

MINUTES OF 217TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	3 RD MARCH, 2011	

CONFIDENTIAL AND RESTRICTED

The 217th Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Thursday, 3rd March, 2011 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. Mr. Aslam Faruque | Director |
| 4. Mr. Rasheed Y. Chinoy | Director |
| 5. Syed A. Wahab Mehdi | Director |
| 6. Mr. Akbarali Hussain | Secretary Board |

ABSENT:

- | | |
|----------------------------|--|
| 1. Mrs. Spenta Kandawalla, | Director(resignation communicated to the Ministry of Commerce) |
| 2. Mr. Amin Qasim Dada, | Director |
| 3. 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 216TH MEETING OF THE BOARD OF DIRECTORS.

3. The minutes of the 216th meeting of the Board of Directors held on 15th December, 2010 together with implementation report were placed before the Board.

4. Implementation report of 216th meeting of the Board of Directors were noted.

5. Mr. Rasheed Y. Chinoy, Director proposed and Mr. Aslam Faruque, Director seconded that the minutes of 216th meeting of the Board of Directors be confirmed.

6. Accordingly, it was resolved as under:-

RESOLVED:

"that the Minutes of 216th meeting of Board of Directors held on 15th December, 2010 are confirmed."

ITEM (2) LEGAL CASE PENDING BEFORE THE HONORABLE SUPREME COURT OF PAKISTAN (CRIMINAL APPEAL)


7. Executive Director(P&GS) presented before the Board, a Memorandum for legal case pending before the Honorable Supreme Court of Pakistan (Criminal Appeal).

Action:
Secretary
(Board)

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<p>8. State life revised Pay Scales of the Officers of the Corporation with effect from 01.01.1998 with prior approval of the Federal Government vide Notification No. P&GS/PO/203/99 dated 28th July, 1999 (Flag-A to the Memorandum). The revision recommended by the Board of Directors varied from 35% to Executive Officers, gradually reducing for senior grades and finally to 17.5% for General Managers. Copy of the minutes of the 140th Board meeting held on 20th August, 1998 is placed at Flag-B to the Memorandum. Although the Board did not elaborate any pay fixation formula but the letter signed by the then ED(P&GS) to the Ministry of Commerce contained the following clause:</p> <p>"7(IV) The pay fixation for all existing officers who have been in service, since or before 01.01.1998 shall be made in accordance with the laid down procedure prescribed by the Pay & Pension Committee in the past i.e. at the stage equal to or if there is no stage at the stage next above the amount arrived at by allowing the relevant %increase in their existing basic pay as applicable to their designation/grade".</p> <p>9. Finance Division approved the revision in pay scales of officers of State Life as sought and the same was conveyed by the Ministry of Commerce vide letter No. 7(8)/97-Ins.I dated 03.07.1999 (Flag-C to the Memorandum).</p> <p>10. While making new pay scales, in some of the grades exact percentage increase as was approved by the Federal Government was not given and the initial pay or the annual increment was less by one or two rupees or part thereof. The point was raised by the Officers Association at the time of the said pay fixation and therefore the management constituted a Committee comprising of the then GM(P&GS/IA&E) as Convenor, DGM(B&A), DGM(System) and AGM(Law) as members. DGM(P&GS) was Secretary to this Committee. The Committee suggested that the manner in which fixation had been made as pointed out in the referred clause by the Officers Association be placed before the Board of Directors for consideration(Flag-D to the Memorandum).</p> <p>11. One of the retired Officers of State Life namely Mr. Ghulam Yaqoob Malik approached FST assailing the mode of fixation. His application was allowed by the Federal Service Tribunal (FST) (Flag-E to the Memorandum). Later on State Life appealed before the Supreme Court which was denied (Flag-F to the Memorandum). Therefore, he was allowed additional one grade increment with effect from 01.01.1998 along with all consequential benefits.</p> <p>12. On the same ground another retired Officer namely Mr. Ishaq Javed got his salary re-fixed through FST. Being encouraged by these decisions another retired officer Mr. Muhammad Irshad filed a writ petition in the Lahore High Court, Lahore. The High court disposed of the petition with the observation that the Petitioner may approach E.D(P&GS) who shall decide his representation within a month. In the meantime Mr. Irshad filed a Contempt petition before the Lahore High Court. During the hearing, State life decided to give Mr. Irshad the same benefit as was given to Mr. Yaqoob Malik and Mr. Ishaq Javed. The contempt petition was disposed of accordingly.</p>			
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	<p>13. ED(P&GS) submitted before the Board that being encouraged by these decisions, 109 Officers mostly in service, initially submitted Representations to State Life and subsequently filed a combined writ petition before the Lahore High Court that their Representations were not being responded. The Lahore High Court decided their petition in the same manner as was done in the case of Mr. Irshad. ED(P&GS) was directed to decide the Representations within a month. Responding the Representations they were informed that their matter will be placed before the next meeting of the Board of Directors/Executive Committee. Though the High Court's order was complied with, these Officers, probably to put pressure on State Life, filed a contempt petition before the Lahore High Court.</p> <p>14. Around 29 other officers have also got similar decision from Lahore High Court for disposing off their representations within a month. Realizing that there will be many more Officers claiming this treatment which may result into huge financial impact, the issue was re-examined and it was found that grievance of these Officers can be addressed by revising the pay scales of 1998 in the manner that in each grade exact percentage increase as approved by the Government be allowed. In this way, the financial impact would be reduced to few lacs of rupees only as State Life will be increasing the initial scales or annual grade increment of few grades by one or two rupees only. This was conveyed to our advocate who agreed that this should be incorporated in our para-wise comments of the contempt petition. Consequently, para wise comments (Flag-G to the Memorandum), were filed before the Lahore High Court. The petition was heard on 04.07.2006 and was disposed off with the observation that it will be desirable if the proposed Board's Meeting is convened by the end of July or the first week of August, 2006.</p> <p>15. In pursuance of the directives of the Honorable Lahore High Court, Lahore, the following proposals were placed before the Board of Directors in its 187th Meeting held on 14.9.2006:-</p> <p>(a) To re-fix the salaries of aggrieved Officers on the pattern as was done in the case of Mr. Ghulam Yaqoob Malik, Mr. Ishaq Javed and Mr. Muhammad Irshad.</p> <p style="text-align: center;">OR</p> <p>(b) As stated in para 3 of para wise comments filed in the High Court(Flag-G to the Memorandum).</p> <p>16. The Board was informed that the financial impact in light of first proposal is approx. Rs.76.80 million for around 739 Officers (in service as well as retired, resigned etc.), while in the case of second proposal the impact would be of a few lacs rupees. It was also pointed out that in the case of second proposal there would be another round of litigation expected(Flag-H to the Memorandum).</p> <p>17. The Board after deliberation resolved as under:-(Flag-I to the Memorandum)</p> <p>"the proposal contained in para-8(b) of the memorandum No. 12 dated 30th August, 2006 is approved by the Board".</p>		

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	<p>18. Subsequently, the Officers filed another Criminal Original No. 384-W/06 in the Honorable Lahore High Court, Lahore. This was disposed off by the Honorable Lahore High Court, Lahore with the observation that the grievance of the Petitioner stood redressed. The Officers filed Third Criminal Original No. 199-W of 2007 which was disposed off through the Judgment dated 20.2.2008 and the relevant portion of the said judgment is reproduced as under (Flag-J to the Memorandum):-</p> <p>"However, after going through the present reply and comments submitted by the respondents in the instant criminal original petition, I find that the respondents are avoiding payment of annual increments in spirit of the order originally passed by the Federal Service Tribunal on 27.4.2004 against which Leave to Appeal was refused by the Honorable Supreme Court of Pakistan in the CPLA vide Order dated 15.6.2005 and petitioners in fact have inherent right in them to claim not only revised pay scale but also one additional increment as in mentioned in the written reply filed by the respondents in para-6 on merit, which would involve financial impact of about 76.8 million under the legal obligation. I may say that the respondents cannot perhaps avoid stricto sensu compliance in implementation of the Orders passed by the learned FST and the Honorable Supreme Court and the orders passed by this Court dated 4.4.2006 in Writ Petition No. 3081/2006. However, for said purpose, the petitioners will have to knock at the door of the proper forum as it appears that after the redressal of their grievance vide Order dated 8.3.2007, they cannot re-agitate the matter through the instant criminal original and remedy lies elsewhere under the law. I may also observe that financial impact or burden on the respondents. This legal obligation has to be discharged by the respondents notwithstanding the size of the impact in terms of money. Since the remedy lies elsewhere other than filing Criminal Originals, in view of the peculiar circumstances narrated above, I am of the considered opinion that through the present petition the petitioners cannot get any further order on the subject from this Court in the presence of order dated 8.3.2007. The jurisdiction of this court thus no more available for redressal of any grievance to the petitioner. This petition thus stands dismissed with no order as to costs."</p> <p>19. The Petitioners thereafter filed Cr.PLA No. 56-L/2008 against the Chairman and Others in the Honorable Supreme Court of Pakistan. The Honorable Supreme Court of Pakistan granted Leave to Appeal vide Order dated 3.4.2009 (Flag-K to the Memorandum) directing to consider the following questions:-</p> <p>i. Whether the petitioners were not entitled to the same relief/treatment which was given to Muhammad Irshad, Muhammad Ishaq and Muhammad Yaqoob?</p> <p>ii. Whether the petitioners under the facts and circumstances were in fact discriminated.</p> <p>iii. Whether the afore-noted questions can be examined in the present petition which arose out of the contempt petition (Crl. Org. P. No. 199-W of 2007) and in the back drop of litigation between the parties specially in view of order dated 8.3.2007."</p>		

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	<p>20. State Life advocate namely Mr. Jehan Zeb Khan Bharwana has rendered his legal opinion as follows(Flag-L to the Memorandum):-</p> <p>"This is in reference to the afore-captioned Criminal Appeal bearing No. 74(L) of 2009 and comprises of Contempt Proceedings pending adjudication before the Honorable Supreme Court of Pakistan which was fixed for hearing before the Honorable Bench-02 on 21.12.2010. It is submitted that as far as the aforesaid Criminal Appeal is concerned, it is in regard to the grant of Additional Increment in lieu of Revised Pay Scales vide Circular- Notification bearing No. P&GS/PO/154/2006 dated 14.11.2006 dated 15.6.2005. The para-wise comments submitted by SLIC and the Honorable Lahore High court in its Impugned Judgment dated 20.2.2008 has emphatically admitted and observed that one Additional Increment is due to the Appellants- Petitioners. It is pertinent to mention that the Honorable Supreme Court of Pakistan at enumerable occasions directed the Corporation to resolve the issue since it is Contempt Proceedings. In Contempt Proceedings the Honorable Supreme Court may undertake action against the Respondents including SLIC which may have an adverse impact. Since the aforesaid Circular/Notification is approved by the Board of Directors it is therefore, advisable that this issue be positively resolved by the Board so that the matter before the Honorable Court is concluded expeditiously."</p> <p>21. In case of implementation of the proposal given by the advocate, the financial impact provided by F&A Division, Principal Office (Flag-M to the Memorandum) would be Rs.136,710,243/-approx. The observation of P&GS Division was that the Board of Directors had earlier not given any direction regarding pay fixation, however a letter was written to MOC in which it was indicated that pay will be fixed as per laid down procedure prescribed by Pay & Pension Commission, but the formula was ignored and pay fixation was made on point to point basis. P&GS Division submitted before the Board that final judgement has been received from the Supreme Court whereby State Life has been directed to make payment by 9th March, 2011 to the affected officers who have gone to the court.</p> <p>22. The matter is placed before the Board for consideration taking into account legal aspects and its financial implication.</p> <p>23. After deliberation, the Board resolved as under:</p> <p>RESOLVED:</p> <p>"that the recommendation of Mr. Jehanzeb Khan Bharwana, Advocate of State Life, as per his legal opinion at para-13 of the ED(P&GS)'s Memorandum with reference to the Criminal Appeal bearing No.74(L) of 2009 and recent development whereby the court has allowed finality as per Supreme Court judgement dated 9th February, 2011 wherein it has upheld the decision of Federal Service Tribunal dated 27-4-2004 and directed State Life to make payment within a period of one month i.e. by 9th March, 2011, the grant of additional increment in lieu of revised pay scales vide P&GS Circular No.P&GS/PO/154/2006 dated 14-11-2006 and 15-06-2005 (already approved by the Board of Directors earlier)) to all the affected officers of the Corporation either in service or retired/resigned/expired etc.(who have gone into litigation and relief has been granted by the court), to enable expeditious conclusion of the proceedings before the Honourable Court is hereby approved."</p>		

Action:
ED(P&GS)
ED(Legal)
ED(F&A)
DH(P&GS)
DH(F&A)
DH(Legal)

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<p>Action: ED(P&GS) ED(Legal) ED(F&A) DH(P&GS) DH(F&A) DH(Legal)</p> <p>Action: DH(Inv) DH(Mkt) DH(G&P)</p>	<p>"that the financial impact of the above decision of the court for grant of additional increment w.e.f. 1st January, 1998, for 273 officers (in service as well as retired, resigned, expired etc.) approved by the Board would be Rs.50 to 60 million approximately including impact of Corporation's contribution to PF, gratuity, leave encashment and pension funds."</p> <p>"that the case of the remaining officers who have not gone in the litigation(about 466) will be considered at a later stage as and when they file an appeal and relief is allowed to them by the court."</p> <p>ITEM (3) BUSINESS REVIEW OF MARKETING, G&P AND INVESTMENT DIVISIONS FOR THE PERIOD ENDED 31-12-2010.</p> <p>24. The business review of Marketing, Group & Pension and Investment Divisions for and upto the period ended on 31st December, 2010 were placed before the Board which was noted.</p> <p>25. The highlight of individual life business and Group life business for the year ended 31st December, 2010 is placed at Annexure-A and B to the Minutes.</p> <p>26. GM(Investment) presented before the Board, business review of Investment Division for and upto the month of December 2010, details of which are placed at Annexure-C to the Minutes.</p> <p>ITEM (4) APPROVAL OF GUIDELINES AND CHART OF DELEGATION OF FINANCIAL POWERS.</p> <p>27. Executive Director(F&A) presented before the Board, a Memorandum for approval of guidelines and chart of delegation of financial powers.</p> <p>28. The Delegation of Financial Powers was last revised in 1999 at its 149th meeting of the Board of Directors held on 15th November, 1999 and made operative from 1-1-2000. The prices of goods and services have since then increased manifold and value of money has been practically eroded above expectation. As a result of high inflation, the financial authority delegated to different functionaries have become meagre and almost each and every item has to be referred to the Executive Directors, the Chairman and Board of Directors. It has therefore become necessary to make suitable changes in the chart and guidelines to the Delegation of Financial Powers to cater for the present needs.</p> <p>29. The Board of Directors, in its 216th meeting held on 15th December, 2010, advised F&A Division to complete the remaining work in respect of revision in delegation of financial powers for officers of State Life after the feedback is received from consultants. F&A Division was required to submit the proposal in the 1st week of February, 2011.</p> <p>30. It is stated that the consultants have not yet offered any feedback and in compliance of the directives of the Board, F&A Division has extensively reviewed the proposed changes at its end. The compilation efforts of F&A on the recommendations of concerned divisions has not been independently vetted by internal/external expert.</p>		

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<p>Action: ED(F&A) F&A A&C)</p>	<p>31. Real Estate Division has already got its financial powers revised by Board of Directors without consultation of F&A Division. There were certain lacunas/vacuums in the chart of delegation.</p> <p>32. A first draft proposal containing revision in General Guidelines, Specific Guidelines and Chart thereof is placed below. The proposal contains following sections:</p> <ul style="list-style-type: none"> i) Significant changes proposed in General and Specific Guidelines. ii) Minor changes proposed in General and Specific Guidelines, having no or negligible financial implication iii) Changes proposed in the Chart of Delegation of Financial Powers <p>33. As regards the linkage to ERP, it is submitted that the fine tuning with reference to ERP linkage will be done after the ERP implementation. It has also been made part of TORs' for Internal Audit Manual to the extent of linkage with ERP System.</p> <p>34. Submitted for kind perusal of the Board of Directors and advice please.</p> <p>35. The Board desired that DH(F&A) should ensure that the proposed revision in general guidelines, specific guidelines and changes in chart of delegation of financial powers should be shown to the IT Consultant and the Consultant to link various items/guidelines with each other with reference to ERP and should also be made part of the TOR for the Consultant to be appointed for review of internal audit manual. The chart of delegation of financial powers already approved by the Board for RED should also be reviewed by F&A Division to remove any lacunas if any and then a final duly vetted by the Consultant and F&A Division chart of delegation of financial powers together with specific guidelines and general guidelines be put up to the Board for final approval. Only fine tuning should be required at the time of migration to automated system with special reference to ERP control.</p> <p>ITEM (5) <u>APPROVAL OF INVESTMENT MANUAL.</u></p> <p>ITEM (6) <u>POSITION PAPER ON VARIOUS STEPS TAKEN BY INVESTMENT DIVISION DURING THE YEAR 2000 TO 2010 TO MAXIMIZE INCOME.</u></p> <p>36. The Board at 215th meeting held on 19th October, 2010 had also 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>37. The Board at its 216th meeting held on 15th December, 2010 while reviewing business position of Investment Division had also desired that the</p>		
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Action: DH(Inv)	<p>Investment Division should submit a position paper to the Board at its next meeting on the steps taken for realization of capital gains during the years 2000 to 2010 to enable payment of bonus to the policyholders including sale of equities.</p> <p>38. In compliance of the above directives, Divisional Head (Investment) presented before the Board, a Position Paper on various steps taken by Investment Division during the year 2000 to 2010 to maximize income and a Memorandum of investment activities containing therein summary of various documents and investment manual for consideration of the Board.</p> <p>39. The Board had 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>40. The Board desired that DH(Investment) should resubmit the Memorandum of Investment Manual together with a position paper on various steps taken by Investment Division during the year 2000 to 2010 to maximize income and present investment portfolio at the next meeting of the Board to be held on 21st March, 2011 for review and consideration.</p> <p>ITEM (7) POSITION PAPER ON CURRENT STATUS OF IMPLEMENTATION OF PRE-PACKAGED SOFTWARE SOLUTION.</p> <p>41. Executive Director(IT), in compliance of the directives of the Board of Directors in its 216th meeting held on December 15, 2010; presented before the Board, a Position Paper on current status of implementation of Pre-Packaged Software Solution as reproduced below:-</p> <p>A. Continuation of BearingPoint as I.T. Consultant</p> <p>Subsequent with the previous status provided, numbers of extensive sessions with M/s Bearing Point were held to finalize supplementary contract for Phase-II and to decide the mechanism for monitoring and evaluation of on-going implementation of pre-packaged Software Solution. During the session held last week, Divisional Head (IT) has pointed out some observations on the draft Supplementary Contract prepared by M/s Bearing Point. Presently, we are waiting for their response which is expected by 24th January 2011.</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. 		
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	<ul style="list-style-type: none"> 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. Gap Analysis sessions were arranged, 1st session was held on 10th November 2010 and this activity completed on 7th December 2010. Gap Document is expected to be prepared by SHMA in mid of January 2011. It is worth mentioning here that Individual Life Administration System Module (ILAS) covers 80% core functions of State Life which includes following sub modules: <ul style="list-style-type: none"> i. New Business ii. Policy Alterations iii. Reinsurance iv. Claim Management v. Agency Commissions <p>Presently Gap Analysis process for New Business, Policy Alterations and Reinsurance is almost 75%complete, few queries related to policy matters to be resolved in consultation with Divisional Head (PHS) are pending due to his continuous commitments with their routine work & annual closing activities. However, designated implementation committee is about to initiate Gap Analysis work for Claim Management & Agency Commission from next week. That's why, we remained unable to complete Gap Analysis activity which was expected to be completed in mid of January 2011.</p> <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 the end of December 2010. As already stated, currently related resources from this user's division also remained fully occupied with their routine work & annual closing activities. That's why; we remained unable to complete Gap Analysis 		

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	<p>activity which was expected to be completed by the end of December 2010.</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. • 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 the end of December 2010. • Same happened with this module also; related resources from user's division remained fully occupied with their routine work & annual closing activities. That's why; we remained unable to complete Gap Analysis activity which was expected to be completed by the end of December 2010. <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 		


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	<p>sessions to gauge the capacity of the application and to identify their requirements/gaps based on their experience and expertise for better implementation.</p> <ul style="list-style-type: none"> Gaps have been identified and its documentation activity was completed on 8th December 2010. A draft version of Gap Document was prepared and submitted by SHMA to SLIC based on the detailed discussion held. The said document was forwarded to relevant zones for review. Number of detailed discussion sessions from 12th December 2010 to 28th December 2010 were held between G&P module implementation IT Committee and nominated personnel from the zone. Based on the feedback received during these sessions a Gap Observations document was prepared by the implementation committee and forwarded to SHMA on 3rd January 2011. SHMA has submitted final version of Gap Analysis Document on 18th January 2011. Presently, designated IT implementation committee is in process to get this Gap Document signed-off from relevant zones which is expected to be completed by the end of January 2011. <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. 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. Detailed walk-through sessions were held for P&GS and F&A divisions from 6th December 2010 to 22nd December 2010. Presently, Gaps Documentation sessions has been started from 30th December 2010 and expected to be completed by 25th January 2010. Completion of this activity will result in preparation of draft Gap Document for HRM & Payroll Module. 		

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	<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 tentatively scheduled on 17th & 19th January 2011 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. 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 end of December 2010. Receipt of initial functional specification is still awaited from SHMA. Activity reminded during last weekly status review session held with SHMA. <p>42. The Board noted the above information and desired that a meeting of the Steering Committee for ongoing automation of State Life be held to review the progress in the matter.</p> <p>ITEM (8) APPROVAL OF SETTLEMENT OF OUTSTANDING OF FIRST DAWOOD INVESTMENT BANK LTD.</p> <p>43. Divisional Head (Investment) presented before the Board, a Memorandum for approval of settlement of outstanding of First Dawood Investment Bank Limited.</p>		
<p>Action: ED(IT) DH(IT)</p>	<p>CHAIRMAN'S INITIALS</p> 		

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	<p>44. DH(Investment) submitted before the Board that M/s. First Dawood Investment Bank Limited had approached State Life for out of court settlement. First Dawood Investment Bank had offered 4% cumulative preferred shares of FDIBL or ordinary shares of Dawood Family Takaful or a combination of both. Both the shares have been offered at par value. In order to ascertain real worth of the entities, it was decided in meeting of State Life Investment Committee to have a due diligence of both the entities conducted before submitting the proposal to the Board for consideration. It was therefore decided to approach following audit firms and ask them to quote their fee for the job:-</p> <ul style="list-style-type: none"> i) M/s. Anjum Asim Shahid Rahman ii) M/s. Hyder Bhimji & Co. iii) M/s. Riaz & Co. <p>45. The Board was informed that the fee quoted by the above firms was as under:-</p> <ul style="list-style-type: none"> i. M/s. Hyder Bhimji & Co. regretted due to their engagement in other jobs. ii. M/s. Anjum Asim Shahid Rehman & Co. quoted a fee of Rs.1,200,000/- for each entity thereby making a total of Rs.2,400,000/-. iii. M/s. Riaz & Co. asked for a fee of Rs.400,000/- for both of the entities plus out of pocket expenses subject to a maximum of 20% of the fee. They asked for a time of three weeks to complete the job. <p>46. DH(Investment) submitted that since the fee quoted by M/s. Riaz & Co. was lowest, the job has been assigned to them who are still in process of completion of the job.</p> <p>47. The position paper was placed before the Board for information, which was noted.</p> <p>ITEM (9) PREPARATION OF TEN YEARS FINANCIAL PLAN ALONGWITH STRATEGIC PLAN AND INDIVIDUAL PLAN FOR STATE LIFE PROPERTY.</p> <p>48. The Board of Directors at its 216th meeting held on 15th December, 2010 after deliberating on the position paper on Strategic Plan to be adopted by Real Estate Division for the year 2011 to 2020, had directed RED to prepare a ten year financial plan alongwith strategic plan and individual plan of each building.</p> <p>49. Executive Director (Real Estate) presented before the Board, a Memorandum on ten years financial plan alongwith strategic plan and individual plan for State Life Properties.</p>		

CHAIRMAN'S INITIALS


Action:
DH(Inv)

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DIRECTORS MINUTE BOOK	HELD AT KARACHI	ON 3 RD MARCH, 2011	TIME
	<p>50. The strategic plan prepared by RED encompassed the following:-</p> <ul style="list-style-type: none"> a) Short Term : 2011-12(two years) b) Mid Term : 2013-15(three years) c) Long Term : 2016-20(five years) <p>51. The following additional working was desired by the Board:-</p> <ul style="list-style-type: none"> o Financial impact upto 2020. o Strategic plan for each building <p>Financial impact upto 2020 is placed at Annexure-A to the Memorandum (Annexure-A to the minutes).</p> <p>52. Strategic plan for each building requires detailed data collection and in depth study of each building, for which the data is under compilation. Detailed working paper shall be presented separately in the next Board meeting on compilation of the data.</p> <p>53. The case is placed before the Board for review and consideration.</p> <p>54. The Board of Directors felt that though Real Estate is one of the major avenue of investment of policyholders life fund, yet more attention should be paid to the core business i.e. life insurance and capacity should be developed in house or out sourcing of real estate operations should be looked into for managing of State Life buildings.</p> <p>55. The Board also desired that the return on real estate should be maximized by optimum utilization of assets and usage of space for office use by State Life and renting out to the maximum of available rentable area in the existing State Life buildings before going for construction on existing unutilized plots for which a building-wise feasibility study should be carried out. The Board was also informed that directives are being issued by Ministries for renting of space in public sector owned buildings by public sector organizations before taking on rent building from the private sector.</p> <p>56. The Board also desired to employ engineers, qualified accountants and investment analyst to carry out in house financial studies.</p> <p>57. After deliberation, the Board resolved as under:-</p> <p>RESOLVED: "that Real Estate Division should look into the following options before under taking any new projects for construction:-</p> <ul style="list-style-type: none"> a) Feasibility of forming a 100% State Life Owned Subsidiary with the task of managing of existing State Life building. b) Enhancing and strengthening of in house capacity for maintenance of State Life buildings and an indepth analysis be carried out in this regard. 		

Action:
ED(RE)
DH(RE)

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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	3 RD MARCH, 2011	
	<p>c) Out sourcing of management of State Life Properties.</p> <p>d) Feasibility be carried out for each building of State Life as to its cost and return thereon and comparing of the same to the prevalent yield in the market.</p> <p>e) A detailed plan giving break down of cost, recurring expense and net return and IRR on each project to be under taken by State Life.</p> <p>f) Feasibility study of Real Estate Investment Trust(REIT) being carried out by M/s. A. Fergusson & Co.</p> <p>g) Business plan for each of the project at Sialkot, Rahim Yar Khan and Sargodha be put up to the Board for review and consideration with detailed analysis.</p> <p>ITEM (10) APPROVAL OF AMALGAMATION OF TWO STATE LIFE PLOTS NEAR FTC.</p> <p>58. Executive Director (RE) presented before the Board, a Memorandum for approval of amalgamation of SLIC plot at Abbasi Shaheed Road, Karachi.</p> <p>59. ED(RE) informed the Board that SLIC owns two plots 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. The dividing Road was encroached by AWT. The case is subjudice since 6 years.</p> <p>60. SLIC had pleaded the case before DG ML&C (Ministry of Defence). Consequently, MEO issued formal letter that the said road has been erroneously leased to AWT which tilted the balance in favour of SLIC.</p> <p>61. 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 advantages and value addition). In lieu, 60 feet road with extra strip (preferably 30 feet) may be offered to AWT near NIC Building. <p>62. 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 to be done by SLIC. 90 feet road be provided by SLIC near NIC Building in lieu of the said road with consequent amalgamation formalities. <p>63. The Board was informed that consequently, the following actions have been taken :-</p> <ol style="list-style-type: none"> MEO Karachi has been approached by RED on amalgamation and lease oriented issues. M/s IDG evaluated the proposal in technical, construction and financial (value addition) perspectives to quantify the advantages to SLIC due to amalgamation of plots. 		

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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	3 RD MARCH, 2011	

64. ED(RE) submitted before the Board a summary of Consultant's analysis alongwith a comparison of amalgamation options as follows :-

- Amalgamation of (2+1) plots measuring 12,846 sq yds (2.65 Acres; after necessary adjustment with AWT) would give it status of a unique location near FTC/metropolis area; better than any other location.
- Amalgamated (commercial plot of this size) should be used for high-rise mega project having architectural and construction flexibility.
- Shall have a large frontage i.e., 385.5 ft with diversified design options.
- Better security management under prevailing security situation.
- Shall have increased covered area and multiple-usage/circulation space in a compact place.
- Compulsory open spaces would add to parking and traffic circulation.

65. Comparison of Amalgamation Options

	Option-1 (No Amalgamation)	Option-2 (After Amalgamation)	Remarks
Gross area of plot	9468+4011=13479 sq.	12846 sq. yds.	
Net area on ground (after leaving COS)	11437 sq. yds.	10272 sq. yds.	
Assessed value of land @ Rs 200,000/- sq.yds. based on recent sale/purchase of real estate on Shahrah-e-Faisal Karachi	Rs 2,693,800,000/-	Rs 2,569,200,000/- + 642,300,000/-* 3,211,500,000/-	* Expected increase in value @25% due to amalgamation of plot giving a unique in- valuable character in the vicinity.
Due to the unique character, type and non-availability of any matching commercial land parcel at such prime location, its true value cannot be assessed. Amalgamation of the Plot # 5 will further increase its value manifolds.			
Savings on Projects Cost:	In Option-2, due to economy of scale being a larger compact building with single centralized facilities (e.g. air-conditioning, heating, escalators/lifts, fire fighting, security system etc. with maintenance) is expected to save 15-20% on the over-all Project cost, hence it is a feasible option.		

Evaluation report by M/s IDG has been technically reviewed by M/s NESPAK as follows:-

- The amalgamated plot will structure one complete entity which will result in a larger frontage facilitating enhanced design freedom to the architect. It will have roads on three sides which shall enhance better approach efficiency around the building after its construction. A comprehensive building may be designed with Centralized services viz HVAC (heating, ventilation & air-conditioning) lifts, generators, fire fighting, security, saving a substantial cost. It will grossly beneficial in terms of FAR which shall add to the total built-up area.

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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	3 RD MARCH, 2011	
<p>Action: ED(RE) DH(RE)</p>	<p>b) Apart from the above a complete basement can be constructed beneath the entire plot thus facilitating more parking spaces which can attract the prospective Clients/end users.</p> <p>c) It is therefore recommended that State Life should go on with the proposed amalgamation process.</p> <p>66. The case is placed before the Board for review and consideration.</p> <p>67. After deliberation, the Board resolved as under:-</p> <p>RESOLVED: "that the recommendation of ED(RE) that State Life should go ahead with the proposed amalgamation of SLIC plots near FTC at Abbasi Shaheed Road, Karachi with gross area of plot measuring 12846 sq.yds and net area on ground (after leaving COS) measuring 10272 sq.yds. due to economy of scale be a larger compact building with single centralized facility expected to save 15 to 20 % on the overall project cost is hereby approved."</p> <p>ITEM (11) CONSIDERATION AND APPROVAL OF RECOMMENDATIONS IN MINUTES of 38TH MEETING OF BOARD AUDIT COMMITTEE HELD ON 10-02-2011.</p> <p>68. The minutes of the 38th meeting of Board Audit Committee held on 10th February, 2011 was presented before the Board of Directors for consideration and approval of decisions/recommendations made by the Committee. A copy of the minutes duly signed by the Chairman is placed at Annexure-E to the Minutes.</p> <p>69. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that the minutes of 38th meeting of Board Audit Committee held on 10th February, 2011 together with observations/recommendations are approved."</p> <p>ITEM (12) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR</p> <p>(I) EXTENSION IN CONTRACTUAL APPOINTMENT OF MS. IRIS JOHANNES AS EXECUTIVE SECRETARY TO CHAIRMAN, STATE LIFE.</p> <p>70. Executive Director (P&GS) presented before the Board, a Memorandum for approval of renewal of contractual appointment of Ms. Iris Johannes as Executive Secretary to Chairman, State Life.</p> <p>71. ED(P&GS) submitted before the Board that Ms. Iris Johannes has a vast experience of over 10 years working in the insurance industry and over 20 years working experience in Pakistan and abroad and has completed Management Courses from the Institute of Business Administration. She has been working as Executive Secretary since 1986 to the President of Pakistan Services Limited, the owners and operators of the 5 Pearl Continental Hotels in Pakistan and also performed duty in the same capacity with the Chairman of National Insurance Company Limited from 2001 till September, 2009.</p>		
	<p>Action: DH(IA&C)/ Secretary (BAC)</p>		

CHAIRMAN'S
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MINUTES OF 217TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	3 RD MARCH, 2011	
<p>72. The Board of Directors in its 210 meeting held on 7th April, 2010 had approved the appointment of Ms. Iris Johannes as Executive Secretary to the Chairman with effect from 15th April, 2010 at a sum lump remuneration of Rs.50,000/- per month.</p> <p>73. Her contractual appointment is due to expire on 14th April, 2011 and the Board is, therefore, requested to please renew her contract for another year with effect from 15th April, 2011 at a lump sum remuneration of Rs.50,000/- per month as Executive Secretary to the Chairman.</p> <p>74. Members of the Board are requested to please approve the above proposal.</p> <p>75. Accordingly, it was resolved as under:</p> <p><u>RESOLVED:</u></p> <p>"that the recommendation of ED(P&GS) contained in the Memorandum for renewal for contractual appointment of Ms. Iris Johannes for another period of one year with effect from 14th April, 2011 at a lump sum remuneration of Rs.50,000/- per month as Executive Secretary to the Chairman, is hereby approved subject to decision to be taken by the Cabinet/Establishment Division Committee currently reviewing the cases of contractual employees."</p> <p>(II) <u>CONSIDERATION AND APPROVAL OF RECOMMENDATIONS IN MINUTES OF 16TH MEETING OF REAL ESTATE AND INVESTMENT DIVISION COMMITTEE.</u></p> <p>76. The minutes of the 16th meeting of Real Estate and Investment Division Committee held on 11th February, 2011 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 is placed at Annexure-E to the Minutes.</p> <p>77. Accordingly, the Board resolved as under:</p> <p><u>RESOLVED:</u></p> <p>"that the minutes of 16th meeting of Real Estate and Investment Division Committee held on 11th February, 2011 together with following recommendations are approved:-"</p> <p>a) that periodic progress report of ongoing works be submitted to REIC.</p> <p>b) that the recommendation of REIC that RED and Legal Affairs Division should evaluate the court cases for out of court settlement particularly for Moti Mansion was approved.</p> <p>c) that the Board appreciated the dedicated and devoted efforts of DH and officers of Real Estate Division at PO and Lahore Office for mutation of State Life Property.</p>			

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

Action:
ED(RE)
DH(RE)

CHAIRMAN'S
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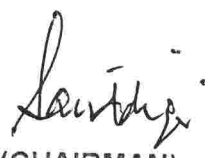



MINUTES OF 217TH MEETING OF THE BOARD OF DIRECTORS

RECTORS	HELD AT	ON	TIME
UTE BOOK	KARACHI	3 RD MARCH, 2011	
<p>d) that the recommendation of REIC that NESPAK should be asked to technically justify the design of a parallel air-conditioning system in a centrally air-conditioned building at Hyderabad was approved.</p> <p>e) that the recommendation of REIC to ask for clarification from NESPAK for design of HVAC system instead of essential repairs of State Life Building in Rawalpindi.</p> <p>f) that the recommendation of REIC to place the case of amalgamation of State Life plot near FTC before the Board at its meeting of 3rd March, 2011 was approved.</p> <p>g) that the recommendation of REIC that details of balance of works with estimated cost of renovation of all the State Life Buildings be presented to REIC at its next meeting for review and subsequent presentation to the Board of Directors.</p> <p>h) that the recommendation of REIC to place before the Board the strategic plan of RED for the year 2011 to 2020 (10 year term) together with strategic plan for each State Life building alongwith its financial impact was approved.</p> <p>i) that the review of RE portfolio for the year ended 31-12-2010 by REiC was noted by the Board.</p> <p>(III) <u>WRITE-OFF OF THE AMOUNT OF UNSOLD SALES PROMOTIONAL MATERIAL FROM 14 ZONAL HEADS</u></p> <p>78. Executive Director (Marketing) presented before the Board, a Memorandum seeking approval of write off of an amount of Rs.987,587/- being the amount outstanding against cost of unsold and presently useless sales promotional material from 14 Zonal Heads.</p> <p>79. The matter was taken up with the Board during course of its 198th meeting held on 4th December, 2008 by the then Executive Director (Marketing) and the Board had approved the write off of the above amount but had directed that a Memorandum be put up to the Executive Committee in this regard, but since no EC meeting has been held since 12th March, 2009, the matter is being submitted directly to the Board for review and final decision.</p> <p>80. ED(Marketing) informed the Board that it was not made part of the policy at the time of supply that the cost of unsold items will be recovered from them, but the supply was linked only with the selling of the items as a sales promotional tool having no punitive directives connected thereto in case otherwise. Furthermore, the amount of Rs.987,587/- attributed to these 14 Zonal Heads has accumulated to this extent by means of several year's unsold stock of supplies of different items including Diaries, Eid Cards, Calendars, Water Coolers, Business Planners etc. from 1995 onwards.</p> <p>81. The above Memorandum was placed before the Board for write off of the outstanding amount of Rs.987,587/- due from 14 Zonal Heads.</p>			

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MINUTES OF 217TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	3 RD MARCH, 2011	
<p>Action: ED(Mkt) ED(F&A) DH(Mkt) DH(F&A)</p> <p>on: ED(P&GS) DH(P&GS)</p>	<p>82. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that as recommended by ED(Marketing), write-off of an amount of Rs.987,587/- outstanding against 14 Zonal Heads being the cost of unsold stock of promotional material including Diaries, Eid Cards, Calendars, Water Coolers, Business Planners etc. is hereby approved."</p> <p>(IV) Human Resources Committee</p> <p>83. The Chairman informed that the Board of Directors in its 197th meeting held on 3rd November, 2008 reconstituted Standing Committee to consider appeals and disciplinary matters and Organization and Senior Post Committee which was subsequently merged and renamed as Human Resources Committee at the 200th meeting of the Board of Directors held on 28th April, 2009. At the 200th meeting, the Board had approved the recommendation of the HR Committee that DH(P&GS) would be the Secretary of the HR Committee instead of ED(P&GS). The Board was informed that since Mr. Qamar Zaman Chaudhry on his elevation as Federal Secretary and his posting as Secretary, Ministry of Interior ceased to be Member of the Board and HR Committee and Mr. Shahid Rahim Shaikh, Additional Secretary, Ministry of Commerce has replaced him as Member of the Board, henceforth Mr. Shahid Rahim Shaikh would be a Member of the HR Committee of State Life which was approved by the Board. The Board approved that Executive Director(P&GS) would be Member of the HR Committee.</p> <p>84. The meeting ended with vote of thanks to the chair.</p> <p style="text-align: right;">  (CHAIRMAN) </p>		
			<p>CHAIRMAN'S INITIALS</p> 

MINUTES OF 217TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	3 RD MARCH, 2011	
	<p style="text-align: right;"><u>Annexure-A</u></p> <p><u>BUSINESS REVIEW OF MARKETING DIVISION FOR & UPTO THE MONTH OF DECEMBER 2010.</u></p> <p>As per Business Progress Report for and upto the Month of December 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.9,337 Million (Rupees Nine Thousand Three Hundred Thirty Seven Million) as against First Year Premium of Rs.6,958 Million (Rupees Six Thousand Nine Hundred Fifty Eight Million) completed during the corresponding period of Year 2009 and thus registered an increase of 34% (Thirty Four Percent.)</p> <p><u>SECOND YEAR PREMIUM</u></p> <p>Rs.5,895 Million (Rupees Five Thousand Eight Hundred Ninety Five Million) Second Year Premium has been collected as against Rs.4,202 Million (Rupees Four Thousand Two Hundred Two Million) Second Year Premium collected during the corresponding period of Year 2009. The Second Year Persistency upto December 2010 was at 84.71% as against 84.52% during the corresponding period of last year.</p> <p><u>THIRD YEAR & OVER PERSISTENCY</u></p> <p>The Third Year & over Persistency upto December 2010 is 88.80% as against 88.22% during the corresponding period of last year.</p> <p><u>NUMBER OF POLICIES</u></p> <p>We have sold 651,640 (Six Lac Fifty One Thousand Six Hundred Forty) new policies as against 525,947 (Five Lac Twenty Five Thousand Nine Hundred Forty Seven) new policies sold during the corresponding period of Year 2009 and thus registered an increase of 24%. (Twenty Four Percent.)</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 December was 10,057 Million and the Corporation achieved 93% of the forecast. Region/Zone wise details are placed at Annexure "B".</p>		

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DIRECTORS	HELD AT	ON	TIME
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CORPORATION/REGIONAL BASIS:

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

First Year Premium (in 000's)

Region	For December			Upto December		
	2009	2010	+ - %	2009	2010	+ - %
South	367,201	509,315	38.70	1,273,554	1,676,613	31.65
Central	750,042	1,042,994	39.06	2,510,406	3,333,810	32.80
Northern	381,179	502,924	31.94	1,450,126	1,923,437	32.64
Multan	536,429	827,140	54.19	1,724,827	2,403,202	39.33
Corporation	2,034,851	2,882,373	41.65	6,958,913	9,337,062	34.17

2nd Year Persistency (%)

Region	For December			Upto December		
	2009	2010	+ - %	2009	2010	+ - %
South	151.57	145.12	(6.45)	85.61	86.99	1.38
Central	127.89	116.82	(11.07)	84.86	84.71	(0.15)
Northern	110.48	106.15	(4.33)	82.36	83.10	0.74
Multan	127.39	124.12	(3.27)	85.36	84.40	(0.96)
Corporation	128.29	121.85	(6.44)	84.52	84.72	0.20

Renewal Persistency (%)

Region	For December			Upto December		
	2009	2010	+ - %	2009	2010	+ - %
South	87.41	84.29	(3.12)	88.56	91.81	3.25
Central	84.93	79.66	(5.27)	88.01	88.00	(0.01)
Northern	85.32	80.04	(5.28)	87.29	89.51	2.22
Multan	82.30	77.68	(4.62)	89.54	85.57	(3.97)
Corporation	85.15	80.48	(4.67)	88.22	88.81	0.59

Number of Policies Sold (New)

Region	For December			Upto December		
	2009	2010	+ - %	2009	2010	%
South	26,361	33,166	25.81	89,596	110,900	23.78
Central	52,702	67,381	27.85	176,123	218,071	23.82
Northern	29,828	36,265	21.58	113,833	137,145	20.48
Multan	44,746	63,377	41.64	146,395	185,344	26.61
Corporation	153,637	200,189	30.30	525,947	651,460	23.86

Recruitment

Region	For December			Upto December		
	2009	2010	+ - %	2009	2010	+ - %
South	713	871	22.16	5,932	7,226	21.81
Central	1,283	1,465	14.19	11,686	14,341	22.72
Northern	1,103	1,147	3.99	8,276	11,045	33.46
Multan	767	1,350	76.01	9,201	11,598	26.05
Corporation	3,866	4,833	25.01	35,095	44,210	25.97

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MINUTES OF 217TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	3 RD MARCH, 2011	

Annexure-B

**BUSINESS REVIEW OF GROUP & PENSION DIVISION
FOR THE YEAR 2010 UPTO 31ST DECEMBER, 2010**

(Rupees in million)

Zone	Karachi Zone	Lahore Zone	Rawalpindi Zone	Peshawar Zone	Division's Total
New Policies					
2010	49	115	39	10	213
2009	53	112	51	11	227
Forecast for the year 2010	104	113	50	16	283
% of Forecast achieved	47.12	101.77	78.00	62.50	75.27
New Premium					
2010	58.418	18.360	14.094	6.367	97.239
2009	101.500	20.914	7.359	10.287	140.060
Inc/Dec % over base	(42.45)	(12.21)	91.52	(38.11)	(30.57)
Forecast for the year 2010	53.500	23.900	23.500	5.000	105.900
% of forecast achieved	109.19	76.82	59.97	127.34	91.82
Total Premium					
2010	1,205.677	1,280.005	808.200	661.491	3,955.373
2009	926.361	1,360.772	583.869	580.052	3,451.054
Inc/Dec % over base	30.15	(5.94)	38.42	14.04	14.61
Forecast for the year 2010	1,477.931	1,423.489	750.128	667.059	4,318.607
% of forecast achieved	81.58	89.92	107.74	99.17	91.59
Persistency					
Forecast %	97.00	97.00	97.00	97.00	97.00
Actual %	93.88	98.84	97.57	99.81	97.40

REASONS OF VARIOUS

The renewal of Group Insurance contract of Government of Sindh employees due on 01.07.2010 is yet to be finalized and, therefore, an estimated amount of Rs.200 million the premium of two quarters from 01.07.2010 to 31.12.2010 was not received.

The Sum assured enhancement under Bureau of Emigration Group Insurance Policy was expected to be finalized in 2010 but the same was effected from 1.1.2011.

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MINUTES OF 217TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	3 RD MARCH, 2011	

Annexure-C

**Review of Investment Portfolio of the Corporation
as at December 31st, 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.227,229 million as on December 31st, 2010. This reflects an increase of Rs.21,424 million and a percentage increase of 10.41% during the period ended December 31st, 2010 over the year ended December 31, 2009.

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

<u>Type of Investment</u>	(Rs. in millions) Investment Portfolio 31.12.2009		(Rs. in millions) Investment(Un-Audited) Portfolio 31.12.2010	
		%		%
a) Investments				
i) Govt. Securities	145,687	70.78	157,863	69.47
ii) Corporate debts	4,591	2.23	4,002	1.76
iii) Equities	24,458	11.88	24,464	10.77
iv) Bank Deposits *	12,485	6.07	19,973	8.79
Sub Total	187,221	90.96	206,302	90.79
b) Investment Property	2,538	1.24	2,740	1.21
c) Loans to Policy holders	16,046	7.80	18,187	8.00
Total	205,805	100.00	227,229	100.00

*Bank balances in zones as at 31.11.2010 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 December 31st, 2010 was Rs.147,011million. This constitutes 64.69% of the total portfolio. The total investments in Government Securities and debts amounted to Rs.157,863 million which constitutes 69.47% of the total portfolio. State Bank held auction of PIBs in February 2010, March 2010, May 2010 July 2010, August 2010, October 2010 and December 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.17,240 billion at a cost of Rs.15,962 billion till December 31st, 2010. State Life has also purchased Treasury Bills worth Rs. 6900 million (Face Value) at a cost of Rs. 6378 million in December 2010 to invest surplus funds available.


4. Corporate Debts

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

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	<p>placed in COI of First Dawood Investment Bank. The total investment in Corporate Debt was Rs.4,002 million as on December 31st, 2010.</p> <p>5. <u>Equities</u></p> <p>a. State Life purchased shares with a book value of Rs.1113.936 million during the period under review. State Life sold shares with a book value of Rs.1398million for Rs.4003 million realizing capital gain of Rs.2605 million during this period.</p> <p>b. The book value of quoted equity portfolio stood at Rs. 22,445 million while its market value was Rs. 46,955 million showing an appreciation of Rs.24,510 million as on December 31st 2010. Sector wise details of appreciation / depreciation in portfolio are shown in Annexure "A".</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 December 31st, 2010 (Un-Audited) as well as Investment Income for the respective periods is shown in Annexure B.</p> <p>b. State Life earned Rs.27,595 million on its investment portfolio excluding unrealized gain on investment for the period ended December 31st, 2010 as compared to Rs.21,543 million earned during the same period of the previous year.</p> <p style="text-align: right;">Ansar Hussain General Manager (Investment).</p> <p>February 1st,2011</p>		
	<p style="text-align: right;">CHAIRMAN'S INITIALS</p> 		

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<p style="text-align: right;"><u>Annexure-D</u></p> <p style="text-align: center;">MINUTES OF THE 38th MEETING OF BOARD AUDIT COMMITTEE HELD ON THURSDAY, 10TH FEBRUARY, 2011.</p> <p>The 38th meeting of the Board Audit Committee of State Life Insurance Corporation of Pakistan was held on 10th Febraury, 2011 (Thursday) at 12:30 P.M. in the Board Room, 3rd Floor, State Life Building No. 9, Dr. Zia-ud-din Ahmed Road, Karachi.</p> <p><u>PRESENT:</u></p> <table style="width: 100%;"><tr><td>Mr. Rasheed Y. Chinoy</td><td>Director/Chairman</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>Mr. Abdul Hafeez Shaikh</td><td>Secretary</td></tr></table> <p><u>LEAVE OF ABSENCE:</u></p> <table style="width: 100%;"><tr><td>Syed. Hur Riahi Gardezi</td><td>Director/Member/Chairman</td></tr></table> <ol style="list-style-type: none">2. Prior to the commencement of meeting, a delegation of the External Audit Firm M/s Anjum Asim Shahid Rehman met with the BAC members as per requirement of the International Audit Practices. They sought the views of the BAC members on the risk and fraud, as the possibilities of commitment of fraud do exist in every organization. It was reiterated to the Auditors that the ratio of fraud in SLIC is negligible, whenever, any incidence occurs, it is properly attended and adequate actions are taken against the culprits and further necessary corrective measures are also taken in order to curb the recurrence of such menace in future.3. Apart from this, the views on accounts, audit and operational matters were exchanged. Auditors further informed that two meetings of External Auditors with the BAC members are mandatory as per international audit practices.4. BAC recommended for submission of their findings to them on the completion of their audit by the end of the April, 2011.5. The Board Audit Committee deliberated on the following items:<p style="margin-left: 40px;">Item .1: <u>To approve minutes of the 37th BAC meeting and examine the Compliance Reports.</u></p>6. The Minutes of the 37th BAC Meeting held on 14th December, 2010 together with implementation report were placed before the Committee, which were unanimously approved and confirmed.				Mr. Rasheed Y. Chinoy	Director/Chairman	Syed A. Wahab Mehdi	Director/Member	Mr. Aslam Faruque	Director/Member	Mr. Abdul Hafeez Shaikh	Secretary	Syed. Hur Riahi Gardezi	Director/Member/Chairman
Mr. Rasheed Y. Chinoy	Director/Chairman												
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<p><u>Compliance Reports:</u></p> <p>7. It was directed to watch the compliance of the BAC decisions, taken during last five years meetings. The pending items actions be communicated to the concerned Divisional Heads through letters for immediate compliance and progress thereon be put up at the next BAC meeting.</p> <p><u>Tangible Fixed Assets – Coding and physical verification</u></p> <p>8. Reply of P&GS was not found satisfactory regarding the compilation of fixed assets procurement and disposal policy in the shape of manual in six months, Since the orders and notification on the matter have already been issued therefore the task of compilation should be achieved in due time and be submitted in the next BAC meeting.</p> <p><u>Internal Audit Functions/Appointment of Consultants for Enhancing the Scope of IA in SLIC.</u></p> <p>9. It was apprised that the tenders to appoint the Consultants have already been floated in the media and tender opening date is 11th February, 2011. It was desired for intimating the further progress in the matter.</p> <p><u>Powers Delegated to BOD</u></p> <p>10. BAC discussed the responsibilities, powers and functions of the BOD as mentioned in the booklet "Code of Corporate Governance" issued by the SECP and the powers of the BOD under Article 47 of the LINO. It was concluded that Code of Corporate Governance pertains to the listed companies, where the interests of the minority shareholders are to be protected but SLIC is a Government entity and the Financial Advisor and other officers from the Ministry of Commerce are on the Board and no issue of minority shareholders interests is lying in the SLIC. Therefore it is not applicable on the SLIC BOD.</p> <p>11. BAC directed the LAD to provide the copies of relevant laws regarding the powers, functions and responsibilities of SLIC BOD to the BOD members.</p> <p><u>Review of the Performance of the Bancassurance.</u></p> <p>12. DH (Bancassurance) apprised the BAC about the efforts made to introduce this new product of State Life Insurance Corporation through the banks.</p> <p>13. BAC directed the DH (Bancassurance) for making contact with the management of National Bank of Pakistan(NBP) and KASB banks for launching of this product through their branches' network.</p> <p>14. The meeting ended with a vote of thanks to the chair.</p> <p style="text-align: right;">Rasheed Y. Chinoy Chairman</p>			
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<p style="text-align: right;"><u>Annexure-E</u></p> <p style="text-align: center;"><u>Minutes of 16th REIC Meeting</u></p> <p>1. 16th REIC Meeting was held on 11th February 2011 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>d. Mr. Mohammad Yahya.</td><td>Executive Director/Member (away on duty)</td></tr><tr><td>e. Mr. Ansar Hussain.</td><td>Sr. GM (Investment) / Member</td></tr><tr><td>f. 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> <table><tr><td><u>Discussion on Real Estate Issues</u> 3. At onset of meeting, the aspect of quorum was discussed. After advice of Law Division (in the light of Regulation-5 of SLIC Regulations of 1972) it was clarified that REIC quorum was complete. Thereafter, the proceedings of REIC were commenced. 4. General Manager (Investment) apprised the REIC that valuation of properties of Dawood Bank. He proposed that instead of real estate transaction, the opening of Takaful window would be a better option by settling the transaction through taking shares of Dawood Family Takaful. <u>Discussion on Agenda Points</u> <u>Agenda Points # 1.</u> <u>Implementation Report of 15th Meeting of REIC dated: 30th November 2010.</u> 5. REIC was satisfied with compliance report on the Minutes of 15th Meeting. <u>Agenda Points # 2</u> <u>Confirmation of Minutes of 15th Meeting of REIC</u> 6. Mr. Rasheed Y. Chinoy proposed confirmation of Minutes of 15th Meeting of REIC and Mr. Ansar Hussain seconded the proposal. <u>Agenda Point # 3</u> <u>Progress of Ongoing Works.</u> 7. Progress all ongoing works was discussed. DH (RED)</td><td><u>Action by</u> DH (RED) <</td></tr></table>				a. Mr. Shahid Aziz Siddiqi.	Chairman	b. Mr. Rasheed Y. Chinoy.	Director	d. Mr. Mohammad Yahya.	Executive Director/Member (away on duty)	e. Mr. Ansar Hussain.	Sr. GM (Investment) / Member	f. Lt. Col. (R) Mohsin Ali Shah.	DH (RED) / Secretary	<u>Discussion on Real Estate Issues</u> 3. At onset of meeting, the aspect of quorum was discussed. After advice of Law Division (in the light of Regulation-5 of SLIC Regulations of 1972) it was clarified that REIC quorum was complete. Thereafter, the proceedings of REIC were commenced. 4. General Manager (Investment) apprised the REIC that valuation of properties of Dawood Bank. He proposed that instead of real estate transaction, the opening of Takaful window would be a better option by settling the transaction through taking shares of Dawood Family Takaful. <u>Discussion on Agenda Points</u> <u>Agenda Points # 1.</u> <u>Implementation Report of 15th Meeting of REIC dated: 30th November 2010.</u> 5. REIC was satisfied with compliance report on the Minutes of 15 th Meeting. <u>Agenda Points # 2</u> <u>Confirmation of Minutes of 15th Meeting of REIC</u> 6. Mr. Rasheed Y. Chinoy proposed confirmation of Minutes of 15 th Meeting of REIC and Mr. Ansar Hussain seconded the proposal. <u>Agenda Point # 3</u> <u>Progress of Ongoing Works.</u> 7. Progress all ongoing works was discussed. DH (RED)	<u>Action by</u> DH (RED) <
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	<p>updated the Committee on following:-</p> <ol style="list-style-type: none"> Renovation works of Larkana Building are proceeding satisfactorily. Nearly 3 floors have been completed. Zone has been intimated to shift to newly renovated floors. Tenants are approaching RED for hiring of renovated floors. All lifts in package-1 for Islamabad, Rawalpindi and Karachi have been installed. Tenders of Rahimyar Khan Project have been called; to be opened on 10th March 2011. Gujranwala Project is at advance stage of completion by 31st March 2011. <p>Resolved.</p> <p>8. REIC desired that periodic progress report be submitted to REIC.</p> <p>Agenda Point # 4 Appraisal- Mutation of Lahore Properties.</p> <p>9. DH (RED) updated REIC about recently mutated Building # 6, also called as Moti Mansion (3 storey 12,000 sft Building at 1.5 Kanal at McLeod Road) Lahore, which was inherited from Mercantile Mutual Insurance. SLIC did not hold any valid property document. In 1960, PTD was issued to Begum Liaquat Ali Khan and others by Government of Punjab as evacuee property. In the past, Chief Settlement Commissioner did not verify the PTD and endorsed that Government of Punjab was not empowered to issue PTD for Federal Government land and the case was legally stalled.</p> <p>10. Hajvari Law Group advisor to follow this complicated case through filing of Civil Suit which would have entailed long legal recourse. RED commenced its pursuance afresh along with other Lahore properties. All linkages and old records were traced by from Revenue/Registrar offices. On completion of tracing of old records, the case was submitted to Revenue Department Punjab. RED appeared before Chief Settlement Commissioner Court, defended the case and got the PTD verified by Settlement Commissioner. Thereafter, on 6 January 2011, Chief Settlement Commissioner re-heard the case.</p> <p>11. On 14 January 2011, verdict has been given in favor of SLIC wherein Revenue Department has been directed by Chief Settlement Commissioner to Mutate the property in the name SLIC. On 24 January 2011, meeting was held with Secretary Revenue Punjab; attended by EDR Punjab to expedite documentation formalities. EDO assured to update Revenue Record at the earliest. The case is under submission to Revenue Department. This is the 4th property at Lahore which has been got mutated.</p>	DH(RED)	

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<p>12. Summary of mutation of properties is as follows :-</p> <ul style="list-style-type: none"> a. 8x Properties were taken up for mutation out of 9. b. 4x Properties mutated so far. c. 3x Properties are with Chief Settlement Commissioner at advance stage of formalization. However, the cases are legally difficult due to non-availability of title documents. d. 1 at LDA under pursuance. <p>13. Building has been inspected by GM(RE). It requires long awaited renovation/repair works which is under process. 31 cases have been filed by SLIC on tenants for Ejectment for Rs 2, 48,000.00. Additionally, 31 more cases for Registration of Lease worth Rs 1, 55,000.00 (Total: Rs 4,03,000.00 equal to nearly 2 years rent) have also been filed in the past against the tenants who are depositing the notional rentals in the court. As per meeting held with tenants, they are willing to renegotiate the rent and settle it out of the court.</p> <p><u>Resolved</u></p> <p>14. REIC Resolved that:-</p> <ul style="list-style-type: none"> a. Efforts of RED for mutation of the property were appreciated. b. RED and Law Division should evaluate the court cases for out of the court settlement particularly for Moti Mansion. 			
<p><u>Agenda Point # 5</u> <u>Appraisal – Installation of HVAC system in Hyderabad Building.</u></p> <p>15. DH (RED) briefed REIC that in April 2010 In-charge RE Hyderabad, HVAC Engineer from PO/RED and NESPAK inspected HVAC system installed at Hyderabad Building; which was partially burnt (G+4) by violent mob on 27th December 2007. It was recommended by the above Team to install Package Units for Ground Floor (only) with an estimated cost of Rs 1 crore.</p> <p>16. Under NESPAK consultancy, the tenders were called through advertisement in</p>			

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	<p>the press. The lowest bid was received for Rs 11.5 Million. All along, the work was recommended for approval after meeting tendering formalities and approval by Real Estate Functioning Committee (REFC) etc.</p> <p>17. Suddenly, the (then) officials of RED took u-turn and recommended for cancellation of tenders/scrapping the work.</p> <p>18. Consequently, the SLIC Management has sought explanations of concerned executives namely Mr. Nabil Ghafoorzada (DGM), Mr. Rashid Qureshi (AGM) and Mr. Mushtaq Ali Khan (Manager).</p> <p>19. Due to above, the tenders of the above work shall be scrapped. However, it would require regularization of following expenditure:-</p> <table><tr><td>a. Cost Advertisement</td><td>-</td><td>Rs.1,17,720/-</td></tr><tr><td>b. Consultancy charges of NESPAK</td><td>-</td><td><u>Rs.2,07,960/-</u></td></tr><tr><td>Total</td><td>-</td><td><u>Rs.3,25,680/-</u></td></tr></table> <p><u>Resolved</u></p> <p>20. NESPAK should be asked to technically justify the design of a parallel air-conditioning system in a centrally air-conditioned Building at Hyderabad.</p>	a. Cost Advertisement	-	Rs.1,17,720/-	b. Consultancy charges of NESPAK	-	<u>Rs.2,07,960/-</u>	Total	-	<u>Rs.3,25,680/-</u>	<p>DH (RED)</p>	
a. Cost Advertisement	-	Rs.1,17,720/-										
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Total	-	<u>Rs.3,25,680/-</u>										
	<p><u>Agenda Point # 6</u> <u>Installation of HVAC system in Building # 1, Rawalpindi.</u></p> <p>21. DH (RED) updated REIC that in June 2005, RED hired NESPAK for installation of new Central HVAC System in Building # 1 at Rawalpindi to replace old HVAC system already installed in the building. Initial studies/drawings were got prepared from NESPAK by paying Rs 3 lacs.</p> <p>22. With an estimated cost of Rs 22 Million, the work was advertised in the press in September 2009, costing Rs. 1, 66,229.00. The lowest bid was received for Rs 64.116 Million. Due to procedural</p>											

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	<p>discrepancies, however, the tenders had to be scrapped.</p> <p>23. In April 2010, the work was re-advertised in the press costing Rs 1, 17,720.00 for calling the fresh tenders. The lowest bid was received for Rs 64.03 Million.</p> <p>24. Having met all tendering formalities, ED (RE) and DH (RED) discussed the aspect in details. DH (RED) was tasked to visit the said building at Rawalpindi. It was observed that the old HVAC, somehow, is still functional; requiring essential repairs. Further, the building is under use by the Zone (only) and one private tenant with notional income of Rs 6.5 Million per annum. The building also has certain lease oriented difficulties with Ministry of Defence and the case is subjudice.</p> <p>25. A HVAC engineer ex-RED was tasked to re-inspect the building who recommended that the old system is repairable for an estimated cost of Rs 2/3 Million and made functional for next 5/6 years time frame. Thereafter, split units may be installed by the Zone at their own expense.</p> <p>26. Considering the repair of old system being an economical option, the Management has decided to scrap the tenders to save huge expenditure of nearly Rs 64 Million on a building (which has annual rentals of Rs.64 Million only. This tantamount to be spending nearly annual rentals of 10 years.</p> <p>27. The above option, however, would entail regularization of various expenditures incurred as follows :-</p> <p>a. Cost of (2) Advertisements - Rs. 2,83,949/-</p> <p>b. Consultancy charges to NESPAK - Rs.11,52,558/-</p> <p>c. Feasibility Study charges paid to NESPAK Rs. 3,00,000/-</p> <p style="text-align: right;">Total: Rs.17,36,507/-</p> <p><u>Resolved</u></p> <p>28. REIC resolved that clarification be sought from NESPAK for design of the project instead of essential repairs.</p> <p><u>Agenda Point #7</u> <u>Amalgamation of State Life Plots near FTC</u></p> <p>29. DH (RED) briefed REIC that SLIC owns two plots near FTC measuring 9,468 sq.yds and 4,292 sq.yds respectively (total: 13,760 sq.yds) with 60 feet</p>		

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	<p>road located between both the plots. The dividing Road was encroached by AWT. The case is subjudice since 6 years.</p> <p>30. SLIC tookup the case with DG ML& C (Ministry of Defence). Consequently, MEO issued formal letter that the said road has been erroneously leased to AWT which tilted the balance in favor of SLIC.</p> <p>31. 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 advantages and value addition). In lieu, 60 feet road with extra strip (preferably 30 feet) may be offered to AWT near NIC Building. <p>32. 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 to be done by SLIC. 90 feet road be provided by SLIC near NIC Building in lieu of the said road with consequent amalgamation formalities. <p>33. Consequently, the following actions have been taken :-</p> <ol style="list-style-type: none"> MEO Karachi has been approached by RED on amalgamation and lease oriented issues. M/s IDG evaluated the proposal in technical, construction and financial (value addition) perspectives to quantify the advantages to SLIC due to amalgamation of plots. <p>34. Consultant's analysis are summarized as follows :-</p> <ol style="list-style-type: none"> Amalgamation of (2+1) plots measuring 12,846 sq yds (2.65 Acres; after necessary adjustment with AWT) would give it status of a unique <u>location</u> near FTC / metropolis area; better than any other 		

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- location.
- Amalgamated (commercial plot of this size) should be used for high-rise mega project having architectural and construction flexibility.
 - Shall have a large frontage i.e., 385.5 ft with diversified design options.
 - Better security management under prevailing security situation.
 - Shall have increased covered area and multiple-usage/circulation space in a compact place.
 - Compulsory open spaces would add to parking and traffic circulation.

35. Comparison of Amalgamation Options

	Option -1 (No Amalgamation)	Option -2 (After Amalgamation)	Remarks
Gross area of plot	9468+4011=13479 sq.yds.	12846 sq. yds.	
Net area on ground (after leaving COS)	11437 sq. yds.	10272 sq. yds.	
Assessed value of land @ Rs 200,000/- sq.yds. based on recent sale/purchase of real estate on Shahr-e-Faisal Karachi	Rs 2,693,800,000/-	Rs 2,569,200,000/- + 642,300,000/- = 3,211,500,000/-	* Expected Increase in value @ 25% due to amalgamation of plot giving a unique invaluable character in the vicinity.
Due to the unique character, type and non-availability of any matching commercial land parcel at such prime location, its true value can not be assessed. Amalgamation of the Plot # 5 will further increase its value manifolds.			
Savings on Projects Cost:	In Option-2, due to economy of scale being a larger compact building with single centralized facilities (e.g. air-conditioning, heating, escalators/lifts, fire fighting, security system etc. with maintenance) is expected to save 15-20% on the over-all Project cost, hence it is a feasible option.		

36. Evaluation report by M/s IDG has been technically reviewed by M/s NESPAK as follows:-

- "The amalgamated plot will structure one complete entity which will result in a larger frontage facilitating enhanced design freedom to the architect. It will have roads on three sides which shall enhance better approach efficiency around the building after its

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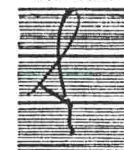
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	<p>construction. A comprehensive building may be designed with Centralized services viz HVAC (heating, ventilation & air-conditioning) lifts, generators, fire fighting, security, saving a substantial cost. It will grossly beneficial in terms of FAR which shall add to the total built-up area.</p> <p>b. Apart from the above a complete basement can be constructed beneath the entire plot thus facilitating more parking spaces which can attract the prospective Clients/end users.</p> <p>c. It is therefore recommended that State Life should go on with the proposed amalgamation process".</p> <p><u>Resolved</u></p> <p>37. REIC resolved that the case be placed before the Board in the forthcoming meeting of 3rd March 2011.</p> <p>DH (RED)</p>		
	<p><u>Agenda Point # 8</u></p> <p><u>Review of Renovation of Buildings</u></p> <p>38. DH (RED) apprised REIC that the Board of Directors had approved Renovation Package for all the SLIC Buildings (commercial) for Rs 765 Million in 184th Meeting.</p> <p>39. Out of the above package, nearly Rs 192 Million including carry over works were consumed at 31-12-2009.</p> <p>40. BOD, in its 210th Meeting curtailed the package of left over package (i.e. from Rs.765 - 192 = Rs.573 Million) to Rs.400 Million. Thus the total package was curtailed from 765 to (192+400) is Rs.592 Million. Nearly Rs.400 Million have been accumulatively consumed. The balance of package is left to Rs.192 M only.</p> <p>41. Of late, Maintenance proposal of M/s NESPAK for all Renovation Package has been revisited. It is observed that the proposal is sketchy; without covering essential details, bills of quantities and technical figure work etc. Additionally, most of the buildings have further deteriorated over the time which need to be timely addressed to save further</p>		

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	<p>deterioration/damages. The aspect entails preparation of fresh estimates for the balance of works amounting Rs 192 Million for apt utilization of funds towards productive maintenance of all SLIC Buildings.</p> <p><u>Resolved</u></p> <p>42. REIC resolved that details of balance of works with presented estimated costs to be the next REIC meeting for its presentation to the Board.</p>	DH (RED)	
	<p><u>Agenda Point # 9</u></p> <p><u>Strategic Plan RED</u></p> <p>43. Strategic Plan for RED for year 2011-20 for (10 years Term) was presented in 216th Meeting of the Board dated 15th December 2010. The strategic Plan prepared by RED encompassed the following:-</p> <p>a. Short Term : 2011-12 (two years)</p> <p>b. Mid Term : 2013-15 (three years)</p> <p>c. Long Term : 2016-20 (five years)</p> <p>44. The following additional working was desired by the Board:-</p> <p>a. Financial Impact up to 2020.</p> <p>b. Strategic Plan for each Building..</p> <p>45. Strategic Plan for each Building requires detailed data collection and in depth study of each Building. The data is under compilation. Detailed working paper shall be presented separately in the next REIC Meeting on compilation.</p> <p>46. The Financial Impact of Strategic Plan is already being presented to the Board as a separate Agenda Point.</p>		

CHAIRMAN'S
INITIALS


MINUTES OF 217TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	3 RD MARCH, 2011	

Resolved

47. REIC resolved that the case be placed before the Board.

DH (RED)

Agenda Point # 10Review of RE Portfolio – 31st December 2010

48. DH (RED) updated REIC about Review of Real Estate Portfolio as:-

- a. Gross Income of Real Estate Portfolio as at Dec 31, 2010 of Rs.710 million as against Rs.724 million for the same period of the previous year, which shows decrease of -2%.
- b. Expenses up to Dec 31, 2010 are Rs.380 million as against Rs.449 million for the same period of previous year. It shows a decrease of 15%.
- c. Net Income up to Dec 31, 2010 is Rs.330 million as against Rs.275 million for the same period of previous year. It shows a raise of 20%.
- d. Expense / Income ratio upto Dec 31, 2010 is 54% as compared to 62% for the same period of preceding year.

Resolved

49. REIC was satisfied with the real estate portfolio.

DH (RED)

Chairman _____

CHAIRMAN'S
INITIALS
