(257)

STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

MINUTES OF 232ND MEETING OF THE BOARD OF DIRECTORS

…RS	HELD AT	ON	TIME
…BOOK	KARACHI	4TH FEBRUARY, 2013	

CONFIDENTIAL AND RESTRICTED

The 232nd Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Monday, 4th February 2013 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. Husain Lawai	Director
3.	Mr. Farooq Hadi	Director
4.	Mr. Wazir Ali Khoja	Director
5.	Mr. Nihal Anwar	Director
6	Mr. Tufail Shaikh	Director
7.	Mr. Furqan A. Shaikh	Director
	Mr. Akbarali Hussain	Secretary Board

LEAVE OF ABSENCE

1.	Mr. Fazal Abbas Maken	Director

3. The following officers also attended the meeting at the time of presentation and discussion of the Items of their respective Divisions

1. Mr. Muhammad Izqar Khan, Divisional Head(Marketing)
2. Mr. Nadeem Bessey, Divisional Head (G&P)
3. Mr. Attaullah A. Rasheed, Divisional Head (Investment)/Secretary(REIC)
4. Mr. Nasimul Haque, Divisional Head (Real Estate)
5. Mr. Faisal Mumtaz, Divisional Head, (Actuarial/PHS)

4. The meeting started with recitation of verses from the Holy Quran by Mr Shahid Aziz Siddiqi, Chairman, State Life

5. The Chairman informed the Board that Mr. Fazal Abbas Maken, Additional Secretary, Ministry of Commerce/Director, State Life has been transferred and posted in Prime Minister Secretariat as such he will not be attending the meeting of the Board. The Board appreciated the services rendered by Mr. Fazal Abbas Maken on the Board of State Life and wished him well in his future endeavors.

ITEM (1) CONFIRMATION OF MINUTES OF 231ST MEETING OF THE BOARD OF DIRECTORS.

6. The minutes of the 231st meeting of the Board of Directors held on 18th December, 2012 were placed before the Board.

Item No.2 -Implementation reports on decision taken in 230th meeting of Board of Directors held on 4th December, 2012.

Approval of Quarterly Accounts of State Life before submission to SECP.

Action: Secretary (B.M.) DH (F&A)

7. Mr. Husain Lawai, Director and Chairman of Board Audit Committee pointed out that para-9 on page-3894 of the minutes of 231st meeting of the Board of Directors be replaced with the following

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"The Board decided that the quarterly accounts should be presented before the Board for approval after it is reviewed and finalized by the Board Audit Committee. The accounts approved by the Board should then be submitted to SECP as is required for listed companies under good corporate governance."

Purchase of Car Parking Space and Office Space in Building adjacent to State Life Building No.11, Karachi(International Business & Shopping Centre).

Action: Secretary (REIC) DH(RE)

8. Mr. Farooq Hadi, Director pointed out that para-14 on page-3895 of the minutes of the 231st meeting be amended as follows:-

"that penalty clause and bonus clause for meeting the timeline mentioned in the payment schedule Annexed at Appendix-A to the minutes on page-3902 be incorporated in the agreement to be signed for purchase of the office floor and car parking floor of the International Business & Shopping Centre, Karachi."

9. Mr. Farooq Hadi, Director proposed and Mr. Furqan A. Shaikh, Director seconded that the minutes of 231st meeting of the Board of Directors be confirmed subject to the above amendments.

10. Accordingly, it was resolved as under:-

Action: Secretary Board

RESOLVED:

"that the Minutes of 231st meeting of Board of Directors held on 18th December, 2012 are confirmed subject to the above amendments."

ITEM (2) **IMPLEMENTATION REPORTS ON DECISION TAKEN IN 231ST MEETING OF BOARD HELD ON 18TH DECEMBER, 2012.**

11. Implementation report of 231st meeting of Board of Directors held on 18th December, 2012 were placed before the Board.

Item No.3, Page No.3897, Para-31 of minutes of the 231st meeting.

Formal Inquiry Report to investigate and bring the facts on record and fix responsibility on the officials for not making any provision of pension liability in the accounts of State Life.

Action: Chairman DH(P&GS)

12. The Secretary Board submitted before the Board that ED(PHS) has informed that in accordance with the directives of the Board, the inquiry is under process and a supplemental report will be submitted after completion. The Board expressed its displeasure at the delay in finalization of the report and decided that the inquiry be carried out by the Chairman instead of ED(PHS). The inquiry report would be submitted to the Board at its next meeting for its consideration.

Action: Secretary (BAC) DH(F&A)

13. The Board Audit Committee has reviewed and recommended to the Board for approval of draft policy/standard operating procedures for making provision and identification of contingent liabilities which is placed at Item No.3 of the minutes

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MINUTES OF 232ND MEETING OF THE BOARD OF DIRECTORS

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14. The implementation report was noted by the Board.

ITEM 3(i) CONSIDERATION AND APPROVAL OF MINUTES OF 46TH MEETING OF BOARD AUDIT COMMITTEE HELD ON 13-12-2012 AND 18-12-2012.

15. The minutes of the 46th meeting of Board Audit Committee held on 13th December, 2012 and continued on 18th December, 2012 were 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 (BAC) is placed at Annexure-A to the Minutes.

16. Accordingly, the Board resolved as under:

Action: Secretary (BAC)

RESOLVED:
"that the minutes of 46th meeting of Board Audit Committee held on 13th December, 2012 and continued on 18th December, 2012 together with observations/recommendations mentioned therein are confirmed."

Tangible Fixed Asset, Coding and Physical Verification and Maintenance of Fixed Assets Register

Action: Secretary (BAC) DH(P&GS)

"that the recommendation of the Board Audit Committee for submission of a report regarding compliance of its directives regarding issuance of guidance to Zonal Heads/Regional Chiefs for maintenance of fixed assets registers as per prescribed formats(TR-6) and for taking up of the matter with IT Division for removal of flaws in the in-house software developed for its uniform applicability in all Zones/Offices of State Life be submitted to the Board of Directors in its next meeting was approved."

3(ii) DRAFT POLICY/SOPS FOR MAKING PROVISION AND IDENTIFICATION OF CONTINGENT LIABILITIES.
(ED(F&A) Memorandum dated 23-01-2013)

17. Executive Director (F&A) presented before the Board, a Memorandum dated 23rd January, 2013 regarding Draft Policy/SOPs for making provision & identification of contingent liabilities.

18. The Board of Directors, in the 225th meeting held on 30th April, 2012, observed that the Management should frame a comprehensive policy as to procedures for identification and reporting of contingent liability in the financial statement and develop policy/SOPs for making provision in the annual accounts and submit the same in the next meeting of the Board Audit Committee.

19. ED(F&A) in his Memorandum mentioned that the matter as to non existence in the Corporation of policy for making provision against doubtful receivables, Investment having diminishing value, defalcation by employees/ field workers, etc. Continuous monitoring is not being done for ageing of the amount involved to finally decide whether the full amount or a portion thereof is recoverable or has turned into bad debt being un-collectible was investigated. A draft Policy/SOPs for

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making provision and identification of Contingent Liabilities, which should be reflected in the annual accounts has been prepared which was submitted in the 46th meeting of the Board Audit Committee held on 13-12-2012 which recommended the same to be submitted to the Board for approval subject to the under mentioned amendments:-

i. All receivable income/investment/loan & income should be reviewed initially on half year basis for marking doubtful up-to 2014 and afterward on quarterly basis. Once a receivable is mark as doubtful then the Corporation would start provisioning in one and half year instead of 3 years against such receivables on half yearly basis as per schedule of persist as under:

	At the end of first Six month	At the end of one year	At the end of 1 ½ year
All receivable/Investment/ Loan & income	20%	30%	50%

ii. Provisions regarding the receivables against rent shall be made on yearly basis.

iii. Provision regarding the legal cases shall be made on the basis of legal opinion from Law Affairs Division and if necessary from outside lawyers in consultation with Law Affairs Division.

iv. All court cases involving claim of 10 million or more to be identified, reviewed and reported to F&A Division by the Legal Affairs Division (LAD).

v. Policy of treating unclaimed policy amount will continue to operate as per existing Rules. Current Policy stipulate payment of Claims within five years of expiry of life policy after obtaining prior approval of ED (F&A) and Chairman of the company. Simultaneously, the amount of claim so paid will be debited to income account & credited to liability account.

20. The Chairman, State Life had constituted a committee, comprising of following members, vide P&GS Division's notification dated 29th May, 2012.

- Divisional Head (F&A) - Convenor
- Divisional Head (LAD) - Member
- Divisional Head (P&GS) - Member
- Concerned Divisional Head - Member
- AGM/Manager (F&A) - Secretary

21. The committee held various meetings and discussed issues relating to identification of bad debts, their provisioning, writing off, reinstatement, identification and reporting of contingent liabilities, writing back outstanding liabilities/credit balances, etc. Based on the recommendations and decisions made in the meetings of committee, the draft Policy/SOPs for subject matter was prepared and circulated to all members. After several meetings and continuous improvements on the basis of input received from members of the committee, the draft was approved by the committee on 13th September, 2012 and duly signed by all the Members.

22. The draft Policy/SOPs finalized by the above Committee was then discussed with the Chairman. A meeting was held on 3rd October, 2012 wherein all

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Executive Directors and Members of the Committee were present wherein the draft was reviewed and finalized with some amendments.

23. A copy of the summary and the draft Policy/SOPs for making provision and identification of contingent liabilities are placed at Annex "A" and Annex "B" of the Memorandum respectively for kind perusal and approval please.

24. Accordingly, the Board resolved as under:

Action: Secretary (BAC) DH(F&A) DH(IA&C)

RESOLVED:

"that as recommended by the Board Audit Committee at its 46th meeting held on 13-12-2012, the Policy/SOP for making provision and identification of contingent liabilities after incorporating the amendments suggested by the Board Audit Committee in its minutes under agenda Item No.4 and para-19 above was approved with directives that the same be circulated to all the Executive Directors, Divisional Heads, Regional Chiefs and Zonal Heads under signature of Divisional Head(F&A)/Divisional Head(IA&C/ Secretary(BAC)) for their information and compliance. The policy/SOPs approved by the Board are placed at Annexure-B to the minutes as submitted by F&A Division in its Memorandum."

ITEM (4) PROPOSAL FOR REVISION IN "GUIDELINES AND CHART OF DELEGATION OF FINANCIAL POWERS.

25. Executive Director (F&A) presented before the Board, a Memorandum dated 23rd January, 2013 proposal for draft revision in "Guidelines and Chart of Delegation of Financial Powers.

26. The draft revision in Guidelines and Chart of Delegation of Financial Powers was submitted to the Board of Directors for consideration. The Board considered the draft in 225th meeting held on 30th April, 2012, and directed F&A Division to circulate the draft to all Executive Directors and Divisional Heads, obtain their feedback and resubmit the final draft after incorporation of all suggestions.

27. The draft was accordingly circulated to all Executive Directors and Divisional Heads for their comments. The comments received from some divisions were discussed in the meetings with the concerned Divisional Heads so as to arrive at a consensus on the required change.

28. The draft has been finalized after thorough review by F&A Division in series of meeting of senior officers of F&A Division. The final draft was placed for kind perusal of the members of the Board Audit Committee.

29. The draft proposal contains revision in General Guidelines, Specific Guidelines and Chart thereof. The changes are of two kind; significant changes and minor changes. The significant changes represent those guidelines and chart where financial implication is involved. The proposed revision in relevant chart has been appended beneath the concerned guideline.

30. Minor changes are those where there is no or little financial involvement. The minor changes consists of updating of references of Laws, Act, Ordinances, Rules, circulars & instructions of the Corporation. Updating of nomenclature of Divisions and designation is also the part of minor changes.

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31. It is stated that the Govt. Auditors have observed that in terms of sub Articles (1) and (2)(a) of the Article 49 of Life Insurance Nationalization Order, 1972 (LINO, 1972), it is mandatory to seek prior approval of Govt. of Pakistan before delegating its powers to its officers. The relevant article of LINO reads as under:

> "49. – (1) The Corporation may, with the previous approval of the Central Government, by notification in the official Gazette, make regulations not inconsistent with this Order and the rules thereunder to provide for all matters for which provision is expedient for the purpose of giving effect to the provisions of this Order.
>
> "(2) In particular and without prejudice to the generality of foregoing power, such regulations may be provide for –
>
> (a) the powers and functions of a Corporation which may be delegated to its officers;"

32. In view of the observations of Govt. Auditors and as provided by the Article 49 of the LINO, 1972, the Corporation will be required to submit the Delegation of Financial Powers after approval by the Board of Directors to Govt. of Pakistan for approval and gazette notification.

33. Submitted for consideration and approval of the draft revision of Guidelines and Chart of the Delegation of Financial Powers. F&A Division may be allowed to submit revised Delegation of Financial Powers to the Govt. of Pakistan for approval and issue of gazette notification before making it operational.

34. Mr. Husain Lawai, Chairman, Board Audit Committee informed that the delegation of financial powers was reviewed by the Board Audit Committee at its 47th meeting held on 31-01-2013 which decided that henceforth the guidelines and chart of delegation of financial powers relating to the Chairman, Executive Directors, Divisional Heads, Regional Chiefs and Zonal Heads be submitted to the Board for approval whereas the powers to be delegated to the officers down the line as per the Management hierarchy be approved by the Chairman.

35. Accordingly, the Board resolved as under:

Action:
Secretary (BAC)
DH(F&A)

RESOLVED:

"that the Memorandum of approval of revision in manual of delegation of financial powers to Chairman, Executive Directors and Divisional Heads and for authorizing the Chairman to approve powers to be delegated to the officers down the line in the hierarchy be resubmitted to the Board Audit Committee at its next meeting for consideration and framing of its recommendation to the Board of Directors for approval."

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ITEM (5) POSITION PAPER ON CURRENT STATUS OF AUTOMATION OF STATE LIFE.

36. Project Director (IT) presented before the Board, a Position Paper on current status of implementation of Pre-packaged Software Solution which is placed at Annexure-C to the Minutes.

37. The information given in the Position Paper was considered by the Board with the directive that a time matrix for each activity for implementation of pre packaged software solution be prepared and work completed within the prescribed time.

38. The Board discussed at length the ongoing work in respect of automation of State Life and arrived at a conclusion that the above work is of utmost importance and needs to be closely monitored and institutionalized as such the Board decided to constitute a IT Committee of the Board which would review the progress of the above project and ensure its timely completion within the projected cost. The existence of a proper training centre for the users of the various Divisions be looked into by the Management of State Life.

39. Accordingly, it was resolved as under:

RESOLVED:

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

"that an IT Committee of the Board comprising of the following Members is hereby approved:-

1. **Mr. Shahid Aziz Siddiqi, Chairman**
2. **Mr. Farooq Hadi, Member**
3. **Mr. Nihal Anwar, Member**
4. **Mr. Furqan A. Shaikh, Member**
5. **Mr. Shoaib Mir, ED(IT)/Member**
6. **Mr. Saleem Khaliq, DH(IT)/Member**
7. **Mr. Muhammad Ali, DGM/Project Director(IT)/Member/Secretary**

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

"that Mr. Muhammad Ali, DGM/Project Director(IT) will be the Secretary of the IT Committee."

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

"that the quorum of the IT Committee would be the presence of not less than four Members."

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

"that terms of reference (TOR) of the IT Committee would be prepared by IT Division and got approved from the Members of the Board through circulation."

ITEM (6) BUSINESS REVIEW OF MARKETING, GROUP & PENSION AND INVESTMENT DIVISIONS FOR THE PERIOD ENDED ON 31ST DECEMBER, 2012.

40. The business review of Group & Pension, Marketing, Investment and Real Estate Divisions for the period ended on 31st December, 2012 were placed before the Board which was noted.

41. ED(G&P) presented before the Board business review of G&P Division for the period ended on 31st December, 2012 during which G&P Division collected a total premium of Rs.8,100.006 million as against Rs.4,991.833 million for corresponding period of last year showing an increase of 62.27%. The number of new policies sold during the year 2012 is 180 as against 168 during the year 2011.

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42. DH(G&P) informed the Board that the premium of Health Insurance under the Benazir Income Support Program per family has been reduced from Rs. 2250 to Rs.1800 per family on a coverage of Rs.25000 per annum per family. The reduction has been made on the experience of the scheme for the last year. The profit commission is shared with the Benazir Income Support Program in the ratio of 95:05 after charging of 15% administrative cost and deduction of claims.

43. ED(Marketing) presented before the Board business review of Pakistan Business for the period ended on 31st December, 2012 during which State Life secured First Year Premium of Rs.13,435 million as against Rs.11,602 million collected during the corresponding period of 2011 registering an increase of 16%. Marketing Division has collected the second year premium of Rs.9,379 million during the year 2012 as against Rs.7,740 million during the year 2011 . The second year persistency in the year 2012 was 80.83% as against 82.90% of the year 2011. The third year and over persistency during the year 2012 was 86.37% as against 87.25% of the year 2011.

44. DH(Marketing) informed the Board that the forecast for the year 2012 was 15,672 million against which the Corporation achieved 85.72%.

45. Gulf Zone has secured first year premium of US$:5,002,51 for the year ended 31st December, 2012 as against US$:4,327,472 during the year 2011 registering an increase of 16%. The second year persistency for the year 2012 was 66.91% as against 70.40% during the year 2011. The third and later year persistency for the year 2012 was 86.39% as against 92.74% during the year 2011. During the year 2012, Gulf Zone sold 2,489 new policies as against 2,293 new policies sold in the year 2011, resulting an increase of 8.54%..

46. DH(Investment) presented before the Board business review of investment portfolio of the Corporation for the year ended 31st December, 2012. The book value of investment portfolio net of provision of Rs. 279 million which was Rs.275,110 million as on 31-12-2011 has increased to Rs.319,677 as on December 31, 2012 showing an increase of Rs.44,557 million and a percentage increase of 16.20%. The investment in Government securities, corporate debts, equities, bank deposits, investment property and loans to policyholders were Rs.238,665 million, Rs.3,454 million, Rs.28,829 million, Rs.21,557 million, Rs.3,002 million and Rs.24,950 million respectively. The investment in government securities constitutes 74.48% of the total portfolio of State Life.

47. State Life earned investment income of Rs.36,268 million in 2012 on its investment portfolio as compared to Rs.31,175 million earned during 2011. The book value of delisted, unquoted and subsidiary companies are Rs.61,773,377, 1,094,060,820 and Rs.241,610,472 respectively. State Life purchased shares with a book value of Rs.2,028.879 million during the year 2012. State Life sold shares with a book value of Rs.380.670 million for Rs.733.435 million realizing total capital gain of Rs.352.665 million during the year 2012. The capital gain amounting to Rs.47.392 million was realized from the proceeds of NIT EMOF Units, thus making total capital gain of Rs.400.057 million. The book value of quoted equity portfolio stood at Rs.27,432 million while its market value was Rs.64,783 million showing an appreciation of Rs.37,351 million as on December 31, 2012. From January to December, 2012, the Corporation has purchased PIBs worth Rs.63,700 million at a cost of Rs.62,425 million through auction announced by State Bank of Pakistan.

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48. Divisional Head (Real Estate) presented before the Board, business review of Real Estate Division for the year ended 31st December, 2012. Gross income of Real Estate Portfolio for the year ended 31-12-2012 was Rs.732 million as against Rs.743 million in the year 2011 showing a decrease of 1%.

49. Expenses for the year 2012 was Rs.486 million as against Rs.428 million for the year 2011 showing an increase of 14%. Net Income for the year 2012 was Rs.246 million as against Rs.315 million for the year 2011 showing a decrease of 22%. Expense/Income Ratio for the year 2012 was 66% as compared to 58% for the year 2011.

Action:
DH(G&P)
DH(Mkt)
DH(Inv)

50. The Board appreciated the excellent work being done by Marketing, Investment and Group & Pension Divisions resulting in increase in income of State Life for the year 2012 and expected that the good work would be continued during the year 2013.

ITEM (7) VIABLE PROPOSALS IN CONNECTION WITH CREATION OF REGIONAL OFFICE AT HYDERABAD AND FULL-FLEDGED ZONE AT BENAZIRABAD(NAWABSHAH).
(DH(Marketing) Memorandum dated 24-01-2013)

51. Divisional Head (Marketing) presented before the Board, a Memorandum dated 24th January, 2013 regarding viable proposals in connection with creation of Regional Office at Hyderabad and full fledged Zone at Benazirabad (Nawabshah).

52. DH(Marketing) informed the Board that at present, 26 individual Life Zonal Offices are operating at different cities of the Country. All the Zones are distributed under Four (04) Regions as per geographical locations named as Regional Offices. Jurisdiction of Regional Offices consisting of relevant Zonal Offices as per existing arrangements are as under:

Region	Existing Zonal Offices	Nos.
Southern	Karachi (South), (Eastern), (Central), Hyderabad, Sukkur, Mirpurkhas, Larkana & Quetta.	8
Central	Lahore (Central), (Western), Faisalabad, Sialkot, Gujranwala & Sialkot.	6
North	Rawalpindi, Islamabad, Peshawar, Gujrat, Mirpur (AK), Abbottabad & Swat	7
Multan	Multan, Sahiwal, Rahim Yar Khan, Dera Ghazi Khan & Bahawalpur	5

53. The Board of Directors in its 230th Meeting held on 4th December 2012 has resolved for the Management to decide and implement expansion plan of State Life.

54. DH(Marketing) submitted before the Board that in pursuance of the expansion plan and for development business activities, it is proposed that a full-fledged Individual Life Zone may be created at Benazirabad (Nawabshah) in the first instance as this territory has the good potential of life insurance business being economic & agricultural hub of interior Sind.

55. At present, Southern Region consists of Eight (08) Zones and if proposal of creating a Zone at Benazirabad (Nawabshah) is approved by the Board of Directors, the total number of Zones under Southern Region and Hyderabad Region will increase from Eight (08) to Nine (09).

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56. DH(Marketing) informed the Board that the existing Regional Office of Southern Region is located at Karachi and that it would be difficult to monitor the business activities of Nine (09) Zones located in Sind and Baluchistan Provinces. It is therefore suggested that Southern Region may be bifurcated in to two Regions by creating a new Region named "Hyderabad Region" having headquarter at Hyderabad City with the Zones having territory of interior Sind. Following is the proposed revised setup of Southern & Hyderabad Regions:

Southern Region	Karachi South, Karachi Eastern, Karachi Central & Quetta Zones.
Hyderabad Region	Hyderabad, Mirpurkhas, Sukkur, Larkana & Benazirabad (Nawabshah) Zones.

57. The Board of Directors is requested to kindly consider the above proposal.

58. Accordingly, the Board resolved as under:

RESOLVED:

Action:
DH(Mkt)
DH(P&GS)
DH(F&A)

"that as proposed by GM(Marketing) in pursuance of the expansion plan and for development of business activities, creation of a full-fledged Individual Life Zone at Benazirabad(Nawabshah) having a good potential of life insurance business being economic and agricultural hub of interior Sindh is hereby approved. No new recruitment will be required as the existing staff will be transferred to the newly created Zone."

Action:
DH(Mkt)
DH(P&GS)
DH(F&A)

"that as proposed by GM(Marketing) the bifurcation of Southern Region into two by creation of a new Region named Hyderabad Region having Headquarter at Hyderabad City and having in its jurisdiction Hyderabad, Mirpurkhas, Sukkur, Larkana and Benazirabad(Nawabshah) Zones is hereby approved."

Action:
DH(Mkt)
DH(P&GS)
Dh(F&A)

"that a comprehensive plan for creation of a Region and Zone based on business potential and financial viability and future potential be submitted to the Board for approval so that in future the Management can decide on such matter without referring to the Board."

ITEM (8) SETTLEMENT BETWEEN FIRST DAWOOD INVESTMENT BANK LIMITED (FDIBL) AND STATE LIFE INSURANCE CORPORATION OF PAKISTAN.
(DH(Investment) Memorandum dated 24-01-2013)

59. Divisional Head (Investment) presented before the Board, a Memorandum dated 24th January, 2013 for settlement between First Dawood Investment Bank Limited(FDIBL) and State Life Insurance Corporation of Pakistan(SLIC).

60. The Board of Directors at its 230th meeting held on 4th December, 2012 had resolved as under:-

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"that the recommendation of the Real Estate and Investment Committee on the proposal of DH(Investment) the following settlement package in respect of outstanding COIs of Rs.100 million alongwith accrued interest thereon is hereby approved:-

	(Rs. In Mn)
Interest received	Rs. 4.378
Upfront Cash payment	Rs. 20.00
Residential Flat at price of	Rs. 4.50
Share of Burj Bank (8.4 mn @ Rs 10 each)	Rs. 84.00
Settlement Amount	Rs.108.50
Total	Rs.112.878

"that the Chairman State Life and DH(Investment) be and are hereby authorized to take all necessary steps and sign all documents pertaining to the implementation and performance of the above approved settlement package received from First Dawood Investment Bank through Karachi Centre for Dispute Resolution(KCDR) in the presence of Mediators and to do all others incidental and ancillary acts, things and deeds including affixation of common seal on the agreement."

"that subsequent to signing of the settlement agreement, an application under Order 23 CPC be filed in the High Court, (where the suit between the parties relating to the dispute is pending) jointly by the parties and their advocates along with the original signed settlement deed for passing a decree in terms of the settlement deed. The court will finally pass an order on the application under Order 23 CPC with the consent of the parties and their advocates accordingly and the suit will be decreed in terms of settlement deed with no order as to the costs."

61. DH(Investment) informed the Board that the settlement agreement was signed in the office of the KCDR (Mediators) in the presence of Mr. Zafar Ahmed Sherwani, Director KCDR on 29th December 2012 by the following representatives of each organization:

Representing State Life Insurance Corporation of Pakistan:
- Mr. Attaullah A. Rasheed General Manager (Investment)
- Mr. Manzoor A. Vighio AGM (LAD)
- Mr. Sajjad J. Bilgrami Manager (F&A) Investment

Representing First Dawood Investment Bank:
- Mr. Nabeel Asif, Chief Financial Officer & Company Secretary
- Mr. Naveed Ahmed, Head of Legal
- Mr. Ayaz Dawood, Director FDIBL

62. First Dawood Investment Bank(FDIBL) made a payment of Rs. 20.00 Mn through cheque no. 8705637 dated 28.12.2012 of Al Baraka Bank (Pakistan) Limited. The cheque was deposited in the account of State Life maintained with Al Baraka Bank (Pakistan) Limited A/c no. 0123050776023 and was cleared on the same day (Saturday). The account is daily product account at 9.50% p.a.

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63. DH(Investment) informed the Board that the transfer of the subject shares (Burj Bank Limited) to the designated CDC account of SLIC within a period not exceeding 90 days from the date of the agreement is under process. Investment Division is in constant follow-up with the representatives of FDIBL regarding the above matter.

64. Investment Division is in possession of the original title documents of property i.e. Flat No.7, 4th Floor Madina Heights, Block 7 & 8 C.P Berar Cooperative Housing Society Karachi along with the 2 sets of keys. The copies of the property documents have been sent to Legal Affairs Division for vetting and confirmation of the title of the property through State Life lawyer. There were outstanding dues on the above apartment, which FDIBL has cleared and will provide the original paid challan to SLIC within seven days.

65. Investment Division has requested Legal Affairs Division to coordinate with Advocate Sultan A. Allana to submit the application on behalf of SLIC in the Sindh High Court that the parties have mutually agreed to settle the dispute which is being litigated in the court suit No. 1754/2009.

66. Accordingly, the Board resolved as under:

<u>RESOLVED:</u>

Action:
DH(Inv)
DH(RE)

"that immediate steps be taken by DH(Investment) for submission by State Life Advocate of the application on behalf of State Life Insurance Corporation of Pakistan in the Sindh High Court regarding the execution of a settlement package through the good offices of Karachi Centre for Dispute Resolution(KCDR) whereby the parties have mutually agreed to settle the dispute which was otherwise being litigated vide court suit No.1754/2009 and a decree be obtained in this regard as per the settlement package from the Sindh High Court."

Action:
DH(Inv)
DH(RE)

"that DH(Investment) and DH(RE) are hereby authorized jointly to take all necessary steps for immediate disposal of Flat No.7, 4th Floor, Madina Heights, Block-7 & 8, CP Berar Cooperative Housing Society, Karachi at the prevalent market price after completion of all legal formalities and observance of relevant rules including permission from MOC for its disposal."

ITEM (9) CONSIDERATION AND APPROVAL OF MINUTES OF 27TH MEETING OF REAL ESTATE AND INVESTMENT COMMITTEE <u>HELD ON 11-01-2013.</u>

67. Secretary, Real Estate and Investment Committee Mr. Attaullah A. Rasheed presented before the Board the minutes of the 27th meeting of Real Estate and Investment Committee held on 11-01-2013 for consideration and confirmation and approval of decisions/recommendations made by the Committee. A copy of the above minutes duly signed by the Chairman(REIC) are placed at Annexure-D to the Minutes.

68. Accordingly, the Board resolved as under:

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Action: Secretary (REIC) DH(Inv) DH(RE)

RESOLVED:
"that the minutes of 27th meeting of Real Estate and Investment Committee held on 11-01-2013 together with observations/recommendations are approved:-

Offer for subscription of preference shares of Silk Bank Limited.

Action: DH(Inv)

"that the recommendation of REIC on the proposal of DH(Investment) to forward to the Board of Directors for consideration and further advice, the request of Silk Bank for investment of Rs.500 million by State Life in Perpetual, Non-Cumulative, Convertible, Preference Shares (PNCPS) yielding 14% annualized holding period return to be issued under the tripartite agreement to be signed by Silk Bank (as issuer), Arif Habib Corporation Limited (as guarantor) and State Life (as investor) is hereby approved for consideration."

Action: DH(Inv)

"that as submitted by DH(Investment), after analyzing instruments in light of circular No.F.4(1)/2002-BR-2 and other circulars including SRO No 309(k)/70 and clause-5(b & c) of the Budget Wing of Finance Division of GoP, as well as the policies of Insurance Ordinance and Rules and projected profit after taxes, as suggested by Legal Affairs Division, investment by State Life of 5% of the total issue of Rs.2.4 billion of Perpetual, Non-Cumulative, Convertible, Preference Shares(PNCPS) yielding 14% annualized holding period return amounting to Rs.120 million at a price of Rs.2.50 per share to meet the Minimum Capital Requirement of SBP to be guaranteed by Arif Habib Corporation Ltd as per indicative terms and conditions of the instrument and as per clauses 3 & 4 of the tripartite agreement titled as put option agreement to be signed by and amongst the issuer, Arif Habib Corporation Ltd and identified investors in order to make the transaction effective on maturity is hereby approved. The preference shares are being issued to meet the unsubscribed amount of the 311% of right shares earlier issued to the ordinary share holders at a discounted price of Rs.2.50 per share against the face value of Rs.10 each. The life of the preference shares will be three years after which if the bank does not exercise the call option, the investor will have the choice either to sell the preference shares to Arif Habib Corporation Limited at the strike price of Rs.3.70 per share by exercising put option or opt to convert the same in to common shares of Silk Bank at a ratio of 1:1."

Action: DH(Inv)

"that Chairman and Divisional Head(Investment) are hereby authorized to do all such act and execute agreement as is necessary to make the above investment."

Write off of outstanding dues from vacated tenants of State Life
Amounting to Rs.20.918 million as recommended by REIC

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

"that the recommendation of REIC to the Board of Directors, on the proposal of Real Estate Division and in view of the directives of Public Accounts Committee, to write off Rs. 20.918 million of old outstanding balances of 66 tenants pertaining to year 1979 to 1994 in respect of rent, electricity, water and parking placed at Annexure-F to the minutes against which a provision of Rs. 24.000 million is already available in the books of accounts of the Corporation is hereby approved."

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Requirement of Fire Panel at State Life Building No.11, Abdullah Haroon Road, Karachi.

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

"that the recommendation of REIC to the Board of Directors on the proposal of Real Estate Division for post facto approval, considering the exigency of work due to issue of public safety, of capital expenditure of Rs.2.5 million for installation of new Fire Detection System which includes the cost of fire detection system including panel, fire detector and cabling works and allowing Real Estate Division to proceed with the installation immediately is hereby approved."

Controlling of Repairing & Administrative Expenses being Incurred on residential properties.

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

"that the recommendation of REIC to the Board of Directors to allow maximum amount equivalent to one year house rent of the respective property in which the concerned officer is residing or Rs 0.50 million whichever is lower as budget for capital expenditure only once during the service period or once every three years in case of change of tenants. This limit will not be changed or altered with the change of licensee agreement or premises."

Professional Qualification Allowance for Engineers, Associate Engineers & Technical Personnel.

Action: Secretary (REIC) DH(Inv) DH(RE)

"that the recommendation of REIC to submit to Human Resources Committee of the Board through P&GS Division for consideration of the matter of allowing professional qualification allowance for engineers, associate engineers and technical personnel is hereby approved."

Construction of State Life Building at Benazirabad (Nawabshah)

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

"that the recommendation of REIC to the Board of Directors for approval in principle of the proposal of RED to construct non air conditioned State Life Building at Benazirabad(Nawabshah) without lifts comprising of Basement + Ground floor + 2 Stories with provision of two (02) additional floors is hereby approved initially to be used to house State Life's own offices is hereby approved."

Purchase of Plot for construction of State Life Building in Quetta.

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

"that the Chairman State Life is hereby authorized to take up the matter of purchase of plot for construction of State Life Building in Quetta with the Chief Secretary, Government of Baluchistan and submit the details to the Board of Directors at its next meeting for approval."

Installation and updation of Fire Detecting System comprising of Panel Fire Alarm/Fire Sprinklers in all State Life Buildings.

Action: DH(RE)

"that Real Estate Division review the installation and updation of Fire Detecting System comprising of Panel Fire Alarm/Fire Sprinklers in all State Life Buildings and submit a report to the Board of Directors at its next meeting."

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ITEM (10) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

(i) RATIFICATION/APPROVAL OF PROPOSED AGREEMENT WITH STATE LIFE FIELD REPRESENTATIVES
(GM(Investment) Memorandum dated 31-01-2013)

69. General Manager (Marketing) presented before the Board, a Memorandum dated 31st January, 2013 regarding ratification/approval of proposed agreement with State Life Field Representatives.

70. The Sales Officers and Sales Managers of the Corporation working in individual life Zones are allowed additional benefits beyond commissions on achieving volume of new business over and above the required FYP quota, inclusive of conservancy of old business, i.e. 2nd Year Persistency requirement of at least 75%. One of the benefits is provision of office space and other operational resources under the scheme of "Seating & Allied Facilities" for maintaining their agency offices. Provisions of such space and facilities were last revised vide "13th July 2002 Office Order" as approved by the Board of Directors in its 167th Meeting held on 13th July 2002.

71. The entitlements with corresponding first year premium slabs, although starts right from the volume of first year premium quota, but the entitlements, by increasing gradually with the quantum of FYP, are ceased to its maximum, i.e. Rs.19,53,125/- regardless of quantum of first year premium beyond the minimum requirement of last FYP Slab. In other words, there appears no charm or incentive for the field to perform any further and they are at liberty not to secure new business beyond Rs.2.00 Million. The terms of "13th July 2002 Office Order" though prohibits association of part time field workers, however, way back in the last quarter of 2002, part time field workers were allowed to continue by the then Chairman, until they seek promotion.

72. During the meeting with the field representatives on 17-12-2012, the matters of petrol expenses and retention of part time field workers with limited facilities were discussed. After detailed discussions and in order to boost up the morale of good producers, and to allow association of part timers with limited rights, an additional facility of reimbursement of Petrol Expenses to eligible full time Sales Managers based, on progressive criteria, was agreed upon.

73. As per salient features of the proposed scheme, a full time bonafide Sales Manager on procurement of FYP equivalent to at least 30% FYP quota of 'A' Category Area Manager in a year, will be allowed to reimburse cost of 30 liters petrol, per month during next year. On procurement of every 1% in excess of the said 30%, the Sales Manager will be entitled to receive cost of additional One (01) liter of petrol per month. (Present quantum of the FYP required comes to Rs.2,636,720/- which will be increased by 25% effective 1-1-2014). Expressions of quantum of FYP is being avoided to harmonize with the timely increment of FYP Quota. The facility will be allowed, provided:

a) The Sales Manager is full-timer
b) The Sales Manager registers at least 75% 2nd Year Persistency for the Year 2012 which will be increased by 1% every year (upto 80%) i.e. 80% in 2017 and onwards.
c) At least 20% activity ratio of the Sales Manager's organization in 2012. However, total numbers of active Sales Representatives should not be

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less than Four (04) in any case. Active SR means one who has completed contractual quota of SR.

d) The ratio of activity would be increased by 1% every year (upto 25%) i.e. 25% in 2017 and onwards

74. Marketing Division in the interest of additional business intends to accept the request of the field representatives from the year 2013. Although, it involves an additional finance of Rs.90 Million in 2013, however, the funds will be acquired by stoppage of medical expenses and cash compensation for office maintenance presently being paid to part time field workers. According to random estimations, almost 20% of the targeted Sales Managers/Sales Officers are part timers whose annual share in these expenses comes to around Rs.93 Million, no additional finance will be required for introduction of the scheme

75. The Board of Directors is requested to kindly consider the above proposal and to authorize the Chairman State Life to amend, extend, suspend or revoke the scheme in the best interest of the Corporation.

76. Accordingly, it was resolved as under:-

RESOLVED:

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

"that as recommended by GM(Marketing) the Chairman State Life is hereby authorized to amend, extend, suspend or revoke the scheme of allowing additional facility of reimbursement of petrol expenses to eligible full time Sales Managers based on progressive criteria estimated to involve additional finance of Rs.90 million in 2013 and acquisition of the above funds by stoppage of medical expenses and cash compensation for office maintenance presently being paid to part time field workers amounting to Rs.93 million."

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

"that as recommended by GM(Marketing) the proposed scheme with the following features was hereby approved:-

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

A full time bonafide Sales Manager on procurement of FYP equivalent to at least 30% FYP quota of 'A' Category Area Manager in a year, will be allowed to reimburse cost of 30 liters petrol, per month during next year. On procurement of every 1% in excess of the said 30%, the Sales Manager will be entitled to receive cost of additional One (01) liter of petrol per month. (Present quantum of the FYP required comes to Rs.2,636,720/- which will be increased by 25% effective 1-1-2014). Expressions of quantum of FYP is being avoided to harmonize with the timely increment of FYP Quota. The facility will be allowed, provided:

a) The Sales Manager is full-timer.
b) The Sales Manager registers at least 75% 2nd Year Persistency for the Year 2012 which will be increased by 1% every year (upto 80%). i.e. 80% in 2017 and onwards
c) At least 20% activity ratio of the Sales Manager's organization in 2012.
However, total numbers of active Sales Representatives should not be less than Four (04) in any case. Active SR means one who has completed contractual quota of SR.
d) The ratio of activity would be increased by 1% every year (upto 25%) i.e. 25% in 2017 and onwards.

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(ii) WASEELA-E-SEHET HEALTH INSURANCE PROJECT OF BENAZIR INCOME SUPPORT PROGRAM.

77. Executive Director (Health Insurance) presented before the Board, a Memorandum for Waseela-e-Sehet Health Insurance Project of Benazir Income Support Programme.

78. State Life has entered into an agreement with Benazir Income Support Programme (BISP) for launching health insurance scheme in five districts namely Badin, Quetta, Nowshera, Gilgit and Muzaffarabad AJK besides to renew the scheme of Fiasalabad district on 28.1.2013 for launching the scheme w.e.f 16.4.2013.

79. Project document containing detail of scheme, project objectives, revenue and capital cost estimates, project cost and benefit analysis, financial, revenue and capital expenditures at placed at Annexure-E to the minutes.

80. The project document is submitted before the Board for approval please.

81. Accordingly, it was resolved as under:-

RESOLVED:

Action: ED(HI) DH(HI)

"that a media campaign be launched in the project district to create awareness amongst the beneficiaries of the Waseela-e-Sehet Health Insurance Project of Benazir Income Support Program."

Action: ED(HI) DH(HI)

"that the Management look into the possibility of launching Health Insurance on a commercial basis based on the experience achieved under the Waseela-e-Sehet Health Insurance Project of Benazir Income Support Program."

Action: ED(HI) DH(HI)

"that the project document of the Health Insurance Project of Benazir Income Support Program placed at Annexure-E to the minutes containing therein districts of its execution, project objectives and its relationship with Sectoral objectives, features of the scheme, revenue and capital cost estimates, for the year 2013, financial plan and mode of financing, project benefit and analysis, implementation schedule and result base monitoring indicators and management structure and Human Resources at Principal Office, Karachi and Districts of execution presented before the Board by ED(HI) is hereby approved."

(iii) REVISION OF PENSION SCHEME FOR THE OFFICERS OF THE CORPORATON
(ED P&GS Memorandum dated 01-02-2013)

Action: DH(P&GS)

82. Due to paucity of time, the consideration of the above matter was deferred to the next meeting of the Board.

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(iv) <u>HOLDING OF MEETING OF THE BOARD OF DIRECTORS IN DUBAI.</u>

Action:
DH(P&GS)

83. The Board of Directors were of the view that a review of Gulf Business of State Life be carried out and a detailed report in this respect be submitted to the Board for consideration for which a meeting of the Board of Directors be held in Dubai where business offices and record thereto are maintained and life fund is located.

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

(CHAIRMAN)

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Annexure-A

MINUTES OF THE 46TH MEETING OF BOARD AUDIT COMMITTEE HELD ON 13TH DECEMBER, 2012 (THURSDAY)

The 46th meeting of Board Audit Committee of State Life Insurance Corporation of Pakistan was held on 13th December, 2012 (Thursday) at 03:00 P.M. and continued on 18th December, 2012 in the Board Room, 3rd Floor, State Life Building No. 9, Dr. Zia-ud-din Ahmed Road, Karachi.

The following members attended the meeting:

Mr. Husain Lawai	Member/Chairman
Mr. Farooq Hadi	Member
Mr. Wazir Ali Khoja	Member
Mr. Nihal Anwar	Member
Mr. Altaf Ahmed Shaikh	Secretary

The Board Audit Committee deliberated upon the following items:

Agenda Item 1: To approve minutes of the 45th BAC meeting & review its compliance.

The minutes of the 45th BAC meeting held on 17th September, 2012 were placed before the Committee and same were unanimously approved.

To review the progress on implementation of BAC decisions.

Tangible Fixed Assets, Coding and Physical Verification & Maintenance of Fixed Assets Registers

ED (P&GS) informed that directions were given to Zonal Heads/Regional Chiefs to maintain the Fixed Asset Registers as per prescribed format (TR-6). The matter was also taken up with I.T division for development of in-house software for uniform applicability in all zones/offices of State Life. The I.T division has prepared the subject software but certain flaws in the software were pointed out by the F&A division, therefore the matter was referred back to I.T division to remove the flaws as per instruction of F&A Division. The I.T division has informed that the said process will take at least a month to complete. After preparation of software the same will be forwarded to Zones for compliance.

BAC showed concern for non-completion of task on assigned date and directed ED (P&GS) to ensure compliance of BAC directives and the report should be submitted to BOD in its next meeting.

Progress on Sukkur Fraud Case

BAC has noted latest status and suggested that the case may be pursued effectively and progress report may be submitted to next BAC meeting.

Revised Chart of Delegation of Financial Powers

ED (F&A) has informed that the matter is at the final stage and will be submitted in next meeting of BAC for consideration and approval. BAC directed that revised chart of

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delegation of financial powers must be submitted in next BAC meeting and no further extension in time shall be accorded.

Un-reconciled subsidiary Balances:

ED (PHS) informed that almost 80% of the balances have been reconciled till date and are hopeful that 90% of the balances will be reconciled till the end of December, 2012. She further stated that it is not possible to reconcile 100% balances due to non-availability of old record.

The BAC has noted the position and directed that the progress on reconciliation along-with detailed position on outstanding balances as on 31st Dec, 2012, shall be provided to BAC in its next meeting.

To Review the compliance of previous audit objections/reports

ED (F&A) gave presentation to BAC on pending Government Auditors paras at the forum of the Departmental Accounts committee (DAC) and Public Accounts Committee (PAC). It was informed that till date only 54 Audit paras were outstanding, which approximately is about 25% of the total Audit paras.

The BAC noted the position and desired that financial impact of each para may also be provided to the committee along with recommendations and action required to be taken by the BAC in its next meeting.

Appointment of Statutory Auditors for Audit of the year, 2012

ED (F&A) informed that the recommendation of BAC / BOD has been forwarded to Ministry of commerce to obtain concurrence of Auditor General of Pakistan for appointment of statutory Auditors for the Audit of the year 2012.

Presentation of I.T division on Enterprise Resource Planning (ERP)

The matter has already been taken up in the BOD.

<u>Agenda item No 2: To examine the accounts of State Life for the 3rd Quarter, 2012.</u>

A detailed presentation was given by the ED (F&A) on 3rd Quarter Accounts of 2012.

BAC pointed out that accounts presented are upto 3rd Quarter 2012, whereas it is required that Accounts of 3rd Quarter shall be submitted along with cumulative Accounts upto 3rd Quarter. BAC, has therefore directed that from next time, Accounts for the quarter shall be submitted with comparative Quarterly Accounts figures of last year along-with cumulative Accounts upto that Quarter. It was further directed that F&A must submit explanatory notes with the Accounts so that reasons / basis of budget estimations and actuals can also be evaluated.

The BAC has pointed out variance in actual and estimated expense under payment to policyholder towards maturity claims, death claims, surrenders etc. It was informed that during the period under review, Rs.15.5 billion were paid to policyholders against the forecasted amount of Rs.28.7 (billion), thus exhibits a downward variation of 46.2% in actual expenses from the budgeted figures. BAC asked the reasons for such a huge variance in budgeted and actual expense to which ED (F&A) explained that these figures were estimated by Actuarial Division.

In view of the above, BAC desired to submit the detail position regarding variance in its next meeting.

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During the presentation, it was informed that actual investment income upto 30th September, 2012 was Rs.25.64 (billion) against the budgeted figure of Rs.28.737 (billion). BAC also desired to know the basis of estimation of budgeted fiqures of investment income and rational for not achieving the budgeted targets. DH (Investment) explained that there is an increase of 26.4% in investment income over the preceding year upto 30th September, 2012. The investment income was Rs.20.28 (billion) in 2011 upto 3rd quarter.

BAC however advised DH (Investment) to submit the detailed position on justification of budget estimation of investment portfolio and reasons for not achieving the budgeted targets.

With the above exceptions, BAC showed satisfaction upon Accounts of 3rd quarter, 2012 of State Life Insurance Corporation and recommended the same to BOD for approval.

Agenda Item No. 3 to review the Audit Report upto 3rd Quarter and resturing plan of internal audit division.

DH (IA&C) appraised that during 3rd Quarter, 2012 approximately 80216 Vouchers during the quarter and 259319 Vouchers on year to dated basis were pre-Audited, among these around 1183 Vouchers during the 3rd quarter and 3931 Vouchers on year to date basis were found defunct.

As a result of Pre Audit activities, Excess payment of Rs.6,150,877/- during 3rd Quarter and upto 30th September, Rs.24,144,767/ were avoided and Short payment of Rs.8,496,838/- during the quarter and upto 30th September Rs.20,964,902/- were detected. Thus, the total impact is more than 44 million due to pre-audit activities.

Under the guidance of BAC, Audit Reporting has improved and for the first time observations raised by Internal Audit was categorized as **Highly Significant, Significant and Non-Significant**, the errors pointed out by the auditors, having financial impact of more than Rupees One hundred thousand are termed as Highly Significant and the errors having financial impact of less than rupees one hundred thousand are termed as Significant and Audit observation having no financial impact are termed as non-significant. It is proposed that explanation of the authorities under the Category Highly Significant errors shall be called and similarly warning letter to the authority's responsible for significant errors are be issued in order to avoid re-currency of such errors/irregularities. BAC noted the position and approve the proposal.

Presentation was also given to the BAC on restructuring of Audit Activities.

The BAC directed that as first step, Bank Reconciliation Statements shall be audited and for this purpose, services of M/s. Asim Anjum Chartered Accountant/External Auditor of State Life shall also be hired, who will check the correctness of the transactions, updated position and aging wise detail of outstanding entries.

Agenda Item 4. To consider and approval of draft Policy / SoPs for making provision and identification of contingent liabilities

ED (F&A) gave a detailed presentation on Policy drafted by the F&A division for making provision, identification of contingent liabilities, write off/write back of the doubtful receivable and payable. The BAC recommended following amendments:

vi. All receivable income/investment/loan & income should be reviewed initially on half year basis for marking doubtful up-to 2014 and afterward on quarterly basis. Once a receivable is mark as doubtful then the Corporation would start provisioning in one and half year instead of 3 years against such receivables on half yearly basis as per schedule of persist as under:

	At the end of first Six month	At the end of one year	At the end of 1 ½ year
All receivable/Investment/ Loan & income	20%	30%	50%

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vii. Provisions regarding the receivables against rent shall be made on yearly basis.

viii. Provision regarding the legal cases shall be made on the basis of legal opinion from Law Affairs Division and if necessary from outside lawyers in consultation with Law Affairs Division.

ix. All court cases involving claim of 10 million or more to be identified, reviewed and reported to F&A Division by the Legal Affairs Division (LAD).

x. Policy of treating unclaimed policy amount will continue to operate as per existing Rules. Current Policy stipulate payment of Claims within five years of expiry of life policy after obtaining prior approval of ED (F&A) and Chairman of the company. Simultaneously, the amount of claim so paid will be debited to income account & credited to liability account.

With above amendments, the draft Policy on making provision and identification of contingent liabilities is recommended to BOD for consideration and approval.

Agenda item No. 5 To consider and approve draft Policy on Antifraud Program and Whistle Blowing policy

The policy on Anti-Fraud was presented to BAC. The BAC has directed the policy will be approved after evaluation of enforced internal controls of major divisions. A presentation in this connection shall be given to BAC in its next meeting on the following:

a. Existing Financial Controls in the company at various levels & their compliance.
b. Elaborate Risk in each Head Office Departments & Zonal Offices to have control in place to mitigate risk.

Similarly, the whistle blowing policy will also be considered after approval of Anti-Fraud Policy.

The meeting ended with the vote of thanks from the chair.

(Husain Lawai)
Chairman, Board Audit Committee

Dated: 29th January, 2013

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Annexure-B

Summary

SOPs for Making Provisions, Write off, Reinstatements, Write Back and Recording of Contingent Liabilities

1. Outstanding schedules of loans/ receivables/ rent/ investments (debts, securities, TFCs, COIs and other placement of funds with banks etc.) will be reviewed initially on half yearly basis upto 2014 and afterwards on quarterly basis.

2. In case, any loan/receivables/rent/investment (debts, securities, TFCs, COIs and other placement of funds with banks etc.) is not performing i.e. related income stream is not flowing into the Corporation within the previous six months upto 2014 and afterwards in three months, then the principal amount and income already booked will be marked as doubtful to recover. However, in case of rent receivable, the period may be relaxed upto one year.

3. The concerned division/zone should stop accruing further Income on such loans/receivables/tenants/investments after reviewing each case in accordance with its terms and conditions. However, a memorandum record of complete income be kept in the concerned division/zone so that the same can be produced in the court of law in case of litigation/settlement.

4. Once a loan/receivables/rent/investments and the income already booked is marked as doubtful, provision against it will be made as per schedule of provision given hereunder.

Class of Receivable	Period of default & rate of provision			
	6 months	1 year	1 ½ year	2 Year
All sort of receivable	20%	30%	50%	-
Policy payment defalcated by field workers	20%	30%	50%	-
Policy payment defalcated by employees	20%	30%	50%	-
Principal amount of debt securities (after the date of maturity)	20%	30%	50%	-
Income on non-performing investment/ receivables	20%	30%	50%	-
Outstanding rental income	-	50%	-	50%

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5. Provision/diminution in value of listed equities be made by taking into account the difference between the book value and the market value on aggregate portfolio basis.

6. Provision against the investments in shares of delisted / un- quoted companies will be the difference between the break up value of the shares (based on most recent financial statements of the company) and the book value of the shares. However provision against the companies on default counter will not be made till fate of the company is decided by the stock exchange.

7. Provision against outstanding group premium will be made after reviewing the outstanding against each policy on case to case basis and with the prior approval of Board of Directors.

8. Provision against liabilities arising out of the final judgment/ court orders will be made on the advice of the legal affair division (LAD). LAD in consultation with the concerned division and counsel will intimate F&A, the amount to be provided for in the books of accounts.

9. **Write off**

   a. No bad debt can be written off, which is in litigation. However, any amount arising out due to "out of court settlement", can be written off after taking approval from Board of Directors.

   b. In case there is a chance of recovery of loans/advances and other amounts from final settlement of the employee or from the guarantor, the amount cannot be written off.

   c. Similarly, principal plus accrued income against investment can be written off only if the Corporation has lost the case in court of law and there is no chance of recovery/settlement of the principal and the accrued income.

   d. The relevant Division/Zone shall prepare account-wise list of bad debts against which full provision has been made, giving justification/reasons for non-recovery of amount receivable.

   e. The list received from all accounting centres will be reviewed by F&A Division and a consolidated report will be submitted to the Management for approval of the Board of Directors for write off action.

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f. After approval of Board of Directors, necessary accounting entries will be incorporated in the books of accounts by the concerned accounting centre for completing write off action.

10. <u>Reinstatement of bad debts previously written off or provided for</u>

a. If Corporation receives full or portion of amount of a bad debt, the provision made or debt written off shall be reversed and actual amount received will be reinstated and adjusted against the receipt.

b. In case a non-performing investment/debt becomes performing and principal amount or interest income is received, the full amount of debt security alongwith accrued interest booked in memorandum record shall be reinstated. Provisions made will be reversed.

11. <u>Recording/reporting of contingent assets/liabilities</u>

a. Contingent assets/liabilities shall be reported as footnote to the financial statements.

b. All court cases where amount involved is Rs.10 million or more shall be identified and reviewed on the basis of legal opinion by the Legal Affair Division (LAD)and if necessary from outside lawyers in consultation with concerned division at the end of each financial year. Total amount of contingent assets/liabilities will be intimated to F&A Division for reporting in the financial statements.

12. <u>Write back of the liabilities outstanding for more than three years</u>

a. All amounts payable to field workers, outside creditors, etc., including policy claims, shall be reviewed at the end of each financial period and the aging of creditors will be carried out.

b. Liabilities which are outstanding for three or more years shall be written back.

c. In case a claim is arisen against the liability previously written back, the liability shall be reinstated and paid to the claimant to the extent of claim with the prior approval of ED (F&A) for the amount upto Rs.1 million and above this amount will be approved by the Chairman.

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Draft Policy/SOPs for Making Provision & Identification of Contingent Liabilities

4. **Preamble**

The Board of Directors, in the 225th meeting held on 30th April, 2012, has observed that the Corporation has no policy for making provision against doubtful receivables, Investment having diminishing value, defalcation by employees/ field workers, etc. Continuous monitoring is not being done for aging of the amount involved to finally decide whether the full amount or a portion thereof is recoverable or has turned into bad debt being un-collectible. The Board directed to draft a policy/SOPs for making provision, which should be reflected in the annual accounts, and present the same in the Board's meeting.

5. **Formation & TORs of the Committee:**

a. In a view to frame a policy as directed by the Board of Directors, the Chairman approved to constitute a committee, comprising of following members, which was notified by P&GS Division vide notification No. P&GS/SLIC/002/2012 dated 29th May, 2012:

- Divisional Head (F&A) - Convenor
- Divisional Head (LAD) - Member
- Divisional Head (P&GS) - Member
- Concerned Divisional Head - Member
- AGM/Manager (F&A) - Secretary

b. The TOR of the committee was as under:

- Obtaining comments regarding framing the policy/SOPs for making provision and identification of contingent liability from all concerned divisions i.e. Investment, P&GS, Real Estate, Marketing and PHS Divisions.

- Framing a policy for (i) arriving at a methodology to decide as to what item of receivable is going to be uncollectible, scrip of investment whose value is diminishing, either the defalcation by employee(s)/field worker(s) is recoverable or not (ii) to arrive at the amount for which provision is to be made (iii) aging of the provision and percentage to be converted into bad debt (iv) identification and reporting of contingent liabilities in financial statements; and (v) any other related matter.

6. The committee held various meetings and arrived at the following draft policy/SOPs for making provisions against doubtful recovery of receivable and identification/reporting of contingent liabilities:

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7. Classification of Receivable:

Division/zone-wise main categories of receivables are as under:

a. P&GS Division/Departments at zones (including GS and Medical Department):

   i) Loans and advances to employees and Area Managers
   ii) Advances against expenses
   iii) Advances to outsiders/suppliers
   iv) Advances to hospitals, laboratories etc. for treatment of employees

b. Marketing Division/Agency Admin. Department at Zones

   i) Loans and advances to field workers
   ii) Policyholders' payments defalcated by field workers
   iii) Field workers debit/credit balances in current accounts
   iv) Sundry debtors

c. PHS Division/Department at zones:

   i) Policyholders' payments defalcated by employees
   ii) Any other (such as over-payment)

d. F&A Division/Department in zones

   i) Sundry debtors (such as over-payment/fraudulent withdrawal of cash or cheque.

e. Real Estate Division/Offices at Lahore & Islamabad

   i) Outstanding rents from tenants
   ii) Outstanding utilities charges from tenants
   iii) Advances to contractors/outsiders

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iv) Advances for expenses to employees

v) Loans and advances to employees

vi) Sundry debtors

f. Investment Division

i) TFCs including privately placed TFC

- Bonds;
- Debentures;
- Sukuks (including privately placed sukuks); and
- Commercial Papers.

ii) Other exposures as under:

- Certificate of Investment/Certificate of Islamic Investment;
- Certificate of Deposits;
- Certificate of Musharkas;
- Letter of Placements;
- Other Money Market Placements.

g. Group & Pension Division/zones

i) Outstanding premium – premium billed but not received
ii) Loans and advances to employees

iii) Sundry debtors

8. General Guidelines for identification of bad debt (uncollectible) and provisioning:

a. All receivables/ debt securities shall be reviewed Initially on half yearly basis upto 2014 and afterwards on quarterly basis by the concerned Division, Zone or Office.

b. Marketing, F&A and IT Divisions will ensure that all balances of loans and advances to field force e.g. emergency/Eid advance, conveyance loan, house building loan, etc. will appear in the re-designed commission statement so that proper recovery may be made.

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c. In case an amount is found to be recovered from a field worker after his/her termination, the amount should be recovered from his/her guarantors.

d. In case an employee is terminated or ceases to be in service but does not get his final account settled, all amounts, including outstanding balances of loans and advances, receivable from him be recovered from his CPF blocked account. If the amount cannot be recovered from his CPF balance being insufficient, his guarantor be asked to pay the dues of the Corporation in terms of the guarantee given by him.

e. In case a receivable/debt security becomes non-performing, it will be kept under review constantly.

f. In case no recovery of receivable is made or the debt securities remain non-performing for 6 months upto the year 2014 and for a quarter for 2014, the same shall be marked and placed as doubtful in provisions list as per schedule of provision.

g. For small amount of uncollectible receivable where litigation will not be feasible, full provision and write off action will be taken as per provision/ write off policy. Similarly cases of large amount which are not in litigation and where the recovery is doubtful, will be provided for and written off, as the case may be.

h. Income on all non-performing debt securities/loans should not be accrued after three months from day of default effective the year 2014. However, memorandum entries of accrued income will continue and updated so that the same can be produced in case of litigation or otherwise.

i. As reversal of income already booked is not allowed under IAS, 100% provision against the income booked on non-performing assets/loans will be made at the year end.

j. The provisioning of the principal amount shall be made according to schedule of provisions. In case of debt securities, 100% provision shall be made over the period of 1 ½ years after the maturity date of the security.

k. Necessary provision will be made In case no recovery of principal amount and/or interest income is received for the period as defined in the schedule of provision, attached and made integral part of this draft policy.

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l. A uniform schedule of rate of provision will be applied for all bad debts except a few specified in the schedule.

m. F&A Division/department will be intimated to incorporate the provisions in the books of accounts.

n. If no development is made, the provisioning will be incremented as per schedule.

o. F&A Division/ Department will be continuously informed to amend and update their schedule accordingly.

p. In addition to these general guidelines, specific guidelines for each portfolio, as mentioned in following paragraphs, will be followed.

9. **Schedule of Provisions:**

Class of Receivable	Period of default & rate of provision			
	6 months	1 year	1 ½ year	2 Year
All sort of receivable	20%	30%	50%	-
Policy payment defalcated by field workers	20%	30%	50%	-
Policy payment defalcated by employees	20%	30%	50%	-
Principal amount of debt securities (after the date of maturity)	20%	30%	50%	-
Income on non-performing investment/ receivables	20%	30%	50%	-
Outstanding rental income	-	50%	-	50%

10. **Policy of writing off bad debts:**

a. No bad debt can be written off, which is in litigation. However, any amount arising out due to "out of court settlement", can be written off after taking approval from Board of Directors.

b. In case there is a chance of recovery of loans/advances and other amounts from final settlement of the employee or from the guarantor, the amount cannot be written off.

c. Similarly, principal plus accrued income against investment can be written off only if the Corporation has lost the case in court of law and there is no chance of recovery/settlement of the principle and the accrued income.

d. The relevant Division/Zone shall prepare account-wise list of bad debts against which full provision has been made, giving justification/reasons for

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non-recovery of amount receivable.

e. The list received from all accounting centres will be reviewed by F&A Division and a consolidated report will be submitted to the Management for approval for submission to the Board of Directors for write off action.

f. After approval of Board of Directors, necessary accounting entries will be incorporated in the books of accounts by the concerned accounting centre.

11. <u>Reinstatement of provisions/written off bad debts:</u>

a. If Corporation receives full or portion of amount of a bad debt, the provision made or debt written off shall be reversed and actual amount received will be reinstated and adjusted against the receipt.

b. In case a non-performing investment/debt becomes performing and principal amount or interest income is received, the full amount of debt security alongwith accrued interest booked in memorandum record shall be reinstated. Provisions made will be reversed.

12. <u>Specific policy/SOPs for individual Division:</u>

a. <u>P&GS Division</u>

i) P&GS Division will sanction loans and advances to employees after ensuring that documentation is completed before or after disbursement of loans/advances.

ii) Ledger/record for each category of loans and advances will be maintained and six monthly review will be made upto 2014 and afterwards on quarterly basis regarding repayment/ recovery of loan.

iii) In case an employee is terminated or ceases to be in service but does not get his final account settled, all amounts, including outstanding balances of loans and advances, receivable from him be recovered from his CPF blocked account. If the amount recovered from his CPF balance being insufficient, his guarantor be asked to pay the dues of the Corporation in terms of the guarantee given by him.

iv) In case a loan/advance is not being recovered, the case will be put in watch list for six months upto 2014 and afterwards on quarterly basis.

v) In case the repayment does not start after that period and default goes up for one year, F&A Division will be advised to make provision

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against the default amount as per schedule of provisions.

vi) In case an employee is terminated or resigned or left the Corporation without any intimation and is not turned up for his final settlement, CPF Department will be advised to keep his CPF balance in block account.

vii) In case the loan/advance is fully provided with as per table of provision, the same may be adjusted against CPF balance as per rules and regulations of CPF.

viii) In such cases, the statement of adjustments may be prepared by P&GS Division and sent to F&A Division for review and submission to the Management for a decision.

ix) It is reiterated that in no case, a receivable can be written off, if it is in litigation or there is a chance of receipt of the amount. However, any amount arising due to out of court settlement can be written off after approval of the BoD.

x) In no case an amount receivable from an employee can be written off in case his final settlement has not been made.

xi) GS Department should take care in terms of Specific Guideline # 7 of Delegation of Financial Power while allowing advances to contractors/suppliers.

xii) In case a party does not turn up after obtaining advance or has made partial supplies or the work for which advance was given has not been done, the said party may be black listed.

xiii) Sick advances may be reviewed for six months upto 2014 and afterwards on quarterly basis after putting them in watch list.

xiv) In case the period of default goes beyond six months, the provision may be made as per schedule of provisions and the provisioning will continue until the amount is fully provided for/written off.

xv) Medical Departments at PO and Zones should ensure that no advance payment is made to hospitals, doctors, laboratories, etc. as far as possible.

xvi) In case an advance is paid to a hospital, laboratories, etc. and final bill or adjustment is not received, efforts should be made through employee concerned or otherwise to get the advance adjusted from bills of the hospital.

xvii) If any advance remains unadjusted after all possible efforts from delisted hospital, doctor, laboratories, etc., it should be put in watch list initially for six months upto 2014 and afterwards on quarterly basis

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and when the default continues for six months, F&A Division may be advised to make necessary provision as per schedule of provisions. The cases may be reviewed periodically and F&A Division may be informed to keep on making provision or reinstate it as the case may be.

xviii) All write off actions, reinstatement and writing back actions must be taken as per guidelines given in foregoing paras.

b. <u>Marketing Division/Agency Admin. Departments in zones:</u>

i) Loans and advances to field workers may be granted by Zones after completing necessary documentation, as required.

ii) Guarantee of Area Manager in vehicle loan must be obtained.

iii) Marketing and IT Divisions will ensure that all balances of loans and advances e.g. emergency/Eid advance, conveyance loan, house building loan, etc. will appear in the re-designed commission statement so that proper recovery may be made.

iv) Normally debit balances are arisen against field workers on account of excess field medical, Group Insurance, fraud in claims, cancellation of policy against which commission has already been paid, policyholder's cheque dishonor against which commission has been released, etc. Agency Administration Department/Marketing Division should ensure to apply checks and balances so that no such debit balances be created against field workers.

v) In case a loan or advance is not being repaid because of no or little commission income, the same be put in watch list.

vi) If the vehicle is jointly registered, the vehicle should be taken in custody.

vii) In case an amount is found to be recovered from a field worker after his/her termination, the amount should be recovered from his/her guarantors, after adjustment of amount, if lying at his/her credit.

viii) If a loan is not recoverable from the concerned field worker or the guarantor, F&A Department be requested for making the provision as per schedule of provision after six months of default.

ix) All write off actions, reinstatement and writing back actions must be taken as per guidelines given in foregoing paras.

c. <u>PHS Department at zones regarding defalcated/defrauded amount:</u>

i) The contracts of all the field workers and services of those employees found involved in defalcation/defraud will be suspended

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immediately on receipt of complaint. F&A, Commission and New Business departments should be informed immediately so that all payments and commission of accused be stopped until completion of enquiry.

ii) An Enquiry Officer will be appointed to conduct an enquiry.

iii) Enquiry officer will submit his report within 30 days positively.

iv) Report submitted by the enquiry officer will be examined by the competent authority and the contract/services of those found guilty will be terminated/dismissed immediately on the grounds of misconduct according to their employment contracts and service rules and regulations as the case may be and their photographs will be published in the leading Newspapers with the warning to all concerned not to deal with them on behalf of State Life.

v) Whenever necessary, FIR will be lodged against such accused.

vi) If the defalcated/defrauded amount is not recoverable in full or in any proportion thereof, from the defalcator, it will be recovered from the rest of team upto Sector Head as per PHS Division circular No. PHS/PO/CIR/35/99 dated July 29, 1999.

vii) If enquiry reveals that any employee, including the Zonal Head, Head of Agency, F&A, IA&C or P&GS Department has protected the individual, who is involved in defalcation/defraud, or did not exercise due care, then any balance of defalcated amount, not recoverable from the concerned individual, should be recovered from them besides initiating disciplinary action against them.

viii) Field workers upto Sales Manager may be terminated by the Zonal Head, who is their appointing authority, directly or on the advice of Regional Chief, or Central Claims Committee or Divisional Head (Marketing) or Divisional Head (PHS), Principal Office.

ix) The Zonal Head will be held responsible for non-settlement of defalcation cases within three weeks of the lodging of complaint in his respective zone and he will be required to furnish a monthly report of all such cases reported in his Zone and the action taken by him to ED (Marketing) with copies to ED (PHS) and Chairman on the pre-defined format.

x) Cases of disciplinary action, if any, which do not fall under the purview of Zonal Head, should promptly be referred to high authorities i.e. P&GS Division, Principal Office, for action at their end.

xi) In case no recovery could be made even after following the above policy, the provisions for defalcated/defrauded amount will be made after approval of the competent authority as per schedule of provisions attached with the policy/SOPs.

d. SOPs for F&A Division/Department at zones:

i) On receipt of advices from various divisions/departments, F&A Division/Department at zones will create provision against bad debts as per schedule of provision after obtaining approval from ED (F&A)/Chairman.

ii) Acceptance of personal cheque of a field worker or any other person against the proposal should invariably be discouraged to avoid creation of any resultant bad debt against a field worker.

iii) It was observed that O/R is issued against cheques, etc. and commission released to concerned field workers. Sometimes the commission cannot be recovered causing a debit balance against the field worker. It was, therefore, decided that practice of issuance of O/R against cheques/demand draft/payorders, etc., wherever being followed, must be discontinued. The premium collected against cheques, etc. be put in suspense account and be adjusted after the cheque clearance advice is received from concerned bank and commission released only after realization of cheque/payorder, etc.

iv) The account-wise schedule of bad debt will be reviewed from time to time to update the same.

v) F&A Division/departments at zones will continue to review the schedule of receivable maintained by it for provisioning, write off or write back of reinstated bad debt as per general guidelines of the policy.

vi) At the end of every year, F&A Division will receive proposal from divisions/zones for writing off bad debts as per SOPs for receivable, review the same and put up a consolidated proposal to the Management for approval for submission to the Board of Directors for write off.

e. SOPs for Real Estate Division:

i) Real Estate Division will make all possible efforts that no tenant goes in default of rent, utility charges, etc. Sufficient amount as security must be asked so that to recover such bad debts.

ii) In case of high amount in default, legal action be initiated during tenancy of a tenant.

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iii) In case a tenant vacates the premises without intimation and without clearing his dues, following action will be taken:

- Efforts will be made to locate the whereabouts of the tenant
- In case the whereabouts is ascertained, efforts be made to recover the amount.
- In case their whereabouts are not ascertained, then after a period of 2 years, the amount will be written off, if the tenants dues are less than Rs.200,000/-.
- In case of fugitives and dues are more than Rs.200,000/- decision for write off be taken on case to case basis.

iv) Real Estate Division will make its best efforts for recovery of outstanding advances from outside parties and contractors.

v) In case rent becomes outstanding and is not recoverable after all best efforts, it will be watched initially for six months upto 2014 and afterwards on quarterly basis. Booking of rent income will be stopped after six month from the day 1 of default. However, memorandum record of booking of income will be continued.

vi) In case the rent receivable is in default for one year, its provisioning may be made as per schedule of provisions after obtaining approval from competent authority.

vii) Similar provisioning may be made for utility charges.

viii) Real Estate Division should take care in terms of Specific Guideline # 7 of Delegation of Financial Power while allowing advances to contractors/suppliers.

ix) Efforts should be made to adjust the advances from first running bill or subsequent bill, but in no way it should be left for deduction from final bill.

x) In case an advance or its portion remains in default, necessary provisions be made after hectic efforts for recovery.

xi) No request for write off be made in the cases which are in litigation or where there is even little hope for recovery. However, any amount arising due to out of court settlement, can be written off after taking approval of the Board of Directors.

xii) Repayments of loans and advances from officers and staff should be made invariably. In case installment of loans and advances cannot be recovered from salary of an employee being without pay, intimation should be given to P&GS Division for taking certain action at their end.

xiii) Bad debts of amounts of loans and advances to staff/officers be

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created on the advice of P&GS Division. However, no write off action can be requested unless certified by P&GS Division that the employee concerned has no balance in his final settlement to repay the loan/advance. Such write off should be initiated by P&GS Division.

xiv) Write off actions, reinstatement of written off amounts and its writing back shall be taken as per above general guidelines in this respect.

f. <u>SOPs for Group & Pension Division/Zones</u>

i) Extra care should be made while billing premium to the clients of the G&P Division.

ii) While booking advance premium, it must be ensured that the premium has been calculated as per terms and conditions of the policy.

iii) Continuous follow up should be maintained to receive the outstanding premium.

iv) In case premium of a group policy remains outstanding, the premium should be kept in watch list initially for six months upto 2014 afterwards on quarterly basis.

v) In case the group premium is outstanding for more than six months, the same should be reviewed on case to case basis and provision will be made with the prior approval of the Board of Directors.

vi) Schedule of sundry debtors be reviewed periodically and necessary provision should be made after getting approval from competent authority by G&P Division.

g. <u>SOPs for Investment Division:</u>

i) The provisions against non-performing debt securities/other exposure shall be made in accordance with approved accounting standards i.e. IAS and IFRS.

ii) A debt security or other exposures shall be classified as a non-performing if the interest and/or principal amount is in arrears or overdue by six months initially upto 2014 and by 3 months afterwards from the due date.

iii) Income on all non-performing debt securities/loans should not be accrued after 6 months initially upto 2014 and three months afterwards from day of default. However, memorandum entries of accrued income will continue and updated so that the same can be produced in case of litigation or otherwise.

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iv) Provision against all interest/profit accrued and recognized will be made as per schedule of provision.

v) All non-performing debt securities/other exposures whether secured or unsecured shall be provided for as per schedule of provisions.

vi) The Investment Committee of the respective fund shall evaluate the rationale for additional provision over and above the minimum criteria against non-performing debt securities/other exposures, based on subjective evaluation, as recommended by the Fund Manager before submission to the Board of Directors for their review and approval. Simultaneously same procedures are to be followed for reversal of the subjective provisioning

vii) In case State Life receives all the arrears of interest, the interest amount shall be reinstated to the extent it is received in cash.

viii) In case a debt security earlier classified as non-performing subsequently performs as per the original repayment terms and all the arrears of interest and principal are duly received shall immediately be re-classified as performing and the provision made against such security shall be reversed.

ix) A structured debt security shall only be reclassified as performing once all the arrears have been received in cash and the security is regular on all payments (interest as well as principal) for the next two installments. The provision made for the principal amount shall be reversed in the following manner:

- Where provision of principal was made due to the interest defaults only, 100% of the debt security provided for in the books shall be reversed upon reclassification of the security as performing.

- Where both installments and interest were in default, 50% of the provision made in the books shall be reversed at the receipt of the first payment (interest/principal) and 50% at the receipt of second payment and the asset shall be reclassified as performing.

x) <u>Fair valuation of equities</u>: The best evidence of fair value of equities is active market. State Life follows the policy of equity valuation based on the equity prices available on the closing day of financial period. However, the Corporation determines that investments are

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impaired when there has been a significant or prolonged decline in the fair value below its cost. In regards to the determination of significant and prolonged changes in values, the Corporation evaluates other factors, normal volatility in prices. Additionally, the impairment is appropriate if there is an evidence of deteriorating financial health in the invested industry, sector performance, changes in technology and operation and financial cash flows. The Corporation tests impairment on an aggregate portfolio basis.

xi) Shares in Defaulter counter & delisted companies: The Corporation has made provision for impairment called ***provision for diminution*** in value on certain equities where the investee company is delisted from Karachi Stock Exchange or unquoted. However, provision against companies at default counter is not made until the same are not delisted. In case where the break up value of shares of such companies is available, the cost less break up value is considered for making provision.

13. Identification and reporting of Liabilities:

a) Contingent Liabilities:

i) Contingent liability is hypothetical liability; which may arise if the Corporation expects to lose the case in the court of law. For the purpose of contingent liability, the amount involved should be Rs.10 million or more. F&A Division will incorporate the contingent liabilities as foot note to the financial statement on reporting by the Functional Division through co-ordination of the LAD.

ii) In order to identify the Contingent Liability at the end of each accounting year, the Legal Affairs Division at Principal Office will collect data only of such cases involving liability of Rs.10 million or above from the Functional Divisions like P&GS, Real Estate, PHS and Legal Departments/ P&GS Deptt. in the zones. Such data relating to legal cases must include necessary information like case number, name of applicant, nature of case, name of court, amount involved and name of advocate with remarks about facts position of the case in consultation of the concerned advocate. These divisions and zones must provide the above details of cases relating to their respective Divisional Heads upto 15th January subsequent/next to the close of the accounting year. Such list shall be reviewed at the end of each subsequent accounting year with addition and deletion if any and may be accordingly submitted to F&A.

iii) A consolidated statement prepared with the co-ordination of the Functional Divisions containing all information as stated in para (b) above shall be reviewed by LAD. On the basis of legal opinion from Legal Affairs Division and if necessary from outside lawyers in consultation with the concerned divisions, a list may be submitted to

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F&A Division up to 28th February of the subsequent year (after closing of accounting year) with financial impact calculated by the Functional Divisions for consolidation as contingent liabilities.

iv) F&A Division with the approval of the ED (F&A) and the Chairman State Life will decide about reporting of the contingent liability in books of accounts in the same financial year.

v) If State Life loses any case in final appeal and the amount is payable under court orders, the case will be immediately reported by LAD to the Functional Division for calculation and the Functional Division will report to F&A Division for consideration and creating necessary provision against the liability under the court order.

vi) After final order of the Court, the amount involved upto Rs.2.0 million will be paid with the approval of the concerned ED and ED (F&A), the amount above Rs.2.0 million but upto Rs.5.0 million will be approved by the Chairman State Life with the recommendations of the concerned ED and ED (F&A). The amount exceeding Rs.5.0 million shall be got approved from the Board. However, if there is immediate order by the court to pay amount exceeding Rs.5.0 million and it is not easy to call the meeting of the Board, the amount should be approved by the Chairman with the recommendations of the concerned ED and ED (F&A) subject to post facto approval of the Board should be taken in subsequent meeting.

b) <u>Outstanding Liabilities and credit balances:</u>

i) All amounts payable to field workers, outside creditor, etc., including policy claims, fresh and renewal suspense, policy loans, etc. shall be reviewed at the end of each financial period and the aging of creditors will be carried out by the concerned Divisions/ Departments in Zones.

ii) Liabilities/credit balances which are outstanding for three or more years shall be written back by crediting "Other Income/Misc. Income".

iii) In case a claim is arisen against the liability previously written back, the liability shall be reinstated and paid to the claimant to the extent of claim with the prior approval of ED (F&A) upto the amount of Rs.1 million and amount exceeding Rs.1 million with the approval of Chairman.

iv) However, liabilities in respect of claims against policies should be reinstated and paid as per Delegation of Financial Powers for policy payments.

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Annexure-C

STATE LIFE INSURANCE CORPORATION OF PAKISTAN

Position Paper for the Board of Directors

Implementation of Pre-Packaged Software Solution
January 2013

The Board of Directors in its 218th meeting held on March 21, 2011 desired to present updated project progress report on implementation of Pre-Packaged Software Solution in every Board Meeting. In compliance of the board directives, subject position is furnished as under:

1. Financial Status:

Name of Work Package	Implementation of Pre-Packaged Software Solution in State Life
Total Allocated Budget	124.78 (Million Rs.)

	Expenditure till to-date		
Sr. No.	**Event**	**Date**	**Amount Paid (Rs.)**
1	Contract Signing	23-12-2010	6,045,878/-
2	Completion of Gap Analysis **GLAS** Module	02-11-2010	1,652,349/-
3	Completion of Gap Analysis **iLAS** Module	28-06-2011	12,461,850/-
4	Completion of Gap Analysis **F & A** Module	30-08-2011	1,600,040/-
5	Completion of Gap Analysis **iPAMS** Module	18-01-2013	1,430,805/-
6	Singing-off UAT of **iPAMS** Module	18-01-2013	1,430,805/-
7	Singing-off UAT of **GL** Budget & Accounts Module	18-01-2013	1,600,040/-
		Total payments till to-date	**26,221,767/-**

Objectives: Major Objectives are:

Implementation of Pre-packaged Software Solution for Core Businesses & supporting functions comprises over following modules:

i. (iLAS) - Individual Life Assurance System
ii. (GLAS) - Group Life Assurance System
iii. GL - General Ledger
iv. iPAM - Investment Portfolio Management System
v. HRMS - Pay Roll, Fixed Assets/Inventory & Procurement System
vi. i-Estate - Real Estate Management
vii. SHMA - Actuarial System

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viii. SHMA	- Legal System
ix. SHMA	- Audit System

2. **Major implementation activities (Module-wise) :**

Current Status	
Module	**Major Activities**
iPAMS – Investment Portfolio Administration & Management System	*This modules is comprises over following five (05) sub-modules.* ▪ *T – Bill = (Treasury Bills)* ▪ *TDR = (Terms Deposits Refinance)* ▪ *TFC = (Term Finance Certificates)* ▪ *PIB (Pakistan Investment Bonds)* ▪ *Equity (Money Market)* • ***T – Bill & TDR** sub-modules were singed-off and are now fully operational. User Division is using these sub-modules since July 2012 in parallel with manual operations.* • *Implementation activities after customization & development of user required reports for **PIB, Equity & TFC** sub-modules completed in November 2012. These sub-modules are also fully operational.* • *Presently, User Division is using these applications in parallel and getting confidence by reconciling with manual system.* • *Formal sign-off for these sub-modules from Investment Division was expected since November 2012 but user division is reluctant to give formal sign-off even user has not raised any re-work/change request during last six months.* • *Divisional Head (Investment) has to put more efforts to increase use/dependency on newly deployed iPAMS module.*
iLAS – Individual Life Assurance System	*New Business/Underwriting Sub-Module:* • *End-to end module testing by IT completed in November 2012* • *Module UAT commence at Karachi South Zone from November 15, 2012 which is expected to be completed by the mid of March 2013.* *Claims Sub-Module:* • *Claims sub-module product configuration completed in November 2012* • *Pre-testing of all events(Death, maturity, surrender) completed on December 31, 2012* • *Pre-testing of events with riders has been started since January 15, 2013 which is expected to be completed by February 14, 2013.* *Agency Administration & Commission Sub-Module:* • *Multi-agent Code issue resolved and incorporated in the system in*

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	November 2012 • *Commission & Bonuses calculation & incorporation in system is under testing and expected to be completed by the end of February 2013.* *PHS (Renewal, Alteration Underwriting) Sub-Module:* • *Requirement analysis and process documentation completed in December 2012* • *Product demonstration sessions after customization have started from January 15, 2013*	
GLAS – Group Life Assurance System	• *Quotation generation policy generation live cases tested in G&P Karachi Group Zone in November 2012.* • *Data Migration of Claims completed in November 2012* • *Policy renewal and claims processing live cases tested at G&P Karachi Group Zone in December 2012.* • *This module is in parallel run since November 2012.* • *Currently integration of GLAS module with GL is in progress. The software has to be modified from cash base accounting mechanism to accrual base accounting.*	
GL – General Ledger & Budget	• *Trial balance of Karachi South Zone (Control Level) generated in November 2012.* • *UAT Sign-off obtained from user Division in December 2012.* • *Currently integration of GL module with ILAS, GLAS and Fixed Assets modules is in progress.*	
HRMS, Pay Roll, Fixed Assets/ Inventory & Procurement System	• *Customization of Personnel Information sub-module commenced from January 2013.* • *Requirement Analysis of Medical sub-module commenced from January 2013.* • *Work for the deployment of Fixed Assets sub-module on As-Is basis started from January 7, 2012.*	
SHMA – Actuarial System SHMA – Legal System SHMA – Audit System	Implementation methodology for these minor modules is quite different and will be promulgated after successful implementation of all the above modules	**PARKED** As per logical work plan, working on these modules will be initiated after complete implementation of all the above modules.

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3. Deployment of New ICT Infrastructure:

3.1 *Preparation of SLIC - Data Centre:*

- *Civil works have been completed in November 2012.*
- *Supply & Installation of all related equipment has been completed in December 2012*
- *Configuration & Integration of thermal and power equipment will be completed on delivery of Branded Server, Storage Solution and engineered RDBMS solution which is expected by end of February 2013.*

3.2 *Procurement of Branded Servers, Storage Solution and License Software:*

- *Purchase Orders for the supply, installation & configuration of Branded Servers, Storage Solution have been issued to lowest evaluated bidders on 17th December 2012.*
- *Purchase Orders for the supply of Software Licenses (Oracle RDMS Products) along with installation & configuration of engineered RDBMS Solution has also been issued to lowest evaluated bidders on 18th January 2013*

(Muhammad Ali)
DGM/Project Director (IT)

Dated: January 28, 2013.

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DIRECTORS	HELD AT	ON	TIME
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Annexure-D

MINUTES OF 27TH REIC MEETING HELD ON 11th JANUARY 2013

1. 27th meeting of REIC was held on 11th January 2013(Friday) at 4.00pm in the Board Room of State Life Karachi, attended by the following:

a.	Mr. Shahid Aziz Siddiqi	-	Chairman
b.	Mr. Husain Lawai	-	Director/Member
c.	Mr. Wazir Ali Khoja	-	Director/Member
d.	Mr. Mohsin S. Haqqani	-	Executive Director(RE)
e.	Mr. Nasimul Haq	-	GM(RE)
f.	Mr. Attaullah A. Rasheed	-	GM(Inv)/Secretary (REIC)

Leave for absence was granted to Mr. Nihal Anwar - Director/Member

2. After recitation from the Holy Quran, the Chairman welcomed the participants and commenced the proceeding as follows:

Discussion on Agenda Points

Agenda # 1
Confirmation of minutes of 26th meeting of REIC held on 21st November 2012

3. Committee deliberated and confirmed the minutes of 26th meeting of REIC held on 21st November 2012.

Agenda # 2
Implementation report of 26th meeting of REIC

4. Committee was satisfied with Compliance Report on minutes of 26th REIC meeting.

Agenda # 3
Preference Shares subscription offer of Silk Bank Limited

5. Committee discussed the proposal of preference share subscription offered by Silk Bank. The bank vide its letter dated 3rd December 2012 solicited State Life's interest for Private Placement of Perpetual, Non-Cumulative, Convertible, Preference Shares (PNCPS). Total size of the issue is Rs.2,400 mn inclusive of a Green Shoe Option of Rs.1,000 mn represented by =960,000= units offered to investors at a price of Rs.2.50 per share.

6. The bank may repurchase the PNCPS, but not obliged to, from investors by exercising Call Option either in full or part at any time after one year from the issue date at a price assures annualized yield of 14% to investors.

7. Life of the PNCPS share is three years. If the bank does not exercise the Call Option then investors will have choice either to sell it to Arif Habib Corporation Limited at the strike price of Rs.3.70 per share by exercising Put Option or may

opt to convert the same into Common Shares of Silk Bank at a ratio of 1:1.

8. Arif Habib Corporation Limited has been designated as Guarantor to the transaction as per Indicative Terms and Condition of the instrument and as per clauses 3 and 4 of the tripartite agreement, titled as Put Option Agreement, which is to be signed by and amongst the Issuer, AHCL and Identified Investors in order to make the transaction effective.

9. Put Option Agreement makes the bank free from any legal encumbrances of either buying units of PNCPS back from investors and or of becoming party to dispute in case AHCL defaulted on its obligation of buying PNCPS from the investors.

10. The bank is issuing PNCPS to fulfill Minimum Capital Requirement of State Bank of Pakistan as per circular no.7 of 2009. As of 2012, paid up capital of the bank is Rs.5.47 bn, free of losses, whereby it required to be Rs.9 bn and Rs.10 bn by the end of year 2013 and 2014 respectively. The size of the proposed transaction is almost equal in value to unsubscribed right i.e. of Rs.2.4 bn. The bank had offered 311% right offers in 2009 at a discounted price of Rs.2.50 per share against the face value of Rs.10 each. As per director's reports of first half of 2010, the right offer was subscribed by total amount of Rs.4.6 bn out of total issue size of Rs.7 bn.

11. The issuance of the subject instrument is in accordance with the clause 13 of Prudential Regulations for Corporate/Commercial Banking of State Bank of Pakistan dated January 31, 2011 which allows banks to issue such instruments bearing features of Call or Put Options and permits the proceed raised through sale of it to be treated as equity till maturity.

12. As per Sub clause (ii) of Clause (c) of S.R.O.309 (K)/70 dated 21st March 1970 of Ministry of Commerce, the Corporation may invest in Preference shares of only those companies which have paid dividend on its Common Shares for three years immediately preceding the date of investment or at-least three out of the five years immediately preceding the date of investment. Following is the payout profile of the Silk Bank over the period of last five years:

Year	2007	2008	2009	2010	2011
Cash Div (Rs/Share)	0.00	0.00	0.00	0.00	0.00
Bonus Share (%)	0.00	0.00	0.00	0.00	0.00

13. The instrument offers 14% Internal Rate of Return, which is in fact 14% Holding Period Yield. Return has been assured by embedding Put and Call Options. In case of exercising Call Option by the bank, this is exercisable at any time after one year from the Issue Date, at a price yielding 14% annualized holding period return. Otherwise, Investors may either sell PNCPS to AHCL at a price of Rs.3.70 per unit upon maturity.

14. Clause 3 of the tripartite agreement absolves the bank from repurchasing of PNCPS at Rs.3.70 per units from the investors by designating AHCL as a Guarantor to do the same upon the maturity in compliance to Put Option by the investors.

15. Short and Long Term Entity Rating of AHCL is AA (Double A), as assigned by JCR-VIS Credit Rating Agency, suggests stable outlook for the entity with respect

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to fulfilling its financial obligation. The rating is based on the financial strength AHCL derives from investments in key economic sectors including fertilizer, financial services, steel, cement, power and real estate, however, earning streams are largely dependent on few strong investees, which itself significantly concentrated in the fertilizer sector; with performance of one company having been adversely affected due to gas shortage.

16. AHCL reported Net Profit of Rs.4,254 mn for the year ended 30th June 2012, this includes Rs.2,036 mn of gain on re-measurement of investment, which is an unrealized ones, thus reduced the Net profit by the same amount almost. Persistent negative cash flow since 2009, which happened to be around Rs.1,674 mn in 2012, raises concern about AHCL's ability of honoring its repurchase obligation as per tripartite agreement. Financial size of repurchase obligation has been estimated around Rs.3.552 billion.

17. In order to make the bank financially capable of redeeming the Preference Shares, Clause 13 of Prudential Regulations for Corporate/Commercial Banking of State Bank of Pakistan dated January 31, 2011, require banks to establish Sinking Fund for the purpose.

18. Embedding of Call Option in transactional structure appears to make the clause applicable to the proposal under consideration. This requires the bank to contribute Rs.1,184 annually to Sinking Fund for three years out of the profit. The following table provides an overview of bank's profitability up to nine months 2012 and during the last five years.

Year	*E12*	9m12	2011	2010	2009	2008	2007
PBT (Rs.mn)	(224)	(168)	1,359	(1,236)	(4,252)	(2,834)	(3,320)
PAT(Rs.mn)	(84)	(63)	695	(1,131)	(2,903)	(2,041)	(3,041)

19. Extrapolation of Profit Before and After Tax for the year 2012 and the precast Profit & Loss Accounts for the next five years i.e. from 2013 to 2017, on the basis of historical trend, of last five years from 2007 to 2011, suggests that the bank may not be able to contribute Rs.1,184 million to Sinking Fund in the year 2012 and not even after that.

20. Redemption of the Instrument at maturity has been guaranteed by the Arif Habib Corporation. Tripartite agreement states that if investors do not choose to convert the Preference Shares into Common Share then they may redeem the same by selling PNCPS units to Arif Habib Corporation. This has been assured by Clause 3 of tripartite agreement amongst Issuer, AHCL and the Investor. Opinion of the Legal Affairs Division on the guarantee is as under:

> ***"That there is no mention of the word guarantee in the enclosed Put Option Agreement whereas it has been pointed out in the clause 4(a) that without the obligation of the Identified Investor. The question of guarantee and obligation being significant aspects of the transaction, it is significant for Investment Division to analyze the instrument in light of Circular No. F.4(1)/2002-BR-II and other circulars as well as the policies of Insurance Ordinance and Rules."***

21. Examination of investment proposal in light of S.R.O 309(K)/70 and Clause 5 (b)

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& (c) of the Budget Wing of Finance Division of GoP exclude it from considerations by rendering the instrument as non admissible assets for investment.

22. In response to our request to bank to clarify how the guarantee will work incase AHCL refuses to purchase PNCPS units at strike price upon maturity of the instrument, we received reply from the bank along with the revised draft of Put Option Agreement containing amendments in clauses relevant to Guarantor's obligation towards repurchase of PNCPS from investors. Both the letter and the revised draft of Put Option Agreement forwarded to Legal Affairs Division for vetting. Opinion of LAD on the amended clauses is as under:

    "We have gone through the contents of the enclosed letter, it may please be noted that specific performance is a lengthy process in the Court of Law and takes decades for materializing."

23. With no addition to Reserve from the current year's profitability, as the bank reported loss for the period ended 30th September 2012 and is expected to remain in loss in 2012, coupled with transfer of proceeds of Rs.2.4 billion from subscription of Preference Shares into Equity, the bank appears to remain in shortfall of MCR by an amount of Rs.1.13 billion. Even retention of 100% of projected Profit after Tax does not change position of the bank in this respect.

(Rs.bn)	2013	2014
Paid up capital free from losses	5.47	7.78
Expected contribution from profit	(0.08)	0.76
Contribution of Sinking Fund for PNCPS**	nil	(1.2)
Revised paid up capital free of losses	5.38	7.34
Proceeds from issuance of PNCPS	2.40	nil
MCR requirements	9.00	10.00
Shortfall to M.C.R.	(1.22)	(2.66)

** Gross proceeds exclusive of Put Option Fee and other charges.

24. Persistent shortfall in Paid up Capital may compel bank to merge with another ones in order to remain in the business. If this happens, may result in force majeure conversion of preference shares into common shares by the bank. Once the force majeure become effective, assurance to return on investment and guarantee to return of principal will cease to exist. In fact, market price of share of Silk Bank at that time will determine not only the valuation but also return on investment if any.

<u>Resolved:</u>

25. "that the Committee considered the proposal of Silk Bank for investment in Perpetual, Non-Cumulative, Convertible, Preference Shares (PNCPS) yielding 14% annualized holding period return to be issued under the tripartite agreement to be signed by Silk Bank (as issuer), Arif Habib Corporation Limited (as guarantor) and State Life (as investor). The bank desired that State Life may invest Rs. 500 million in the said PNCPS. Committee decided to forward the said proposal to the Board of Directors for consideration and further advice".

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Agenda # 4

Commercial audit observation in respect of recovery of outstanding dues from vacated Tenants-Writing off of the outstanding amount of Rs. 20.918 million

26. The memo of ED (RE) was discussed in meeting. It was explained to the Committee that State Life owns 64 commercial and residential units all over Pakistan. The tenants usually pay their rent regularly, however, in certain cases they commit default and State Life has to take legal measures against them. There are other circumstances in which the tenants commit default in payment and vacate the premises without notice to Real Estate thus recovery of dues becomes very difficult / impossible.

27. Commercial Audit in its Para No. 10 (2004-2005), has observed that Rs 21.238 million is outstanding against tenants.PAC issued directives dated 16-11-2012

that the cases to be identified and granted 30 days to write off the irrecoverable amount and referred back to DAC for settlement subject to verification.

28. State Life has entered into litigation with 66 tenants against whom an amount of Rs 15.607 million is outstanding. These tenants have deposited part of their dues in Court in MRCs. Attempt is being made to recover the outstanding amount. In the directive of PAC the case is to be submitted to the Board of Directors for approval through Real Estate & Investment Committee to write off the amount outstanding against the tenants as details attached with the memo. The breakup of amount that will be written off is as follows :-

i.	Amount against rent	-	Rs 15.607 million.
ii.	Amount against electric charges	-	Rs 4.586 million.
iii.	Amount against water charges	-	Rs 0.227 million.
iv.	Amount against parking charges	-	Rs 0.496 million.
		Total:	Rs 20.918 million.

29. It is pertinent to mention that as directed by Commercial Audit, provision of Rs. 24.00 million has already been made in the books accounts as on 31-12-2011 for writing off of such dues against vacated tenants.

Resolved:

30. "that in consideration of old outstanding balances of sixty six tenants pertaining to year 1979 to 1994 and in view of directives of PAC, Committee considered the recommendation of Real Estate Division and decided to recommend to the Board to write off Rs. 20.918 million against which a provision of Rs. 24.000 million is already available in the books of accounts of the Corporation."

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Agenda #5

Requirement of Fire Panel at State Life Building No. 11 Abdullah Haroon Road, Karachi

31. The memo of ED (RE) was deliberated by the Committee. It was explained that State Life Building No. 11, Abdullah Haroon Road, Karachi, was completed in the year 1992 and Fire Alarm System was installed at the building which is of Symplex make "American origin".

32. With the passage of time the Fire Detecting Units have completed their useful life and the Master Card of the Panel has been damaged. The Section has made all efforts to get a new Card or present one repaired. However, as the system is obsolete, none of the attempts were fruitful.

33. With the passage of time the Fire Detection System has also been upgraded and the latest technology is of Addressable System in which the panel indicates the exact location of fire. It is estimated that the installation of the new system including Panel, Fire Detector and Cabling will be around Rs 2.5 million. As the expenditure will of capital nature, therefore, approval of the Board of Directors is required in light of the Delegation of Powers.

Resolved:

34. **"that the Committee considered the recommendations of Real Estate Division for installation of new Fire Detection System and recommended to the Board for approval of capital expenditure of Rs. 2.5 million which includes the cost of fire detection system including panel, fire detector and cabling works. Considering the exigency of work, RED is allowed to proceed with the installation immediately due to issues of Public Safety and submit to the Board for post facto approval".**

Agenda # 6:

Controlling of repairing & administrative expenses being incurred on residential properties

35. The Committee discussed the memo of ED (RE). It was explained that residential accommodations of the Corporation are being occupied by employees of SLIC or its sister concerned; M/s Alpha, under licensee agreements and the license fees per month, is being charged equivalent to the house rent allowance of the respective officer.

36. Corporation has a policy of allotment under licensee agreement, whereas repair & renovation policy is not defined yet. The Renovation Policy is as follows:

"Considering the location, accommodation and covered area of the buildings, it is important to allot these units according to seniority of officer. The Maqboolabad 3-bed room bunglow and building No. 10 may be reserved for General Managers and Executive Directors. If applications from General Manager and Executive Directors are not pending, the space should not be allotted to lower grade officers but may be kept vacant for future allotment to the entitled officers. Fram-rose flats may be reserved for DGMs and Senior AGMs. Flats in49-A, Lalazar may be reserved for AGMs and Senior Managers. Flats in 1-B, Lalazar may be reserved for Managers and Deputy Managers."

37. It is the renovation policy that RED is maintaining these properties and bearing the

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expenses of routine maintenance works, security, property tax & administrative expenses etc.

38. The gross income & expenditure of residential units under licensee agreements for the year is summarized as under:

Year	Gross income(Rs.)	Gross expenditure	Net income
2011	Rs.3,999,670/=	Rs.5,148,080/=	(-)Rs.1,148,410/=

39. To control the expenses and to keep the premises in good condition, the occupants be made responsible as per following proposed:
    i. One time Licensee fees holiday on fresh allotment:
    The fresh licensee may be given, one time licensee fees holiday equivalent to 6-months of his housing allowance, in lieu of repair & renovations works done by him on the allotted premises.
    ii. Handing over on vacation of premises:
    The licensee shall handover the premises in good inhabitable condition; otherwise an amount shall be charged/ recovered from licensee, for repairing/maintenance of the same as evaluated by Real Estate Division.
    iii. Maintenance of common facilities:
    Real Estate Division shall maintain the building, to ensure safety & habitability, as & when required, subjected to justification & availability of budget.
    iv. This shall not apply to;
        a. State Life House: 70-A, Lalazar, Karachi, as the same is not allotted on licensee basis.
        b. 66-C/1, Gulberg-III, Lahore; presently in possession of Regional Chief (North), who shall vacate the same on his retirement and shall be rented out commercially.

Resolved:

40. **"that the maximum amount equal to one year house rent of the concerned officer residing in the respective property or Rs. 0.50 million whichever is lower may be allowed as budget for capital expenditure only once during the service period. This limit will not be changed or altered with the change of licensee agreement or premises."**

Agenda # 7:

Professional qualification allowance for Engineers, Associate Engineers and Technical Personnel

41. State Life is one of the largest real estate owners of Pakistan having 84 commercial, residential buildings & plots. These buildings includes old inherited as well as modern high class buildings constructed during last couple of years with facilities like central air conditioning, high tech lifts, electrical network, fire alarm systems & stand by generators.

42. The buildings /properties are being looked after by Real Estate Division having Professional Engineers, Associate Engineers and Technical Personnel. Amongst the various duties undertaken by these Professionals some include construction of new buildings, Renovation Program of existing buildings,

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coordination with Consultants and Contractors, daily routine operation of modern and sophisticated equipments installed at the prestigious buildings to ensure smooth facilities to our valued tenants. During the last decade Real Estate has completed 6-new buildings thus adding thousands of rentable area. At present 5-building projects are in hand, one of which is a mega project; State Life Tower at Islamabad while three projects are in planning stage.

43. This is to be noted that 34-Engineers and Technical Staff have left the Corporation during the last decade mainly due to financial reasons. An incentive in terms of financial assistance to them may be considered to avoid this brain drain.

44. In 1982 Corporation had given qualification allowance to its Engineers amounting to Rs. 500/- P.M. and to Associate Engineers Rs. 175/-P.M. since then it has neither been increased nor given to the later inductees.

45. It is therefore proposed that professional allowance be granted to Corporation's professionals/technical personnel as compatible to the professional/qualification allowance granted to qualified accountants and IT personnel (please refer annex-I). The proposed professional allowance to the engineers is as under;

Sr #	Category	Qualification	Allowance(Rs.)	Remarks
1.	Professional Engineers	Graduate Engineer registered with Pakistan Engineering Council	20,000/- pm	At par with qualified accountants
2.	Associate Engineers	3-years Diploma / B-Tech from approved Board	10,000/- pm	

46. Tentative financial impact per month is worked out as under:-

Sr#	Qualification	Existing number of officers	Professional allowance per month	Total amount per month
1	Professional and graduate engineers (member Pakistan Engineering Council)	20	Rs. 20,000/- per month	Rs. 4,00,000/-
2	Associate engineer (3 years diploma/ B-tech from approved board	9	Rs. 10,000/- per month	Rs. 90,000/-
			Financial impact per month=	Rs. 4,90,000/-

47. Case is submitted for consideration and approval of the Board of Directors for

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the qualification allowance as proposed at para-6 above.

Resolved:

48. "that the matter may be submitted by Real Estate Division to Human Resource Committee of the Board through P&GS Division for consideration."

Agenda # 8:
Construction of State Life Building at Benazirabad (Nawabshah)

49. GM (RE) explained that State Life had purchased a corner plot in 1996 in Nawabshah City measuring7500 Sq. Ft. on junction of Sukrand and Airport Road. The said plot has been abutted on Sukrand Road side by forming another plot by the Revenue Department, Govt. of Sindh, and Nawabshah, therefore. SLIC's plot is no more a corner plot and is facing the side road being Airport Road. This change has been challenged in District Court Nawabshah.

50. It is time that Real Estate should construct a Commercial Building comprising of Basement + Ground + 2 Stories with provision of Two (02) additional floors in the foundation to house the Zonal Office which will not only enhance the image of State life but also save the Plot from any encroachment.

Resolved:

51. **"that the Committee deliberated on the proposal of RED and recommended to the Board of Directors for principle approval to construct Basement + Ground floor + 2 Stories with provision of two (02) additional floors. The building will be non Air conditioned without lifts and will initially be used to house State Life's own offices."**

Agenda: # 9
Restoration of State Life Building No.5(Old ILaco House) Abdullah Haroon Road Karachi.

52. M/s. Seedventures are a social entrepreneur and in investor with the concept to restore the historical buildings in Karachi. In this connection, they held a meeting with the Chairman, Executive Director, Real Estate and Divisional Head, Real Estate Division in which they briefed their plans.

53. A proposal was discussed that M/s. Seedventures will provide technical assistance in the restoration of old ILACO House, presently State Life Building No. 5, Abdullah Haroon Road, Karachi, under the scheme of Re-imagining Karachi – Restoring Forgotten Treasures.

54. It was decided that M/s. Seedventures to make a presentation before the REIC Members in its forthcoming meeting to be held on 11-01-2013. In case REIC agrees with the presentation then it will be repeated in the Board Meeting.

Resolved:

55. **"that the item was withdrawn by RED with the consent to submit revised memo in the next meeting which was agreed by the Committee."**

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Agenda: # 10
Any other point with the permission of Chair

56. GM(Inv) informed that State Life has made an out of court settlement agreement with FDIBL through KCDR in which the ownership of a residential flat at CP Barar Society is being transferred to the Corporation along with its vacant possession. The keys of the said property are to be handed over to RED. Committee deliberated on the issue and a consensus was created on disposal of the said property.

Resolved:

57. "that the Flat at CP Barar Society received through settlement with FDIBL should be disposed off. The Committee advised RED to complete all codal formalities and observe relevant rules including permission from MoC for its disposal."

Sd/-
Secretary (REIC)

Sd/-
Chairman

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Annexure-E

Project Document

HEALTH & ACCIDENT INSURANCE DIVISION

(Waseela-E-Sehet)
Health insurance Scheme of Benazir Income Support Programme (BISP)

1. **Name of the project:** Waseela-e-Sehet Health Insurance Scheme of Benazir Income Support Programme

2. State Life entered into an agreement with Benazir Income Support programme(BISP) to launch health insurance scheme in five districts i,e Badin, Nowshera, Quetta, Gilgit, Muzaffarabad AJK districts for the following enrolled families, beside to renew the scheme of Faisalabad district.

S. No.	District	Single family (No.)	Enrolled members (No.)
1	Faisalabad	57,081	404,551
2	Badin	90,567	563,276
3	Nowshera	26,541	191,262
4	Quetta	8,867	72,069
5	Gilgit	3,129	24,810
6	Muzaffarabad AJK	15,516	104,882
Total		201,701	1,360,850

3. **Authority responsible for:**

i. **Sponsoring :** This project is sponsored by Benazir Income Support Programme (BISP), Government of Pakistan.

ii. **Execution:** This project is being executed by State Life Insurance Corporation of Pakistan, Health &Accident Insurance Division through Zonal Offices of Group & Pension zones.

S #	Project in District	Execution
1	Badin & Quetta	Group & Pension Karachi Zone
2	Faisalabad	Group & Pension Lahore Zone
3	Nowshera	Group & Pension Peshawar Zone
4	Muzaffarabad & Gilgit	Group & Pension Rawalpindi Zone

4. **Plan Provision:**

Waseela-e-Sehet health insurance scheme of Benazir Income Support Programme is a health insurance scheme that was launched on 16th April 2012 in Faisalabad district as a pilot project by State Life on behalf of BISP . The goal of Waseela-e- Sehet health insurance scheme was to provide health insurance coverage to individuals and households living below-the-poverty-line (BPL). The objective of the scheme was as under:

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i. Financial protection against hospitalization expenses

ii. Improved access and choice of quality hospitals (public and private).

iii. Cashless utilization of benefits through the use of a Benazir Sehet Card.

5. **Cover to:**

Below poverty line (BPL) /Vulnerable households, identified by Benazir Income Support Programme (BISP).

6. **Features of the scheme:**

- Hospitalization expenses for medical and/or surgical procedures including maternity benefit up to Rs 25,000 per family per year on a floater basis. To access the benefits under BISP, a beneficiary should be hospitalized in an empanelled hospital for 24 hours or more. In addition, beneficiaries can also access day care surgeries/procedures that do not require stay of more than 24 hours in an empanelled hospital.

- Cashless treatment in any of the empanelled hospitals. This means that when a family accesses treatment, they do not pay the hospital anything.

- Day Care Surgeries/Procedures in some circumstances.

- Pre-existing conditions/diseases are covered from day one. Pre-existing condition relate to a disease that was present at any time in the past (including any disease, which the insured person may not have been aware of) and prior to the enrollment of the beneficiary under BISP.

- Maternity and Newborn Children covered, subject to the delivery of the baby (normal or cesarean) in the empanelled hospital/nursing home.

- Benefit is on a family floater basis, which means that the total benefit amount (Rs.25,000) can be used by one person or jointly with other members of the family.

- There is no lower or upper age limit for coverage.

7. **Project objectives and its relationship with Sectoral objectives:**

Health Insurance works by spreading the risk of healthcare expenses over a number of people so that the financial burden of unfortunate few who need healthcare is shared by the many fortunate who remain healthy.

Most of us, at some point in our lives, will need to seek expensive healthcare services e.g. hospitalization or surgery. With the present day stress, sedentary life-styles and pollution, an increasing number of persons are being diagnosed with heart ailment, cancer and other critical illnesses that are expensive to treat. A few days of hospitalization, major surgery or chemotherapy can cost lakhs of rupees.

In Pakistan, many of us pay directly to the doctor, the chemist and the laboratory for day to day ailments, since treatment of these is generally low-cost. However, the cost of hospitalization is expensive and most of us find it unaffordable.

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Health Insurance is a way to help lessen the burden of paying for healthcare by spreading the costs of health across a group of people.

8. Revenue & Capital cost estimates:

REVENUE BUDGET FOR HEALTH INSURANCE SCHEMES FOR -2013

Title of Account	DISTRICT –WISE (Rs. in million)						Estimated Cost (Rs.in million)
	Faisalabad	Badin	Quetta	Nowshera	Gilgit	Muzzafarabad AJK	
Printing & Stationery	1.42	2.26	0.221	0.663	0.078	0.387	5.029
Salary (Contractual employee)	3.45	1.86	0	0	0	0.66	5.97
Salaries (Permanent employee)	4.44	1.20	2.52	2.52	0	0.60	11.28
Salaries (permanent employee at PO)	Two officer & two staff						5.40
Utilities (Office)	0.30	0.30	0.150	0.30	0	0.30	1.35
Telephone/Fax (office)/Internet/ Cell phone	0.120	0.060	0.060	0.060	0	0.060	0.36
Internet USB Device	6 Device						0.03
Telephone (Residence)	Consolidated all station including PO employee						0.84
Car Petrol	0.180	0.180	0.180	0.180	0.180	0.180	1.08
Car Repair & Maintenance	0.060	0.060	0.060	0.060	0	0.060	5.55
Car Insurance	0.050	0.050	0.050	0.050	0	0.082	0.282
Conference & Meeting	Consolidated for all stations						2.50
Conveyance Staff	Consolidated						0.150
Overtime/Honorurarium	Consolidated for 7 staff						0.168
Conveyance (Officers)	Consolidated						0.168
Entertainment (late Sitting)	Consolidated						0.100
Bonus (Officers)	0.280	0.140	0.140	0.140	0	0.140	0.84
Leave Encashment	0.270	0.136	0.136	0.136	0	0.136	0.81
Travelling	Consolidated for all stations						5.00
Medical Expenses	Consolidated for 7 permanent officers/staff						1.00
Rent office	0.420	0	0	0	0	0	0.42
Prize & Award	Consolidated						3.0
Wages (Driver)	0.180	0.180	0.180	0.180	0	0.180	0.90
Training	Consolidated						0.30
Entertainment	Consolidated						0.90
Books & Periodicals	Consolidated						0.10
Commercial entertainment	Consolidated						0.50
Total Estimated Cost							54.027

CHAIRMAN'S INITIALS

CAPITAL BUDGET FOR HEALTH INSURANCE SCHEMES FOR -2013

Title of Account	Qty.	Estimated Amount (Rs.in million)
Visiting Chairs	40	0.16
Revolving Chair	7	0.49
Computer Chair	10	0.40
Computer Table	10	0.40
Office Table	25	0.15
Side Rack	9	0.36
File Cabinet	10	0.65
Sofa Set (Chair)	5	0.50
Fans	10	0.35
Computers	8	0.80
Laptop	6	0.66
Printers	14	0.28
Air conditioner	3	0.26
Software (Web based)	1	2.00
UAN	5	0.50
Project Car For Badin, Quetta& Nowshera districts	3	3.60
Project Jeep for Gilgit and Muzaffarabad AJK	1	2.20
Construction of office	3	1.00
Total		14.76

9. **Financial Plan and mode of financing:** State Life will cover a total of 201,701family of 1,360,850 enrolled member of BISP in six districts and will receive an annual premium of Rs. 363.061 million @ Rs. 1800/ per family per annum in 2013.

Project benefits and analysis

i. Financial:

A. District wise premium.

S. No.	District	Single family (No.)	Annual Premium @Rs.1,800/ per family per annum (Rs. in million)
1	Faisalabad	57.081	102.745
2	Badin	90.567	163.020
3	Nowshera	26,541	47.773
4	Quetta	8.867	15.960
5	Gilgit	3.129	5.632
6	Muzaffarabad AJK	15.516	27.928
Total		201,701	363.058

B. State life will charge 15% admin allowance for meeting the administrative expenses of the schemes. The admin allowance works out to Rs.54.458 million. The profit sharing will be made after completion of three years on the following formula:
Profit = Premium – 15% Admin. Allowance – Claims

CHAIRMAN'S INITIALS

The profit will be shared at 95:05 ratio.(95% will go to BISP and 5% will go to SLIC)

ii. **Social Benefits:**
More than 70 percent of the people in Pakistan, including many underprivileged, seek better quality health care in the private sector and pay out of pocket. This imposes extra financial burden on the underprivileged, resulting in inequitable access to quality health care and relevant services including emergency services, mother and child health care. To empower this underserved fragment of the nation BISP has launched the Health Insurance Scheme through cashless Benazir Sehet Card through State life Insurance Corporation.

Waseela-e-Sehet scheme is one of the major initiative of BISP and State Life is undertaking this project keeping in view the significance as the country's Social Protection programme. The scheme allows to access the health care to cope with variety of health shocks.

11. a) **Implementation schedule:** State Life entered into an agreement with Benazir Income Support Programme (BISP) on 2nd February 2012 to provide Health Insurance in-patient hospitalization facilities to 319,000 members of 43,783 families having CNICs in Faisalabad District.The scheme has commenced w.e.f 16.4.2012. State Life received a premium amount of Rs. 98.506 million from BISP. State Life is going to launch the scheme in Badin, Quetta, Nowshera, Gilgit, Muzaffarabad AJK districts w.e.f 16.4.2013.

b) Result Based Monitoring (RBM) Indicators.

Result Based Monitoring(RBM) is a continuous process of collecting and analyzing information to compare how well a project, program, or policy is being implemented against expected results. The indicators will be developed to monitor the process to get the target outcomes and achieve the project goal.

12. Management structure and Human Recource:

Principal office, Karachi
Regular officer:

S #	Name of position	Job Description
1	General Manager/Divisional Head (H&AI)	Overall Management and implementation
2	Dy. General Manager – Medical	Empanelment of private and public providers (hospitals), development and implementation of claim management system including evaluation and detection of fraud claims. Contract development with providers including pricing schedules.
3	Manager –Operation	Planning and execution of schemes, communication, correspondence, statistics, taking approval.
4	Manager (Marketing & Research)	Marketing research for new avenue, business development, marketing intelligence, business forecasting and coordination with technical department for new product and plan development.
5	Manager (Monitoring and evaluation)	Monitoring and Evaluation of projects, development of Logframe and indicators for Result Based Monitoring.

Lahore & Faisalabad

S#	Name of position	Job Description
1	Asstt. General Manager – Medical , Lahore	Checking and processing of medical claims, detect fraud and excess claims and monitoring treatment process
2	Asstt. General Manager – Medical, Faisalabad	Liaison with hospital network, monitoring the quality of treatment. Authorization for admission, initial checking of medical claims, managing the HFOs posted in hospitals.

Badin

S#	Name of position	Job Description
1	Manager –Medical , Badin	Liaison with hospital network, monitoring the quality of treatment. Checking and processing of medical claims, detect fraud and excess claims and monitoring treatment process

Quetta

S#	Name of position	Job Description
1	Manager –Medical ,Quetta	Liaison with hospital network, monitoring the quality of treatment, Checking and processing of medical claims, detect fraud and excess claims and monitoring treatment process

Nowshera

S#	Name of position	Job Description
1	Manager –Medical , Nowshera	Liaison with hospital network, monitoring the quality of treatment, Checking and processing of medical claims, detect fraud and excess claims and monitoring treatment process

Gilgit & Muzaffarabad AJK

S#	Name of position	Job Description
1	Manager –Medical , Gilgit& Muzaffarabad AJK	Liaison with hospital network, monitoring the quality of treatment, Checking and processing of medical claims, detect fraud and excess claims and monitoring treatment process

Regular staff

S#	Position	Station	No.
1	Office Assistant/PC Operator	Principal office, Karachi	3
2	Office Assistant/PC Operator	Quetta	1
3	Office Assistant/PC Operator	Lahore/Faisalabad	1
4	Office Assistant/PC Operator	Nowshera	1
5	Office Assistant/PC Operator	Gilgit	0
6	Office Assistant/PC Operator	Muzaffarabad AJK	1
Total			7

CHAIRMAN'S INITIALS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4TH FEBRUARY, 2013	

Contractual officer- Project employment

S #	Position	Station	No.
1	Health Facilitation officer (HFO)-Medical Doctor	Badin	1
2	Health Facilitation officer (HFO)-Medical Doctor	Faisalabad	5
Total			6

Contractual staff- Project employment

S #	Position	Station	No.
1	Junior office Assistant /Computer operator	Faisalabad/Lahore	1

CHAIRMAN'S INITIALS

MINUTES OF 232ND MEETING OF THE BOARD OF DIRECTORS

RECTORS	HELD AT	ON	TIME
UTE BOOK	KARACHI	4TH FEBRUARY, 2013	

Annexure-F

Tenant-wise Rent O/S
As on 31-12-2003
VACATED COURT CASE.

S. No.	BLDG No.	TENANT NAME	Vacated on	Balance Rent 2003	Adjusted / Received / Accrued	Balance Rent 2003	Balance Electric 2003	Balance Parking 2003	Balance Water 2003	Total Outstanding 31-03-2012
				"a"	"b"	"c"				
1	SLB 1	Main Hanif		145,168		145,168	1,973			147,141
2	SLB 1	Noon Sugar	14-Jul-92	9,188		9,188	11,189	1,200		21,577
3	SLB 1B	Amin Agencies	11-Jul-93	14,475		14,475				14,475
4	SLB 1C	Prince Glass		62,969		62,969		379,200	77,796	519,965
5	SLB IC	Prince Glass		70,016		70,016				70,016
6	SLB 1C	Lahore investment	22-Oct-91	753,243		753,243				753,243
7	SLB 2	Colony Textile	31-May-94	31,540		31,540	26,977			58,517
8	SLB 2	Gharo Textile		876,054		876,054	225,773	48,000		1,149,827
9	SLB 2	Metro Magt.		1,436,526		1,436,526	21,540			1,458,066
10	SLB 2	Platinum Ins.	30-Aug-89	216,400		216,400				216,400
11	SLB 2	Bux Textile		481,516		481,516	70,883			552,399
12	SLB 2	Trade Corp.		1,039,252		1,039,252	7,010			1,046,262
13	SLB 2A	Al Murtaza Ent.	15-Sep-88	81,336		81,336	60,852		2,139	144,327
14	SLB 2A	Cotext Mill Ltd		297,708		297,708	67,261	10,000	10,560	385,529
15	SLB 2A	Naveed Textile		397,266		397,266	161,140		13,248	571,654
16	SLB 2A	Nursat Textile		15,098		15,098	186,635	49,600	20,758	272,091
17	SLB 2A	Fazal & Son	01-Apr-94	1,821,003		1,821,003	3,310,742		12,645	5,144,390
18	SLB 2B	Medical Centre		719,808		719,808	80,709			800,517
19	SLB 2B	Nurie & Nurie		136,310		136,310	1,389			137,699
20	SLB 2B	Pak Shipping		21,955		21,955				21,955
21	SLB 3	Helper Co		29,349		29,349	29,118			58,467
22	SLB 3	Marshal Motor	31-Mar-84	192,683		192,683	15,806			208,489
23	SLB 3	Star Agency		21,600		21,600				21,600
24	SLB 4	Alipur Jute Mills		152,523		152,523		3,768		156,291
25	SLB 4	Delta Pecific	11-May-93	81,470	38,688	120,158				120,158
26	SLB 4	Five Star Shipping		83,981		83,981				83,981

CHAIRMAN'S INITIALS

Tenant-wise Rent O/S
As on 31-12-2003
VACATED COURT CASE.

S. No.	BLDG No.	TENANT NAME	Vacated on	Balance Rent 2003 "a"	Adjusted / Received / Accrued "b"	Balance Rent 2003 "c"	Balance Electric 2003	Balance Parking 2003	Balance Water 2003	Total Outstanding 31-03-2012
27	SLB 4	Ismail H Isani		44,230		44,230	14,257			58,487
28	SLB 4	Khalid Oil Mills		95,805		95,805	57,266	4,935		158,006
29	SLB 4	Major Ind.		27,332		27,332				27,332
30	SLB 4	Mangoon Bros.	30-Jun-94	26,579		26,579				26,579
31	SLB 4	Redco		163,900		163,900	6,555			170,455
32	SLB 4	Sh.Mehmood Ali	17-Mar-87	10,786		10,786	33,513			44,299
33	SLB 4	Six Star		95,025		95,025	6,257			101,282
34	SLB 4	Trade Impex		260,187		260,187	29,165			289,352
35	SLB 5	Edmand Sequeria		50,918	(10,400)	40,518				40,518
36	SLB 5	Idress Lodhi Co		192,037		192,037				192,037
37	SLB 5	M.J.Berganza	17-Nov-93	8,234		8,234				8,234
38	SLB 5	Shakila Bano		42,500		42,500				42,500
39	SLB 5A	English Cold Storage		46,717		46,717				46,717
40	SLB 5B	Yasmin Nasim	17-Jul-89	2,190		21,90				2,190
41	SLB 5C	Sardar Begum	09-Feb-89	1,642		1,642				1,642
42	SLB 5C	Abdul Malik	25-May-91	1,855		1,855				1,855
43	SLB 5C	Abdul Qudus		1,102		1,102				1,102
44	SLB 5C	F.D.Suža		1,044		1,044				1,044
45	SLB 5C	Majeeden	09-Feb-89	1,137		1,137				1,137
46	SLB 6	Olympia Spinning		139,470		139,470				139,470
47	SLB 6A	Atlas Steel	29-3-00	1,290	(1,290)	-				-
48	SLB 6A	Ventex		1,727,670		1,727,670				1,727,670
49	SLB 7	Bukhari Enter.		138,255		138,255	8,791			147,046
50	SLB 7	Habib Industry		411,610	(2,694)	408,916				408,916
51	SLB 7	Shah Noor Agency	14-Jan-89	84,445		84,445	79,423			163,868
52	106CLIF.	T A Abbasi		21,122	(3,138)	17,984			27,567	45,551
53	106CLIF.	M. Masood		131,174		131,174			50,059	181,233

CHAIRMAN'S INITIALS

MINUTES OF 232ND MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	4TH FEBRUARY, 2013	

Tenant-wise Rent O/S
As on 31-12-2003
VACATED COURT CASE.

S. No.	BLDG No.	TENANT NAME	Vacated on	Balance Rent 2003 "a"	Adjusted / Received / Accrued "b"	Balance Rent 2003 "c"	Balance Electric 2003	Balance Parking 2003	Balance Water 2003	Total Outstanding 31-03-2012
54	1A FRR.	M A. Hatimi	01-May-86	7,700		7,700				7,700
55	1A FRR.	Taj Jute		149,000		149,000				149,000
56	49 A QR.	S A Bashir		24,050		24,050			1,732	25,782
57	1 B QR.	Anis ur Rehman		2,437		2,437			693	3,130
58	1 B QR.	Raja M Khan	01-May-94	71,000		71,000			9,802	80,802
59	1 B QR.	Samina Javaid		2,659		2,659			258	2,917
		SUB-TOTAL		13,173,539	21,166	13,194,705	4,514,224	496,703	227,257	18,432,889
	ADD:-	TRANSFER FROM VACATED LIST								
60	SLB 1	Mansoor A Khan		16,789		16,789				16,789
61	SLB 2	Khyber Tex.		635,619		635,619				635,619
62	SLB 2	M.Saad Maniar		439,739		439,739				439,739
63	SLB 4	Sikandar Textile		229,943	(28,080)	201,863	59,526			261,389
		SUB-TOTAL		1,322,090	(28,080)	1,294,010	59,526	-	-	1,353,536
		GRAND TOTAL		14,495,629	(6,914)	14,488,715	4,573,750	496,703	227,257	19,786,425
	ADD:-	TRANSFER FROM VACATED IST (UNDER NEGOTIATION)								
1	SLB 2	IDBP		712,459		712,459				712,459
2	SLB 6A	INCOME TAX		52,480		52,480				52,480
3	SLB 7	PIC		353,483		353,483	12,831			366,314
		SUB-TOTAL		1,118,422	-	1,118,422	12,831	-	-	1,131,253
		GRAND TOTAL		15,614,051	(6,914)	15,607,137	4,586,581	496,703	227,257	20,917,678

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