Shabbir Shah Manager (IA&C) should type live, the draft minutes of the BAC meeting, while sitting during the meeting and shall get the draft minutes approved from the BAC members then and there i.e before the conclusion of the same meeting.</p> <p><u>Agenda Item 3: Review of Corporation Accounts.</u></p> <p>9. On a query from BAC members DH (F&A) clarified that there is nothing exceptional to report in these 3rd Quarter 2010 Corporation Accounts and this explanation was accepted by BAC.</p> <p><u>Agenda Item 4: Govt. Auditor's Report for the year 2009 and their Observations.</u></p> <p>10. The BAC members took up the issue of agenda items No. 4 i.e Commercial Audit report for the year 2009 and their observations and directed progress report on regular basis from ED (F&A) / DH (F&A) on actions taken by them for resolution of commercial Audit observations and also to present a progress paper in the forthcoming BAC meeting scheduled to be held on 14th December 2010 at 11:30 am.</p> <p>11. BAC also desired and directed ED(F&A) / DH (F&A) to seek clarifications in writing from SECP regarding the status of SLIC viz a viz powers of its Board of Directors and authority of SECP and its applicability to SLIC and to present a report on outcome in the next BAC meeting.</p> <p>12. The BAC deferred other agenda items not taken up in this meeting for the next meeting.</p> <p>13. BAC directed that next BAC meeting would be held on Tuesday 14th December 2010 at 11.30am. i.e before holding of next BOD meeting which is also scheduled to be held on 15th December 2010.</p> <p>14. The meeting ended with a vote of thanks to the chair.</p>			
<p>(Rasheed Y. Chinoy) Chairman, Board Audit Committee</p>			<p>CHAIRMAN'S INITIALS</p> 

MINUTES OF 216TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	15 TH DECEMBER, 2010	

Annexure-B

**MINUTES OF THE 37TH MEETING OF BOARD AUDIT
COMMITTEE HELD ON TUESDAY, 14TH DECEMBER, 2010.**

The 37th meeting of the Board Audit Committee of State Life Insurance Corporation of Pakistan was held on 14th December, 2010 (Tuesday) at 11:30 A.M. in the Board Room, 3rd Floor, State Life Building No. 9, Dr. Zia-ud-din Ahmed Road, Karachi.

PRESENT:

Mr. Rasheed Y. Chinoy	Director/Chairman
Syed A. Wahab Mehdi	Director/Member
Mr. Aslam Faruque	Director/Member
Mrs. Spenta Kandawalla	Director/Member
Mr. Jawaaid Akhtar	Secretary

LEAVE OF ABSENCE:

Syed. Hur Riahi Gardezi Director/Member/Chairman

2. Mr. Rasheed Y. Chinoy was duly elected as the Chairman for this meeting.
3. The Board Audit Committee deliberated on the following items:

**Item .1: To approve minutes of the 36th BAC meeting and
examine the Compliance Reports.**

4. The Minutes of the 36th BAC Meeting held on 29th November, 2010 together with implementation report were placed before the Committee, Which were unanimously approved and confirmed.

Powers delegated to BOD

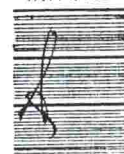
5. On an enquiry of one of the members of B.A.C. regarding powers of B.O.D. Mr. Jawaaid Akhtar read out the letter written by D.H. (F&A) addressed to Mr. Talib H. Khan, Section Officer, Govt. of Pakistan, Ministry of Commerce, Islamabad. Members of B.A.C. satisfied with the letter and requested whenever reply is received, this should be provided to BAC Members.
6. Members of the BAC required that Legal affair division may obtain legal clarification by the relevant Authorities, Accountabilities and Responsibilities of the SLIC BOD from any reputable Legal / Law firm following rules and regulations which may affect this clarification.
7. Time line: 15th February 2011

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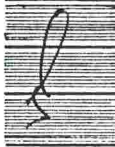


MINUTES OF 216TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
TE BOOK	KARACHI	15 TH DECEMBER, 2010	
<p><u>Tangible Fixed Assets – Coding and physical verification</u></p> <p>8. Reply of P&GS is not sufficient, policy should be compiled in one Manual, there are certain defects in the disposal policy and these defects should be rectified as to support the disposal of fixed assets in a transparent manner.</p> <p>9. P&GS division should compile the fixed assets procurement and disposal policy in shape of Manual.</p> <p>10. <u>Time line: by first week of February 2011.</u></p> <p><u>Internal Audit Functions/Appointment of Consultant for Enhancing the Scope of IA in SLIC.</u></p> <p>11. Appoint a competent and reputable consultant, who will advice the role of internal audit functions in the current manual environment and future ERP environment, the BAC noted that this matter has been initiated in 25th BAC meeting held on 27th may 2008 and no progress has been noted for the last 28 months.</p> <p>12. All items related to 2.1 of the compliance report of the BAC, BOD, sub-committee and committees should be compiled in one file and be presented in the BOD meeting to be held on 15th of December 2010.</p> <p><u>G&P Premium Receivable.</u></p> <p>13. Resolved.</p> <p><u>Application of IFRS-4.</u></p> <p>14. D.H. (F&A) updated the BAC about the Meeting on 26th of November 2010. The meeting ended without any conclusion and next meeting on the issue will be held on 19th of December and progress will be discussed in next BAC meeting.</p> <p><u>Anti fraud Program</u></p> <p>15. BAC took note that after a lapse of 8 months no action is being initiated whereas sufficient time has elapsed. DH (F&A) requested that BAC may allow them to hire external professional help.</p> <p><u>Contingencies</u></p> <p>16. Resolved</p> <p><u>Revised Chart of Delegation of financial powers.</u></p> <p>17. The BAC while reviewing the revised chart of delegation of financial powers noted that the issue was taken directly to the BOD. However, the decision of the BOD has not been noted. It is requested that in future the decision of the BOD be noted on issues such as this.</p>			


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<p>18. BAC desires to know what was recorded in the 215th BOD meeting. This item is still pending and the latest position is that ERP linkage will be done and DH (F&A) agrees that it will be finalized soon.</p> <p>19. Timeline: 1st week of February</p> <p><u>Appointment of Statutory Auditors for audit of accounts period ending 31st December 2010.</u></p> <p>20. Letter No.432/22-R&SD/SLIC/CA/2005 dated 14-12-2010 received.</p> <p>21. The next meeting of BAC was fixed for 10th Feb., 2011.</p> <p>22. The meeting ended with a vote of thanks to the chair.</p> <p>Rasheed Y. Chinoy Chairman</p>			
<p>CHAIRMAN'S INITIALS</p> 			

MINUTES OF 216TH MEETING OF THE BOARD OF DIRECTORS


DIRECTORS	HELD AT	ON	TIME														
MINUTE BOOK	KARACHI	15 TH DECEMBER, 2010															
<div>Annexure-C</div> <div>Minutes of 14th REIC Meeting</div> <div>1. 14th REIC Meeting was held on 18th October 2010 attended by the following:-<table><tr><td>a. Mr. Shahid Aziz Siddiqi.</td><td>Chairman</td></tr><tr><td>b. Mr. Amin Qasim Dada.</td><td>Director</td></tr><tr><td>c. Mr. Rasheed Y. Chinoy.</td><td>Director</td></tr><tr><td>d. Syed Hur Riahi Gardezi.</td><td>Director</td></tr><tr><td>e. Mr. Mohamad Yahya.</td><td>Executive Director /Member</td></tr><tr><td>f. Mr. Ansar Hussain.</td><td>Sr. GM (Investment) / Member</td></tr><tr><td>g. Lt. Col. (R) Mohsin Ali Shah.</td><td>DH (RED) / Secretary</td></tr></table></div> <div>2. After recitation of the Holy Quran, the Chairman welcomed the participants and commenced the proceedings.</div> <div>3. Discussion on Real Estate Issues<div>a. The REIC enquired status of the properties offered by Dawood Islamic bank. DH (RE) apprised REIC about valuation status of the properties. DH (LAW) clarified that title of these properties has to be checked alongwith the legal status to ascertain the ban is imposed on Dawood Bank by High Court of Sindh to off load these properties or otherwise. It was resolved that Senior GM (Investment) should provide relevant documents to DH (LAW) for legal evaluation of the title documents. The Chairman SLIC directed that due diligence of these properties should be carried out in all aspects prior to placing of the case before the Board.</div><div>b. The Chairman updated the REIC regarding recent letter of Ministry of Commerce wherein all proposals regarding purchase of properties by SLIC would require formal approval from the Ministry.</div><div>c. DH (RED) apprised the REIC that sequel to retirement of Mr. Nasir Javed Khan from SLIC, prevailing market rent should be charged for the for Flat (49-A Lalazar) allotted to the officer.</div><div>Resolved<div>d. The REIC resolved that market rent should be charged for the SLIC flat under occupation of Mr. Nasir Javed Khan (MD Alpha Insurance) who has since been retired from SLIC service. Additionally, market rent would also be charged from other officers of Alpha Insurance if residing in SLIC accommodation.</div></div><div>Discussion on Agenda Points<div>4. Discussion on each Agenda Points is summarized in succeeding paras.</div></div></div>				a. Mr. Shahid Aziz Siddiqi.	Chairman	b. Mr. Amin Qasim Dada.	Director	c. Mr. Rasheed Y. Chinoy.	Director	d. Syed Hur Riahi Gardezi.	Director	e. Mr. Mohamad Yahya.	Executive Director /Member	f. Mr. Ansar Hussain.	Sr. GM (Investment) / Member	g. Lt. Col. (R) Mohsin Ali Shah.	DH (RED) / Secretary
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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	15 TH DECEMBER, 2010	
<p><u>Agenda Point # 1</u></p> <p><u>Implementation Report of 13th Meeting of REIC dated 19th August 2010.</u></p> <p>5. DH (RED) presented compliance of 13th Meeting of REIC. The REIC was satisfied with the compliance report.</p> <p><u>Agenda Point # 2</u></p> <p><u>Confirmation of Minutes of 13th Meeting of REIC</u></p> <p>6. Mr. Amin Qasim Dada proposed confirmation of the Minutes of 13th REIC meeting of REIC. Mr. Rasheed Y. Chinoy second the proposal.</p> <p><u>Agenda Point # 3</u></p> <p><u>Progress of Ongoing Works.</u></p> <p>7. Progress of ongoing works was presented to REIC by DH (RED). The following was discussed:-</p> <p>a. Pace of ongoing works at Larkana is being expedited towards earliest completion. Due to delays on the part of the contractor, Liquidated Damages (LD) Clause of the contract has to be invoked against the Contractor. Accordingly, a site meeting has been scheduled by DH (RED) at Larkana to find out the ground situation in order to address the delays. If possible, the scope of work would be curtailed or phased to complete the work at the earliest.</p> <p>b. Chairman desired that left over works and mitigation measures for Sands Pit Hut should be timely completed in order to make the Hut habitable and guard against the damages normally caused to the Hut during Monsoon.</p> <p>c. REIC was satisfied with progress of installation of lifts at Rawalpindi, Islamabad and Karachi buildings which would relieve SLIC from continued complaints of tenants.</p> <p><u>Resolved</u></p> <p>8. REIC resolved that Liquidated Damages (LD) clause be imposed on the contractor as per Contract Agreement for delays on the part of contractor. DH (RED) should visit the project site at Larkana to address the delays.</p> <p><u>Agenda Point #4</u></p> <p><u>Appraisal on Upcoming Projects</u></p> <p>9. DH (RED) updated the REIC regarding progress of ongoing and upcoming projects as follows:-</p> <p>a. <u>Islamabad Project.</u> Work on Islamabad project has been commenced. As per fresh requirement of Environment Protection Agency to (EPA) Islamabad, Environment Impact Assessment (EIA) Studies have been submitted EPA Islamabad through Consultant which would be followed by formal public hearing under arrangements of M/s. Suhail and Pasha; the project consultants. DH (RED) suggested that there is a need to review the project on design parameters on prevailing seismic zoning which has now been relegated from 3 to 2A as per formal Government Notification. The aspect would economise project completion cost.</p>			
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MINUTE BOOK	KARACHI	15 TH DECEMBER, 2010	
	<p>b. <u>Gujranwala Project.</u> DH (RED) apprised the REIC that finishes works are in progress at Gujranwala project which are apparently slow due to labour related issues due to recent floods. Further, electric connection is likely to take some time due to procedural formalities which have been expedited. As anticipated by the consultant, completion of the project is expected by February 2011.</p> <p>c. <u>Rahimyar Khan, Sialkot and Sargodha Projects.</u> DH (RED) updated REIC about his recent visit(s) to respective TMA(s) regarding reduction / review of higher commercialization charges being charged from SLIC. The height issue raised by Sargodha authorities has been addressed through MEO Sargodha and SATCOM which is expected by November 2010. Presently, the tender documents are under review. DH (RED) proposed to delete air conditioning items from tenders which should be installed by respective zones and tenants at their end.</p> <p>10. DH (RED) recommended the following to the REIC.</p> <p>a. To guard against likely intervention by Environmental Protection Agency (EPA) analogous to Islamabad Tower, it would be appropriate if Initial Environmental Examination IEE of respective projects be done before mobilization of the works.</p> <p>b. Air Conditioning items included in the tenders should be reviewed towards deletion.</p> <p>c. SLIC should deposit revised commercialization charges under consideration by TMA Rahimyar Khan, Sargodha and Sialkot.</p> <p>d. As per Notification of Cabinet Division, Islamabad Zone has been placed back on 2B whereas our project is designed on seismic zone 3. If followed (for zone 2B) it would reduce cost of the project.</p> <p>Resolved</p> <p>11. REIC Resolved that:-</p> <p>a. Height clearance for Sargodha project must expedited.</p> <p>b. IEE studies be done prior to mobilization of Rahimyar Khan, Sargodha and Sialkot projects.</p> <p>c. Air conditioning items to be deleted from the Tender documents.</p> <p>d. SLIC to deposit revised / reduced commercialization charges to respective TMAs of Rahimyar Khan, Sargodha and Sialkot.</p> <p>e. Consultant of Islamabad Project i.e. M/s. Suhail and Pasha be tasked to evaluate seismic design aspect of the project in financial, structural and architectural perspectives and give clear recommendations to address the issue of Seismic design as per government notification.</p> <p>f. Extension be granted to contractor of Gujranwala Project upto 15th February 2011 due to unavoidable delays on the basis of recommendations of the Consultant / Project Managers.</p>		
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<p><u>Agenda Point # 5</u></p> <p><u>Status of Transferred / Mutation of Lahore Properties.</u></p> <p>12. DH (RED) briefed REIC on present status of transfer / mutation of Lahore Properties as follows:-</p> <ol style="list-style-type: none"> Two properties at Gulberg have already been transferred to SLIC. SLIC does not hold any title document or authenticated records about the Lahore Properties. All records at Principal office and Ministry of Commerce have been searched but in vain. With extensive coordination, all linkage documents of Lahore properties i.e. Building(5) # 2,4,5,6 & 7 have been completed and placed before respective Revenue authorities of Government of Punjab. Mutation of Building # 2 (Lytton Road) is at advance stage of formalization. After mutation of above left over properties, transfer of House # 133 J Gulberg would be commenced under similar strategy. Revenue Department has recommended imposition of Stamp Duty on mutation of each property heavily cost to SLIC, if imposed on its (5) properties under mutation. All the above issues are being raised with Secretary Revenue Punjab. <p><u>Resolved</u></p> <p>13. REIC was satisfied with progress of mutation and transfer of Lahore Properties being personally handled by DH (RED) without any advocate and appreciated dedicated efforts of RED in pursuance of long awaited and complicated issue pending since promulgation of LINO. The REIC resolved DH(RED) that all efforts be made to get expunged Stamp Duty on SLIC properties as endorsed by Revenue Department Punjab.</p> <p><u>Agenda Point # 6</u></p> <p><u>Appointment of Tenancy Consultants</u></p> <p>14. Sequel to directives of 214th Meeting of the Board, DH (RED) presented before the REIC the proposal regarding appointment of Tenancy Consultants encompassing the following:</p> <ol style="list-style-type: none"> Tenancy Consultant to be financially well established with good reputation. Should have copies of NTN and NIC . Should have average turn over of Rs.100 Million since last three years. Tenancy Consultants to be separately qualified for various zones located in Islamabad, Lahore, Multan and karachi. All applications to be examined by a committee headed by ED (RE) comprising DH(RED) and two DGMs ex-RED. Committee to give recommendations to Chairman SLIC for final approval. Proposals to be examined by REFC. Successful Tenancy Consultant to be paid 15 days rentals against the rented properties. Chairman SLIC may de-list the consultant in case of any malpractices on then part, if any. The proposal has also been included as an agenda point for the forthcoming Meeting of the Board. 			

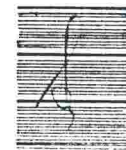
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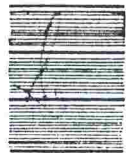
DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	15 TH DECEMBER, 2010	
<p><u>Resolved</u></p> <p>15. After detailed discussion the REIC resolved that the proposal be placed before the Board for deliberations and final approval.</p> <p><u>Agenda Point # 7</u></p> <p><u>Project Monitoring Unit (PMU) for SLIC Projects</u></p> <p>16. DH (RED) briefed the REIC regarding salient features of the PMU encompassing the following:-</p> <ol style="list-style-type: none"> Draft PMU has been approved in principal in 4th Meeting of DWP held at Lahore on 2nd October 2010. DWP recorded deep appreciation in its formal Minutes of the Meeting for qualitative working paper prepared by SLIC / DH (RED). The PMU encompasses a self contained monitoring unit under DH (RED); comprising 2 engineers and support staff to be placed at Principal office Karachi (one Engineer is already held). 1x Civil Engineer, each to be placed at Sargodha, Sialkot and Rahimyar Khan to monitor progress of projects in terms of quality assurance and management perspective (total: 3x Civil Engineers). PMU shall function under DH (RED) to mitigate all project oriented matters and apprise REIC and SLIC Board for timely decision making. Scope of PMU to be enhanced in case future projects at Lahore and Karachi are mobilized by SLIC. Separate PC-1 to be prepared for PMU with time lines of implementation and get formally approved from DWP. PC-1 to include employment of 4x suitably qualified and experienced civil engineers and 2x support staff (surveyors) to be employed on contract basis to monitor progress till completion time of individual projects. The engineers and support staff to be employed by SLIC on contract basis for the duration of each project with suitable pay package. <p><u>Resolved</u></p> <p>17. REIC resolved that:-</p> <ol style="list-style-type: none"> PC-1 be prepared for formal approval of DWP as per their requirement. As per approved PMU by DWP, the case be placed before the board and also get approved induction of (4) qualified civil engineers and (2) support staff on contract basis for completion period of Rahimyar Khan, Sialkot & Sargodha Projects. 			
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<p><u>Agenda Point # 8</u></p> <p><u>Restructuring of RED</u></p> <p>18. DH (RED) briefed REIC that at present RED is divided into four sub-zones looking after tenancy issues of rentable spaces in their respective areas. Out of 2.6 Million sq.ft rentable areas the following spaces are being looked after by respective zones:-</p> <ol style="list-style-type: none"> Peshawar - 1,68,423 sft (6% of overall rentable space) Islamabad - 3,44,016 sft (13%). Lahore - 4,48,498 sft (17%). Karachi -14,78,585 sft (64%). including 2,11,784 sft in Interior Sindh. <p>19. Located at PO Karachi, RED is looking after Tenancy, Security, Recoveries, Maintenance of buildings, construction of projects and Legal Issues for entire Pakistan. It becomes extremely difficult to deal with 64% tenancy matters in Karachi having 1.67 million sq.ft. rentable spaces spread over to Interior Sindh. This is equally resulting in mismanagement and delays.</p> <p>20. The imbalance of work load distribution not only results in poor tenancy status in Karachi (particularly in Interior Sindh with 51% of vacant spaces) but also effects overall efficiency of RED due to heavy work load. The aspect is equally resulting in mismanagement and losses.</p> <p>21. No qualified / Senior Engineer is directly looking after SLIC buildings at Karachi which are left to unqualified Building Incharge(s) only.</p> <p>22. To reduce the work load and achieve meaningful results, it would be in the best interest of SLIC to divide Karachi into 3x sub-zones for better administration and exercise proper technical, administrative and financial control as follows:-</p> <ol style="list-style-type: none"> <u>Interior Sindh.</u> O look after all properties and 2,11,784 sft rentable spaces (8%) located in Interior Sindh out of which 51% is vacant. <u>Karachi - A.</u> To lookafter 8,39,413 sft 32% of rentable spaces comprising buildings # 3,5,8,9,10,11,12 & Jason Centre. <u>Karachi - B.</u> To be responsible for tenancy issues of 6,34,181 sft (24%) of rentable spaces for buildings # 1,2,4,6 and 7 & plus residential accommodation at Karachi. <p>23. Each sub zone to be headed by DGM / AGM as per availability of engineers.</p>			

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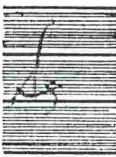
MINUTES OF 216TH MEETING OF THE BOARD OF DIRECTORS

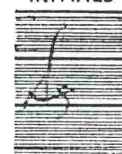
DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	15 TH DECEMBER, 2010	
	<p>24. RED at PO should take on PMU, Maintenance, Security, Recoveries contract management and Legal issues in addition to exercising overall technical, administrative and financial controls.</p> <p><u>Advantages</u></p> <p>25. The proposal has following clear advantages:-</p> <ol style="list-style-type: none"> Balanced distribution of work load. Proper supervision of sub-zones by responsible officers / qualified senior engineers. Delegation of responsibilities down the order. Proper supervision and real estate management. Direct supervision of buildings and maintenance works by qualified engineers instead of unqualified building incharges. <p><u>Resolved</u></p> <p>26. REIC resolved that the proposal merits to be adopted being efficacious to Real Estate Management of SLIC.</p> <p><u>Agenda Point # 9.</u></p> <p><u>Review of Real Estate Portfolio</u></p> <p>27. DH (RED) presented before REIC the Real Estate Portfolio for quarter ending September 2010 encompassing the following:-</p> <ol style="list-style-type: none"> <u>Gross Income.</u> Rs.538 against Rs.552 of last year (3% decrease). <u>Expenses.</u> Rs.260 million against Rs.354 Million of last year showing improvement of Rs.94 Million. <u>Net Income.</u> Rs.278 million against Rs.198 million of last showing 40% increase. <u>Expenses / Income Ratio.</u> 48% against 64% of last year showing 16% improvement. <p><u>Resolved</u></p> <p>28. REIC was satisfied with the financial performance of RED and appreciated improvements as compared to performance for the same quarter of the previous year.</p> <p><u>Agenda Point # 10</u></p> <p><u>Rental Spaces of SLIC Buildings</u></p> <p>29. DH (RED) updated REIC on rental spaces with vacant status of SLIC buildings all over Pakistan. It was clarified that actual space occupied by SLIC at PO Karachi 60,500 sft out the covered area of 1,02,471 sq.ft. The details would be presented before the next BAC and REIC Meetings.</p> <p><u>Resolved</u></p> <p>30. REIC resolved that the data should be incorporated in the business plan to be presented to the Board and the case be placed before next Board Audit Committee as per their requirement.</p> <p>31. At conclusion of the meeting the end all participants thanked the chair.</p> <p>Secretary (REIC)</p> <p>Chairman</p>		
			<p>CHAIRMAN'S INITIALS</p> 

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<p style="text-align: right;"><u>Annexure-D</u></p> <p style="text-align: center;"><u>Minutes of 15th REIC Meeting</u></p> <p>1. 15th REIC Meeting was held on 30th November 2010 at PO, SLIC Karachi, attended by the following:-</p> <table><tr><td>a. Mr. Shahid Aziz Siddiqi.</td><td>Chairman</td></tr><tr><td>b. Mr. Rasheed Y. Chinoy.</td><td>Director</td></tr><tr><td>c. Mr. Mohammad Yahya.</td><td>Executive Director / Member</td></tr><tr><td>d. Mr. Ansar Hussain.</td><td>Sr. GM (Investment) / Member</td></tr><tr><td>e. Lt. Col. (R) Mohsin Ali Shah.</td><td>DH (RED) / Secretary</td></tr></table> <p>2. After recitation of the Holy Quran, the Chairman welcomed the participants and commenced the proceedings.</p> <p><u>Discussion on Real Estate Issues</u></p> <p>3. Right at the on set of meeting the aspect of Quorum was discussed. After advice of Law Division (in the light of Regulation-5 of SLIC Regulation of 1972), it was clarified that REIC quorum was complete. Thereafter, the proceedings of REIC were commenced.</p> <p>4. The offer of properties M/s. Dawood Islamic Bank was discussed in legal and valuation perspectives. GM (Investment) also apprised REIC regarding alternative offer on share holding on Takafful window. The offer together with its implications and related formalities was discussed at length. Senior Manager Investment apprised the committee about the related details of the offer.</p> <p><u>Resolved</u></p> <p>5. REIC resolved that since the offer is self contained and does not have any Real Estate oriented transaction therefore Investment Division should carryout due diligence of the proposal. Thereafter, a position paper be submitted and presented to the Board by GM Investment.</p> <p>6. REIC was also apprised by DH (RED) about valuation status of two properties i.e at Multan and Abdullah Haroon Road, which are under process and likely to be finalized by end December 2010.</p> <p><u>Resolved</u></p> <p>7. REIC resolved that after due diligence the case be placed before the Board accordingly.</p> <p><u>Discussion on Agenda Points</u></p> <p><u>Agenda Points # 1.</u> <u>Implementation Report of 14th Meeting of REIC dated: 30th November 2010.</u></p> <p>8. REIC was satisfied with compliance report on the Minutes of 14th Meeting.</p> <p><u>Agenda Points # 2</u> <u>Confirmation of Minutes of 14th Meeting of REIC</u></p> <p>9. Mr. Rasheed Y. Chinoy proposed confirmation of Minutes of 14th Meeting of REIC seconded by other members.</p> <p><u>Agenda Point # 3</u> <u>Progress of Ongoing Works.</u></p> <p>10. REIC was satisfied with the progress of on going works. However, the REIC showed its complete dissatisfaction on the stalled works at Larkana project which is delayed by one year which has become as a Sick project.</p>				a. Mr. Shahid Aziz Siddiqi.	Chairman	b. Mr. Rasheed Y. Chinoy.	Director	c. Mr. Mohammad Yahya.	Executive Director / Member	d. Mr. Ansar Hussain.	Sr. GM (Investment) / Member	e. Lt. Col. (R) Mohsin Ali Shah.	DH (RED) / Secretary
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CHAIRMAN'S INITIALS



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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	15 TH DECEMBER, 2010	
	<p><u>Resolved</u></p> <p>11. REIC took a serious notice of abnormal delays in Larkana project. RED should insure timely completion of the project without further delays. The supervision should be augmented by placing an experienced senior Engineer at Larkana for timely completion and provide relief to the zone housed in a displaced building.</p> <p><u>Agenda Point # 4</u></p> <p><u>Appraisal- Rehabilitation of Damages to SLIC Buildings due to Explosion at CID Building.</u></p> <p>12. DH (RED) updated the REIC that due to huge explosion at CID Building Karachi approximately 150 yds away from Principal office of SLIC, Buildings # 9 and 3 were extensively damaged. Almost all the windows, doors, false ceilings, glass and venition blinds were extensively damaged thereby making the building / offices unsafe, insecure and non-functional.</p> <p>13. Immediately after the incident, both, ED (RE) and DH (RED) rushed to the site and physically inspected both the building complexes and updated the Chairman accordingly.</p> <p>14. As per ground situation, three security guards and 3 employees of SLIC received minor injuries. They were evacuated for first aid. Since all the doors and windows were smashed therefore additional security was called to secure the buildings. All necessary steps were taken to ensure safety and security of men, material and buildings. The lights were switched off to guard against electric short circuiting. All these actions were completed till late night (by 0300 hours).</p> <p>15. To ensure security, RED staff was deputed to perform night duties. The next day, NICL team was called upon for survey of damages caused to both the insured buildings. All the damages were photographed, recorded and formalized by RED as well as NICL surveyors.</p> <p>16. Due to extensive damages, the offices / functioning of SLIC was expected to remain closed for at least one week; thereby causing huge business loss.</p> <p>17. The repair and rehabilitation works were commenced under "Emergency Works" on war footing. With hectic efforts of 4 days and nights (84 hours consecutively), on round the clock basis, all offices were restored by Monday morning 15th November 2010 ensuring smooth functioning of the SLIC offices without closure.</p> <p>18. Extent of damages (under round the clock repair works near Eid holidays) was assessed over Rs.1 crore. However, with well organized rehabilitation works under sound engineering practices, the initial rehabilitation works have already been completed amounting Rs.15 lac only; thereby saving huge expenditure of SLIC.</p> <p>19. During the entire episode, RED continuously remained on call / duty to get the rehabilitation works completed much earlier than the initial estimates and work schedules.</p> <p>20. The officers of RED were deputed to perform round the clock supervision under personal presence and supervision of ED (RE) and DH (RED)</p> <p>21. Owing to extent of damages that made both the buildings vulnerable in security, RED timely accomplished immediate rehabilitation works effecting utmost economy under approaching Eid holidays and consequent shortage of glass in the market. Leftover repair works are in progress and expected to be completed by mid December 2010.</p> <p>22. An internal committee headed by ED has been deputed to formalize the entire episode with specific recommendations to address similar situations for future and beef up safety / security measures.</p>		

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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	15 TH DECEMBER, 2010	
<p><u>Resolved</u></p> <p>23. REIC recorded deep appreciation for dedicated/ devoted efforts of ED (RE) and DH (RED) for quickest restoration of sub-situational damages to SLIC buildings No.9 & 3 effecting utmost economy.</p> <p><u>Agenda Point # 5</u> <u>Appraisal on State Life Building # 10, Abdullah Haroon Road.</u></p> <p>24. DH (RED) briefed REIC about Building # 10 (Abdullah Haroon Properties) comprising 20,000 sq ft rentable space at 10,814 sq yds plot has been lying vacant or rented to SLIC officers for residential use with intermittent commercial use. The aspect entailed draft paras referred to PAC.</p> <p>25. Its renting was advertised in the press media. However, no response was received except two parties i.e. JS bank and SECP offering notional rentals for partial accommodation. SLIC / Abdullah Haroon Properties were not in a position to get the said building repaired / rehabilitated amounting Rs.12 Million approximately.</p> <p>26. Of late, Ms PCA International (Pvt) Limited (a sponsor of foreign bound university) have sent their Expression of Interest to hire complete building for 10 years term on annual rentals of Rs.10,00,000/- per month, with Rs.1 Million upfront payment as security. The party has also proposed to repair the building under mutually agreed estimates and get interior works done at their own cost for which subsidized rentals (average Rs.3,00,000/- month) would be paid till recovery of the repair cost for two years term. Thereafter, full rental payments would continue for remaining 8 years.</p> <p>27. The proposal has been approved in principal by the Board of Abdullah Haroon Properties. Consequently RED would formalize the renting formalities accordingly.</p> <p><u>Resolved</u></p> <p>28. REIC appreciated the proposal wherein reasonable revenue would be generated together with built-in arrangements for repair and restoration of the building exteriors, services and structure. A committee headed by a member each from RED, Tenant and Abdullah Haroon Properties should jointly work out the cost effect for external and structure repairs: to be adjusted through monthly rentals</p> <p><u>Agenda Point # 6</u> <u>Appraisal – Mutation of 17.75 Kanal land at Lytton road, Lahore.</u></p> <p>29. DH (RED) updated REIC that SLIC owns 7x (G + 4) buildings at corner plot at Lytton Road. The plot was to be transferred to SLIC as per LINO. However, the title / supportive documents i.e. Sale Deed and linkage of property changing various hands since 1953 were not held.</p> <p>30. The land had scores of built-in problems that LDA Lahore was not empowered to sale out the said land owned by the Federal Government at that time.</p> <p>31. Owing to extreme procedural difficulties, the mutation process was not only stalled but also given up by M/s. Hajvari law Group, the SLIC advocates.</p> <p>32. RED commenced tracing linkage of property documents from old records of Revenue Department Punjab i.e. EDO, DDR, DDOR, Tehsildar, Patwari, LDA and Settlement Commissioner. With proactive pursuance, almost all the linkage records were traced. Due to non-availability of Sale Deed all records of Patwari were searched thread bare in finding basic property ownership documents to establish credentials for mutation to SLIC.</p> <p>33. Chairman SLIC wrote series of DOs to Chief Secretary Punjab to provide necessary assistance. Consequently, three high level meetings were chaired by Secretary Revenue Punjab to address the stalled issues faced by SLIC.</p> <p>34. Scores of quarries raised by EDO, DOR, DDOR and Revenue Department Punjab were traced and timely addressed by RED.</p>			

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[Handwritten Signature]

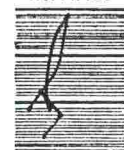
MINUTES OF 216TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	15 TH DECEMBER, 2010	
<p>35. Finally, DDOR proposed to levy Stamp Duty worth Millions of rupees on 17.75 Kanals property and all other properties under mutation. The case was defended all along to get it expunged for all the properties under mutation at Lahore.</p> <p>36. Inspite of all out efforts Tehsildar and Patwari were not ready to endorse the mutation in property records due to strict regulations in Punjab on such cases.</p> <p>37. After proactive follow up, 17.75 Kanals of most valuable commercial land has now been transferred to SLIC (as per land records of Revenue Department).</p> <p>Resolved</p> <p>38. REIC deeply appreciated the efforts of DH (RED) and his team at Lahore who have relentlessly followed mutation of this most valuable commercial of corner plot measuring 17.75 Kanals. All efforts be made to mutate left over properties at Lahore.</p> <p>Agenda Point #7 <u>Appraisal on Proposal of AWT on Amalgamation of Plots near FTC</u></p> <p>39. DH (RED) appraised REIC about two plots owned by SLIC near FTC measuring 9,468 sq.yds and 4,292 sq.yds respectively (total: 13,760 sq.yds) with 60 feet road located between both the plots.</p> <p>40. The dividing Road was encroached by AWT. The case is subjudice in the court since 5-6 years.</p> <p>41. SLIC pleaded the case with MEO & DG ML& C (Ministry of Defence). MEO issued formal letter that the said road has been erroneously leased to AWT which tilted the balance in favour of SLIC.</p> <p>42. The case was presented by RED through REIC to the Board. It was resolved that:-</p> <ol style="list-style-type: none"> AWT to be offered out of the court (amicable) settlement. They should vacate the said road and allow amalgamation of our two plots (making 426 feet frontage due to built in advantage and value addition). In lieu, 60 feet road with extra strip (preferably 30 feet) be offered to AWT near NIC Building. <p>43. Of late, AWT has accepted offer of SLIC with following conditions:-</p> <ol style="list-style-type: none"> SLIC to withdraw the legal case. All lease and amalgamation oriented formalities be done by SLIC. 90 feet road be provided by SLIC near NIC Building in lieu of the said road and consequent amalgamation formalities. <p>44. Consequently, the following is in progress:-</p> <ol style="list-style-type: none"> MEO Karachi is being coordinated by RED on amalgamation and lease oriented aspects. Valuator has been assigned to evaluate the aspect in technical, construction and financial (value addition) perspectives to quantify the advantages to SLIC due to amalgamation of plots. A Departmental Committee shall assess the option and give recommendations accordingly. Thereafter, the case shall be processed for disposal by the board. <p>Resolved</p> <p>45. REIC solved that all the valuation formalities should be expedited to finalize the case for approval of the Board.</p>			


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DIRECTORS MINUTE BOOK	HELD AT KARACHI	ON 15 TH DECEMBER, 2010	TIME
<p><u>Agenda Point # 8</u></p> <p><u>PC-1 – Project Monitoring Unit (PMU) for SLIC Projects</u></p> <p>46. DH (RED) updated REIC that holding of dedicated Project Monitoring Unit (PMU) for SLIC Projects has been mandated by DWP. PC-1 for PMU has been discussed in 6th Meeting of DWP held on 29th November 2010 and generally approved in principal.</p> <p>47. PMU would be added as an independent and self contained entity which shall perform its technical monitoring and quality assurance for all the new projects. Headed by GM (RE) at PO Karachi, the PMU shall ensure qualitative execution of works towards timely completion of the projects and update REIC / SLIC Board for timely decision making.</p> <p>48. PC-1 comprises two parts:-</p> <p>a. <u>Part-I.</u> Structuring, scope, functions and duties of PMU.</p> <p>b. <u>Part-II.</u> Establishment and cost effect with time lines (Rs.16.15 Million)</p> <p>49. Part-I has already been approved by DWP. As per Part-II of PC-1, SLIC has to employ 4x qualified / experienced civil engineers and 2x support staff to monitor qualitative and timely construction at site(s).</p> <p><u>Resolved</u></p> <p>50. REIC resolved that after input from DWP, PC-1 be placed before the Board for approval. Additionally, approval of the board be solicited for induction of 4x qualified / experienced Engineers and 2x support staff (surveyors) for Project Monitoring Unit.</p> <p><u>Agenda Point # 9</u></p> <p><u>Strategic Plan RED</u></p> <p>51. Sequel to decisions taken in 215th Meeting of the Board, RED has prepared three phased strategic plan as follows:-</p> <p>b. Short Term (1-2 years)</p> <p>c. Mid Term (3-5 years)</p> <p>d. Long Term (5-10 years)</p> <p>52. The recommended measures suggested in the strategic would contribute to increase in overall rentals as well as increase in the rentable spaces.</p> <p>53. DH (RED) give a detail presentation to REIC on all the proposal contained in the Strategic Plan for RED.</p> <p><u>Resolved</u></p> <p>54. REIC resolved that ED (RE), Senior GM (Investment) and DH (RED) should evaluate the proposal to be placed before the Board.</p> <p>55. On conclusion of the meeting all the members thanked the Chair.</p> <p>Secretary (REIC)</p> <p>Chairman</p>			

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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	15 TH DECEMBER, 2010	
<p style="text-align: right;"><u>Annexure-E</u></p> <p style="text-align: center;"><u>BUSINESS REVIEW FOR & UPTO THE MONTH OF OCTOBER 2010.</u></p> <p>As per Business Progress Report for and upto the Month of October 2010, our business performance under various business spheres on corporate basis is given hereunder:</p> <p style="text-align: center;"><u>CORPORATION BASIS:</u></p> <p><u>FIRST YEAR PREMIUM</u></p> <p>We have secured First Year Premium of Rs.5,734 Million (Rupees Five Thousand Seven Hundred Thirty Four Million) as against First Year Premium of Rs.4,459 Million (Rupees Four Thousand Four Hundred Fifty Nine Million) completed during the corresponding period of Year 2009 and thus registered an increase of 29% (Twenty Nine Percent.)</p> <p><u>SECOND YEAR PREMIUM</u></p> <p>Rs.2,908 Million (Rupees Two Thousand Nine Hundred Eight Million) Second Year Premium has been collected as against Rs.2,204 Million (Rupees Two Thousand Two Hundred Four Million) Second Year Premium collected during the corresponding period of Year 2009. The Second Year Persistency upto October 2010 was at 65% (Sixty Five Percent) as against 68% (Sixty Eight Percent) during the corresponding period of last year.</p> <p><u>THIRD YEAR & OVER PERSISTENCY</u></p> <p>The Third Year & over Persistency upto October 2010 is 93% (Ninety Three Percent) as against 90% (Ninety Percent) during the corresponding period of Year 2009.</p> <p><u>NUMBER OF POLICIES</u></p> <p>We have sold 401,729 (Four Lac One Thousand Seven Hundred Twenty Nine) new policies as against 338,320 (Three Lac Thirty Eight Thousand Three Hundred Twenty) new policies sold during the corresponding period of Year 2009 and thus registered an increase of 19% (Nineteen.)</p> <p>Region/Zone wise details are placed at Annexure "A".</p> <p><u>Achievement V/s. Forecast</u></p> <p>The forecast upto the Month of October was 6,447 Million and the Corporation achieved 89% of the forecast. Although there was a shortfall upto the Month of October 2010, which was mainly because of flood in the Country and overall law & order situation. We are hopeful that this shortfall would be wiped out in the coming months with the help of more concentrated/targeted efforts and motivational activities. Region/Zone wise details are placed at Annexure "B".</p>			
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CORPORATION/REGIONAL BASIS:

The Region-wise business performance for & upto the Month of October 2010 is as follows:

First Year Premium (in 000's)

Region	For October			Upto October		
	2009	2010	+ - %	2009	2010	+ - %
South	82,518	92,759	12.41	816,488	1,047,624	28.31
Central	151,838	174,068	14.64	1,615,320	2,064,383	27.80
Northern	97,045	107,348	10.62	966,651	1,278,072	32.22
Multan	109,878	137,800	25.41	1,060,936	1,344,897	26.77
Corporation	441,279	511,975	16.02	4,459,395	5,734,976	28.60

2nd Year Persistency (%)

Region	For October			Upto October		
	2009	2010	+ - %	2009	2010	+ - %
South	111.65	78.92	(32.73)	61.13	57.85	(3.28)
Central	89.53	80.86	(8.66)	68.18	67.16	(1.02)
Northern	88.83	77.56	(11.27)	73.99	71.98	(2.00)
Multan	90.59	70.18	(20.40)	66.95	61.82	(5.13)
Corporation	93.39	77.11	(16.28)	68.02	65.23	(2.79)

Renewal Persistency (%)

Region	For October			Upto October		
	2009	2010	+ - %	2009	2010	+ - %
South	104.18	95.16	(9.02)	89.57	95.65	6.08
Central	94.67	90.74	(3.93)	90.48	92.03	1.55
Northern	97.76	85.78	(11.98)	88.88	92.15	3.27
Multan	107.77	83.27	(24.50)	93.43	90.39	(3.04)
Corporation	99.74	89.26	(10.47)	90.28	92.59	2.31

Number of Policies Sold (New)

Region	For October			Upto October		
	2009	2010	+ - %	2009	2010	%
South	5,574	6,247	12.07	57,041	69,890	22.53
Central	10,604	11,092	4.60	113,737	136,757	20.24
Northern	7,115	7,266	2.12	76,613	91,059	18.86
Multan	9,141	10,805	18.20	90,929	104,023	14.40
Corporation	32,434	35,410	9.18	338,320	401,729	18.74

Recruitment

Region	For October			Upto October		
	2009	2010	+ - %	2009	2010	+ - %
South	382	400	4.71	4,539	5,672	24.96
Central	693	654	(5.63)	9,494	11,594	22.12
Northern	594	453	(23.74)	6,526	8,332	27.67
Multan	488	719	47.34	7,573	8,993	18.75
Corporation	2,157	2,226	3.20	28,132	34,591	22.96

(Syed Arshad Ali)
Executive Director (Marketing)

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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	15 TH DECEMBER, 2010	

Annexure-F


**BUSINESS REVIEW OF GROUP & PENSION DIVISION
FOR THE PERIOD ENDED ON 31ST OCTOBER, 2010**

(Rupees in million)

Zone	Karachi Zone	Lahore Zone	Rawalpindi Zone	Peshawar Zone	Division's Total
New Policies					
2010	38	100	33	7	178
2009	49	81	40	10	180
Forecast for the year 2010	104	113	50	16	283
% of Forecast achieved	36.54	88.50	66.00	43.75	62.90
New Premium					
2010	40.535	16.098	13.549	4.404	74.586
2009	89.424	11.770	7.151	6.456	114.801
Inc/Dec % over base	(54.67)	36.77	89.47	(31.78)	(35.03)
Forecast for the year 2010	53.500	23.900	23.500	5.000	105.900
% of forecast achieved	75.77	67.36	57.66	88.08	70.43
Total Premium					
2010	1,006.834	1,013.476	375.481	538.029	2,933.820
2009	785.495	1,207.156	355.544	477.769	2,825.964
Inc/Dec % over base	28.18	(16.04)	5.61	12.61	3.82
Forecast for the year 2010	1,477.931	1,423.489	750.128	667.059	4,318.607
% of forecast achieved	68.12	71.20	50.06	80.66	67.93
Persistency					
Forecast %	97.00	97.00	97.00	97.00	97.00
Actual %	92.94	99.08	95.53	100.00	97.08

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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	15 TH DECEMBER, 2010	
<p style="text-align: center;"><u>REASONS OF VARIANCE</u></p> <ul style="list-style-type: none"> • Lapsation at two groups i.e. Muslim Commercial Bank & Habib Bank resulted into a deficit of Rs. 54 million. • Loss of Wapda's Group Policies resulted into a negative impact of Rs. 87 million in 2010. • Last year premium collected by Sui Northern Gas was about Rs. 22.977 million but in 2010 adhoc premium of Rs. 12.800 million was received. • Out of total premium of Rs. 530 million under Pak Army Policy an amount of Rs. 150 million has been received and Rs. 380 million is yet to be received. • A premium of Rs. 21 million is yet to be received from Fauji Foundation. • An amount of Rs. 27 million pertaining to the premium of 2010 is outstanding under the Pak Navy Policy. • An amount of Rs. 72 million of two quarters of 2010 i.e. from 1st July to 31st December is yet to be received under Government of Baluchistan Group Insurance Policy. <p><u>Explanation:</u></p> <p>Had the entire above outstanding premium been received, net impact would have been an increase of 21.51% over base i.e. last year as against present increase of 3.82%.</p> <p style="text-align: right;">(Syed Arashd Ali) Executive Director(G&P)</p>			
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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	15 TH DECEMBER, 2010	

Annexure-G

**Review of Investment Portfolio of the Corporation
as at November 30, 2010**

The book value of investment portfolio, which was Rs.205, 805 million as on December 31, 2009 is estimated to have increased to Rs.225.313 million as on November 30th, 2010. This reflects an increase of Rs.19,508 million and a percentage increase of 9.48% during the period ended November 30th, 2010 over the year ended December 31, 2009.

2. The distribution of Investment Portfolio as on December 31, 2009 and November 30th, 2010 is given below:

Type of Investment	(Rs. in millions) Investment Portfolio 31.12.2009		(Rs. in millions) Investment(Un-Audited) Portfolio 30.11.2010	
		%		%
a) Investments				
i) Govt. Securities	145,687	70.78	158,154	70.19
ii) Corporate debts	4,591	2.23	4,732	2.10
iii) Equities	24,458	11.88	25,380	11.26
iv) Bank Deposits *	12,485	6.07	15,387	6.83
Sub Total	187,221	90.96	203,653	90.38
b) Investment Property	2,538	1.24	2,933	1.30
c) Loans to Policy holders	16,046	7.80	18,727	8.32
Total	205,805	100.00	225,313	100.00

*Bank balances in zones as at 30.11.2010 not included


3. Government Securities

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 30th, 2010 was Rs.148,262 million. This constitutes 65.80% of the total portfolio. The total investments in Government Securities and debts amounted to Rs.158,154 million which constitutes 70.19% of the total portfolio. State Bank held auction of PIBs in February 2010, March 2010, May 2010 July 2010, August 2010 and October 2010. As advised by Appointed Actuary of the Corporation, the Corporation purchased PIBs of 10, 20 and 30 years duration with a face value of Rs.11,375 billion at a cost of Rs.10,772 billion till November 30th, 2010. In the month of July 2010 and August 2010 SBP held auctions of PIBs which were scrapped altogether. But in the auction held in October 2010 State Life has purchased 10 Year PIBs with face value Rs.3,500 billion. State Life has also purchased PIBs of 10 year duration with face value Rs.625 million at cost of Rs.594 million from the secondary market from January 2010 to October 2010. State Life has also purchased Treasury Bills worth Rs. 1.142 billion in August 2010 and September 2010 to invest some of the funds which were unutilized due to rejection of all the bids in PIB auctions held by SBP in August 2010 and September 2010.

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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	15 TH DECEMBER, 2010	
<p>4. <u>Corporate Debts</u></p> <p>Corporate debts include investments in TFCs of different companies 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 and Rs.100 million placed in COI of First Dawood Investment Bank. The total investment in Corporate Debt was Rs.4,732 million as on November 30th, 2010.</p> <p>5. <u>Equities</u></p> <p>a. State Life purchased shares with a book value of Rs.926.859 million during the period under review. State Life sold shares with a book value of Rs.337 million for Rs.702 million realizing capital gain of Rs.365 million during this period.</p> <p>b. The book value of quoted equity portfolio stood at Rs. 23,361 million while its market value was Rs. 46,972 million showing an appreciation of Rs.23,611 million as on November 30th, 2010. Sector wise details of appreciation / depreciation in portfolio are shown in Annexure "A" to the Memorandum.</p> <p>6. <u>Total Investment Portfolio/Investment Income</u></p> <p>a. Details of total investment portfolio as well as investment income as at December 31, 2008, December 31, 2009 and November 30th, 2010 (estimated) as well as Investment Income for the respective periods is shown in Annexure B to the Memorandum. The market value of the portfolio is shown in Annexure-C to the Memorandum.</p> <p>b. State Life earned Rs.23,082 million on its investment portfolio excluding unrealized gain on investment for the period ended November 30th, 2010 as compared to Rs.18,917 million earned during the same period of the previous year.</p> <p style="text-align: right;">Ansar Hussain General Manager (Investment).</p> <p>December 6th, 2010</p>			
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RECTORS	HELD AT	ON	TIME
UTE BOOK	KARACHI	15 TH DECEMBER, 2010	

Annexure-H

**REVISED/FORECASTED BUDGET ESTIMATES
FOR THE YEAR 2010 OF HEADS OF ACCOUNT SHOWING
INCREASE OVER PREVIOUSLY APPROVED BUDGET PROPOSALS**

2. Administrative Expenses:

The administrative expenses include all expenses other than payments to policyholders and field workers and excluding expenses of Real Estate & Investment Divisions.

i) Personnel cost -Officers

(Rupees in Millions)

Actual 2009	Budget 2010	Forecasted Budget 2010
1,125. 707	1,269.54 4	1,400.653

Personnel cost of officers was Rs.1,125.707 million in 2009. These are forecasted to grow to Rs.1,400.653 million in 2010, up by 24.4% over Actual-2009. This increase includes provisions of Rs.136 millions for 50% Adhoc Allowance.

ii) Area Managers Expenses (on corporate basis):

(Rupees in Millions)

Description	Actual 2009	Budget 2010	Forecasted Budget 2010
First Year Premium	7,225	10,315	10,431
Area Mangers Expenses	848	1,369	1,252
% of Expenses to FYP	11.74%	13.27%	12%

Area Managers expenses include basic salary, allowances, leave encashment, wages for staff, car petrol, car rental, printing & stationery, medical expenses, books & periodicals, telephone (office), telephone (residence), utility (office), conference and meeting, repair & maintenance, rent and incentive and persistency bonuses etc. Area Managers expenses in forecasted budget for 2010 also include provision of Rs.33 million for 50% Adhoc Relief Allowance.

Area Managers expenses are directly linked with premium income especially with first year premium of Individual Life. The increase in expenses as per approved budget for 2010 over Actual 2009 was 61.44% (from Rs.848 million in 2009 to Rs.1,369 million in 2010) and it is forecasted to be Rs.1,252 million in 2010, showing an increase of 47.6% over Actual-2009. Percentage of Area Manager Expenses to First Year Premium was 11.74% in 2009 and 12% increase in forecasted budget for 2010.

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DIRECTORS	HELD AT	ON	TIME
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iii) **Printing & Stationery:**

(Rupees in Millions)

Actual 2009	Budget 2010	Forecasted Budget 2010
62.888	74.096	75.392

Printing and stationery expenses were Rs.62.888 million in 2009. These were budgeted at Rs.74.096 million in 2010. The budget under this head is forecasted to be Rs.75.392 million in 2010, up by 19.88% over 2009.

Increase in estimates have been made for printing of premium notices, policy files for new policyholders and for some increase in the rates of printing and stationery items.

iv) **Annual Fee SECP and Ombudsman Expenses:**

(Rupees in Millions)

Actual 2009	Budget 2010	Forecasted Budget 2010
69.420	53.107	53.151

These expenses were Rs.69.420 million in 2009. The expenses have been forecasted in 2010 as Rs.53.151 million against Rs.53.107 million as per approved budget for 2010. These expenses will decrease as per forecasted budget by 23.4% against the actual, 2009.

Rate for Annual fee by SECP has been revised from Rs.1 per thousand of gross premium to Rs.2 per thousand subject to a maximum of rupees fifty million. Ombudsman Office expenses are charged @ Rs.0.09 per thousand. The actual expenses for 2009 also include provision of Rs.10.993 million payable to SECP on the premium for the year 2008.

v) **Administrative Expenses of Investment & Real Estate:**

Detail of Heads of Account of forecasted Admin. Expenses of Investment and Real Estate Division showing an increase over previously approved budgeted expenses is given hereunder:

Major Expenses – Real Estatea) **Utilities (Electricity, Gas & Water):**

(Rupees in Millions)

Actual 2009	Budget 2010	Forecasted Budget 2010
38.493	55.408	71.237

Utilities expenses include electricity, water and gas charges in respect of various buildings of the Corporation. Utilities expenses were Rs.38.493 million in 2009 and it would be Rs.71.237 million as per forecasted budget for 2010 against the approved budget of

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Rs.55.408 million which will be 85.1% higher in comparison to Actual-2009.

b) Law & other professional charges:

(Rupees in Millions)

Actual 2009	Budget 2010	Forecasted Budget 2010
9.599	6.225	6.275

These expenses were Rs.9.599 million in 2009. These expenses will be Rs.6.275 million as per forecasted budget 2010 against the approved budget of Rs.6.225 million, showing a decrease of 34.6% over actual 2009.

c) Rate & Taxes:

(Rupees in Millions)

Actual 2009	Budget 2010	Forecasted Budget 2010
59.476	35.000	37.000

Rates and taxes include water, sewerage, conservancy and lease charges on buildings/plots and taxes payable to different government agencies. The expenses on Rates & Taxes were Rs.59.476 million in 2009 which will be Rs.37.000 million as per forecasted budget for 2010 against the approved budget of the same year of Rs.35.000 million, showing decrease of 38% over actual 2009. The expense in 2009 includes payment of arrears of Rs.39.899 million in respect of Water/Sewerage charges etc. of State Life Buildings No.1, 2 and 11 for the period from 1992 to 2009.

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Annexure-IREVISED/FORECASTED BUDGET ESTIMATES FOR THE YEAR 2010.

9. A table showing comparison on corporate basis for income, outgo, contribution to Statutory Funds and Renewal Expense Ratio on the basis of actual expenses of 2009, approved budget for 2010 and forecasted budget for 2010 is given hereunder:-

Rupees in Million

A. Income

Description	Actual 2009	Budget 2010	Forecasted Budget 2010	Forecasted 2010 vs Actual 2009
(a) First Policy Year	7,225	10,315	10,431	44.37%
(b) 2 nd Policy Year	4,494	6,137	6,050	34.62%
(c) 3 rd and later policy years	13,304	15,154	15,975	20.08%
(e) Total	25,023	31,606	32,456	29.70%
Group Life Premium	3,560	4,153	3,822	7.36%
Total Premium (Gross)	28,583	35,759	36,278	26.92%
Less: Re-Insurance	(216)	(131)	(235)	8.80%
Total Premium (Net)	28,367	35,628	36,043	27.06%
Investment Income	21,235	22,931	23,822	12.18%
Real Estate Income	723	813	772	6.78%
Investment & Real Estate Income	21,958	23,744	24,594	12.00%
Total Income	50,325	59,372	60,637	20.49%

B. Outgo

Description	Actual 2009	Budget 2010	Forecasted Budget 2010	Forecasted 2010 vs Actual 2009
a) Death, Maturity & Annuities	9,131	11,207	10,282	12.61%
b) Surrenders	2,832	3,096	3,239	14.37%
c) Total	11,963	14,303	13,521	13.02%
Group Life Claims	3,761	4,193	3,718	(1.14%)
Total Policy Outgo	15,724	18,496	17,239	9.63%
Field Expenses	6,786	9,886	10,210	50.45%
Area Managers Exp.	848	1,369	1,252	47.64%
Total acquisition Cost	7,634	11,255	11,462	50.14%
Admin. Expenses	3,996	3,810	3,723	(6.83%)
Investment Expenses	72	30	25	(65.28%)
Real Estate expenses	448	518	494	10.27%
Total Admin Exp.	4,516	4,358	4,242	(6.07%)
Total Management Expenses	12,150	15,613	15,704	29.25%
Income Tax Provision	75	170	175	133.33%
Govt. share of surplus	389	400	405	4.11%
Total outflow + Provisions	28,338	34,679	33,523	18.30%

C. Life Fund

Description	Actual 2009	Budget 2010	Forecasted Budget 2010	Forecasted 2010 vs Actual 2009
Accretion to Statutory Funds	21,987	24,694	27,114	23.32%
Opening Statutory Funds	177,459	198,377	199,446	12.39%
Closing Statutory Funds	199,446	223,071	226,560	13.59%

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Annexure-J**10. Renewal Expense Ratio**

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

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

Renewal Expense ratio of State Life Insurance Corporation of Pakistan on actual results for the year 2009, approved budget for 2010 and forecasted budget for 2010 are as under:-

Descriptions	Actual 2009	Budgeted 2010	Forecasted 2010
Renewal Expense Ratio	18.5%	18.8%	18.2%

13. Persistency Ratios

2 nd Year Persistency	87%	85%	84%
Renewal Persistency	95%	90%	90%

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