

MINUTES OF 238TH MEETING OF THE BOARD OF DIRECTORS

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Corporation. After obtaining recommendations from Investment Committee and approval from Chairman, the agreed deal is processed by Money Market Section by intimating the primary dealers offering highest yield for executing the transaction.

In case of decision by Investment Committee to sell Government Securities due to some specific reasons such as earning capital gains or requirement of funds. After principal approval from Chairman/Investment Committee for sale of Government Securities from secondary market, at least three (3) quotations are called from various primary dealers. These quotations are then analyzed by the money market section and recommendations are made in favor of highest quotation in terms of price which is then forwarded to Chairman/Investment Committee for final approval.

Settlement Procedure

As the Competent Authority of the Corporation accorded approval for purchase of Government Securities. The contract document and approval note with payment voucher is sent to (IA&C) Division by account section of Investment Division for pre Audit. After the approval of (IA&C), the account section of Investment Division prepares letters of settlements for banks where funds are available duly signed by two authorized signatories of the Corporation to transfer funds through RTGS system to the respective primary dealer for settlement of PIB purchases. In the same letter instructions are also given to the primary dealer for transfer of PIBs to the respective IPS account.

2.8 MIS Report:

A compliance report to the decision is prepared by Investment Division and submitted to the Investment Committee and Chairman showing details of recent purchase of Government Securities for their information and approval.

Custodial statement is obtained from all Banks on yearly basis or as and when required, where State Life is maintaining IPS account and holding Government Securities with them. Such statement is also provided to the External Auditors for audit purpose. At present, the domestic banks are not charging any custodial fee.

2.12 Offshore Investments in Government Securities:

a. Investment Rationale:

At present, State Life is maintaining its foreign investment portfolio in Gulf Zone at UAE. For the last many years, the strategy is to invest surplus funds in Government Securities issued by GoP i.e. Pak Euro Bonds of different tenures and Pak Sukuk Bonds through participation in IPO and from secondary market as and when the funds are available for investment in order to earn better return.

b. Procedure for purchase and settlement:

State Life's Gulf Zone informs Investment Division about the surplus funds available. Bids then are obtained from State Life's fund manager/custodial banks i.e. ABN AMRO Dubai, Emirates NBD and UBL Dubai for Pak Euro Bonds and Sukuk. The mechanism to determine bid price from secondary market is to check price at the end of the trading day on Berlin Exchange and Bloomberg Exchange. The working sheets containing quotes from Borse-Berlin and Bloomberg Exchange and comparative rates offered by the custodial banks is presented to the Investment Committee meeting along with recommendations of the Investment Division. The Committee deliberates on the price of Pak Euro Bond or Sukuk bond and recommends to purchase the bonds from

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the fund manager offering lowest price. The recommendations of Investment Committee are then submitted to Chairman/Chairperson for approval.

After the approval, the letter is send to the Custodial Bank for affecting the purchase transaction at the approved price or below with copy to Zonal Chief and Zonal Accountant, Gulf Zone for arranging the funds transfer and settlement arrangements.

The Bank than informs State Life about the completion of transaction. The transaction fee of 0.50% of the purchase price is paid as commission/charges to the custodial bank who completes the purchase order sent by Investment Division. Gulf Zone also remains in liaison to arrange funds for settlement.

c. MIS Report

Custodial banks send report on quarterly basis or as and when required by Investment Division for information and review Internal Auditors at Gulf Zone review the investment portfolio and send a report on quarterly basis which is presented to the Investment Committee by Investment Division.

The Custodial arrangements at Gulf Zone are at present with Abn Amro, NBD Emirates and UBL Dubai with custodial charges @ 0.05% of the market value of portfolio annually, charged to the account on quarterly basis.

3. Operating procedures for Placement of Funds with Banks

3.1 Preamble:

This section of SOP is concerned with placement of funds with banks either in TDRs or daily product accounts. The placement with banks is made with an objective of diversification, liquidity requirements and to earn better return when alternate investment instruments of the same tenor are not offering higher return.

3.2 Fund Placement with Banks

A-Investment Approach:

Fund is placed with banks in TDRs up to one year with an objective to earn better return for short term period as compared to daily product accounts.

B-Investment Strategy:

Investment Strategy to place funds in bank is to ensure diversification and to earn better return on deposit which remains with banks in between the two PIBs auctions.

C-Investment Classification:

Bank deposit in TDR and daily product accounts is classified as bank deposits and saving accounts respectively.

3.3 Investment Exposure for Fund Placement with Banks.

Investment exposure in Fund placement with Banks is governed by externally imposed restrictions in form of SROs and Circulars as well as of internally defined restrictions approved in Board of Directors and Investment Committee meetings. Documents that govern exposure to investment in bank deposits along with their respective limits are comprehensive and provide a complete guideline for making such investment.

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3.4 Admissible Assets for Fund Placement with Banks - Relevant Regulations & Policies 176th meeting of the Board held on 3rd April 2004 For Foreign Bank: - a- Minimum "A" rating by S&P or Moody's. - b- Profitability during last three years. - c- Deposit base substantially more than Rs.10 billion. - d- Ratio of net asset to deposit equal to 8%. For Local Bank - a- Minimum "A" rating by PACRA or JCR-VIS. - b- Profitability during last three years. - c- Deposit base substantially more than Rs.10 billion. - d- Ratio of net asset to deposit equal to 8%. Investment Policy 2003 For any bank, total placement may be restricted to 5% of the fund. Ministry of Finance Circular No. F4 (I)/2002-BR-II dated July 2nd, 2003 • Minimum "A" rating by PACRA or JCR-VIS. • Total Working balance of an enterprise exceed Rs.10 million, not more than 50% of such balance shall be kept with one bank. • Competitive Bids from at least three (3) independent banks. • Selection of bank as well as terms of deposits will be approved by the concerned BoD. SECP (Insurance) Rules 2002 as amended in 2012 Provide limits for admissible assets in which the Corporation can make investments. Following are the limits imposed on bank deposits: • Total Bank deposits – 100% and • Deposit in a single bank – greater of Rs. 25 million or 15% of the fund. 3.5 Role of Investment Committee for Fund Placement with Banks Investment Committee deliberates and recommends the funds placement with banks as authorized by the Board of Directors with the approval of Chairman/Chairperson. 3.6 Functions of Investment Committee • Make decision w.r.t. Funds placement /withdrawal of funds from Banks.			

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- Monitor the interest rates offered by various banks with whom State Life maintains the bank balances as submitted by Investment Division in the meetings of Investment Committee. - Monitoring interest rate environment and thereby recommend investment strategy when changes in the interest rates is anticipated.			
3.7 Financial Delegation of Power of Investment Committee: The Board in 234th meeting held on 03.04.2013 authorized Investment Committee to take all necessary steps for placement of funds in banks.			
3.8 Operating Procedure for Fund placement with banks: State Life request various "A" rated banks to submit their proposal in the sealed envelopes. After receiving proposals from banks, the bids are opened in front of Investment Committee members and in the presence of representative of the banks. The bids are informed to all participants at the same time. These bids are signed by the Investment Committee members present in the Bidding. Investment Division then analyze the rating, profitability, deposit base and ratio of net assets to deposit of respective banks. Analyses report of the offering banks meeting criteria defined in various SRO, Circular along with rate offered for various amount and tenure are presented for consideration of Investment Committee. Funds are placed with banks in line with the decision of Investment Committee with the approval of Chairman.			
3.11 Settlement Procedure As per the decision of Investment Committee, F&A Section of Investment Division prepares the voucher for pre audit and sends the relevant documents to IA&C Division. After receiving clearance from the audit, F&A section prepares cheque for placement of funds with qualifying bank. After completion of necessary requirement, the cheque is handed over to the bank for placement of funds in TDR/Daily Product Account with them as per approval. In case the placement is made with a bank where State Life bank account is not available, the necessary formalities are completed by F&A of Investment Division including the confirmation of authorized signatories who can operate the account jointly. Any two authorized signatories i.e. one from Investment and one from F&A can jointly operate the bank accounts.			
3.12 MIS Report After the placement of funds with the approved banks, a compliance report is submitted to the Investment Committee. A report showing details of fund placement with banks is prepared and circulated by money market section on daily basis through Divisional Head to ED (Investment)/Chairman.			

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3.13 Offshore Investments in Banks: <u>Strategy:</u> State Life kept Funds in Dirham Fixed Deposit for usually 90-days FDRs to have better return on deposits. The strategy for placing in Fixed Deposits is as under: • To meet any short term liquidity requirements of the Gulf Zone. • AED 4.00 million has to be kept in lien with banks as per UAE laws. <u>Procedure for Fund Placement with Banks in UAE :</u> Zonal Accountant (Gulf Zone) obtains rates for 90-days Dirham Fixed Deposit from various banks operating in UAE. Zonal Office (Gulf) forwards these rates to Investment Division. Investment Division prepares a memo for further submission to Investment Committee for consideration for placement of funds in FDRs with banks offering highest profit rates. The committee deliberates on the issue and recommends placement in FDRs with bank offering highest profit rate. The case is then referred to the Chairman/ED(Investment) for approval. <u>Settlement Procedure:</u> After the approval from Competent Authority, Investment Division sent approval letter for investment of funds in 90-days FDR to Zonal Accountant (Gulf Zone). Zonal Accountant (Gulf Zone) after placing the funds in FDRs intimate Investment Division via updated statement. <u>4. Operating procedures for Investment in TFCs, Debentures and other Fixed Income Securities</u> 4.1 Preamble This section of SOP concerned with purchase and sale of Corporate Bonds listed at stock exchanges in Pakistan. It covers right from investment approach to investing in TFC, Debentures and other Fixed Income Securities other than Government Securities called by whatever name and title to the management of the same as an asset component of portfolio. 4.2 Investment in Term Finance Certificates: A-Investment Approach: Investment in Term Finance Certificates comes under classification of Fixed Income Securities and is made with objective to diversity and to enhance return on portfolio. These are analyzed against return on PIBs of the same tenure. As risk in investing TFCs is relatively higher than the PIBs, therefore, yield on TFCs should be higher than the yield on PIBs of the same investment horizon. B-Investment Strategy: Investment Strategy is passive i.e. Buy & Hold			

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C-Investment Classification: Investment in Term Finance Certificates is to classify as Held to Maturity as per International Accounting Standard 39. 4.3 Investment Exposure in Term Finance Certificates Investment exposure to Term Finance Certificates is governed by externally imposed restrictions in the form of SROs such as SRO 309(k) and Ministry of Finance Circular no. F(4)/2003 BR II dated 2nd July 2003 as well as internally defined restrictions approved by Board of Directors, Executive Committee and Investment Committee meetings. Exposure to TFCs is expected to be limited to 10% size of total fund at cost. 4.4 Admissible Assets for TFC Investment: SRO 309(K)/1970: i- Shares, Modaraba Certificates, Participation Term Certificate, Term Finance Certificates, Debentures or other Securities for money Issued by; a- Any authority constituted by any Central or Provincial Law. b- Any authority constituted under any housing or Building Scheme approved by the Central or Provincial Government. c- Any Municipal Committee in a Province with the permission of the Provincial Government concerned. ii- Shares, Modaraba Certificates, Participation Term Certificates, Term Finance Certificates and Debentures of any Company incorporated in Pakistan whose share capital to the extent of at least one-fourth is held by a Corporation established under any Central or Provincial Law. Ministry of Finance Circular No: F-4(1)/2002- Br-11, 2nd July 2003 Surplus Funds: Section 4 It has been decided to allow the public sector entities to invest their surplus funds in the non-government securities/TFCs/shares also, up to a maximum of 20% of the total funds under management. This relaxation will not be available to public sector enterprises/autonomous bodies that have statutory restrictions on their investing in non-government securities. Corporate entities, which receive support from the current budget, are also excluded from the policy. Public sector entities, which are holding trust funds such as pension funds, benevolent funds or insurance funds, will devise their investment policies through their own Boards. Section 5 Eligibility criteria of non-government investment instruments will be as follows: (a) Non-government debt instruments should have a major rating category of A and above; (d) Total investment in debt instrument of a company not to exceed 10% of size of the issue or 10% of the total size of funds managed by the public sector entity, whichever is lower; Investment Committee meeting held on 20th January 2010: For investments in TFCs, It has been collectively decided that: • It should be preferably listed TFCs.			

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• The minimum credit of TFC must be 'A' rated either by PACRA or JCR-VIS • State Life exposure should not exceed 10% of size of issue • Should be free from any embedded option. 4.5 Role of Investment Committee for Managing TFCs Investment: Investment Committee is to make decision w.r.t investment/disinvestment in TFCs based on recommendation of Investment Division and after a thorough deliberation in the meeting and provides recommendations to the Board of its approval. 4.6 Functions of Investment Committee ▪ To make decision w.r.t. investment/disinvestment in Term Finance Certificates ▪ To recommend the Board for the amount of investment, tenure and yield for its approval. ▪ To provide broader guidelines for managing TFCs Portfolio. 4.7 Financial Delegation of Power of Investment Committee: Investment Committee is authorized to recommend purchase and sell of TFCs with following financial delegation: ▪ These investments are also to be made in the light of "Investment Strategy/Plan" approved by the Board of Directors. Investments in the shape of Equity Participation, Underwriting commitments, Debentures/Participation Term Certificates, Term Finance Certificates, and Vouchers can be made with the prior approval of Board of Directors on case to case basis. ▪ Investment in TFCs up to Rs.50 million can be made with the prior approval of Executive Committee of the board (Now Board Investment Committee) and above Rs.50 million can be purchased from the primary/secondary market after approval of Board of Directors and processing through Investment Committee. 4.8 Operating Procedure: Following procedure is adopted for investment/disinvestment of Term Finance Certificates. ▪ Investment proposal for TFCs is to forward to Investment Committee by the Investment Division with full details, justifications and recommendations. ▪ Proposals presented before Investment Committee sometimes are received from Banks and Brokerage Houses in case of secondary offer and from the respective organization in case of IPO where the offer documents are required to be vetted by the Legal Affairs Division.			

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	Proposed TFCs are evaluated on following parameters before presenting to Investment Committee. ✓ The Certificate(s) is/are "A" rated TFC, rated either by PACRA or JCR-VIS ✓ The instrument(s) is/are evaluated against: - Character – Market reputation of the Issuing Company - Capacity – Ability of the Company to take more debt and timely honor debt such as payment of Interest and Principal - Covenants – Terms and Conditions that governs the loan - Collateral – Assets and their quality which are to be mortgaged against loan. ✓ Further to this, financial analysis of issuer of TFCs is also carried out with objective to assess credit worthiness of issuer in longer run by calculating various ratio such as: • Total Debt to Total Asset. • Total Debt to Total Equity. • Earnings before Interest & Tax. • Operating Cash Flows and • Valuation is verified by checking trading price of the instrument from MUFAP Web site. • Yield comparative analysis is carried out between the Yield on the Instrument at offered price and yield on government securities of same maturity. • Investment Exposure in TFCs should not exceed 10% of the size of Portfolio or 10% of the size of the issue, whichever is less. • Investment Committee to recommend: ✓ Quantity to be purchased. ✓ Price Ceiling. • Memorandum to Invest in TFCs containing Investment Committee's recommendation to be placed before Board for consideration and approval. • Execution is carried out as per the decision of Board of Directors. 4.9 Settlement of Transaction		

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▪ In case of purchasing of TFCs from secondary market, deliveries of TFCs are obtained in CDC account before issuance of cheque to the counter party against investment. ▪ In case of IOS, cheque is issued to the Lead Manager against investment. 4.10 MIS Report A summary showing details of recent purchase of TFCs is prepared and to be submitted to Chairman and the Board for their information and compliance. <u>5. Operating procedures for Investment in shares & MFs</u> 5.1 Preamble This section of SOP concerned with capital market operation i.e. investment/disinvestment in shares of companies listed at stock exchanges in Pakistan. It covers right from investment approach to objective and from strategy to execution and settlement. It also deals with admissibility of assets for investment, refers to body responsible for investment decision, its administrative authority and financial delegation. All activities related to investment/disinvestment are reported through Management Information System. Operation of Equity Investment or disinvestment and their settlement procedure is covered by this section. It covers execution to settlement of shares, and their proper custody. 5.2 Investment in Shares Equity Portfolio, which consists of shares of listed and unlisted companies, is managed with the following objectives: • To earn incremental return over the fixed income securities in shape of dividend, bonus shares and appreciation in share prices. • Ensure appreciation in value of investment thereby creating hidden reserves ensuring strong financials of the Corporation. • Ensure predictable and consistent dividend income stream over investment horizon. • Earn appropriate capital gains to maintain bonus rates to the policyholders. • Strategic holding in companies with bright growth prospects. • Strategic holding of GoP and instructions to Freeze such shares thereby restricting sale of such shares. 5.3 Investment Strategy Investment in Equity Portfolio is long term Buy and Hold strategy for shares of fundamentally strong companies trading at deep discount of 30% or more to their fair value, especially in the depressed market, expected cash dividend yield at-least 5% of market price.			

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5.4 Investment Classification Once shares of a company are purchased it is classified as "Available for Sale instrument" as per International Accounting Standard IAS-39, which is in line with the Investment Strategy. 5.5 Investment in Shares – Exposure to Equity Investment Exposure to Equity Investment is governed by externally imposed restrictions in form of SROs and Circulars as well as of internally defined restrictions approved in Board of Directors, Investment Committee of the Board (former Executive Committee) and Management Investment Committee meetings. 5.6 Admissible Assets for Equity Investment (i)-SRO 309(K)/1970: i-Shares, Modaraba Certificates, Participation Term Certificate, Term Finance Certificates, Debentures or other Securities for money Issued by: - a- Any authority constituted by any Central or Provincial Law. - b- Any authority constituted under any housing or Building Scheme approved by the Central or Provincial Government. - c- Any Municipal Committee in a Province with the permission of the Provincial Government concerned. ii- Shares, Modaraba Certificates, Participation Term Certificates, Term Finance Certificate and Debentures of any Company incorporated in Pakistan whose share capital to the extent of at least one-fourth is held by a Corporation established under any Central or Provincial Law. iii- Preference or Ordinary shares, Modaraba Certificates of any Company incorporated in Pakistan, other than a Private Limited Company and listed on any Stock Exchange in Pakistan, up to 30% of the sum referred to in sub-section(1) of section 27 of the Act, subject to the following conditions, namely: - a- In the case of Ordinary shares of any such company, dividends of not Less than 5% including Bonus have been paid on such shares for the five years immediately preceding the date of investment or for at least five of the seven years immediately preceding the date of investment. - b- In the case of Preference shares of any such company, dividend on its Ordinary shares have been paid for the three years immediately preceding the date of investment or for at least three out of the five years immediately preceding the date of investment. iv- Preference or Ordinary shares or Modaraba Certificates of any Company other than a Private Limited Company, and listed on any Stock Exchange in Pakistan, subject to the following condition namely:- - a- The paid up capital of the Company is not less than Rupee Twenty Lacks. - b- The Company is an Industrial undertaking within the meaning of section 153 of the Income Tax Act 1922 (XI of 1922); - c- Investment in the said shares is made when the capital is issued or subsequently thereafter.			

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v- Shares of an Asset Management Company sponsored by State Life Insurance Corporation of Pakistan and Unit Trusts and Mutual Funds floated by the Asset Management Company provided that the amount to be invested should not exceed 10% of the sum referred to in sub-section (1) of Section 27 of the Act. (ii) Insurance Ordinance 2000: Insurance Ordinance 2000 suggests the admissibility of assets for investment for Life Insurance Companies. Section 32 Admissible Assets: 32 (2) For the purposes of this Part, the following are admissible assets: (a) Government securities except to the extent that they are subject to any encumbrance; (b) Assets deposited with the State Bank of Pakistan under section 29; and (c) Assets, other than assets referred to in clause (a) or clause (b), not specified in subsection (2); and (d) Assets, in respect of which the Commission has declared that those assets are to be admissible for the purposes of this Part. For the purposes of this Part, subject to sub-section (1), the following are admissible assets in respect of shares: (p) shares in any one company or group of related companies, to the extent that they exceed such percentage as may be prescribed by the Commission of the insurer's total investments or, in the case of a life insurer, such percentage as may be prescribed by the Commission of the total investments of the relevant statutory fund or shareholders' fund; (q) shares of listed companies, to the extent that they exceed, in the aggregate, such percentage as may be prescribed by the Commission of the insurer's total investments or, in the case of a life insurer, such percentage as may be prescribed by the Commission of the total investments of the relevant statutory fund or shareholders' fund; (r) shares of companies (not being listed companies), to the extent that they exceed, in the aggregate, such percentage as may be prescribed by the Commission of the insurer's total investments or, in the case of a life insurer, such percentage as may be prescribed by the Commission of the total investments of the relevant statutory fund or shareholders' fund; (s) immovable property and shares in the aggregate, to the extent that they exceed such percentage as may be prescribed by the Commission of the insurer's total investments or, in the case of a life insurer, such percentage as may be prescribed by the Commission of the total investments of the relevant statutory fund or shareholders' fund; 32 (4) for the purposes of this section, the provisions of clauses (p), (q) and (r) of subsection (2) shall extend <i>mutatis mutandis</i> to investments made in shares (or equity securities by whatever name called) of a body corporate incorporated in a jurisdiction other than Pakistan.			

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32 (6) In this section, "investments" includes all forms of shares, debentures, bonds, deposits and other securities and derivative instruments, and includes immovable property whether or not occupied by the insurer (iii) THE GAZETTE OF PAKISTAN MINISTRY OF COMMERCE S.R.O. 309(K)/70 DATED 21.3.1970 (AS AMENDED BY S.R.O. 1001(1)/72 DATED OCTOBER 20, 1972 AND BY SRO 1148(1)/76 DATED NOVEMBER 27, 1976. In exercise of the powers conferred by clause (3A) section 2 of the Insurance Act, 1938 (IV of 1938), and in suppression of all previous notifications on the subject, the Central Government is pleased to specify, the following investment as "approved investment" for the purposes of the said Act, namely:- Such of the following as are kept free of any encumbrance, of the hypothecation or lien, namely:- (a) Shares, Modaraba Certificates, Participation Term Certificates, Term Finance Certificates, debentures or other securities for money issued:- (i) by any authority constituted by any Central or Provincial law; (ii) by any authority constituted under any housing or building scheme approved by the Central or Provincial Government; (iii) by any Municipal Committee in a Province with the permission of the Provincial Government concerned; (b) Shares, Modaraba Certificates, Participation Term Certificates, Term Finance Certificates and debentures of any company incorporated in Pakistan whose share capital to the extent of at least one-fourth is held by a corporation established under any Central or Provincial law; (c) Debentures, Participation Term Certificates, and Term Finance Certificates of any company incorporated in Pakistan. (d) Preference or ordinary shares, modaraba certificates of any company incorporated in Pakistan, other than a private limited company, and listed on any stock exchange in Pakistan, upto 30% of the sum referred to in sub-section (1) of Section 27 of the Act, subject to the following conditions, namely:- (i) in the case of ordinary shares of any such company, dividends of not less than 5% including bonus have been paid on such shares for the five years immediately preceding the date of investment or for at least five of the seven years immediately preceding the date of investment; (ii) in the case of preference shares of any such company, dividends on its ordinary shares have been paid for the three years immediately preceding the date of investment or for at least three out of the five years immediately preceding the date of investment; or (e) Preference or ordinary shares or Modaraba Certificates of any company other than a private limited company, and listed on any stock exchange in Pakistan, subject to			

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the following conditions namely:-

- the paid up capital of the company is not less than rupees twenty lakhs;
- the company is an industrial undertaking within the meaning of section 153 of the Income Tax Act, 1922 (XI of 1922); and
- Investment in the said shares is made when the capital is issued or subsequently thereafter.

K. Shares of an Asset Management Company sponsored by State Life Insurance Corporation of Pakistan and Unit Trusts and Mutual Funds floated by the Asset Management Company provided that the amount so invested should not exceed 10% of the sum referred to in sub-section (1) of Section 27 of the Act.

(iv) Insurance Rules 2002-S.R.O.498 (1)/2002.—In exercise of the powers conferred by sub-section (1) of section

167 of the Insurance Ordinance, 2000 (XXXIX of 2000), the Federal Government is pleased to make the following rules, the same have been previously published as required by sub-section

6. Assets to be invested in securities.—(1) Thirty per cent of the assets of the shareholders' fund of a life insurer, or of a statutory fund of a life insurer, other than a statutory fund which contains only investment linked policies, shall be invested in Government securities, under sub-section (7) of section 35 of the Ordinance.

(2) A further ten percent of the assets of the shareholders' fund of a life insurer, or of a statutory fund of a life insurer, other than a statutory fund which contains only investment linked policies, shall be invested in a combination of Government securities and other approved securities, under sub-section (7) of section 35 of the Ordinance.

(vi) SECP Insurance Rules 2002 as amended on 19th January 2012

Shares in any one company or in group of related companies	5% in case of life insurer
Shares of the listed companies in the aggregate	In case of life insurer 50% Until 31 Dec, 2013
Shares of companies (not being listed companies) in the aggregate	In case of life insurance 2.5% Until 31 Dec, 2012 and thereafter

5.7 Role of Investment Committee for Managing Equity Investment

State Life has constituted Investment Committee for managing investment in Equities domestic and Overseas Investment.

5.8 Functions of Investment Committee

- Make decision w.r.t. investment/disinvestment in Equity
- Approving quantity to be purchased / sold and setting of Price Ceiling/Floor for respective transaction
- Evaluation of Brokerage Houses for inclusion to or exclusion from the list of approved brokers' panel
- Provide broader guidelines for managing Equity Portfolio.

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5.9 Financial Delegation Investment Committee is authorized to decide purchase/sale of shares in companies for any amount but by limiting investment in shares as per approved exposure; and submit its recommendation to the Chairman for its approval as per Delegation of Financial Power. 5.10 Empanelment of Equity Brokerage Houses Evaluation of a brokerage house is carried out with an objective to include or exclude from list of approved panel of brokerage houses for purchase & sale of shares from secondary market. Evaluation frame work approved by the Executive Committee of the Board at its 269th meeting held on 1st August 2002 is used for the purpose. Houses are evaluated against the five broad categories and selection is based on scoring of at least 50 points. The categories against which houses are evaluated are as under: Evaluation Criteria: General Information: ▪ Name of the Brokerage House. ▪ Names of Owners/Directors/Partners. ▪ Date of listing as Corporate Member. ▪ Organization Structure of the House. ▪ Number of Employees. ▪ Number of Employees assigned to Research Job. ▪ Qualification of Employees assigned with Research Job. ▪ Details of Clients. ▪ Copies of Research Reports provided to clients during last one year. ▪ Total deposits with KSE at the end of each quarter of the previous year. Research Quality: ▪ Professional staff employed. ▪ In house research capability. Execution Capability: ▪ Execution history. ▪ Confidentiality of transactions.			

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- Timely settlement.
- Ability to handle block trades.
- Market intelligence/knowledge about capital markets.

Market Reputation:

- Integrity/capability of the broker.
- Financial strength of the house.
- Status/position within the exchange (e.g. Board position)

Contribution to State Life:

- Efforts towards executing State Life's orders.
- Role in selling junk shares of State Life.
- Communicate market information in time.
- In contact with State Life.
- Indemnify buyers who will pay a premium. (Block shares).

Selection Methodology:

- Houses are rated on scale of 1 to 5 on the above criteria.
- Each criterion has been rated on five counts on a rating scale i.e.

Rating Grade:	Rating Score:
Excellent	5
Very good	4
Good	3
Fair	2
Poor	1

House that scores at least 50 points on all counts is approved for empanelment.

Review of Brokerage Houses:

Once in every year, the houses on the panel of approved brokers of State Life are re-evaluated in order to assure that they are still meeting criteria approved by the Executive Committee to remain on the panel.

5.11 Operating Procedure:

Following procedure is adopted for investment/disinvestment of Equity investment.

- (i) For Purchase of Shares:

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	▪ An Investment proposal for investment in shares is presented by the Research Section of Investment Division for the consideration of the Investment Committee when technically trading in oversold region and at 25% discount to its fair price especially when the market is in dips. ▪ Companies are short listed for Equity Investment on the basis of: ➤ Their adherence to Regulatory Compliance and approved Investment Policies. ➤ Financial fundamentals such as Profitability, Earning growth, Leverage Profile, Payout Ratio. ➤ Expected Profitability, Expected Dividend Yield of 8% or more at current market price and Expected Capital Gain Yield. ➤ Valuation considerations such as P/E ratio, P/BV ratio and Fair Value estimated by various brokerage houses through Research Section. ➤ Calculation of Annualized Holding Period Yield. ▪ On recommendation of Investment Committee, approval is obtained from Chairman in respect to : ➤ Name of Shares ➤ Quantity to be purchased ➤ Price Ceiling • Orders are placed as per the decision of Investment Committee by Manager, Equity Section through KATS on the prevailing market prices keeping in view the ceiling already defined through approved brokerage houses. Fluctuations in Stock Market are always monitored in order to avail best price possible for buying. (ii) For Sale of Shares: ▪ Research Section present a report before the Investment Committee for disinvestment of shares of a company or companies under various consideration such as: ➤ Not paying dividend for the last five or more years under portfolio cleansing strategy. ➤ Share is technically overvalued and trading to its objective price and stock market appears bullish.		

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➤ Realize Capital Gains to meet policy bonus obligations. ▪ Approval for sale of shares is obtained from the Investment Committee with respect to: ➤ Name of the share ➤ Quantity to be sold ➤ Floor price. 5.12 Purchase and Sale of Units of Mutual Funds There are three types of Mutual Funds available in the market: ➤ Equity ➤ Fixed Income ➤ Government Bonds ➤ Hybrid of the above The Corporation maintains its own Investment Division and Investment Committee due to which it prefers to make direct investment in various class of admissible assets which not only saves the supervisory fee charged by the Mutual Fund Companies from the investors but also ensure the appropriate control level within the organization. However, for the sake of diversification and to earn additional returns in excess of bank deposits, mutual funds are considered when the fund is rating is 5 Star and the rating of Asset Management Company is AM1. Philosophy for recommending investment is the similar as of equities i.e. when the market is at dips and the fund's Net Asset Value (NAV) appears to be undervalued and shows a clear expectation of increase in its value and expectation of consistent dividends payout. Investing in Fixed income mutual funds is made when there is a clear expectation of decline in the interest rates and the investment opportunities for fixed income securities are offering lesser return. Sale of Mutual Funds units is recommended when its: ➤ NAV stays at high levels considering the overvalued stock market. ➤ Shifting and rebalancing of the portfolio. ➤ Liquidity requirements. ➤ Interest rates movements in the market. 5.12 Settlement of Transactions ▪ KATS statement showing time quantities and prices in respect of execution of orders is obtained from executing broker. ▪ Bill/Contract notes are obtained from brokers. ▪ Bills are compared with the respective contract note for verification of quantity and price ceiling/floor.			

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- Verified bills along with the minutes of Investment Committee showing approval for purchase/sale of shares is forwarded to F&A Section of the Investment Division for payment to or receive of sale proceeds from brokers. - For purchase of share, DVP is practiced i.e. first delivery of shares is obtained in CDC and then payment is made. - For Sell of shares, PVD is practiced i.e. first payment is received then delivery through CDC is made.			
5.13 Delegation of Financial Powers As per Delegation of Financial Powers, all investment decisions relating to shares should be made only upon the recommendation of Investment Committee convened by ED Investment. The powers for purchase of such shares rest with DH-Investment. However, as per practice, shares can be purchased or sold after processing through Investment Committee and after the approval of Chairman.			
5.14 Settlement of Equities Operation of Equity Investment or disinvestment and their settlement procedure is covered by this section. It covers execution to settlement of shares, and their proper custodial arrangements. This procedure is applicable to Operation Section of Investment Division for settlement of Equity trade which includes affirmation of Equity Trade, safe custody of Shares, and Management information System - As per approval for purchase or sale of the company's shares, quantity and price limit according to which Secretary of Investment committee, or Equity Trader affects the transaction through the approved brokers. - Before trading of shares Trader informed the operation section about Scripts, floor, ceiling and quantity intend to purchase or sale. After closing of trade a written Intimation slip is provided to operation section with above information. Operation Section affirmed the transaction in National Clearing Company Institutional Delivery System and confirmed that all the quantities and rates are within State Life's approved ceiling & Floor price net of commission. After affirmation the trade, Purchase and Sale Summary Report is generated from NCCPL system. The report is forwarded to F&A for payment or receipt from NCCPL after approval of Divisional Head Investment. - Broker calls to reconfirm the transaction, the commission rate and total payment due or receivable from them, the contract on account of purchase or sale is received from the respective broker. - The contract is then checked and verified. Operation Section enters the daily transaction into the transaction register, checks all documents such as invoice of broker, KATS sheet, contract and contract confirmation with respect to quantity, rate and amount, Operation section generates the contract confirmation and daily transaction report. AGM (Investment) signs the contract confirmation jointly with Manager Operation Section - Daily transaction report is prepared by Manager Operation, approved by Divisional Head Investment, and Executive Director/Chairman. - At date of settlement in case of purchase shares are delivered by NCCPL at our			

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CDC account similarly in case of Sale of shares delivery is made from our CDC account directly by NCCPL to concerned broker on transactions already affirmed. Operation section prints the CDC confirmation statement from CDS and sign. ➤ Office Assistants, enters the invoice in the share register and forward the same to accounts Section for processing. After receipt of CDC statement entries are made in shares ledger and reconcile the share balance of statement with ledger. ➤ Weekly and monthly transaction reports is also prepared which shows the year to date position of sale and purchase. Reconciliation of CDC statement with the portfolio prepared by Finance & Account section is made on monthly basis for control purpose. 5.15 Bonus Shares The purpose of this procedure is to ensure that the bonus shares are recorded according to the announcement of the Investee Company. This procedure is applicable to the Operations Section of Investment Division. The procedure is elaborated as under: ➤ Bonus shares are granted to the existing shareholders of the company. The entitled bonus shares credited to the CDC account of State Life on specific date announced by the company. ➤ Manager Operations Section generates the report from the CDC system online and checks the report with respect to quantity of shares held, rate of bonus and the number of bonus shares credited to State Life account. ➤ Official of Operations Section make entries in the share register and share ledger. A copy of report is placed in the transmission file with a copy marked to F&A Section for further recording in the accounting subsidiary ledger. 5.16 Right Shares The purpose of this procedure is to ensure that the investment in right shares is according to the approvals, properly documented. This procedure is applicable to Operation Section of Investment Division which includes affirmation of Equity Trade, safe custody of Shares, and Management information System Right Shares are offered to the existing Shareholders through notice of the company. The entitled unpaid right shares credited to Central Depository Account of State Life on specific date. Manager Operation Section submitted the notice to the Divisional Head Investment through a note, which include basic information e.g. no of shareholdings, rights offered to State Life, amount required for subscription of right, and last date of subscription. Investment Committee on the report submitted by Investment Division decides for subscribe or sale of unpaid right of the company. The criterion for purchase of shares is applicable on the purchase of right shares offered by a company. For purchase/sale decision, the approval is sought from the Chairman on the basis of recommendations of Investment Committee. If the decision to subscribe the right is made than approved, note sheet is forwarded to the Finance & Accounts section for preparation of cheque. After collecting, the Cheque from F&A, deposited it into authorized designated bank. If it is decided that Right Share are not subscribed, than Equity Trader sale the unpaid right in the secondary market at the approved rates.			

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Subscribed right Shares are credited in to the CDC Account of State Life at specific date. This is also entered in both register and Ledger of Shares. Note Sheet with approval of competent authority is filed in Transmutation file. Affirmation, custody and MIS procedure is followed as is being done in equity purchase. 5.17 Management of Proxies for voting at AGM & EOGM in various investee companies State Life holds share of companies listed at Stock Exchanges of Pakistan in its equity portfolio. This brought the right to Corporation to use voting rights with respect to election of its directors, to support election of other non-executive/independent directors, appointment of reputed auditors, change in capital structure, corporate restructuring, merger and acquisition, supporting proposals promoting transparency and accountability within corporate entities. State Life has the fiduciary responsibility to make use of voting rights of its investments according to the interests of the ultimate beneficiaries i.e. State Life Policy holders. The Corporate Governance department issues proxy to vote on behalf of the Corporation. The purpose of this is to outline procedures for issuance of Proxies to an external entity as per policy of State Life Insurance Corporation. Corporate Affairs Section of Investment Division is responsible for issuance of proxies to Officer of the Corporation or in favor of an external entity after due approval from competent authority. Once a company announce AGM, EOGM either for election of directors or to have resolution passed concerning to operation of company, appointment of auditors and seeking approval for merger and acquisition, the matter be reported to Divisional Head Investment with a recommendation to favor or oppose the resolution or to vote candidate(s) contesting for a seat in the Board. DH (Inv) forwards the recommendations along with suggestions for an alternative course of action submit the file to ED (Investment) and in case of election of Directors, to the Chairman for perusal and approval with State Life instance for the said elections. Chairman, may like to nominate State Life Officer to contest elections of the Board of a Company where State Life is holding substantial voting rights by virtue of holding shares in the said Company or may ask to obtain proxies from other institutional investor in favor of State Life so as to have substantial voting rights to win a seat on the Board of target company. Proxies may be issued to the Officers of the Corporation for attending AGMs of the companies in which we have holdings after due approval from competent authority. Holders of the proxy are properly instructed with regard to use of voting rights. A. Procedure for seeking Proxy from Institutional Investor State Life may seek proxy support from other instructional investors to raise joint minority/institutional voice with regard to above stated issues to protect the minority / institutional interest and may reciprocate the same support to such institutions on written requests from them. As an strategic objective, all financial institutions should pool, their voting powers and elect the maximum number of Directors to which they are so entitled.			

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Financial institutions should invoke any contractual rights which entitle them to appoint Directors in a company to which they have extended a loan. In deciding the aggregate number of Directors in respect of each company such situation may be avoided in which the financial institution have a majority on the Board of Directors without having managerial control. It is not the Government's policy that financial institutions should effectively take over the management of such companies where they could elect a majority of the directors on the Board. The institution to be represented and the officers to be appointed as Director shall be decided by mutual consultation of all the financial institution that have stake in the company. B. <u>Using of proxy in Board of Director's election and nomination of Directors:</u> In case any of NIT, EOBI, NBP and State Life has required holding to appoint Director, they should nominate their Officers for appointment as Directors. In other cases where EOBI, NIT and State Life can jointly appoint Directors, they pool their voting powers. Once a director is elected either through State Life own holding or through pooling of proxies, the authority of allocation of directorship rests with the Chairman, State Life who can himself hold such seat or can nominate any officer capable of holding such seat in order to protect the interest of the policyholders. The nominations to the Board of Directors of any company can be changed at any time with the approval of the Chairman. <u>6. Operating procedures for Investment in Real Estate</u> 6.1 Preamble This section of SOP concerned with Real Estate Investment as component of SLIC Investment Portfolio. It covers approach, strategy & classification of investment in Real Estate, its codal formalities for investment and contribution of Investment Division & Real estate Division in order to implement decisions pertaining for Real Estate Investment. It is pertinent to mention that affairs of Real Estate are being managed by Real Estate Division with defined policy and procedures as approved by the Board of Directors in various meeting. The most recent guidelines of the Board were communicated vide its 209th Meeting held on 22nd March, 2010. 6.2 Investment in Real Estate – Approach – Strategy & Classification. Investment Approach: The primary goal of investment in Real Estate is to provide: ▪ Image building of the Corporation ▪ Long Term Return on Investment ▪ Creating assets capable of providing hedge against inflation along with rental income. Investment Strategy: Assuring of 13% to 15% return on property investment, which is inclusive of unrealized capital gains as well.			

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Investment Classification: Investment in Real Estate is classified as Investment in Property and is reported at cost. 6.3 Investment Constraints for Real Estate Investment: ▪ The minimum investment should be Rs.100 million. ▪ The Corporation should purchase properties in urban areas where there is a market. ▪ Investment should not be made in hotels, warehouses and industrial concerns. ▪ All purchase will be made following PPRA rules. 6.4 MIS Report: A detailed report showing details of Funds required for the investment in real estate, IRR and payback period based on projected future cash flows is prepared by Investment Division to Chairman for further submission to the Board for its approval. 7. Finance & Accounts (F&A) section of Investment 7.1 Preamble This section of SOP concerned with the Finance & Accounts (F&A) operation i.e. financial settlement, external audit, internal audit, commercial audit. It also ensures that the accurate financial reporting to the concerned divisions. F&A (Investment) manages the total investment portfolio which includes funds placements with various financial institutions, equity portfolio, and money market portfolio. F&A (Investment) is also manages the new IT system, Ipams which is being implemented. 7.2 Money Market & Fixed Income • Purchase of Pakistan Investment Bond • Purchase of Treasury Bills Money Market section confirms the contract document, after results are announced by the State Bank of Pakistan. The contract document has the settlement amount to be paid to particular bank from the bid was accepted. Accounts Section ensures the balance in the working accounts is substantial to make the settlement. Accounts Section prepare RTGS (Real Time Gross Settlement) instructions addressed to the bank; duly signed by two authorized signatories of the Corporation to transfer funds through RTGS system to the respective primary dealer for settlement of PIB purchase. In the same letter instructions are also given to the primary dealer for transfer of PIBs to the respective IPS account. After the settlement is done by account section of Investment Division, all the relevant documents along with vouchers are sent to (IA & C) Division for post audit. F&A Sections follows the same procedure in case of purchase of Treasury Bills and the purchase in Government Securities through Secondary Market. 7.3 Bank Placements Money Section after obtaining the approvals from the competent authority (Chairman / Investment Committee) forwards the request for the placement of funds in bank to Accounts Section.			

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Accounts Sections ensure the approvals are in place (minutes of the meeting), prepares a "Payment Voucher" which provides the details of the bank where the funds are being placed and the bank from the funds are being withdrawn. The "Payment Voucher" is duly signed by the Account Section and Divisional Head (in his absence, AGM Investment) along with the copy of the decision are send to Pre-Audit (IA&C). While the "Payment Voucher" is audited, Accounts Sections requests for the working code from F&A Division through I.O.C. IA&C send the "Payment Voucher" directly to F&A Division for the preparation of the cheque. If IA&C objects, then the "Payment Voucher" is return to the Investment Division for rectification. F&A Division issues cheque from the withdrawing bank and send to Accounts Section to be signed by the two authorized signatories. Accounts Section ensures if the funds are being placed in bank where SLIC does not have any account, proper documentation is provided to the bank for account opening. The bank after the account opening provides the cheque book to Accounts Section, which is delivered to F&A Division under I.O.C. Cheque books are kept under lock and key with the F&A Division. Cheque and letter in which the terms and conditions are prescribed are given to the bank representatives. Receiving from the bank representative are taken on the "Payment Voucher". Payment Voucher is send back to F&A Division. If the funds are placed in the 1 year term deposit, Account Section ensures after the clearance of the cheque, term deposit receipt is obtained from the bank for our records which confirms the placement date and maturity date. If the funds are placed in the daily product account, Accounts Section ensures that the statement of account is received from the bank, confirming the cheque has been realized. At the start of every month, Accounts Section obtains statement of accounts from all the banks where daily products are maintained (except from HBL & UBL). Reconcile the profit paid by the bank as per the agreed rate of profit. It is the practice to withdraw the profit credited every month in the daily product accounts through two options. After receiving the statement of accounts, and reconciling, "Payment Voucher" is prepared to withdraw the profit from the bank. "Payment Voucher" is duly signed and sends to F&A Division for the preparation of the cheque and profit withdrawal requires no pre or post audit. The profit is withdrawn through cheque issued by the F&A Division. Second option is letter is issued to the concerning bank to issue a pay order in favor of <u>State Life Insurance Corporation of Pakistan</u> for the profit amount. The letter is duly signed by the authorized signatories. The pay order is deposited in the working accounts of SLIC. Same procedure is followed each month to withdraw the profit of the daily product accounts.			

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If the bank changes the profit rate and SLIC is notified in writing, Accounts Sections informs the Money Market Section to take the matter with the higher authorities either to continue the account or make withdrawal. If the funds are placed in the 1 year term deposit, upon maturity the funds along with the profit are withdrawn from the bank and request for the renewal is received from the bank which is put forward to the competent authority for decision. 7.4 Equity Section: Payments: - The payments are for the purchase of shares to the brokers, investments through banks, with-holding tax & CDC charges. The vouchers are prepared on the basis of approval of competent authority for payment of certain amount on account of above said payments through respective accounting code numbers. Voucher is signed by the preparer, checked by accounts person and approved by D.H. All relevant supports are attached duly approved and sent to IA&E for audit purpose. Pre-audited voucher is sent to Manager (F&A) P.O. for preparation of payment cheque. The cheque is signed by the authorized signatories of respective bank. Shares purchase voucher is prepared in the name of approved broker for the amount of approval by ED (Investment) after deducting with-holding tax (no tax is being deducted under present Income Tax Rules). Payment for various investments like PIB purchase, TFC, Debentures etc is made after necessary approval of the competent authority. Payments for purchase of T-Bills are made through letter to the dealing bank where State Life account is maintained. Duramy voucher is prepared after wards which are not being post audited for record. Deposits in banks and transfers of funds from one bank to the other is made through payment voucher and issue of cheque but not audited by our IA&E Division due the reason that such vouchers is only the transfer of fund from one bank to the other and hence it is not an investment. Intra bank transactions i.e. transfer of funds from one account to the other in the same bank is made through JV on the basis of bank advices. CDC charges are paid after receiving the monthly bill from CDC duly checked by the Shares Section with respect to the rates and values duly approved by DH. Payment of weekly with-holding tax to SBP through crossed cheque. Consolidated challan is prepared and a list of name and amount for each party is attached with the challan. Copy of duly stamped challan from SBP is provided to the respective parties on their demand. Receipts: - Separate receipts are prepared for each cheque / pay order / DD received to this Division. Collections are dividend, interest coupons of PIB, FIB, SGB, TFC, sale of shares and other securities, maturity of investments. The deposits made directly into the bank account are processed through JV duly approved by the In charge F&A.			

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7.5 Bank Reconciliations: All bank accounts are reconciled on monthly basis. One collection account is linked with F&A. P.O. disbursement accounts and the bank transfers funds from one account to the other as per requirement of funds and makes the balance of disbursement account as Nil at the end of each day. A cash book is prepared at F&A. P.O. on monthly basis which includes all movement of funds from Investment account and other related accounts. JV is prepared by F&A Division for the total amount of debit/credit in each account. Bank statement and advices are obtained on fortnightly basis. JVs are prepared for the bank charges debited as per bank statement on account of cheque collections, custodial charges etc. Similarly for the credits on account of interest on deposits are accounted for through JVs. Corrections are also made through JVs. 7.6 Quarterly closing – Trial Balance & Schedules: On the basis of data feeding in the main frame computer, the ledger account and trial balance is prepared. The Trial Balance is combined for F&A Division and Investment Division, however, the expenses are segregated by using suffixes after the expense code. The balances of each account (except expenses) are checked and verified by preparation of detailed schedules for each type of investment with face value, date of issue and earnings, amount received as interest or maturity and interest outstanding. These schedules are prepared separately on spread sheet and the balance is to agree with the ledger. In case of difference, reasons are noted and mistakes if any, in ledger like wrong coding or amount is corrected through JVs to be accounted for in the second ledger of the same quarter or in case the correction is required in second ledger, the correction is processed in the subsequent quarter. 7.7 Annual closing – Trial Balance & Schedules: Similar to the quarterly closing, the annual closing is carried out with the difference that annual accounts and schedules are audited by statutory auditors and relevant notes to the Corporation's accounts concerning this division are also prepared and submitted to the Auditors for their verification and publishing in the annual report of the Corporation. In the similar way, Commercial Audit also conduct annual audit of the Corporation's accounts for which Division is also audited. Accounts Sections provides monthly inflow of funds from PIB Coupons, PIB maturity, TFC instalment, TDR maturity and other sources to the D.H for better decision making. Accounts Sections also ensure, that all the inflow is received by the concerning bank on time without the delay. 7.8 Budget Investment Division prepares three segments of annual budget:- [1] Income/Revenue Budget [2] Capital Expenditure Budget [3] Expense Budget The Income/Revenue Budget is developed on the prescribed format set by the F&A Division. It provides future income expected in the assets class of Investment portfolio along with the expected yield. F&A of the Investment Division also provides the variance in the income budget from time to time. Capital Expenditure budgets the physical items required by the Investment Division for the purpose of smooth functioning and efficiency improvement. Expense Budget is allocated to the Investment Division by F&A on yearly basis. This budget includes all Conveyance, Entertainment, Overtime/Honorarium/Travelling, Law Charges, Other Professional charges, Book & periodicals, Bank Charges including CDC and Conference and meetings.			

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Any staff or officer claiming any reimbursement from any head of the budget is approved by the D.H and signed off by the Manager (F&A). Any shortfall in the budget, Investments sends request to F&A Division to provide additional budget, this only occurs on the unexpected expenses increase as compared to the allocation. 8. Conclusion The Standard Operating Procedures are developed with the help of existing insurance rules and regulations and the decisions of the Board of Directors from time to time. The existing procedures and practices are compiled together to make a reference document for the purpose of Audit and Compliance. This also ensure adherence to the rules in vogue. As a single reference document of Investment Division, it will stream line the processing, record keeping and reporting systems more efficient, time saving and cost effective. It will create better internal controls and the procedures will provide a guidance for processing the papers, documents and files in the Investment Division. The observation of the Auditors on the accounts of the Corporation for the year 2012 and directives of Board Audit Committee to comply with these observations necessitated the preparation of a document by Investment Division which covers almost all functions of the Division. Due to non-availability of the Chairman and the Board of Directors of the Corporation, the Board meetings could not be held for more than one and half year due to which said SOP could not be submitted for its approval. Now, the same is being submitted to the 1st Investment Committee meeting of the Board of Directors and after getting the recommendations, the same will be submitted to the Board of Directors in its forthcoming meeting. By the approval of this document, the observation of the auditors will then be cleared. Not a single document is considered final and the possibility of improvement is always there. It is suggested that the document under consideration needs to be reviewed for every three years or as and when required, so as to update it with the latest practices and incorporation of rules/regulations in vogue. It is anticipated that this document will improve the performance of Investment Division and will help to standardize the procedures with the knowledge of all the concerned officers and staff. Any change in the staff allocation will not directly affect the working of the Division and this reference document will serve as a guide and directives in all the respective areas. It will facilitate the Audit function, as all the transactions will be matched to the standard procedure and any deviation from the standard will be pointed out without delay for making remedial actions and to avoid future audit observations.			

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9. <u>Summary of Laws and Regulations – Enclosures</u>			
S.No.	Enclosure	Annexure	
1.	Life Insurance (Nationalization) Order, 1972	A	
2.	SRO 309(K)/70 issued in 1970 as amended in 1976	B	
3.	Insurance Ordinance 2000 <i>Section 32: Admissible Assets</i>	C	
4.	Insurance Rules 2002 <i>Rule 6: Assets to be invested in securities</i>	D	
5.	SECP (insurance) Rules 2002 <i>Investment Limits</i> as amended in 2012	E	
6.	Ministry of Finance Circular No. F.4(1)/2002-BR-II dated 2 nd July 2003	F	
7.	Investment Policy 2003	G	
8.	Delegation of Financial Powers	H	
9.	Powers of Chairman as approved by the Board	I	
10.	Powers of Executive Director (Investment) as approved by the Board	J	
11.	Board's decisions made from time to time:		
i.	147 th meeting of the Board held on 26 th , 27 th & 28 th July 1999 for formation of Investment Committee.	K (i)	
ii.	269 th meeting of the Executive Committee held on 1 st August 2002 for explanation of brokerage house for shares trading	K (ii)	
iii.	176 th meeting of the Board held on 3rd April 2004 for selection criteria of Bank for placement of funds.	K (iii)	
iv.	209 th meeting of Board of Directors held on 22 nd March 2010 for finalization of Investment Policy for Real Estate Division	K (iv)	
v.	215 th Meeting of Board of Directors held on 19 th October 2010 for Investment Procedure	K (v)	
vi.	234 th meeting of the Board of Directors held on 3 rd March 2014 to authorized Investment Committee for Bank Placement	K (vi)	
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Annexure-G

MINUTES OF 52ND MEETING OF BOARD AUDIT COMMITTEE HELD ON 06-03-2015 AT KARACHI.

The 52nd meeting of Board Audit Committee of State Life Insurance Corporation of Pakistan was held on 6th March, 2015 in the Board Room, 3rd Floor, State Life Building No. 9, Dr. Ziauddin Ahmed Road, Karachi.

Following members attended the meeting:

Mr. Saeed Ahmed Chaman	Member / Chairman
Mr. Saad Amanullah Khan	Member
Mr. Azher Ali Choudhry	Member
Mr. Muhammad Sohaib Usmani	Secretary

The following officers also attended the meeting:

Mr. Ajaz Ali Khan	Executive Director (P&GS/F&A)
Mr. Muhammad Rashid	General Manager (F&A)
Mr. Attaullah Rashid	General Manager (Investment)
Mr. Saleem Khaliq	General Manager (I.T)

The representatives of Statutory Auditors M/s. Riaz Ahmad & Co. and M/s. BDO Ibrahim & Co. Chartered Accountants also attended the meeting on special invitation.

The Board Audit Committee was informed that Mr. Altaf Ahmed Shaikh, the former Secretary of B.A.C, has been transferred from State Life Insurance Corporation of Pakistan and Mr. Muhammad Sohaib Usmani, D.G.M/Divisional Head (IA&C) will now act as Secretary of the Board Audit Committee. The B.A.C appreciated the contribution of Mr. Altaf Ahmed Shaikh in looking after the affairs of B.A.C in efficient and effective manner being the Secretary of the Committee.

The Board Audit Committee deliberated upon the following items:

Agenda Item 1: To approve the minutes of 51st B.A.C. meeting and review the progress on implementation of 48th, 49th, 50th, 51st B.A.C meetings

The minutes of the 51st BAC meeting held on 23rd December, 2014 were placed before the Committee and the same were unanimously approved.

(i) To Consider the Appointment of Statutory Auditors for the Audit of State Life for the year 2014

The General Manager (F&A) informed the committee that appointment letters have been issued to M/s. Riaz Ahmed & Co. and M/s. BDO Ibrahim & Co. Chartered Accountants for Pakistan Business for the year 2014. Appointment letter to M/s. Nabeel Al-Saie has also been issued.

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<u>The B.A.C directed that the task of revision in delegation of financial powers may be completed latest by 10th May, 2015 and be submitted to the Board Audit Committee.</u> (v) <u>Calendar of Events for Submission of Quarterly Accounts of the Corporation</u> The G.M (F&A) explained that the main problems at F&A Division is a narrow gap between business closing and cutout date for submission of quarterly account. Consolidation of more than 36 trail balances at Principal office through PC is time consuming. Marketing Division is not prepared to close the month on the 25th due to Marketing Strategy. F&A Division is holding meetings with I.T Division so that they can make such a system for consideration of Trial Balances of all accounting centre at I.T Division, leaving enough time to prepare and submit the quarterly accounts to B.A.C. The G.M (F&A) further apprised the B.A.C that the time stipulated for submission of quarterly accounts to SECP is six (6) weeks but every time SLIC requested for extension of two (2) weeks due to preparation of trial balances at Zonal level and later on its consolidation in Principal Office on Corporation basis. This problem can be resolved after implementation of proper ERP system in SLIC. <u>The B.A.C directed that quarterly accounts be submitted to S.E.C.P as early as possible but not later than eight (8) weeks in any case and system may be mechanized in such a manner that the accounts may be submitted to the S.E.C.P within the stipulated time of 6 weeks. Efforts may be taken to submit the accounts to B.A.C prior to its submission to S.E.C.P.</u> (vi) <u>Impairment in other fixed Income Securities</u> The BAC was informed that on the directives of 230th meeting of BoD held on 4th December 2012, in which the board resolved settlement package in respect of COIs of Rs.100 Mn from FDIBL: <table> <tr> <td colspan="2">Received</td> </tr> <tr> <td>Interest Already Received</td> <td>Rs. 4.378Mn</td> </tr> <tr> <td>Upfront Cash Payment (Part of Agreement)</td> <td>Rs.20.00 Mn</td> </tr> <tr> <td>Total (Received)</td> <td>Rs.24.378 Mn</td> </tr> <tr> <td colspan="2">Payable</td> </tr> <tr> <td>Residential Flat Price</td> <td>Rs.4.500Mn</td> </tr> <tr> <td>Shares of Burj Bank Shares (=8.4=Mn@10.00)</td> <td>Rs.84.00 Mn</td> </tr> <tr> <td>Total</td> <td>Rs.88.500 Mn</td> </tr> </table> The following amount remains outstanding: <table> <tr> <td>Shares of Burj Bank (8.4 Million @ Rs.10/-)</td> <td>84.00 Mn</td> </tr> <tr> <td>Settlement Amount (Outstanding)</td> <td>84.00 Mn</td> </tr> </table> The Suit No. 1754/2009 was, therefore, decreed in terms of the "Settlement Agreement" vide order/decreed dated 01-02-2013 by the Honourable High Court of Sindh. FDIBL failed to comply with the terms and conditions of the settlement agreement, SLIC submitted execution application No. 4/2014 in the Honourable High Court of Sindh. The				Received		Interest Already Received	Rs. 4.378Mn	Upfront Cash Payment (Part of Agreement)	Rs.20.00 Mn	Total (Received)	Rs.24.378 Mn	Payable		Residential Flat Price	Rs.4.500Mn	Shares of Burj Bank Shares (=8.4=Mn@10.00)	Rs.84.00 Mn	Total	Rs.88.500 Mn	Shares of Burj Bank (8.4 Million @ Rs.10/-)	84.00 Mn	Settlement Amount (Outstanding)	84.00 Mn
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Honourable High Court of Sindh in its hearing on 18-11-2014 has ordered the Nazir to execute sale deed of the residential flat before 03-12-2014 otherwise the FDIBL will be penalized by the court. On 05-12-2014, sale deed was executed in favour of state life. On 14-01-2015, the Honourable High Court of Sindh issued instructions to CEO B.R.R Modaraba to transfer equal to 8.4 Million shares of Burj Bank Limited in the CDC account of SLIC within 7 days of the order. <u>Since matter has already been discussed in Board Investment Committee, therefore, B.A.C noted only compliance report submitted by investment Division.</u> (vii) <u>Subsidiary records of "held to maturity" investments and discrepancies in PIB Schedules</u> The G.M (Investment) informed the Board Audit Committee that IPAMS-Sidat Hyder-Information Solution for investment management has been implemented in the investment division and is being parallel to the existing system. Certain issues have been highlighted to the I.T Division which is closely working with users of the investment division. It has been assured by the I.T Division and IPAMS developers that it will provide all support till the investment division is fully satisfied with the software. Since investment data is sensitive and confidential, daily work is being done on both systems and by January 1st 2015, investment division will migrate to the IPAMS. Whereas, the PIB schedules for the year 2014 has also been prepared on the new system duly reconciled with ledger balance which will be checked and verified by the External Auditors at the time of annual audit 2014. <u>The B.A.C noted the status and directed to GM (Investment) to arrange a meeting of M/s. Sidat Hyder Morshed Associates (Pvt) Ltd. with B.A.C in its next meeting.</u> (viii) <u>Investment of funds without having Standard Operating Procedures (SOPs)-Investment Division</u> The G.M (Investment) informed the B.A.C that detailed SOP has been prepared by the investment division covering all aspects of the investment. All the investment activities have been included in the SOP in the light of approved investment strategy by the Board. It also covers directives of Ministry of Commerce, Ministry of Finance as received time to time. Each department of the investment division has been given its activities and procedures in the SOP. The committee was also informed that SOP will be placed before the BoD in its next meeting for approval. <u>Since matter has already been discussed in Board Investment Committee, therefore, B.A.C noted only compliance report submitted by investment Division.</u> (ix) <u>Staff retirement benefits</u> The G.M (F&A) briefed that the amount of full liability against staff retirement benefit has been provided in accounts for 2011 and 2012 (restated) and accounts-2013 after obtaining approval from SECP for excluding the amount from calculation of renewal expense ratio in the year 2013. <u>The B.A.C noted the latest status.</u>			

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(x) <u>Taxation</u> It has been informed by the G.M (F&A) that F&A Division is persuading the matter with Tax Authorities for early settlement of issue. <u>The B.A.C directed G.M(F&A) to take up the matter with tax authorities for early refund/adjustment against future tax liabilities.</u> (xi) <u>Anti-fraud Programs and controls</u> It was dealt as separate agenda item No. 4. (xii) <u>Reserve for refund of premium to State Life Field Workers Federation of Pakistan</u> The G.M (F&A) apprised the B.A.C. that a committee under the convenorship of the Divisional Head (Marketing) was constituted by P&GS Division vide order dated 1st February, 2013 for processing the formation of Field Workers Welfare Trust in consultation with Field Federation. <u>The B.A.C directed the management to resolve the issue at the earliest and compliance report be submitted to B.A.C accordingly.</u> (xiii) <u>Disclosure of related party balances and transactions</u> The B.A.C was informed by the G.M (F&A) that SLIC is already reporting such balances and transactions with entities having common director(s). The preparation of mechanism is in progress and would be implemented in coordination with the concerned divisions and the statutory auditors. He further informed that there is no rule available of SECP on this issue. <u>The Board Audit Committee, however, directed GM (F&A) that the detailed SOP may be prepared in consultation with External Auditors and same should be submitted in next B.A.C meeting.</u> (xiv) <u>Share capital and reserves</u> The G.M (F&A) informed that in 235th meeting of BoD held on 1st December, 2014, the BoD approved the transfer of government share of dividend for the year 2011, 2012 and 2013 of Rs.447.40 million, Rs.676 million and Rs.776.6 million totaling Rs.1.9 billion to increase in paid up capital to Rs.3,000 million to meet the requirements of U.A.E Government for all Insurance Companies. A letter has been written to SECP on 29.12.2014 for issuance of "No objection letter" to GoP regarding increase in authorized and paid up capital of SLIC to Rs.4.0 billion and Rs.3.0 billion respectively. <u>The B.A.C noted the latest status and further no action is required.</u>			

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(xv) <u>Write back of claims outstanding for more than three years</u> The B.A.C. was apprised by the G.M(F&A) that SLIC is in constant contact with SECP for amending its circular to the extent of allowing to write back the unclaimed amounts which are outstanding for three years. This amendment is necessary to avoid income tax complication of adding back the full liabilities for taxation purpose. <u>The B.A.C. directed that the matter may be taken up with SECP for early settlement of the issue and its compliance may be submitted to B.A.C subsequently.</u> <u>Any other items relating to compliance of previous B.A.C meetings were deferred with the direction that only those items should be submitted in future to B.A.C meeting which require directives/recommendations of the B.A.C.</u> <u>Agenda Item 2: To Review the draft policy/SOPs for making provision and Identification of contingent liabilities</u> Executive Director (F&A) presented the Memorandum on Revision in Policy/SOP for making provision and identification of contingent liabilities regarding review of its recommendations given to the Board of Directors, which resulted in approved SOPs approved in the 234th meeting of Board of Directors held on 3rd April, 2013. The request has been made to reconsider the increment period of provision and total period of full provision. B.A.C was informed that in the approved policy, the Board has approved to increment the provision after every six months so that provision is completed in 1-1/2 years. It is now proposed that the provision may be annual increment so that the complete provision is made in three years' period. The Executive Director (F&A) further stated that the said approved period is quite rigid and may not be in favour of SLIC for the reasons stated in the Memorandum to Board of Directors. <u>The Board Audit Committee recommended the draft policy/SOPs for making provision and identification of contingent liabilities to BoD subject to the condition that the subject policy is not in conflict with any provision of IAS.</u> <u>Agenda Item 3: Appointment of Auditors for the year-2014-Greivances of M/S Sajjad Haider & Co. Chartered Accountants, Dubai</u> The Executive Director (F&A) presented before the Board Audit Committee a Memorandum regarding grievances of M/s. Sajjad Haider & Co. Chartered Accountants, Dubai. On the recommendation of BAC, the BoD in its 237th meeting held on 29th December, 2014, approved the panel of statutory auditors for the audit of accounts-2014 as under: a. M/S Riaz Ahamad & Co For Pakistan Business b. M/S BDO Ibrahim & Co For Pakistan Business c. M/S Nabeel Al-Saie For Gulf Zone			

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	The E.D (F&A) stated that the outgoing firm, M/s. Sajjad Haider & Co. at Dubai has some reservations regarding replacement of their firms with M/S Nabeel Al-Saie. Their partner, Mr. Shahab Haider met the Chairperson on 15th January, 2015 and explained her feeling of the firm regarding disengagement of their firm from SLIC and giving the assignment to a firm to which one of their terminated partner had joined. Followed by this meeting, they addressed a letter dated 18th January, 2015 to Chairperson of SLIC, stating that: i) The firm has been providing professional services to SLIC since inception of Gulf Zone and had obtained SLIC's license in Dubai by a special ruler's decree in 1978. ii) Mr. Muhammad Nafees was one of their partners, who was terminated by the firm in 2014 due to some financial matters and a new Engagement Partner, Mr. Shahab Haider, was assigned to SLIC iii) They have extensive experience in insurance and underwriting and SLIC would have been in better position to utilize their expert services. iv) The withdrawal of their company has put them in an awkward position. Keeping in view the grievances of M/s. Sajjad Haider & Co. Dubai, the Executive Director (F&A) in his memorandum dated 16th February, 2015 proposed that SLIC may write a letter to M/s. Sajjad Haider & Co. recognizing and appreciating their efforts, contribution and services towards supporting our Gulf Zone in obtaining license, other matters and long association with our Gulf Zone since its inception. It is further submitted that SLIC may request M/s. Nabeel Al-Saie, Dubai deputing any other engagement partner except Mr. Muhammad Nafees so that the impression of M/s. Sajjad Haider that SLIC has appointed M/s. Nabeel Al-Saie only for Mr. Nafees, may be defused. <u>The B.A.C. observed that there is no need to write a letter to the M/s. Sajjad Haider & Co. and ratified their earlier decision of appointment of M/s. Nabeel Al-Saie, for Gulf Zone. However, B.A.C directed that M/s. Nabeel Al-Saie may be advised to depute any other engagement partner, if possible, for SLIC except Mr. Muhammad Nafees.</u> <u>Agenda Item 4: To consider recommendation on Anti-Fraud Program and Whistle Blowing Policy</u> The Divisional Head (IA&C) presented Anti Fraud Program and Whistle Blowing Policy of SLIC before the Board Audit Committee for consideration and approval. <u>The B.A.C recommended the Anti-Fraud Program and Whistle Blowing Policy of State Life Insurance Corporation, and directed that the same may be placed before BoD for their approval.</u> <u>However, the B.A.C. suggested that no anonymous complaint shall be entertained by the management.</u> <u>Agenda Item 5: To Review the Audit Reports up to 3rd Quarter, 2014</u> The Divisional Head (IA&C) apprised the Board Audit committee that during the 1st, 2nd and 3rd Quarters, 2014 approximately 314,238 Vouchers were pre-Audited, among these around 5262 Vouchers on year to date basis were found deficient. As a result of Pre Audit activities, Excess payment of Rs.20,034,167/- was avoided and short payment of Rs.13,624,744 were detected during the 1st, 2nd and 3rd quarter, 2014.		

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He further informed that observations raised by Internal Audit are categorized as Highly Significant, Significant and Non-Significant, the errors pointed out by the auditors, having financial impact equal to or more than Rupees One hundred thousand are termed as Highly Significant and 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. As per practice explanations shall be called from approving authorities / responsible officials having committed highly significant errors, warning letters shall be issued to responsible officials having committed significant errors and respective divisions shall be asked to take corrective measures to mitigate non-significant errors. As mentioned above, the necessary explanations and warning letters were issued to the officials through their concerned Divisions, who committed errors/irregularities. The B.A.C was also informed that post audit activities have also been started and the compliance report in this respect shall be submitted to the Board Audit Committee in due course of time. <u>The Board Audit Committee has shown their satisfaction on overall audit function of IA&C Division as well as the summary of pre-audit report submitted to them.</u> Agenda Item 6: <u>Meeting with Statutory Auditors</u> The representatives of Statutory Auditors M/s. Riaz Ahmad & Co. and M/s. BDO Ibrahim & Co. Chartered Accountants were invited for an exclusive meeting with the Board Audit Committee. After having meeting with External Auditors, the Board Audit Committee asked the latest status on the following issues: i) Delay in implementation of ERP System ii) Impairment in available for sale equity securities i) <u>Delay in implementation of ERP System</u> The Divisional Head (I.T) was invited for explaining the current status of implementation of ERP system. He stated that the implementation of pre-packed software provided by M/s. Sidat Hyder Morshed Associates (Pvt) Ltd. (SHMA) is under way. The live implementation of ILAS module (for individual insurance) has commenced at Karachi (Southern) Zone. He further apprised the committee that the deadline for implementation of ERP system was fixed as 31-03-2015. The G.M (I.T) informed the B.A.C that BoD approved fifteen (15) I.T professional of ERP against which thirteen (13) were inducted in 2010; out of them eight (8) left state life and only five (5) I.T professional are working on ERP system since 2012. He informed the Committee that deficit in manpower is one of the major delay in implementation of ERP. On the directives of B.A.C, the Chairperson SLIC was specially invited to give her views on the ERP System. The Chairperson informed the committee that there were some			

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payment issues of M/s. Sidat Hyder which have been settled now. It was further apprised that there are some PHS related problems in Individual Life side and the vendor has been asked to give a detailed presentation in this regard. It was also informed to the Committee that the advertisement is under way for appointment of I.T professional for early implementation of ERP system. <u>The B.A.C directed Divisional Head (I.T) that emphasis may be given on quality ERP System and realistic time frame for completion/implementation of ERP system may be given and an exclusive meeting with M/s. Sidat Hyder Morshed Associates (Pvt) Ltd. may be arranged along with a detailed presentation to B.A.C in its next meeting.</u> ii) <u>Impairment in available for sale equity securities</u> The Board Audit Committee informed the management about the concerns of External Auditors on the impairment in available for sale equity securities. The Divisional Head (F&A) apprised the committee that this matter was discussed with the Securities and Exchange Commission of Pakistan on different occasion and eventually SECP vide letter dated May 12, 2011 clarified and allowed the Corporation to continue to account valuation of its available for sale investments on aggregate basis till further clarification from the Commission on the subject matter. The G.M (F&A) provided the said letter of SECP during the meeting to the Committee for its perusal. <u>The B.A.C directed G.M (F&A) that the Committee has no objection to follow the existing practice if this is not in contravention with any provision of IAS. The Committee further directed G.M (F&A) to submit detailed position paper in the next B.A.C meeting.</u> <u>The B.A.C also directed G.M (F&A) that the pending Audit paras of Commercial Auditors may be placed in the next meeting of B.A.C</u> <u>Agenda Item 7: Any other item with the permission of the chair (Approval of Annual Accounts of SLIC for the year-2013)</u> The Executive Director (F&A) presented the Memorandum dated 05-03-2015 to the Board Audit Committee containing the detail as under: The Board of Directors approved the Annual Accounts of SLIC for the year 2013 in its 236th meeting held on 9th December, 2014. However, at that time the SECP had not ratified the constitution of the Board of Directors and while examining the Accounts that: "The financial statements of the entity have been signed by its directors on December 9, 2014, whereas the application for the appointment of signatory directors, under the sound & prudent management regulations 2012, were sent to SECP in January, 2015, hence a post facto regulatory permission needs to be sought, to render the authenticity of financial statements appropriately worthwhile, in the regularity perspective." In order to resolve the above stated observation, the matter was discussed with SECP and they agreed that the endorsement of Board of Directors of its earlier decision of approval of accounts for 2013 will be sufficient for them.			

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Members of the Board Audit Committee may kindly recommend to the BoD for endorsement of its earlier decision of approval of Annual Accounts for the year 2013, including policyholders bonuses. <u>The Board Audit committee endorsed its earlier decision of approval of annual accounts for the year 2013 including policyholders bonuses and directed that matter may be placed before the BoD in its next meeting for ratification.</u> Sd/- (Mr. Saeed Ahmed Chaman) Chairman, Board Audit Committee KARACHI March 09, 2015			
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Annexure-H

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

1. 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.

2. 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, whether 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.

3. The committee held several 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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4. <u>Classification of Receivable:</u> Division/zone-wise main categories of receivables are as under: a. <u>P&GS Division/Departments at Zones (including GS and Medical Department):</u> 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. <u>Marketing Division/Agency Admin. Department at Zones</u> 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. <u>PHS Division/Department at zones:</u> i) Policyholders' payments defalcated by employees ii) Any other (such as over-payment) d. <u>F&A Division/Department in zones</u> i) Sundry debtors (such as over-payment/fraudulent withdrawal of cash or cheque. e. <u>Real Estate Division/Offices at Lahore & Islamabad</u> i) Outstanding rents from tenants ii) Outstanding utilities charges from tenants iii) Advances to contractors/outsideers iv) Advances for expenses to employees			

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	v) Loans and advances to employees vi) Sundry debtors f. <u>Investment Division</u> 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. <u>Group & Pension Division/zones</u> i) Outstanding premium – premium billed but not received ii) Loans and advances to employees iii) Sundry debtors 5. <u>General Guidelines for identification of bad debt (uncollectible) and provisioning:</u> a. All receivables/debt securities shall be reviewed on yearly 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. 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.		

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	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 one year, 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 one year 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. 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 3 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. 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.		
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6. Schedule of Provisions:

Class of Receivable	Period of default & rate of provision		
	On completion of		
	1 Year	2 Year	3 Year
All sort of receivable	20 %	30 %	50 %
Policy payment defalcated by fiel 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 %	-

7. Policy of writing off bad debts:

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

8. Reinstatement of provisions/written off bad debts:

- 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.

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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. 9. <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 yearly review will be made 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 on yearly 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 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.			

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	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 on yearly basis after putting them in watch list. xiv) In case the period of default goes beyond one year, 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 for one year and when the default continues for one year, 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.		

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	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 one year 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 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.		

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	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. <u>SOPs for F&A Division/Department at zones:</u> 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.,		

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	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. <u>SOPs for Real Estate Division:</u> 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. iii) In case a tenant vacates the premises without intimation and without clearing his dues, following action will be taken: - o Efforts will be made to locate the whereabouts of the tenant - o In case the whereabouts is ascertained, efforts be made to recover the amount. - o In case their whereabouts are not ascertained, then after a period of 3 years, the amount will be written off, if the tenants dues are less than Rs.200,000/-. - o 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 on yearly basis. Booking of rent income will be stopped after one year from the day 1 of default. However, memorandum record of booking of income will be continued.		

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	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 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.		

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	iv) In case premium of a group policy remains outstanding, the premium should be kept in watch on yearly basis. v) In case the group premium is outstanding for more than one year, 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 one year afterwards from the due date. iii) Income on all non-performing debt securities/loans should not be accrued after one year 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. 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.		

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	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: - o 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. - o 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) Fair valuation of equities: 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 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. 10. 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.		

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	(i) 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. (ii) 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 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.10.0 million will be approved by the Chairman State Life with the recommendations of the concerned ED and ED (F&A). The amount exceeding Rs.10.0 million shall be got approved from the Board. However, if there is immediate order by the court to pay amount exceeding Rs.10.0 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>Writing back of policy claims and reinstatement of all liabilities, if claim arises:</u> i) Policy claims which are outstanding for three or more years shall be written back, as per current policy i.e. by debiting to Claims Reserve Account and crediting Unclaimed Outstanding Maturity/Death Claim into Income Account.		

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ii) In case a policyholder/claimant approaches the zonal office for payment of claim, which was previously written back, and the Claims Department is fully satisfied with the genuineness of the claim and claimant, the written back claim be reinstated and payment of reinstated policy claim be made by debiting Unclaimed Outstanding Maturity/Death Claim into current year expenses and crediting to Claims Reserve Account. c) <u>Writing back of outstanding liabilities and credit balances and reinstatements:</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". d) <u>Financial authority to approve payment of reinstated liabilities:</u> Reinstatement of liabilities including policy claims previously written back, will be made after taking approval of ED (F&A) for amount upto Rs.1.0 million and from Chairman for amount exceeding Rs.1.0 million. *****			
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Annexure-I**ANTI FRAUD POLICY**

The incidents of fraud, forgery and misappropriation are one of the risks of insurance business. The management of this specific operational risk is as important as other risks, not only to avoid losses, but most importantly to retain trust of the policyholder and stakeholders. Therefore, it has always been important for Corporation to take necessary preventive measures to reduce the chances of frauds. It is a well-known fact that occurrence of frauds is usually due to insufficient controls and/or ineffective implementation of controls. Therefore, the chances of frauds can only be minimized through properly structured and effectively implemented systems and controls keeping this in view, the BOD and Senior Management of State Life Insurance Corporation have placed significant emphasis on the adequacy of strong systems and controls while formulating policies and procedure for various Corporation activities/operations. This will help to protect Corporation's revenue, information, property and all kind of assets from attempts of frauds, forgeries and embezzlement by the internal and external people.

1. Objective:

1.1 Organization takes pride in its reputation for dealing with its stakeholders with integrity and respect. The SLIC has ensured that all employees while discharging duties uphold institution core values, act with utmost care and prudence, protect the interests of institution and maintain a cooperative, efficient, positive, harmonious and productive work environment.

2. CONCEPTS OF FRAUD, FORGERY & EMBEZZLEMENT

The terms fraud, forgery and embezzlement are usually used synonymously. Therefore these terms have been defined to explain their concepts to the employees of the Corporation so that they have clear understanding of fraud, forgery and embezzlement. This will create awareness among the employees and also help them to identify any suspicious activity.

2.1 FRAUD

2.2 A generic term, embracing all multifarious means which human ingenuity can devise, and which are resorted to by one individual to get advantage over another by false suggestion or by suppression of truth, and includes all surprise, trick, cunning, dissembling, and any unfair way by which another is cheated. "Bad faith" and "Fraud" are synonymous, and also synonyms of dishonesty, infidelity, faithlessness, perfidy, unfairness, etc.

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2.3 Some common definitions of fraud are:

- a. Intentional deception resulting injury to another person
- b. Intentional deception designed to secure an unfair gain such as deprived another party out of money
- c. A deceitful practice or device resorted to with intent to deprive another of property or other right
- d. An intentional misrepresentation, concealment or omission of material facts done with the purpose of deceiving another which causes detriment to that person
- e. The crime of obtaining money or some other benefit by deliberate deception;
- f. Any form of deceit, tricky, breach of confidence or misrepresentation by which one party attempts to gain some unfair or dishonest advantage over another;

2.4 FORGERY

2.5 Forgery is the process of making or altering documents or objects with the intention to deceive other person(s). The term forgery is defined as the act of criminally making or altering a written instrument/ document for the purpose of fraud or deceit. It may also be defined as "the fraudulent making and alteration of writing to the prejudice of another person's right".

2.6 Some definitions of forgery are given below to further elaborate the concept of forgery:

- a. The fraudulent signing of another's name to an instrument such as a deed, mortgage or Cheque;
- b. The making of a fake document or the altering of a real one with the intent to commit fraud
- c. Altering or using false writing with the intent to commit fraud;
- d. The alteration of an instrument (document, Writing) from its genuine state.
- e. Alters any writing without authority of its true owner;
- f. If someone makes, completes, executes, authenticates, issues or transfers any writing so that it purports to be the act of another who did not authorize that act, or to have been executed at a time or place or in a numbered sequence other than was in fact the case, or to be a copy of an original when no such original existed

2.7 EMBEZZLEMENT

2.8 The term embezzlement is defined as fraudulent appropriation of money or property entrusted to one's care and converting it to one's own use. It occurs when a person gains possession of goods lawfully and then misappropriates them. It contrasts to larceny which means the taking of goods from another without the latter's consent. Embezzlement is often associated with corporation employees, public officials, etc, who may in the course of their lawful duties/activities come into possession of property, such as money, etc. Therefore, embezzlement means to convert for one's own use, another's money or property, of which the wrongdoer acquired possession lawfully, by reason of some office or employment or position of trust. Generally, there is a relationship between the owner of the money or property and the perpetrator and the money or property embezzled must have come to his/her possession by virtue of that relationship and must be an intentional

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	and fraudulent appropriation or conversation of that money or property. Therefore, crimes of this nature generally have involved a relationship of trust and confidence, such as an agent, fiduciary, trustee, treasurer, attorney, guardian, etc. 2.9 Some more definitions of embezzlement are: - Fraudulent conversion of another's property by a person who is in position of trust, such as agent or employee; - The act of an employee stealing money or assets of the corporation; - Falsification of records in order to conceal the embezzled money or property. Methods of embezzlement: - Embezzlers commonly steal relatively small amounts repeatedly over a long period such as pocketing of amount of premium by insurance Agent / Cashier against issuance of fake receipts. - Embezzlement sometimes involves falsification of records in order to conceal the theft such as tempering the amount of purchase receipt/invoice by the employee of the Corporation hence the corporation has to pay more than actual expenses. 3. Scope 3.1 It applies to: - Employees of the Corporation (both regular and contract); - Professionals and consultants to the Organization; - Other persons when they are representing or acting on behalf of Corporation; - Contractors and suppliers to the Corporation. 4. Policy 4.1 Corporation employees shall: - Perform their activities in a committed, orderly, and creative way, behaving with honesty and integrity; - Take the necessary precautions to duly preserve information, using it only for purposes related to compliance with duties, and - Abstain from communicating or disseminating false information that may damage the image or prestige of the Corporation or of its employees; - Not guarantee or promise employment of any type to anyone for any length of time; - Not indulge in any activity during off duty hours that directly or indirectly undermines the provisions of the Code and the conduct of business at Corporation;		

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f) Strictly comply with the Corporation's security measures, as well as, the health, safety and energy conservation regulations adopted by Organization from time to time; g) Refrain from indulging in any illegal and unlawful activity including but not restricted to substance abuse and consumption of alcohol, drugs or any kind of intoxicant(s), as well as, any sort of gambling/betting activities etc.; h) Hand over to the immediate supervisor, at the time of cessation of employment, all the information in their custody, which is the property of the Corporation; i) Comply with all policies and procedures amended from time to time. j) Institution employees interacting with other employees shall: k) Abstain from performing any act or activity that implies discrimination on the basis of gender, age, ethnicity, religion, political predilection; l) Make accessible the information, documentation and any other material necessary for the performance of work activities; m) Create an environment based on trust, openness, teamwork, mutual support, and constructive criticism; n) Corporation employees while dealing with third parties shall abstain from: o) Participating in any business in which a conflict of interest with the compliance of obligations exists or may exist; p) Accepting or asking for any benefit, privilege or unpermitted gift, on behalf of themselves or another person; q) Accepting, during the time of service in Corporation, any remunerative part time job, consultancy, job offer or any such favour thereof; r) Performing any activity implying conflict with the objectives of Corporation; s) Performing other activities that may affect duties or interfere with assigned schedules. 5. Fraud, Embezzlement & Misrepresentation 5.1 No employee shall commit, or assist in any activity that involves making false statements, fraud, forgery, misappropriation, theft, embezzlement, bribery, misrepresentation, violation of institution rules, regulations, policies and procedures or any similar activity that harms, or may harm the interest and reputation of Organization.			

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6. Confidentiality 6.1 An employee shall maintain the strictest secrecy regarding Corporation's affairs and the affairs of its constituents and shall not communicate directly or indirectly to his/her colleague(s) or employee(s) belonging to other department(s) or profession or to the press or public, any document or information which has come into his/her possession in the course of his/her official duties, or has been prepared or collected by him/her in the course of his/her duties, whether from official sources or otherwise, unless compelled to do so by judicial or other authority (subject to the relevant provision of institution Act and staff regulation), or unless instructed to do so by a superior officer in the discharge of his/her duties. This confidentiality must be maintained by the employee even after the cessation of his/her employment with organization. 6.2 No employee shall, except when permitted by law or by the competent authority, (i) communicate in writing, orally or in any other manner whatsoever on service matters, including posting and transfer etc., obtaining in institution, with any person or authority outside organization or (ii) forward by any means whatsoever advance copy or copies of any request, including request for seeking employment opportunity or opportunities in training or stipend or scholarship or financial assistance of any kind to any person, agency or organization within or outside Pakistan. 6.3 An employee may not give any evidence before a public committee without the prior sanction of the competent authority. 7. Use of Institution Assets 7.1 An employee is required to use institution assets such as properties, office equipment, supplies etc. for organization's business purposes and not for gain or benefit of persons or entities other than organization. 7.2 Material information such as information contained in any file, document, note, report, letter, fax, USB, email, instrument etc. held by an employee must be used solely for the purpose of corporation business and returned to organization upon cessation of employment. 7.3 Official information, processes, software etc. constitute corporation's intellectual property. An employee will neither have the right to claim these as his/her own, nor shall use/exploit the same for personal gain or benefit of persons or entities other than institution during or beyond cessation of his/her employment with corporation.			

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	7.4 Corporation employees may become aware of information about the subsidiaries of organization or any other financial institutions/banking that has not been made public. Employees shall not use such non-public or "inside" information for any purpose whatsoever other than official organization business. 7.5 All employees must limit internet usage within corporation to official business purposes only and must strictly follow institution Email Usage Policy/ Institution Desktop Usage Policy, as amended from time to time. 8. Conflict of Interest 8.1 An employee, during or after-duty hours, shall avoid situations where his/her private or personal interests may conflict with the interests of institution, or adversely influence judgment towards official duties, such as: a) Using one's position at Corporation or its name or resources to advance his/her personal or financial interests, or the interests of his/her family; b) Participating in any negotiation/settlement with a counterparty or prospective employee with whom he/she has personal and/or financial relations, unless authorized by competent authority; c) Borrowing money from any outside business organization, including loans or advances or guarantee facility from commercial banks or other bona fide financial institutions even if they are offered at prevailing commercial rates and lending standards in excess of six monetized salaries as on the 1st July of the financial year (July-June basis) in which such facilities have been availed. Where the employees for any valid needs financial assistance from any of the financial institution in excess of six month monetized salary, s/he will be required to obtain prior approval from the HRD. d) An employee may not without the previous sanction of the competent authority engage in any trade, or undertake any employment other than his/her official duties. An employee may, however, undertake occasional work of a literary, scholarly or artistic character, provided that his/her official duties do not suffer thereby; but corporation may in its discretion, at any time forbid him/her to undertake or require him/her to abandon such work which in its opinion is or has become detrimental to the interest of corporation.		

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8.2 An employee must disclose to the competent authority, all conflicting relationships of business or private nature with any category of external parties before interacting with them on behalf of corporation. 8.3 While off-duty, an employee must not involve him/herself in activities that are or can become detrimental to the image and reputation of corporation. 8.4 An employee shall not accept offer of employment from a bank/institution that has specifically been a part of his/her official assignments during the last two (02) years of his/her employment with corporation. 8.5 No employee shall secure employment for any member of his/her family and relatives, in any bank or financial institution by using his/her official authority in any way. This restriction does not apply to any employment secured through the employer's prescribed procedure. 8.6 An employee shall not speculate in stocks, shares, securities or commodities of any description, nor be connected with the formation or management of a joint-stock company. However, there is no bar on investment for a term exceeding six months; nevertheless, the employee should desist from such activities wherever he is privy to confidential information directly or indirectly. 8.7 An employee shall not interact or communicate directly or indirectly on behalf of institution with foreign governments and foreign missions in Pakistan without seeking clearance from relevant authority. 8.8 An employee shall disclose name and other particulars of his/her family member or relative working in corporation, its subsidiaries, other public institution, commercial banks or other financial institutes to HRD. 9. Exchange of Gifts & Graft 9.1 An employee shall not accept directly or indirectly on his/her own behalf or on behalf of any other person, or permit any member of his/her family to accept any gift, gratuity or reward or any offer of a gift, gratuity, or reward from any one with whom he/she is acquainted or connected in any way in his/her official dealings. 9.2 No employee shall receive or give grafts, kickbacks or other questionable inducements to influence an official act or decision nor bestow or retain any personal, business and/or financial advantages.			
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10. <u>CONTROL MEASURES TO REDUCE THE POSSIBILITY OF FRAUD OR THEFT</u> 10.1 The Functional Heads/Zonal Heads/Regional Heads/Divisional Heads/Executive Directors must ensure the security of assets and other monetary assets like Cash, Cheque etc. within their area of responsibility. Among the measures they can take to discharge this responsibility by: a) Regularly assessing their subordinates staff/officers for exposure to potential fraud or theft; b) Ensuring there is an adequate system for reporting problems to senior managers; c) Being aware of State Life's policy and procedures on fraud and theft; d) Assessing, with advice from their divisions and the suitability of staff to handle particular risk areas; e) Ensuring appropriate segregation and rotation of duties; f) Providing adequate training and guidance; g) Allowing staff to see all relevant information on fraud and theft; h) Ensuring regular management review of work; and i) Ensuring complete and clear documentation of all transactions 11. Public & Media Relations 11.1 An employee in his/her official or personal capacity and even after cessation of his/her employment with institution shall not: a) Give any information relating to the affairs of corporation and its general questions of policy to reporters of electronic and print media without the prior approval of the head of the corporation. All information and material which require to be released to the media should be routed through the Director, External Relations. b) Deliver speech or address at private or public gatherings on subjects which may directly or indirectly relate to the affairs of corporation and its general questions of policy without prior approval of the head of the corporation			

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12. Consequences of Violation 12.1 Any information pertaining to violation of this Code must immediately be reported to Executive Director (P&GS). 12.2 An employee found to be violating the provisions of this Code will be dealt with under disciplinary provisions as per Corporation rules. 13. <u>Responsibilities</u> 13.1 It is the responsibility of every employee to comply with the provisions of this Policy. 13.2 Executive Directors/Divisional Heads/Regional Heads/Zonal Heads/Functional Heads are responsible to ensure compliance to the Policy. 14. <u>REPORTING OF FRAUD & FORGERY INCIDENTS</u> 14.1 The concerned Department where incident of fraud, forgery, embezzlement, etc. has been occurred shall be responsible to report such incident to the Divisional Head P&GS and Divisional Head Internal Audit immediately over telephone and subsequently brief report through a facsimile message. In the case of Divisions at Principal Office, the same shall be reported to the Chairman/ ED (F&GS) and DH (Audit). A brief report/summary of all incidents of frauds/forgeries/embezzlements shall be reported to the BOD and the Board Audit Committee. =====			
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Whistle Blowing Policy

1. Introduction

Employees are often the first to realize that their co-worker are participating in activities that are inappropriate or contrary to the Corporation Standards and policies. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to their employer. They may also feel that their actions may result in possible harassment or victimization. In these circumstances staff often believes it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice. State Life Insurance Corporation of Pakistan is committed to operating practices with the highest possible standards of service, delivered in an ethical, professional and legal manner. The Corporation interactions with customers, suppliers and other requires trust, and all of the Corporation employees including permanent, temporary, contractual and part time employees (herein referred to as "employees") must maintain strict compliance with Corporation code of conduct and all applicable laws and regulations.

The corporation has adopted a code of conduct and Management has established internal controls to maintain an effective control environment to detect and to prevent or deter illegal activities. However, even the best system of internal controls cannot provide absolute safeguards against irregularities; intentional and unintentional violations of laws, regulations, policies and procedures. These may occur, and the corporation has a responsibility to investigate and address allegations of suspected fraudulent, wrongful, or improper activities.

This Whistle Blowing policy will provide a new channel for the Corporation staff and outside parties to raise concerns, expose irregularities, help uncover financial malpractices, prevent frauds and eliminate personal harassment without any fear of reprisal or adverse consequences. This Policy sets out the procedures for lodging of complaints and concerns by the staff and the outside parties, handling of these complaints, reporting requirement, disciplinary actions/rewards/penalties and periodic monitoring of the Whistle blower program.

The employees and outside parties (contractors, vendors and suppliers of the Corporation, etc) are encouraged to use the guidance provided by this Policy for reporting wrong doing/improper conduct. It is emphasized that this policy is intended to assist individuals who believe they have discovered malpractices or impropriety. It is not designed to question financial or business decisions taken by the Corporation nor should it be used to reconsider any matters which have already been suitably addressed under other procedures/policies of the Corporation.

2. DEFINITIONS

a. Allegations

This refers to accusing before providing with evidence.

b. Fraud

Fraud is defined as an intentional misrepresentation, concealment or omission of material facts done with the purpose of deceiving another which causes detriment to that person. This denotes an intentional twisting of the truth or concealment of facts. Employers might be guilty of frauds, for example, if they maliciously lie about the advantages or disadvantages of the jobs they're offering, or as guise to illegally discharge employees. Fraud typically falls under tort or criminal law.

c. Forgery

Forgery is the process of making or altering documents or objects with the intention to deceive other person(s). The term forgery is defined as the act of criminally making or altering a written instrument/document for the purpose of fraud or deceit. It may also be

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defined as "the fraudulent making and alteration of writing to the prejudice of another person's right". Some common examples of forgery relating to Corporation's business are: • A false signature or material alteration to a Cheque/ Policy documents / Payment Vouchers; • Signing another person's name to a Policy Document / Cheque/ Payment Vouchers; • To write payee's endorsement or signature on a Cheque without the payee's permission or authority. The "payee" of a cheque is the true owner or person to whom the Cheque was payable; • A forged copy of an instrument/security document that is represented as the original. d. Embezzlement The term embezzlement is defined as fraudulent appropriation of money or property entrusted to one's care and converting it to one's own use. It occurs when a person gains possession of goods lawfully and then misappropriates them. Some common methods of embezzlement are: • Embezzlers commonly steal relatively small amounts repeatedly over a long period such as pocketing of amount of Premium by Insurance Agent / Cashier against issuance of fake receipt. Some embezzlers steal one large sum at once such as a fake loan booked by a credit officer, etc. • Embezzlement sometimes involves falsification of records in order to conceal the theft such as tempering the amount of purchase receipt/invoice by the employee of the Corporation, hence the Corporation has to pay more than actual expenses. • The act of an employee stealing money or assets of the Corporation; • Falsification of records in order to conceal the embezzled money or property. e. Improper conduct or Wrongdoing For the purpose of this policy, improper conduct or wrongdoing is defined as: • Corrupt conduct; • Fraudulent activity; • A substantial mismanagement of State Life resources; or • Non-Financial allegations such as sexual or racial harassment f. Whistle Blowing Policy Whistle Blowing Policy is a complaint system that provides several easily accessible ways to employees of the Corporation to confidentially report alleged violations of the Code of Ethics, policies, internal controls and other acts of misconduct such as a violation of laws, rules, regulations and / or a direct threat to the organization such as frauds, forgeries and misappropriations and misuse of assets. g. Who is a Whistle Blower A Whistle Blower can be defined as a person who reveals any wrongdoings or malpractices that are taking place within an organization. These revelations are made to person designated/authorized by the Management. A whistle blower can make a disclosure of corruption, mismanagement, illegal activities or any other wrongdoing.			

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3. PURPOSE OF THE POLICY

In order to enhance good governance and transparency at State Life, the Whistle Blowing Policy has been introduced to help employees and vendors report legal and ethical issues such as fraud, corruption or any other unlawful conduct. The purposes of the Whistle Blowing Policy are:

- To encourage employees to disclose any malpractice or misconduct of which they become aware;
- To provide protection for employees who report allegations of such malpractice or misconduct;
- To ensure that all allegations are thoroughly investigated and suitable action/remedial measures taken where necessary;

4. SCOPE OF THE POLICY

The Policy applies to all employees of the Corporation including permanent, temporary, contractual and part time employees. This Policy is not designed to question business or financial decisions taken by the Corporation, nor should it be used to consider any other matters which have already been addressed under other procedures such as personal grievances concerning an individual's terms of employment, annual performance appraisals or other aspects of the working relationship or disciplinary matter. This Policy will deal with the concerns of employees which are detrimental to the interest of the Corporation and may include:

- Frauds, forgery, misappropriation, embezzlement either Corporation's or customer funds and corruption, including bribery and kick backs;
- Violations of Corporation's code of ethics, improper conduct or unethical behavior
- Failure to comply with statutory obligations, requirements of law, etc.
- Attempts to conceal or suppress information relating to above.

5. WHO CAN RAISE A CONCERN

An employee of SLIC, who has reasonable belief that there is serious misconduct relating to any of the above matters, may raise a concern in terms of the procedure set out hereunder. Concerns must be raised in good faith and without malice or prejudice and must not be for personal gains. Further, the Corporation's contractors, vendors or suppliers may use this channel to lodge complaint against the wrong doing of Corporation employees.

6. CONFIDENTIALITY.

The Corporation will treat all complaints in a confidential and sensitive manner. A report of complaint will only be disclosed to those persons who have a need to know it in order to properly carry out investigation of the complaint. A complaint will also be expressed anonymously, and this choice will be respected.

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7. RESPONSIBILITY OF EMPLOYEES 1) All employees of the Corporation, irrespective of the nature of their assignments, are ethically and morally bound to immediately report to the management, any suspicious activity which comes into their knowledge that may lead to fraud/forgeries and other malpractices, exposing the Corporation to financial losses and tarnish its image. 2) In the event of any fraud and forgeries and other untoward mishaps occurring due to involvement / collusion of Corporation officials, not only those who are directly involved in the fraudulent activities will be punished but also those who had full knowledge of such activities but did not inform the management, will also be held responsible and taken to the task. 3) Suitable rewards will be given on pointing out any matter of significance which leads to unearthing any malpractice and safeguards the interest of the Corporation. It is the responsibility of the employee to remain unbiased while reporting matters under Whistle Blowing Policy. In case reported information proves to be a deliberate attempt of using this channel to settle one's personal grudges or to illicitly avail rewards, appropriate disciplinary action will be taken against the concerned person. 8. HOW TO REPORT: a) If you can, you should speak to your line manager who should approach the following points of contact to report a suspicion/actual incident of wrongdoing as defined earlier. However, the Corporation accepts that there will be certain circumstances when staff could feel uncomfortable about talking to his/her line manager. The concerned staff may alternately directly contact the Head of P&GS / Internal Audit. Their points of contact are: <table><tr><td>Divisional Head (P&GS)</td><td>Tel:</td><td>Cell</td></tr><tr><td></td><td>Fax:</td><td>Email:</td></tr><tr><td>Divisional Head (IA&C)</td><td>Tel:</td><td>Cell:</td></tr><tr><td></td><td>Fax:</td><td>Email:</td></tr></table> b) It is very difficult to investigate suspicions which are reported anonymously; therefore it is best to declare your identity. It is assured that the matter will be treated in strict confidence, once reported to Divisional Head (P&GS)/IA&C. As mentioned above, the Corporation will ensure that the names of employees providing information are kept in strict confidence. Head of Audit/ Head of P&GS may decide upon whether to act on an anonymous complaint / disclosure keeping in view the circumstances and nature of the incident reported. c) You may bring a colleague along with you (from within the Corporation) to Audit/P&GS if you so wish, where you want to report anything personally. 9. PROCESS: (1) Audit/P&GS will discuss with you whether anyone else needs to be put in picture in order for your suspicion to be investigated and, if so, who. They will not mention				Divisional Head (P&GS)	Tel:	Cell		Fax:	Email:	Divisional Head (IA&C)	Tel:	Cell:		Fax:	Email:
Divisional Head (P&GS)	Tel:	Cell													
	Fax:	Email:													
Divisional Head (IA&C)	Tel:	Cell:													
	Fax:	Email:													

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	your involvement to your line manager or anyone else implicated, without your consent. (2) Every effort will be made to protect your confidentiality. The principle will always be to involve as few people as possible. Although you may be asked if you can provide further information, you will not be directly involved in the investigation. (3) You will not be blamed for speaking up or for any failure to speak up earliest. Staff may have taken time to form their suspicions or to build up the courage to act on them. However, reportee who himself/herself has been directly or actively involved in wrong doing will not have automatic immunity from disciplinary or criminal proceeding by bringing the matter to concerned officials but a lenient view under the disciplinary action procedures will be taken against the staff voluntarily disclosing such a wrongdoing. (4) Any frivolous or malicious allegations made with a bad intent may be subject to disciplinary action under the existing disciplinary action procedures of the Corporation. (5) Divisional Head (P&GS) / Divisional Head (IA&C), wherever possible, will give you feedback on the outcome. Investigations may take some time, but you will be told in due course whether your suspicions were well founded. 10. PROTECTION TO WHISTLE BLOWER The policy provides protection to Whistle blower who discloses violations of co-employees of Corporation code of conduct, unethical practices. Frauds, forgeries, misappropriation of either Corporation's and/or share holders funds and violations of laws and regulations, etc provided the disclosure is made in good faith. Any one engaged in a retaliatory conduct against the Whistle blower will be subject to disciplinary action as per disciplinary and other rules of the Corporation. 11. PENALTIES FOR THOSE TAKING RETALIATORY ACTION Any form of retaliation undertaken by a staff member against any person for reporting an irregularity in good faith is prohibited and considered to be a breach of the loyalty and professional ethics requirements of the Staff Code of Conduct. In such a case disciplinary measures shall be taken. Members of staff will be informed of the measures taken by the Corporation following the discovery of acts of retaliation for reporting an incident. The information provided will not contain any data that will enable the people concerned to be identified. 12. RIGHTS OF THE PERSONS IMPLICATED Any staff member implicated by reports of irregularities must be notified in good time of the allegations made against him/her, provided that this notification does not impede the progress of the procedure for establishing the circumstances of the case. In any event, findings referring to a staff member specifically by name may not be made upon the completion of the above-mentioned procedure, unless that staff member has had the opportunity to put forward their comments in keeping with the principle of the right to be given a fair hearing.		

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After having heard the implicated staff members, or after having requested the latter to put his/her case in writing if, for objective reasons, it is not possible to hear them directly, the Chairman shall decide on the measures required in the Corporation. Please note: The policy is NOT intended to deal with staff grievances, for which separate procedures exist and the same are handled by P&GS. Please take this message in its true spirit. There are no immediate concerns warranting issue of this policy, however the aim is to provide a conducive working environment as well as to provide a platform to raise concerns, if there are any, falling in the definition of this policy at the appropriate level within the organization. This in turn, will ensure confidence of staff, safeguarding the interests of the Corporation and protecting its reputation by timely and appropriate action where so required, addressing genuine concerns. Whistle Blowing Policy Form for Reporting Nature of Offence/Allegation:- _____ Who is primarily involved:- _____ Who else is involved:- _____ Description:- _____ _____ Signature _____ Name of Reporting:- _____ Designation:- _____ Department/Division:- _____ Zone /Principal office:- _____ Contact No.:- _____			

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Annexure-J

**Implementation Plan for New Business Under-writing,
New Business & Renewal Collection.**

Team - 1

Zone	Tentative Schedule
Karachi Zone	January 2015
Karachi Eastern • EOBI House Karachi Central	March/April 2015
Lahore Central • Kasur • Pattoki	April/May 2015
Hyderabad • Badin • Thatta Nawabshah • Dadu	June/July 2015
Faisalabad • T.T.Singh • Jhang • Jaranwala • Samundri	July/August 2015
Multan • Khanewal • Vehari • Burewala	September/October 2015
Sahiwal • Okara • Bahawal Nagar	Nov./Dec. 2015

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Team - 2

Zone	Tentative Schedule
Rawalpindi • Wah cantt. • Attock • Chakwal • Bagh (AK) • Pind Dadan Khan • Rawalkot (AK) • Gujar Khan	July/August 2015
Islamabad • Muzaffarabad (AK) • Gilgit • Skardu	August/September 2015
Abbotabad • Haripur • Mansehra	August/September 2015
Gujrat • Kharian • Mandibahauddin • Dinga	September/October 2015
Sialkot • Narowal • Daska • Pasrur • Shakargarh	September/October 2015
Gujranwala • Wazirabad • Hafizabad	November/December 2015

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Team – 3

Zone	Tentative Schedule
Bahawalpur • Hasilpur	April/May 2015
Sargodha • Chinniot • Bhakkar • Minawali • Khushab • Bhalwal	April/May 2015
Mirpur (AK) • Kotli (AK) • Bhimbhar (AK) • Jhelum • Dina • Dadyal (AK) • Sehnsa (AK) • Nakyal (AK)	June/July 2015
Rahimyar Khan • Khanpur • Sadiqabad	August/September 2015
Sukkur • Gambat • Ghotki • MirpurMathelo • Khairpur • Kandhkot	August/September 2015

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Team - 4

Zone	Tentative Schedule
Quetta • Usta Muhammad	April/May 2015
Larkana • Shikarpur • Jacobabad	April/May 2015
Mirpur Khas • Shahdadpur	April/May 2015
Peshawar • Peshawar • Mardan • Nowshera	June/July 2015
Kohat • D.I.Khan • Bannu	August/September 2015
Sawal • Batkhela • Timergara	August/September 2015
D.G.Khan * Layyah * Muzaffargarh	October/November 2015

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CONFIDENTIAL AND RESTRICTED

The 238th Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Wednesday, 25th March, 2015 at 10.30 a.m. in the Board Room, State Life Building No.9, Dr. Ziauddin Ahmed Road, Karachi.

PRESENT:

- | | |
|---------------------------|-------------|
| 1. Ms. Nargis Ghaloo | Chairperson |
| 2. Mr. Azher Ali Choudhry | Director |
| 3. Mr. Saad Amanullah | Director |
| 4. Mr. Shafqaat Ahmed | Director |
| 5. Mr. Naved Arif | Director |
| 6. Dr. Aliya Hashmi Khan | Director |

LEAVE OF ABSENCE:

- | | |
|---------------------|----------|
| 1. Mr. Saeed Chaman | Director |
|---------------------|----------|

Mr. Akbar Ali Hussain	Company Secretary
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2. The following officers also attended the meeting at the time of presentation and discussion of the items of their respective Divisions:

1. Mr. Ajaz Ali Khan, ED (P&GS/F&A/LAD)
2. Mr. Jamil Anwar, ED(PHS/INV/RE)
3. Mr. Nasim-ul-Haq, ED(IT/R&A)
4. Mr. Muhammad Izqar Khan, ED(HI/BANC)
5. Mr. Ataullah A. Rasheed, DH(Investment)
6. Mr. Muhammad Rashid, DH(F&A)
7. Mr. Mohsin Abbas, DH (Marketing)
8. Mr. Nadeem Bessey, DH(HI)
9. Mr. Muhammad Sohaib Usmani, DH(IA&C)
10. Mr. Faisal Mumtaz, DH(Actuarial)
11. Mr. Ifan A. Baloch, DH(P&GS)
12. Mr. Saleem Khaliq, DH(IT)
13. Mr. Muhammad Ali, DGM/Project Director(IT)
14. Mr. Gian Chand, DGM(Bancassurance)

3. The meeting started with recitation of verses from the Holy Quran by Mr. Saad Amanullah, Director.

4. The Chairperson welcomed the new members of the Board and appreciated their public – spiritedness in agreeing to serve on the Board of State Life Insurance Corporation of Pakistan and looked forward to smooth and productive working relationship between the members in the interest of the Corporation and the policyholders it serves. The Chairperson hoped that State Life would make further progress during the tenure of the new Board and would benefit from the collective wisdom of the Board Members.

5. The members of the Board assured the Chairperson of their fullest cooperation and support that will be required in the smooth running of the Corporation.

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Action: Company Secretary Action: DH(F&GS) Action: DH(F&A) Action: DH(IA&C) Action: DH(IT) DH(IA&C) Action: DH(F&A) Action: DH(F&A)	ITEM (1) CONFIRMATION OF MINUTES OF 237TH MEETING OF THE BOARD OF DIRECTORS. 6. The minutes of the 237th meeting of the Board of Directors held on 29th December, 2014 were placed before the Board. 7. Mr. Saad Amanullah, Director proposed and Ms. Nargis Ghaloo, Chairperson seconded that the minutes of 237th meeting of the Board of Directors be confirmed. 8. Accordingly, it was resolved as under:- <u>RESOLVED:</u> "that the Minutes of 237th meeting of Board of Directors held on 29th December, 2014 be and are hereby confirmed." ITEM (2) PRESENTATION OF IMPLEMENTATION REPORTS ON DECISION TAKEN IN 237TH MEETING OF BOARD. 9. Implementation report of 237th meeting of Board of Directors held on 29th December, 2014 were placed before the Board which was noted. <u>Revised Pension Scheme:</u> 10. The issue in terms of various scenarios has been discussed by in house Committee constituted for the purpose and the recommendation will be submitted to the Board of Directors through HR Committee as and when it is finalized. <u>Chart of Delegation Financial Powers:</u> 11. Draft revisions in guidelines and chart delegation of financial powers is being submitted to the in house Executive Committee which when finalized would be submitted to BAC for its review and recommendation to the Board for approval. <u>Gap Analysis and preparation of Audit Manual:</u> 12. The above item was submitted in the 52nd meeting of the Board Audit Committee, however the same was deferred due to paucity of time. <u>IT Security Policy:</u> 13. A revised draft IT Security Policy has already been submitted to the Secretary, BAC, however the policy is being updated by incorporating new ERP functions being implemented in the prepackage software. <u>Foreign Account Tax Compliance Act:</u> 14. Preparation of TOR in the light of Board of Directors decision is in progress. <u>Approval of Auditors for Pakistan Business and Gulf Business from Auditor General of Pakistan for the year 2014:</u> 15. The approval is still awaited and reminder is being sent to MOC by F&A Division.		

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Action: DH(PHS)	<u>Approval of scheme for waiver of late fees:</u> 16. Necessary amendments have been suggested in the delegation of financial powers to avoid post facto approval of such scheme in future which when finalized will be submitted to the Board for approval.		
Action: CH(G&P) CH(F&A)	<u>Writing off of balance of premium of integrated self subscribed compulsory group insurance:</u> 17. The matter has been referred to F&A Division for necessary action during the finalization of account for the year 2014.		
Action: DH(PHS)	<u>Early death claims:</u> 18. Extensive investigation are being undertaken immediate after intimation. In this respect an SOP for the investigators is under way and training of investigators to improve their skills is under process.		
Action: DH(F&A)	<u>Cash management policy:</u> 19. It has almost been structured and various presentation have been held with different banks and a report will be submitted to shortly to Board Audit Committee.		
Action: DH(PHS)	<u>Placement of addresses of unclaimed maturity claims on the website for information of their relevant policyholders:</u> 20. The addresses of policyholders are being placed on the website for facility of the policyholders.		
Action: DH(PHS)	<u>Setting up of Takaful:</u> 21. PHS Division is working on developing modalities for acceptance/underwriting fresh business and customer service issues and on evaluating of systems of different reinsurers of Re-Takaful arrangements.		
Action: DH(P&GS)	<u>Post retirement benefits:</u> 22. A letter has been written to the Ministry of Commerce by P&GS Division for merger of three basic pay allowed to the retired officers of the Corporation to be utilized for any of the head of account i.e. consultation, medicines, hospitalization or investigation approved by the Board at its 235th meeting held on 1st December, 2014. DH(P&GS) is directed to follow up the matter with MOC for early disposal and issue of an office order of the above decision of the Board.		
	ITEM (3) CONFIRMATION OF GENERAL POWER OF ATTORNEY IN FAVOUR OF MR. M. RAMZAN SHAHID, (C.S.NO.561115), ZONAL CHIEF, GULF ZONE APPROVED BY CIRCULATION ON <u>10-03-2015.</u>		
	23. Divisional Head (Marketing) presented before the Board, a Memorandum dated 24-03-2015 for amendments in the resolution passed by way of circulation on 10-03-2015 for issue of general power of attorney in favour of Mr. M. Ramzan Shahid, Zonal Chief (Gulf Zone).		

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	24. On the request of Marketing Division, a resolution was passed by the Board of Directors through circulation, as proposed by the General Manager (P&GS) for issue of General Power of Attorney in favour of Mr. M. Ramzan Shahid, recently posted as Zonal Chief (Gulf). The Resolution earlier passed by way of circulation on 10th March, 2015 is placed at Annexure-A to the memorandum) with the copy of General Power of Attorney as circulated alongwith the memorandum and duly approved by the Board through circulation. 25. Divisional Head (Marketing) informed the Board that subsequent to the passing of the memorandum by circulation, an amended Text of General Power of Attorney was received incorporating some changes as desired by the Zonal Chief (Gulf) which were not earlier incorporated in the text of Power of Attorney, as approved by the Board through circulation. While going through the amended general power of attorney, some changes were pointed out by the Legal Affairs Division, PO alongwith comments, which was placed at Annexure- A/1 to the memorandum). The comments of Legal Affairs Division were conveyed to the Zonal Chief (Gulf). 26. The finalized "General Power of Attorney" duly amended and duly completed in all respect with corrections proposed by Legal Affairs Division as now received from Legal Affairs Division with translation in Arabic was placed at Annexure-B to the memorandum). 27. Marketing Division now requests that the corrected "General Power of Attorney" in respect of Mr. Mohammad Ramzan Shahid, Zonal Chief (Gulf) placed at Annexure-3 to the memorandum may be approved by the Board in which some corrections have been made instead of the earlier general power of attorney approved by the Board through circulation on 10-03-2015. 28. Divisional Head(Marketing) explained to the Board the corrections made in the earlier general power of attorney approved by the Board and further informed that the finalized general power of attorney has been duly examined by the Legal Affairs Division. 29. The Board was requested to kindly approve. 30. Accordingly, it was resolved as under:- RESOLVED: "that the proposal of Mr. Mohsin Abbas, DH(Marketing) that Mr. M. Ramzan Shahid, Zonal Head (Gulf Zone) be given a general power of attorney placed at Annexure-A to the Minutes be and is hereby approved and the Chairperson Ms. Nargis Ghaloo and Mr. Saad Amanullah (Director) be and are hereby authorized to execute and sign the said Power of Attorney under the common seal of the Corporation affixed in the presence of two Directors Ms. Nargis Ghaloo, Chairperson and Mr. Saad Amanullah, Director and duly notarized in due form of law and attested from Ministry of Foreign Affairs, Camp Office, Karachi and further attested from the Consulate of UAE at Karachi pursuant to above resolution of the Board of Directors of the Corporation. The Board had earlier approved the		

Action:
DH(Wkt)
DH(LAD)

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	above general power of attorney presented by the Marketing Division through General Manager(P&GS) through circulation and which is now hereby confirmed as per Regulation-3(11) of State Life Insurance Corporation (General) Regulations, 1972 after required amendments of Zonal Head, Gulf Zone and cleared by Divisional Head (Marketing) after being duly examined by Legal Affairs Division." ITEM (4) CONSIDERATION AND APPROVAL OF MINUTES OF 13TH MEETING OF HUMAN RESOURCES COMMITTEE HELD ON 05-03-2015 TOGETHER WITH RECOMMENDATION MADE THEREIN WITH RESPECT TO. 31. Secretary, Human Resources Committee presented before the Board the minutes of 13th meeting of Human Resources Committee held on 05-03-2015 for consideration and confirmation and approval of decisions/ recommendations made by the Committee. A copy of the above minutes duly signed by the Chairperson (HRC) is placed at Annexure-B to the Minutes. 32. Accordingly, the Board resolved as under: <u>RESOLVED:</u> "that the minutes of 13th meeting of Human Resources Committee held on 05-03 together with the observations/recommendations therein, placed at Annexure-B to the minutes be and are hereby approved." (1) PRESENTATION OF IMPLEMENTATION REPORTS OF 11TH AND 12TH MEETING OF HRC HELD ON 01-10-2012 AND 24-12-2014. <u>11th meeting of HRC</u> Item No.3(a). Revision in Staff Strength: "that the directives of the HR Committee to Divisional Head(P&GS) to give a detailed presentation on the requirement of employees in each Division and Department in the next HRC meeting to be held in the end of April, 2015 be and was hereby approved. Item No.8. Award of Special Pay amounting to Rs.10,000 pm to <u>Mr. Nadeem Bessey, GM(G&P):</u> "that the directives of HR Committee to DH(P&GS) to examine whether Special Pay is included in the pensionary benefit and if so a Memorandum be put up in the next meeting of HRC in this respect be and was hereby confirmed." "that the directives of the HR Committee to identify and submit the names of present/existing employees drawing Special Pay in next meeting of HRC be and was hereby confirmed." Item No.9(c): Difference of Overseas Allowance payable to the officers posted <u>in Gulf Zone.</u> ED(P&GS) informed the members of the Board that the In House Committee constituted to study difference of Overseas Allowance payable to the officers posted in Gulf Zone would be submitting its report, which will be placed in the next meeting of HRC.		

Action:
DH(P&GS)

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Item No.8 <u>Any other item of 12th HRC:</u> "that the directives of HR Committee to include training program for employees in the TOR for the Consultant to be hired for preparation of Key Performance Indicators (KPIs) be and was hereby approved." <u>Recommendation for approval by the Board of Terms of Reference of Human Resource Committee:</u> Placed at Annexure-C of the Board minutes is the terms of reference of Human Resources Committee approved by the Board of Directors at its 237th meeting held on 29th December, 2014. (2) APPROVAL OF PERFORMANCE BASED BONUS SCHEME 2011 TO 2014 FOR OFFICERS OF G&P/ZONAL OFFICERS TEAM OF GROUP LIFE ZONES. "that the recommendation of HR Committee on the proposal of ED(P&GS) to approve the Performance Based Bonus Scheme for the year 2011 to 2014 which is in line with previous bonus scheme for the year 2010 to officer of G&P/Zonal Officer's Team of Group Life Zone be and is hereby approved." (3) APPROVAL OF PERFORMANCE BASED BONUS SCHEME 2015 FOR OFFICERS OF STATE LIFE. "that the recommendation of the HR Committee for approval by the Board as proposed by ED(P&GS) of the Performance Based Bonus Scheme-2015 for officers of Individual Life, Gulf Zone, Investment Division, Real Estate Division and Group & Pensions/Zonal Officers' Team of Group Life Zones for the year 2015, which is in line with the previous approval of Bonus Scheme for the year 2014, be and is hereby approved." "that the directives of the HR Committee that the review of existing scheme of performance link bonus with regard to point scoring be included in the TOR of Consultant to be hired for developing Key Performance Indicators be and was hereby approved." (4) APPROVAL OF LINKING OF SALARIES WITH APPROVED STRENGTH OF OFFICERS/STAFF WORKING IN THE DIVISIONS, REGIONS AND ZONES. "that the recommendation of the HR Committee for approval of the proposal of ED(P&GS) for approving Linking of Salaries with approved strength of officers/staff working in various Divisions, Regions/Zones be and was hereby approved." (5) APPROVAL OF STATUS OF DIVISION TO BANCASSURANCE CELL. "that the recommendation of HR Committee for approval by the Board of the proposal of ED(Bancassurance), to upgrade Bancassurance Cell to that of a Division within the approved staff strength be and was hereby approved." (6) APPROVAL OF MOBILE PHONE PURCHASE POLICY OF STATE LIFE. "that the recommendation of the HR Committee for approval of the revised cell phone purchasing policy, proposed by ED(P&GS), realizing the need for new technology be and was hereby approved as follows:-			

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Designation	Mobile Brand	Period	Amount
Chairman	Blackberry, Nokia, Samsung, Sony etc	Once in 02 years	Actual purchase price subject to maximum of Rs.80,000/-
ED	Blackberry, Nokia, Samsung, Sony etc	Once in 02 years	Actual purchase price subject to maximum of Rs.40,000/-
GMs/DHs/RCs/ZHs	Blackberry, Nokia, Samsung, Sony etc	Once in 02 years	Actual purchase price subject to maximum of Rs.25,000/-
PROs	Blackberry, Nokia, Samsung, Sony etc	Once in 03 years	Actual purchase price subject to maximum of Rs.15,000/-

The other terms and conditions as contained in P&GS Division's order No. P&GS/PO/125/2011 dated May 11, 2011 will remain un-changed except for the amendment given below.

"that Instructions-iii of Order No.P&GS/PO/125/2011 dated May 11, 2011 be amended as follows:-

On completion of the period of 2 years, mentioned in the above office order, the concerned officer may retain the mobile set by depositing its book value, however this will not apply to PROs.

"that necessary office order be issued by P&GS Division for revised mobile phone purchase policy approved by the Board."

(7) APPROVAL OF REIMBURSEMENT OF RESIDENTIAL TELEPHONE EXPENSE FOR SLIC OFFICERS ON CELLULAR PHONE AS SECOND OPTION INSTEAD OF LANDLINE.

"that the recommendation of the HR Committee for approval by the Board of the proposal of ED(P&GS) regarding reimbursement of mobile phone post-paid bills in lieu of landline phone bills as second option or combination of both landline and cell phone within the current maximum annual ceiling of residential telephone expense be and was hereby approved as follows:-

S. No	Desig	No of local calls plus Line rent & CE Duty		Maximum Annual Ceiling (Rs)	
		Development	Non- Development	Development	Non- Development
1	GM	650	650	20418.00	20418.00
2	DGM	525	450	16953.00	14874.00
3	AGM	400	300	13488.00	10716.00
4	Mgrs	275	200	10023.00	7944.00
5	DM	-	150		6558.00
6	AM	-	120		5726.00
7	EO	-	100		5172.00

"that in view of the job requirement of the Company Secretary to be in constant touch with the Members of the Board and senior management of the Corporation, the maximum annual ceiling of residential telephone expense of the Company Secretary to the extent of Rs.25,000 p.a. be and is hereby approved."

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"that the necessary Office Order in respect of the above approved policy for reimbursement of residential telephone expense for SLIC officers be issued by P&GS Division." (8) APPROVAL OF COMPENSATION AS SOCIAL RESPONSIBILITY TO MR. ZAFFAR IQBAL, DM(F&A) PESHAWAR ZONE WHOSE SON DIED AND MRS. KHALIDA YASMEEN, AM(NB) PESHAWAR ZONE WHOSE SON WAS INJURED IN TERRORIST ATTACKED ON ARMY PUBLIC SCHOOL, PESHAWAR. "that the recommendation of HR Committee on the proposal of ED(P&GS) for approval by the Board of allowing compensation of Rs. 5 lacs to Mr. Zaffar Iqbal, Deputy Manager(F&A), Peshawar Zone whose son died and Rs.2 lacs to Mrs. Khalida Yaseem, Assistant Manager(New Business), Peshawar Zone whose son injured in terrorist attack at Army Public School Peshawar respectively be and is hereby approved." (9) APPROVAL OF DISCONTINUATION OF "SPECIAL INCREMENT" UNDER REGULATION-18 INSTEAD "HONORARIUM" OR "CASH AWARD" BE CONSIDERED. "that the recommendation of the HR Committee for approval by the Board of the proposal of ED(P&GS) of discontinuation of Special Increment under Regulation 18 of State Life Employees (Service) Regulations, 1973 and its replacement with granting Honorarium or Cash Award be and is hereby approved as follows:- (i) To continue with Regulation and only one outstanding performer in the Corporation be granted special increment in a year. (ii) No special incentive of special increment be allowed in case of posting of officers in hard areas. However Scheme of Hard Station Allowance should be introduced, which should be submitted to the HRC for approval before implementation. (iii) P&GS Division to design and submit in the HRC meeting criteria for grant of Honorarium or Cash Award for consideration and necessary recommendation to the Board. (10) APPROVAL OF HIRING OF HR CONSULTANT FOR PREPARING KEY PERFORMANCE INDICATORS (KPIs). "that the recommendation of HR Committee for approval by the Board of the proposal of ED(P&GS) for hiring of HR Consultant for preparing Key Performance Indicators (KPIs) be and is hereby approved with the following directions: (i) That a TOR be prepared for hiring a consultant first, which should be placed before the HRC. (ii) That the initiation of appointment of consultant should be through open advertisement and by following PPRA Rules, after TOR is approved by the HRC. (11) APPROVAL OF POSTING OF CASH OFFICER AND INCHARGE CASH COUNTER IN OFFICE CADRE AT ALL COLLECTION CENTERS(ZONAL AND OUTSTATION).			

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	"HR Committee decided to defer the above matter till finalization of the staff requirement exercise for which a memorandum is to be submitted to the HRC in which the requirement of F&A Division be also included for deliberation and its recommendations to the Board. (12) ANY OTHER ITEMS: (I) APPROVAL OF FILLING OF VACANT POSITIONS OF OFFICERS IN F&A DIVISION AT PRINCIPAL OFFICE, REGIONS AND ZONES. "that the recommendation of the HR Committee after deliberation to the Board of Directors for approval of the proposal of ED(F&A) for filling of vacant positions of officers in F&A Division at Principal Office, Regions and Zones be and is hereby approved as follows: (i) That 50% of the vacant posts be filled up in first phase rather than in one go. (ii) That the requirement of F&A Division be examined after the presentation of requirement of employees for entire Corporation to be submitted by the P&GS Division to the HR Committee for review and framing of recommendation to the Board for approval. (II) PROPOSAL TO ESTABLISH HEALTH INSURANCE ZONE AND THE REVISED STAFF STRENGTH OF HEALTH AND ACCIDENT INSURANCE DIVISION. "that the recommendation of the HR Committee to the Board for approval as proposed by the ED(HI) for establishment of Health Insurance Zone at Peshawar initially within the approved staff strength be and is hereby approved." (III) HIRING OF HEALTH INSURANCE CONSULTANT. "that the recommendation of HR Committee for approval by the Board of the proposal of ED(HI) for hiring of a consultant for health insurance be and is hereby approved as follows: (i) That a search be carried out within the Corporation first for qualified person. (ii) That in case a qualified person is not available within the Corporation the post be advertised with TOR. (iii) That market based people meeting the job requirement be considered. (iv) And perks will not be mentioned in the advertisement. ITEM (5) CONSIDERATION AND APPROVAL OF MINUTES OF 1ST MEETING OF INVESTMENT COMMITTEE HELD ON 06-03-2015 TOGETHER WITH RECOMMENDATION MADE THEREIN WITH RESPECT TO. 33. Secretary, Investment Committee presented before the Board the minutes of 1st meeting of Investment Committee held on 06-03-2015 for consideration and confirmation and approval of decisions/ recommendations made by the Committee. A copy of the above minutes duly signed by the Chairperson (IC) is placed at Annexure-D to the Minutes.		

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Action: DH(INV)	34. Accordingly, the Board resolved as under: RESOLVED: "that the minutes of 1st meeting of Investment Committee held on 06-03-2015 together with the observations/recommendations therein be and are hereby approved as follows: (1) REVIEW AND APPROVE RECOMMENDATION OF TERMS OF REFERENCE (TOR) OF INVESTMENT COMMITTEE OF THE BOARD. "that the recommendation of the Board Investment Committee to the Board for approval of the Term of Reference(TOR) as submitted by Investment Division placed at Annexure-E to the Board minutes with addition of the words at para 8(d) of the terms of reference submitted by the Investment Division that: on periodical basis, review of Investment Portfolio will be submitted to Investment Committee of the Board for onward submission to the Board of Directors be and is hereby approved." (2) UPDATE OF INVESTMENT POLICY 2015. (i) "that the recommendation of the Board Investment Committee to the Board of Directors for reconfirmation of the investment policy 2003 approved by the Board at its 174th meeting held on 24-01-2004 with amendments by replacement of clause 7.1 of clause 7 of investment policy 2003 with the following two clauses i.e. (a) & (b) be and is hereby confirmed: (a) Minimum expected cash dividend yield 5% at cost. (b) Maximum investment exposure in any one company or companies of one group to Rs. 5 billion. (ii) "that the recommendation of the Board Investment Committee that the substituted clauses in resolution above be applicable till the finalization of Investment Policy 2015 is hereby confirmed. (iii) "that the recommendation of the Board Investment Committee that Investment Policy of the Corporation be reviewed every 3 years' time be and is hereby confirmed." (3) REVIEW AND APPROVE RECOMMENDATION OF STANDARD OPERATING PROCEDURE(SOP) OF INVESTMENT DIVISION. "that the recommendation of the Board Investment Committee that Standard Operating Procedure (SOP) submitted by Investment Division placed at Annexure-F to the minutes be and is hereby confirmed." (4) UPDATES ON SETTLEMENT OF DUES WITH FIRST DAWOOD INVESTMENT BANK(FDIBL). "that the recommendation of Board Investment Committee for approval by the Board, as proposed by Investment Division of recording in the books of account of Real Estate Division the decreed value of Rs.4.50 million of the flat No.7, 4th Floor, Madina Height, Block-7 & 8, CP Berar Cooperative Society, Karachi and the disposal of the said flat after completing all codal formalities, compliance to PPRA Rules and adherence to the policies and procedures of the Corporation be and is hereby approved."		

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"that the recommendation of Board Investment Committee for approval of the Board for intimation to the court in the next hearing of Pending dues recoverable from FDIBL of Rs.92,153/- outstanding till the date of transfer of flat to State Life be and is hereby approved." "that the recommendation of Board Investment Committee to the Board for approval that State Life may incur reasonable amount of capital expenditure on the said property if it appears feasible for better valuation and easier sale transaction be and is hereby approved." "that the recommendation of Board Investment Committee to the Board for approval of the reversal of provision of Rs.50 million in the books of the Corporation on account of FDIBL investment be and is hereby approved." "that the recommendation of Board Investment Committee for approval of recording of the Decreed value of Rs.84 million for 8.4 million shares of Burg Bank in the books of Investment Division be and is hereby approved." (5) APPROVAL OF LIQUIDATION/MERGER OF ABDULLAH HAROON ROAD PROPERTIES(PVT) LIMITED. 35. The DH(Investment) had presented a Memorandum explaining various aspects of State Life Abdullah Haroon Road Properties (Pvt) Ltd(State Life Bldg No.10) which was incorporated in Pakistan in 1979 as private limited company by the name of Mayfair Properties, initially owned by Mr. Sadruddin Hashwani and subsequently shares of the company purchased in total by State Life Insurance Corporation of Pakistan and name of which was changed as State Life Abdullah Haroon Properties (Pvt) Ltd. The Management of the Corporation had at the time of purchasing of the property decided that no extra expenditure would be incurred on the property and hence no staff was appointed for maintenance of the property and no bank account was obtained. The rent collected and expenses incurred by Real Estate Division are being transferred to the books of accounts of the company through debit and credit notes by SLIC. The accounts of the property are duly audited by a firm of Chartered Accountants and income tax returns and statutory returns duly filed under the Companies Ordinance, 1984 with Security Exchange Commission of Pakistan. The Board of Directors of State Life Abdullah Haroon Road Properties (Pvt) Ltd in its meeting held on 20-09-2012 allowed renting of the property to M/s. A.A. Corporation with some conditions duly incorporated in the lease papers. The tenant has paid Rs. 5 million in advance and no further payment of the rent is received till today. The Board of the property had further approved in its meeting held on 21-04-2013 the cost of repair works for external/internal damages submitted by Real Estate Division. 36. The Board Committee was informed that the above property was rented out to M/s. A. A. Corporation on May 2011 and the Board of Abdullah Haroon Road Properties authorized Mr. Nasir Zaidi(RE) to sign the lease papers. 39. In view of the recommendation of the Committee of the Ministry of Commerce the Members DAC/PAC were requested for settlement of audit paras. 40. The following resolution were passed by the Board Investment Committee for approval by the Board:-			

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"that after reviewing the memorandum submitted by the Investment Division, the recommendation of the Investment Committee to the Board for approval of Option 2 as suggested by M/s. Mohsin Tayebaly & Co in his legal opinion dated January 24, 2014 in response to a meeting held in their office with the DH(Legal Affairs) which states that: to continue the existence of the Company and to make a simple sale and purchase transaction for the said property between State Life and the Company and to purchase the said property from the Company through execution of a conveyance deed at a pre agreed price be and is hereby approved. This option would require expenses by way of registration fees and stamp duty on the value of property as determined by the Government of Sindh. As regards cost element, for either option stamp duty, registration fees, mutation fees would be the same." "that the directives of the Board Investment Committee to DH(Investment) and DH(Legal Affairs Division) to obtain cost estimation of the given process for financial approval of the decision by the Board and also to obtain legal opinion in respect of status of M/s. A. A. Corporation as leasee/tenant of State Life Abdullah Haroon Properties (Pvt) Ltd after the transfer of property to State Life and winding up/liquidation of the Company be and is hereby approved." The details of the duties and other government dues which are applicable for sale/transfer of the subject property on the collector value was communicated to DH(Legal Affairs) by Mohsin Tayebaly & Co in their letter dated March 5, 2015." (6) UPDATES ON OUT OF COURT SETTLEMENT WITH IDBL (FORMER IDBP). "that the recommendation of the Board Investment Committee to the Board for approval, as proposed by DH(Investment) for acceptance of the offer of at least Rs.23.50 million as full and final settlement with IDBL (former IDBP) and unconditional withdrawal of the court case by State Life on the receipt of said payment be and is hereby approved." "that the recommendation of the Board Investment Committee on the proposal of DH(Investment) for taking up the matter with Ministry of Finance through Ministry of Commerce for fair distribution of frozen assets @ 11.50% holding of State Life in defunct ICP and is hereby approved." (7) CONSIDERATION AND APPROVAL OF SETTLEMENT OFFER BY SCHON REFINERY LIMITED. "that the recommendation of the Board Investment Committee to the Board for approval of continuing by State Life of the court case in High Court of Sindh for the balance equity participation amount of Rs.29.130 million with mark-up at 16% per annum from the date of institution of the suit till realization and for vigorously pursuing the case and for hiring of the service of an additional lawyer for expeditious disposal of the case be and is hereby approved." (8) CONSIDERATION AND APPROVAL OF OFFER BY LIQUIDATOR OF LONG TERM VENTURE CAPITAL MODARABA. "that the directives of the Board Investment Committee to the Investment Division for further deliberation and proper financial analysis in order to be able to decide about the liquidator's offer of 20% of the principal amount of LTV be and is hereby approved."			

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	"that the directives of the Board Investment Committee to the Investment Division to ask liquidator to provide details of assets and resulting liabilities so that an appropriate decision could be made equally acceptable to all stakeholders considering State Life as a State Owned Institution and the matter already being at the level of PAC be and is hereby approved." "that the directives of the Board Investment Committee to the Investment Division that if the liquidator refuses or fails to provide the above information, an application should be moved in the Sindh High Court through our Advocates seeking directives from the Court to the liquidator to provide complete financial details of liquidation process enabling State Life to take appropriate decision in this regard be and is hereby approved." (9) REVIEW OF INVESTMENT PORTFOLIO OF THE CORPORATION AS AT DECEMBER 31, 2014. As per directives of the Board Investment Committee the Investment Portfolio Review as at 31st December, 2014 was submitted to the Board by Investment Division and was placed at item No. 15 of the agenda. "that the directives of the Board Investment Committee to the Investment Division for preparation and submission on periodical basis of the Investment Portfolio to the Investment Committee of the Board for review and onward submission to the Board of Directors be and is hereby approved. The portfolio must show market/fair values of investments along with the book values." (10) APPROVAL OF RECONSTITUTION OF MANAGEMENT INVESTMENT COMMITTEE. "that the recommendation to the Board for approval of reconstitution of Management Investment Committee comprising following officers of the Corporation by the Chairperson be and is hereby approved as follows: <table><tr><td>1. ED(Investment)</td><td>Convenor</td></tr><tr><td>2. ED(F&A)</td><td>Member</td></tr><tr><td>3. ED(G&P/HI/BANC)</td><td>Member</td></tr><tr><td>4. DH(Inv)</td><td>Member</td></tr><tr><td>5. DH(Act)</td><td>Member</td></tr><tr><td>6. AGM(Inv)</td><td>Member</td></tr><tr><td>7. Manager(Inv)</td><td>Member/Secretary</td></tr></table> (11) PUBLIC ANNOUNCEMENT OF OFFER TO PURCHASE SHARES OF LAFARGE PAKISTAN CEMENT LTD(FORMER CHAKWAL CEMENT). A Memorandum was submitted by Investment Division to the Board Investment Committee at its 1st meeting held on 6th March, 2015 with the recommendation of Investment Division to tender the entire holding of 19,999,930 shares of Lafarge Cement against offer price of USD: 0.199414 per share equivalent to Pak Rupees 19.421503 per shares to Allied Bank Limited as the Manager of the offer as designated by the acquirer i.e. Bestway Cement Ltd.			1. ED(Investment)	Convenor	2. ED(F&A)	Member	3. ED(G&P/HI/BANC)	Member	4. DH(Inv)	Member	5. DH(Act)	Member	6. AGM(Inv)	Member	7. Manager(Inv)	Member/Secretary
1. ED(Investment)	Convenor																
2. ED(F&A)	Member																
3. ED(G&P/HI/BANC)	Member																
4. DH(Inv)	Member																
5. DH(Act)	Member																
6. AGM(Inv)	Member																
7. Manager(Inv)	Member/Secretary																

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	The Board Investment Committee resolved as under:- "that the decision of the Board Investment Committee that Legal opinion should be obtained from reputable lawyers in respect of status of our cases against Khawaja Muhammad Jawed, if State Life decides to tender shares of Lafarge Pakistan Cement Ltd (former Chakwal Cement Company Ltd) to Bestway Group as per their offer to purchase shares from the public be and is hereby approved." "that the directives of the Board Investment Committee to the Investment Division to obtain views of financial market in respect of expected share price movement after the takeover and the assessment of decision to sell State Life holding in Lafarge Pakistan Cement Ltd viz a viz the benefits to the Corporation of making such decision be and is hereby approved." "that the recommendation of the Board Investment Committee to the Investment Division that due to shortage of time to make decision, the matter be deliberated in the Investment Committee of the Management, and the firmed up proposal along with the approval of Chairperson be sent to the members of Investment Committee of the Board through circular resolution and after getting confirmation from the members of the Committee, the decision may be implemented with post facto approval of the Board, be and is hereby approved." As per directives of the Board Investment Committee the Investment Portfolio Review as at 31st December, 2014 was submitted to the Board by Investment Division and was placed at item No. 17(III) of the agenda. ITEM (6) CONSIDERATION AND APPROVAL OF MINUTES OF 52ND MEETING OF BOARD AUDIT COMMITTEE HELD ON 06-03-2015 TOGETHER WITH RECOMMENDATION MADE THEREIN WITH RESPECT TO. 41. Secretary, Board Audit Committee presented before the Board the minutes of 52nd meeting of Board Audit Committee held on 06-03-2015 for consideration and confirmation and approval of decisions/recommendations made by the Committee. A copy of the above minutes duly signed by the Chairman (BAC) is placed at Annexure-G to the Minutes. 42. Accordingly, the Board resolved as under: RESOLVED: "that the minutes of 52nd meeting of Board Audit Committee held on 06-03-2015 together with the observations/recommendations therein be and are hereby approved as follows: (1) IMPLEMENTATION OF RECOMMENDATION MADE AT THE 48TH, 49TH, 50TH AND 51ST BAC MEETINGS. <u>Applicability of Public Sector Companies (Corporate Governance) Rules, 2013:</u> "that the recommendation of the Board Audit Committee for approval of the Board on the proposal of an in house Committee consisting of ED(P&GS), DH(P&GS), DH(IA&C) and DH(LAD) for		

Action:
DH(IA&C)

Action:
DH(F&A)

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DIRECTORS	HELD AT	ON	TIME
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	hiring of a consultant for compilation of a manual consisting of the provision of the Corporate Governance Rules for State Life after examining each and every rule vis-à-vis its practicability and implementation taken into consideration already designed manual and practices in vogue to ensure sound and fool proof adaptation of Corporate Governance provision so that no objection of non compliance is raised by statutory auditors be and is hereby approved. The Board directed that a progress report be submitted within two months time." Revision in the financial powers of Executive Directors and above in the chart of delegation of financial powers: "that the recommendation of the Board Audit Committee for approval of the Board that the task of revision in delegation of financial powers be completed latest by 10th May, 2015 and submitted to the Board Audit Committee be and is hereby approved. Calendar of events for submission of quarterly accounts of the Corporation: "that the recommendation of the Board Audit Committee for approval of the Board directing F&A Division that quarterly accounts be submitted to SECP as early as possible but not later than 8 weeks in any case and systems be mechanized in such a manner that the accounts may be submitted to SECP within stipulated time of 6 weeks after its submission to Board Audit Committee be and is hereby approved. <u>Disclosure of related party balances and transaction:</u> "that the recommendation of Board Audit Committee directing GM(F&A) that a detailed SOP be prepared in consultation with external auditors for disclosure of related party balances and transactions and its submission at next Board Audit Committee meeting be and is hereby approved. <u>Write back of claims outstanding for more than three years:</u> The Board was informed that Board Audit Committee has been apprised by GM(F&A) that SLIC is in constant contact with SECP for amending its circular to the extent of allowing to write back of the unclaimed amounts which are outstanding for three years to avoid income tax complication of add back of full liabilities for tax purpose. BAC has issued instructions that the matter be continuously followed up by GM(F&A) with SECP for early settlement and its compliance be submitted to Board Audit Committee in its subsequent meeting.		
Action: DH(F&A)			
Action: DH(F&A)			
Action: DH(F&A)			
Action: DH(F&A)			

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MINUTES OF 238TH MEETING OF THE BOARD OF DIRECTORS

DIRECTOR'S	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	25 TH MARCH, 2015	
Action: DH(F&A) Action: DH(F&A) Action: DH(F&A) Action: DH(F&A)	(2) APPROVAL OF THE DRAFT POLICY/SOPS FOR MAKING PROVISION AND IDENTIFICATION OF CONTINGENT LIABILITIES. The Board of Directors at its 232nd held on 4th February, 2013 and 234th meeting held on 3rd April, 2013, on the recommendation of Board Audit Committee at its 46th meeting held on 13-12-2012 and 48th meeting held on 02-04-2013 had approved the draft Policy/SOPs for making provision and identification of contingent liabilities and amendments therein suggested by F&A Division. ED(F&A) had presented a memorandum on revision in Policy/SOPs earlier approved by the Board. After deliberations the Board Audit Committee has made the following recommendations to the Board for approval:- "that the recommendation of the Board Audit Committee for approval by the Board of the proposed draft policy/SOPs placed at Annexure-H for making provision and identification of contingent liabilities subject to the condition that the subject policy is not in conflict with any provision of IAS be and is hereby approved." "that DH(F&A) is requested to circulate under his signature to all the Executive Directors, Divisional Heads, Regional Chiefs, Zonal Heads and all concerned for their information and compliance the finally approved policy/SOPs for making provision and identification of contingent liabilities in the financial after incorporating all the recommendations approved by the Board." (3) APPOINTMENT OF AUDITOR FOR THE YEAR 2014 – GRIEVANCES OF M/S. SAJJAD HAIDER & CO., CHARTERED ACCOUNTANTS, DUBAI. ED(F&A) had placed before the Board Audit Committee reservation of outgoing audit firm for audit of accounts of Gulf Zone of M/s. Sajjad Haider & Co., and their replacement with M/s. Nabeel Al-Saie and further informed the Board that the replaced firm M/s. Sajjad Haider & Co., had made a representation to the Chairperson of State Life vide their letter dated 18th January, 2015. M/s. Sajjad Haider & Co., mentioned in the representation that they had been providing professional services since inception of Gulf Zone and that Mr. Muhammad Nafees of the newly appointed firm was one of their partners who had been terminated by the firm in 2014 due to some financial matters and that M/s. Sajjad Haider & Co., had extensive experience in insurance and underwriting and their withdrawal by State Life had put them into awkward position. The Board Audit Committee observed that there is no need to write a letter to M/s. Sajjad Haider & Co. and ratified their earlier decision of appointment of M/s. Nabeel Al-Saie for Gulf Zone. However, BAC directed that M/s. Nabeel Al-Saie may be advised to depute any other engagement partner, if possible, for SLIC except Mr. Muhammad Nafees. "that the recommendation of Board Audit Committee to the Board for approval that there was no need to write a letter to M/s. Sajjad Haider & Co., and for reconfirmation of appointment of M/s. Nabeel Al-Saie for Gulf Zone and for advising M/s. Nabeel Al-Saie to depute any other engagement partner for SLIC except Mr. Muhammad Nafees be and is hereby approved." (4) TO CONSIDER AND APPROVE RECOMMENDATION ON ANTI-FRAUD PROGRAM AND WHISTLE BLOWING POLICY.		

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DIRECTORS	HELD AT	ON	TIME
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Action: DH(IA&C)	"that the recommendation of Board Audit Committee to the Board for approval of the proposed Anti-Fraud Program and Whistle Blowing Policy of State Life Insurance Corporation placed at Annexure-I to the minutes submitted by DH(IA&C) be and is hereby approved, however no anonymous complaint shall be entertained by the Management."		
Action: DH(IA&C)	"that DH(IA&C) is hereby directed to circulate under his signature the approved copy of Anti Fraud Program and Whistle Blowing Policy to all the EDs, DHs, RCs and ZHs."		
	(5) MEETING WITH STATUTORY AUDITORS.		
	(i) Delay in implementation of ERP System.		
Action: DH(IT)	The BAC directed DH(IT) that emphasis may be given on quality ERP System and realistic time frame for completion/implementation of ERP System may be given and an exclusive meeting with M/s. Sidat Hyder Morshed Associates (Pvt) Ltd may be arranged along with a detailed presentation to BAC in its next meeting.		
	(ii) Impairment in available for sale equity securities.		
Action: DH(F&A)	"that the directives of Board Audit Committee to GM(F&A) that the Committee has no objection to follow the existing accounting practice if this is not in contravention with any provision of IAS with further direction for submission of detailed position paper in the next BAC meeting be and is hereby approved."		
Action: DH(F&A)	"that the directives of Board Audit Committee to GM(F&A) that the pending Audit paras of Commercial Auditors be placed in the next meeting of BAC and which should also be informed of subsequent progress in the matter be and is hereby confirmed by the Board."		
	(6) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.		
	APPROVAL OF ANNUAL ACCOUNTS OF SLIC FOR THE YEAR 2013.		
Action: DH(F&A)	The Board of Directors had in its 236 th meeting held on 9 th December, 2014 approved the annual accounts of SLIC together with actuarial valuation report and declaration of bonus to policyholders, however at that time the SECP had not ratified the constitution of Board of Directors and had commented in his letter that the financial statement of State Life has been signed by the Directors on December 9, 2014 whereas the application for the appointment of signatory Directors under the Sound and Prudent Management Regulation 2012 were sent to SECP in January 2015 hence post facto regulatory permission needs to be sought to render the authenticity of financial statement appropriately worthwhile in the regulatory perspective. SECP had agreed that to resolve the above stated observation, the endorsement of Board of Directors of its earlier decision of approval of accounts for 2013 will be sufficient for them.		
Action: DH(F&A)	"that the recommendation of the Board Audit Committee to the Board for endorsement by it of its earlier decision of approval of annual accounts for the year 2013 including policyholders bonuses be and is hereby approved."		

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Action:
DH(IT)

ITEM (7) PROGRESS REPORT OF AUTOMATION OF STATE LIFE TOGETHER WITH TIME LINE FOR SUBMISSION OF VARIOUS TASKS INVOLVED ABOVE.

43. Project Director (IT) presented before the Board, a Progress Report of Automation of State Life together with time line for submission of various tasks involved above.

44. IT Division of State Life is working with vision to "Achieve **organizational goals** through the use of Information & Communication Technology (ICT) and to improve **productivity and efficiency** of processes within the organization and enhance **delivery of services** to all stake-holder". IT Division is vigorously working to provide IT support to all functional Divisions to carryout business operations smoothly.

45. Besides the routine operations, State Life Insurance Corporation being an industry leader in insurance sector is applying extensive efforts for technology up-gradation to improve internal communication within and between offices; ensure & facilitate efficiency in business operations by providing better customer services and to provide instant access to strategic information which is essentially required for better decision making. For the purpose, IT division is in process to implement new IT Strategy since 2010. The major components of newly evolved IT Strategy 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
- viii. SHMA – Legal System
- ix. SHMA – Audit System

46. Detail regarding financial and module wise Implementation status of pre-packaged Software Solution is as under:

A. 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/-

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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/-
8	Completion of UAT activities on GLAS Module	18-06-2013	1,652,349/-
Total payments till to-date			27,874,116/-

B. Module wise implementation Status:

Module	Major Activities
iPAMS – Investment Portfolio Administration & Management System	This module 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 /previous system. - Formal sign-off for these sub-modules from Investment Division was expected in December 2014 but User Division is reconciling various annual reports produced by new system with reports prepared manually/ from old system.
iLAS – Individual Life Assurance System	This module has been divided in to following sub-modules: - New Business & Under-writing - Collection System (New Business & Renewal) - Policy Alterations - Policy Conservation - Policy Loan & Surrender - Agency Commission - Claims Management - The customization of the Gaps of most of the sub-modules have been completed. - Necessary operational training to respective users is being imparted in the zones of South Region. - Development of Data migration utilities from existing operational System to ERP and vice-versa for New Business & Under-writing, New Business Collection sub-modules is completed. - New Business & Under-writing, New Business Collection sub-modules are working Live in pilot zone Karachi South from 1st January 2015. - Replication of these modules in remaining zones across enterprise is planned to be completed by December 2015. - Technical review of remaining sub-modules with IT Division's team is in progress; while UAT with user focus groups is also underway.
GLAS – Group Life Assurance System	- Quotation generation and its conversion in Policy live cases tested in G&P Karachi Group Zone in November 2014. - Data Migration of Claims completed in July 2014 - Policy renewal and claims processing live cases tested at G&P Karachi Group Zone in August 2014. - Major functions of this module on selected policies are Live since August 2014. - Migration of more policies on priority basis to this module is in progress. - Replication of major functions of this module in other G&P Zones is planned to be completed by December 2015

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	<table border="1"> <tr> <td>GL – General Ledger & Budget</td> <td> - New Chart-of-Account has been revamped as part of new GL System implementation. The existing two layers Chart-of-Account has been replaced with seven layers Chart-of-Account for better financial controls & MIS generation. - The modules ILAS, GLAS & IPAMS (upon complete implementation) will automatically generate transactions for GL, therefore complete implementation of GL is dependent on implementation of ILAS, GLAS & IPAMS. - Account wise summary of entries of existing GL System have been entered into new GL system (by using new chart of accounts & mapping them with existing ones) to produce trial balance; both have been reconciled. </td> </tr> <tr> <td>HRMS, Pay Roll, Fixed Assets/ Inventory & Procurement System</td> <td> - 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 in January 2012. - Implementation activities of these support functions/modules have been parked due to shortage of skilled resource and to focus to implement Core business functions on priority basis. </td> </tr> <tr> <td>SHMA – Actuarial System</td> <td rowspan="3"> Implementation methodology for these minor modules is quite different and will be promulgated after successful implementation of all the above modules </td> <td rowspan="3"> PARKED As per logical work plan, working on these modules will be initiated after complete implementation of all the above modules. </td> </tr> <tr> <td>SHMA – Legal System</td> </tr> <tr> <td>SHMA – Audit System</td> </tr> </table>	GL – General Ledger & Budget	- New Chart-of-Account has been revamped as part of new GL System implementation. The existing two layers Chart-of-Account has been replaced with seven layers Chart-of-Account for better financial controls & MIS generation. - The modules ILAS, GLAS & IPAMS (upon complete implementation) will automatically generate transactions for GL, therefore complete implementation of GL is dependent on implementation of ILAS, GLAS & IPAMS. - Account wise summary of entries of existing GL System have been entered into new GL system (by using new chart of accounts & mapping them with existing ones) to produce trial balance; both have been reconciled.	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 in January 2012. - Implementation activities of these support functions/modules have been parked due to shortage of skilled resource and to focus to implement Core business functions on priority basis.	SHMA – Actuarial 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.	SHMA – Legal System	SHMA – Audit System	
GL – General Ledger & Budget	- New Chart-of-Account has been revamped as part of new GL System implementation. The existing two layers Chart-of-Account has been replaced with seven layers Chart-of-Account for better financial controls & MIS generation. - The modules ILAS, GLAS & IPAMS (upon complete implementation) will automatically generate transactions for GL, therefore complete implementation of GL is dependent on implementation of ILAS, GLAS & IPAMS. - Account wise summary of entries of existing GL System have been entered into new GL system (by using new chart of accounts & mapping them with existing ones) to produce trial balance; both have been reconciled.										
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 in January 2012. - Implementation activities of these support functions/modules have been parked due to shortage of skilled resource and to focus to implement Core business functions on priority basis.										
SHMA – Actuarial 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.									
SHMA – Legal System											
SHMA – Audit System											
<u>Deployment of New ICT Infrastructure which includes:</u> 47. IT Division has established Tier-2* level Data Center which is operational with zero down time since March 2013 with following capabilities: ☐ Provide 7 X 24 X 365 Availability of IT Resources ☐ Uninterrupted/Redundant Power & Network availability ☐ Reliable Air-conditioning / Thermal Management ☐ Environmental Monitoring Mechanism ☐ Effective Fire Detection & Suppression Systems ☐ Infallible Physical, Network & Information Systems Security 48. State Life is also working to establish wide Area Network (WAN) through VPN connectivity between 130 locations including Regional & Zonal Offices and collection counters across the country & SLIC - Data Centre situated in Principal Office, Karachi. 49. The above progress report noted by the Board which requested for a detailed presentation which was done by the Project Director. The implementation program for New Business Underwriting, New Business and Renewal Collection for various Zones together with the tentative schedule thereof together with activity, module, duration and phases of implementation activity was presented to the Board which is placed at Annexure-J. The Board desired that the tentative schedule be strictly adhered to and deviation thereto be informed to the Board well in advance.											
			CHAIRMAN'S INITIALS <i>[Signature]</i>								

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MINUTE BOOK	KARACHI	25 TH MARCH, 2015	
ITEM (8) APPROVAL OF DISCONTINUATION OF PROVISION OF VARIOUS SERVICES TO CHAIRMAN AFTER LEAVING STATE LIFE WHO HAVE RENDERED SERVICES TO THE CORPORATION AS CHAIRMAN FOR ATLEAST TWO YEARS. 50. Executive Director (P&GS) presented before the Board, a Memorandum regarding discontinuation of provision of various services to Chairman after leaving State Life who have rendered services to the Corporation as Chairman for atleast two years. 51. On the recommendation of HR Committee, a Memorandum on the subject was submitted before the Board of Directors in its 221st meeting held on 25th July, 2011 by the Executive Director (P&GS) for provision of services of one Security Guard henceforth to Chairman State Life who rendered service to the Corporation for atleast two years, the Board had resolved as under: "that the recommendation of HR Committee at its 7th meeting held on 27th June, 2011 on the proposal of Executive Director (P&GS) in his memorandum to provide the services of One Security Guard with salary adjusted for inflation as per State Life Index to former Chairman of State Life only henceforth, who have completed tenure of atleast two years as Chairman is hereby approved in principle as operative since 2006 for Government Employees of BS-21 and BS-22. This facility can only be availed if not already provided to him by the Federal/Provincial Government or its Sub-Ordinate Organization." 52. Earlier the BoD in its 218th meeting held on 21-03-2011, had approved the following facilities for the Chairman who completed tenure atleast two years as Chairman: - Services of one Orderly on contract with maximum salary of Rs.12,000 per month. - Services of one Driver on contract with maximum salary package of Rs.12,000 per month. - Pick-up and drop facilities at Karachi/Islamabad and Lahore Airports with protocol coverage. - Use of Staff Car for a maximum of 03 days at Islamabad/ Karachi and Lahore. 53. The Government Auditor during Audit for the year 2012 had made the following audit observation: Audit is of the view that the grant of above facilities to Ex-Chairman after retirement is un-authorized, as the same were not allowed by the Finance Division's letter dated 11-04-2007 to MP-1 Executive, therefore, a violation of cited circular. 54. Furthermore, the Securities Exchange Commission of Pakistan (SECP) has imposed limit of expense ratio for the insurer. The Corporation is facing acute problem in maintaining the expense ratio and such kind of expense is adversely affecting the expense ratio, therefore, the scheme approved by the Board in its 218th and 221st meeting may be discontinued to maintain expense ratio.			

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CTORS	HELD AT	ON	TIME
E BOOK	KARACHI	25 TH MARCH, 2015	
Action: DH()S)	55. The matter was placed before the Members of Board of Directors for kind perusal and consideration. 56. After deliberation, the Board resolved as under: RESOLVED: "that as proposed by ED(P&GS) for reasons given by government auditor during audit for the year 2012 that the under mentioned facilities to Ex-Chairman after retirement was unauthorized as they were not allowed by the Finance Division letter dated 11-04-2007 to MP-I Executive, therefore a violation of cited circular, the discontinuation of services of One Security Guard with salary adjusted for inflation as per State Bank Index, discontinuance of services of One Orderly on contract with maximum salary of Rs.12,000 p.m., discontinuance of services of One Driver on contract with maximum salary package of Rs.12,000 p.m., discontinuance of pick up and drop facilities at Karachi, Islamabad and Lahore airports with protocol coverage and discontinuance of use of staff car for maximum of three days at Islamabad/Karachi and Lahore, if not already provided by the Federal/Provincial Government or its Subordinate Organization to former Chairman of State Life who have completed tenure of atleast two years as Chairman to the Corporation earlier approved by 218th and 221st meeting of the Board be and is hereby approved." ITEM 9(a) PROGRESS REPORT ON CONSTRUCTION OF STATE LIFE BUILDING AT BENAZIRABAD AND UPDATION OF FIRE DETECTING SYSTEM COMPRISING OF PANEL FIRE ALARM SPINKLERS IN ALL STATE LIFE BUILDINGS. <u>Construction of State Life Building at Benazirabad:</u> 57. ED(RE) submitted before the Board that the Board of Directors at its 230th meeting held on 04-12-2012 had approved in principle construction of State Life Building on the plot located at Iqbal Road, Civil Lines, Sahiwal. Furthermore, the Board of Directors at its 232nd meeting held on 04-02-2013 approved in principle the proposal of Real Estate Division to construct non airconditioned building at Benazirabad(Nawabshah) without lift comprising of basement plus ground floor plus two stories with provision of two additional floors initially to be used to house State Life's own offices. An advertisement was published on 21-03-2013 in various newspapers for prequalification of Architects Consultants, for designing of State Life Building, last date of receipt of application was April 5, 2013. 26 applications were received and documents were evaluated by a committee constituted comprising of Mr. Rashid Qureshi, AGM, Mr. Tariq Mushtaq, AGM, Mr. Roop Chand, AGM and Mr. Afzal Hussain, Manager. Prequalification criteria were developed and approved by ED(RE). 13 firms were prequalified. The terms of reference was prepared by Real Estate Division and was to be issued to the prequalified consultants on the basis of which proposal of design will be called from prequalified consultants. The Board desired that the progress report on the above be submitted to the Board Real Estate Committee at its next meeting.		
	Action: DH(RE) CHAIRMAN'S INITIALS 		

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<u>UPDATION OF FIRE DETECTING SYSTEM COMPRISING OF PANEL FIRE ALARM SPINKLERS IN ALL STATE LIFE BUILDINGS.</u> 58. The fire flight/detecting system in buildings essentially consist of fire extinguishers, fire hydrant, fire sprinklers and electronic fire alarm system and fire fighting personnel. 59. The Board was informed that in most of the old buildings only fire extinguishers are installed whereas in buildings constructed during 1990, fire extinguishers, fire hydrant and fire alarm system exist. The maintenance/refilling and operation of the above has been duly contracted, however as far as updation of the fire fighting, detecting system is concerned Division has started spade work/collection of data country wide to be able to make a TOR for prequalification of consultants of this specialized field who would be hired to carry out survey of all SLIC buildings and submit comprehensive report alongwith suggested addition/updation of existing system with estimates. The Board desired that the progress report on the above be submitted to the Board Real Estate Committee at its next meeting. <u>Replacement of Air-conditioning System and Lifts</u> <u>At State Life Building No.9, Karachi.</u> 60. ED(RE) submitted that as per decision of the Board, the process of prequalification of consultants for lifts and ACs has been initiated while rejecting the earlier exercise for hiring of consultants for replacement of AC plant as it contained certain shortcoming, after approval of the same advertisement have been prepared for release in the newspapers. The Board desired that the progress report on the above be submitted to the Board Real Estate Committee at its next meeting. (b) <u>A DETAILED PRESENTATION GIVING UPDATE ON THE ONGOING PROJECTS AND PLANNED PROJECTS UNDER TAKEN BY STATE LIFE.</u> 61. Divisional Head (Real Estate) gave a detailed presentation to the Members of the Board alongwith with ED(RE) on the current status of the ongoing projects and planned projects under taken by State Life. <u>State Life Tower, Islamabad.</u> 62. DH(RE) informed the Board about the approval of Phase-I and Phase-II of State Life Tower at Jinnah Avenue, Islamabad by the Board of Directors at its 162nd meeting held on 11-08-2001 and 210th meeting held on 07-04-2010. The architect consultant of the project is M/s. Suhail & Pasha, Islamabad whereas Sub Consultant is M/s. International Consultants, Karachi for HVAC, electrical, lift and fire fighting whereas the Project Manager is M/s. NESPAK. 63. The project features are that the project consists of 22 stories with covered area of 298600 sq.ft. and rental able area 111109 sq.ft. with an estimated cost Rs.1417.94 million. The building would be centrally airconditioned. The contractor of the project was M/s. Moinsons with starting date of the construction was 15th June, 2003 with completion time of 36 months i.e. 9th June, 2008. The cost of completion was Rs 237,619,480 with cost overruns of			

Action:
DH(RE)

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	Rs.74.62 million. The reasons for delay was earthquake in 2005 as a result fo which the project was redesigned as per CDA requirement. 64. The tender for Phase-II of the project was floated on August 2008 and the contract was awarded on 22-04-2010 to be completed by 31-05-2013. The tender cost of Civil, Electrical and Plumbing work was Rs.571,581,701 and total payment todate for 41% completion work is Rs.234,480,330. The date of award of lifts contract was 21-02-2013 with completion time of 9 months and tender cost of Rs.27123000. The delay in lift work is because the lift supplied does not meet the tender specification. 65. The current status of various work under progress on Islamabad Tower together with bottle neck was submitted to the Members of the Board. 66. The Board directed that a detailed presentation of the current status of the above project be presented in the meeting of the Board Real Estate Committee and the architect consultant and project manager be invited to attend the meeting. <u>Update on the planned projects:</u> 67. The Board was informed that the presently there are 4 planned projects to be constructed at Rahim Yar Khan, Sialkot, Sargodha and Benazirabad. <u>State Life Building, Rahim Yar Khan:</u> 68. The Board of Directors had approved construction of State Life Building at Rahim Yar Khan in its 199th meeting held on 02-02-2009 for which the architect consultant and project manager was M/s. NESPAK. The building at Rahim Yar Khan would be 6 stories with covered area of 66394 sq.ft. with rentable area of 37512 sq.ft. with an estimated cost Rs.305.76 million. The building would be non airconditioned. The building planned have been submitted with TMA Rahim Yar Khan waiting approval. Fresh tender will be called after approval by Town Municipal Committee. <u>State Life Building, Sialkot:</u> 69. The Board of Directors at its 230th meeting held on 04-12-2012 had approved construction of State Life Building Sialkot with 6 stories and total covered area of 52344 sq.ft. with an estimated cost of Rs.258.37 million. The building would be non airconditioned. The architect consultant is M/s. NESPAK in collaboration with M/s. International Design Group and Project Manager is M/s. NESPAK. The consultant has submitted the initial architectural plan regarding designing of the project which are under consideration. <u>State Life Building, Sargodha:</u> 70. The Board of Directors at its 230th meeting held on 04-12-2012 had approved construction of State Life Building Sargodha with 6 stories and total covered area of 43535 sq.ft. and total rentable area of 35820 with an estimated		

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cost of Rs.234.92 million. The building would be non airconditioned. The architect consultant is M/s. NESPAK in collaboration with M/s. International Design Group and Project Manager is M/s. NESPAK. The concept design are under consideration.

71. The Board directed DH(Real Estate) in consultation with Mr. Saad Amanullah, Director, State Life, to prepare a complete template of the ongoing projects and planned projects and submit the same to the Members of the Board Real Estate Committee for their review and consideration.

(c) **POSITION PAPER IN RESPECT OF AUDIT PARA REGARDING PURCHASE OF OFFICE SPACE AT HASHOO CENTRE, SLB-12 IN APRIL, 1996.**

72. Executive Director (RE) presented before the Board, a Position Paper in respect of audit para regarding purchase of office space at Hashoo Centre, State Life Bldg No.12, Karachi in April, 1996.

73. State Life Insurance Corporation of Pakistan purchased four complete floors (4th to 7th floor), Basement, some portions on 2nd & 3rd floor comprising of 121,120sft covered area at Hashoo Centre (SLB -12) in April 1996. The building is located in close vicinity of M.A Jinnah Road Karachi and its ground floor is occupied by retail business owners. Cost of purchase & expenses incurred afterwards on renovation are given below;

S.#	Description	Cost (Rs)	Annexure
1	Cost of purchase	212,912,260/-	A
2	Expenses incurred on renovation (Civil / Electrical works)	24,519,632/-	B
3	Total Cost	237,431,892/-	

74. Renting/Leasing out of SLIC owned premise or its space have always been problem due to various setbacks and adverse aspects of the building which include the following;

- I. Building is located on one of the most congested and highly polluted area known as "The Plaza". It is on narrow streets at its three sides and a showroom on the fourth side. The streets and lane are about 20 feet to 60 feet wide.
It is overcrowded by electronic appliance vendors, present inside and outside of the buildings. Moreover Foot path and roads are encroached/occupied by shopkeepers/carts holders etc, making access and exit nearly impossible in the working hours.
- II. The internal planning of the building is also adverse. The main entrance to the building is on 20 feet wide lane/street generally congested and jammed during working hours. One small lift lobby and 2 narrow stair cases are common for SLIC, shop owners, vendors, goods transporters and public. There is no system of removal of garbage, cleaning and

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	janitorial services; making the passage and access difficult, unpleasant and unbearable. SLIC owned 4th to 7th Floor for which no proper independent spacious access is available. Access to SLIC premises are through small stair cases and not in control of SLIC. The inside of the building ground floor to mezzanine is full of small electronic items seller's, passages are completely congested and encroached by them. 75. At present small space in the Basement & 3rd floor are rented which is earning meager income of Rs.150,000/- month. 76. As per statement prepared by F&A Book Value of building after deduction of depreciation (Annexure – B) stands at Rs. 182,228,424/- where-as per Evaluation carried out by independent Evaluator M/s Arch D'Con the market value of property stands as below:- • Final Summary Value land Rs. 154,945,000/-** • Final Summary Value building Rs. 102,346,400/- • Final Summary Value machinery Rs. 24,000,000/- <u>Rs. 281,291,400/-</u> 77. Government Audit during the 2012 -13 pointed out this vacation (Audit para 3.3.4.8 of 2012-13, Annexure – D) & worked out loss of rental income of Rs.27.851 million owing to this vacation. The matter was referred to DAC, DAC discussed the matter in meetings dated: 14-12-2012 & 02-04-2014. DAC in the meeting at 02-04-2014, made the following decision:- <i>"DAC decided that the matter be placed before Board of Director (BoD) to decide fate of building as to whether the building is to be sold out or renew efforts for renting it out."</i> 78. Matter is therefore placed before Board of Directors to make decision upon directives of DAC as stated, it may be noted that if the option of sale is opted on SOP for sale will have to prepared to proceed. 79. After deliberation, the Board resolved as under: RESOLVED: "that Real Estate Division arrange for a visit of Hashoo Centre by the Members of the Board Real Estate Committee after which a Memorandum be put up in the Real Estate Committee together with the recommendation of the Members visiting the Hashoo Centre for deliberation and framing of final recommendation to the Board for approval."		

Action:
D-1(RE)

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ITEM (10) APPROVAL OF POLICY/SOPS FOR MAKING PROVISION AGAINST DOUBTFUL RECEIVABLE WRITING OFF/BACK PAYABLES, REINSTATEMENT PREVIOUSLY WRITTEN OFF OR WRITTEN BACK AMOUNTS AND IDENTIFICATION OF CONTINGENT LIABILITIES. 80. Executive Director (F&A) presented before the Board, a Memorandum for approval of Policy/SOPs for making provision against doubtful receivable writing off/back payables, reinstatement previously written off or written back amounts and identification of contingent liabilities. 81. On the recommendations of Board Audit Committee, the Board of Directors approved the above Policy/SOPs in its 232nd and 234th meeting held on 4th February, 2013 and 3rd April, 2013 respectively. The Policy/SOPs covered the following procedures: i) Making provision against doubtful receivable ii) Writing off receivable after fully provided for iii) Writing back payable iv) Reinstatement of previously written off/written back amounts; and v) Identification, reporting and providing for contingent liabilities. 82. Though, the policy and procedures are adequate, the period of completing provisioning is quite narrow. The approved policy says that all receivable/payable should be provided for in 1½ years and then be written off/written back. The outstanding rents from tenants are also to be written off within two years after meeting certain conditions. The committee's recommendations were for longer period. 83. The Management of the Corporation feels that the table of provisioning and writing off/ writing back amounts in a period of 1½ years is practically not feasible may lead to the following problems/difficulties: i) The standard practice worldwide is to make provision of doubtful recoveries in at least three year with year-wise increment of provision. In case the approved table is applied, there may be accounting, financial and legal problems and issues. ii) The policy/SOPs will be open to all. The non-paying debtor will keep an eye on the provisioning process and they may wait for only 1 ½ years when their liabilities will be offset. iii) The policy says that w.e.f. 1.1.2014, quarterly review of doubtful recoveries will be made and provision will be made on half yearly basis. Practically it is not possible and there may be accounting problems at each year end. iv) In case the provisioning and writing off action is taken after every six months, huge bad debt expenses will occur in the immediate year and then in later year. These expenses will be a great threat to the renewal expense ratio.			

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	v) A creditor may come for his payment after the part or full provision is completed in 1.5 years. In this case, the unnecessary work burden will be on the shoulders of concerned officials for reinstatement of previously written back amount. 84. In view of the above situation, it is submitted that the Board of Directors may please revisit its earlier decision and allow to amend the Table of Provision in a way that the full provision is completed in three years instead of 1.5 years. 85. The revised Policy/SOPs containing the revised table of provision and slight amendment to adjust the period of one year increment in provision to complete in three years, has been prepared and was placed at Annexure to the memorandum for kind perusal and approval of Board of Directors. The request has been made to reconsider the increment period of provision and total period of full provision. The Board in the earlier approved policy had approved to increment the provision after every six months so that full provision is completed in one and half years and it is now proposed by ED(F&A) that the provision may be annually increment so that the complete provision in three years period which would be in favour of the Corporation. 86. After deliberations the Board Audit Committee has made the following recommendations to the Board for approval:- "that the recommendation of the Board Audit Committee for approval by the Board of the proposed draft policy/SOPs placed at Annexure-H for making provision and identification of contingent liabilities subject to the condition that the subject policy is not in conflict with any provision of IAS be and is hereby approved." "that DH(F&A) is requested to circulate under his signature to all the Executive Directors, Divisional Heads, Regional Chiefs, Zonal Heads and all concerned for their information and compliance the finally approved policy/SOPs for making provision and identification of contingent liabilities in the financial after incorporating all the recommendations approved by the Board." 87. After deliberation, the Board resolved as under: RESOLVED: "that the recommendation of the Board Audit Committee on the proposal of ED(F&A), for approval by the Board of the earlier approved draft policy/SOPs placed at Annexure-H to the minutes for making provision and identification of contingent liabilities suggesting revision in Policy/SOPs to include the revised table of provision and slight amendment to adjust the period of one year increment in provision to complete in three years subject to the condition that the subject policy is not in conflict with any provision of IAS be and is hereby approved." "that DH(F&A) is requested to circulate under his signature to all the Executive Directors, Divisional Heads, Regional Chiefs, Zonal Heads and all concerned for their information and compliance the finally approved policy/SOPs for making provision and identification of contingent liabilities in the financial after incorporating all the recommendations approved by the Board."		

Action:
DH(F&A)

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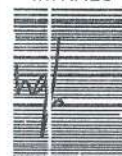
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ITEM 11(a) EX POST FACTO APPROVAL OF THE BOARD FOR TOTAL COST ON CORPORATE TV CAMPAIGN CRICKET WORLD CUP-2015. 88. Divisional Head (Marketing) presented before the Board, a Memorandum for ex post facto approval of the Board for total cost on Corporate TV Campaign Cricket World Cup 2015. 89. Realistically, this mega sports event comes only in four years and always watched enthusiastically by Millions. To convey maximum corporate messages from State Life to masses, we are participating in Cricket World Cup – 2015 to record our strength as a leading life insurance provider in Pakistan. C.W.C – 2015 will start from 8th of February, 2015 covering the total 57 matches (Including warm-up). Our campaign is T.V Scrolls to be aired on PTV Sports (chosen to be the most effective in terms of urban and rural demography), 60 scrolls will appear on PTV Sport Channel during every match, total no. of scrolls for C.W.C-2015 are 3,480. We have prepared 12 scrolls based on our different offered policy plans. 90. The Corporate T.V campaign has been initiated with the approval of Chairperson. The CCD, as per directives of Management, initiated the Corporate T.V campaign C.W.C – 2015 through our panel advertising agency M/s Spectrum Y&R after due diligence. The financial impact of total cost for corporate T.V campaign Cricket World Cup – 2015 at negotiated rates is given below: Total package cost (including 16% GST) ----- Rs. 23.2 Million 91. The total cost for this corporate campaign was approved by Chairperson. However, as per Chart of Delegation for Financial Powers, Chairperson, State Life is authorized to approve the expenditure up to Rs.5 million. The above given total cost exceeds the approved limit of Chairperson under the chart of Delegation for Financial Powers. Hence, the required approval for total cost falls in the purview of BOD as per Chart of Delegation for Financial Powers. 92. Therefore, it is placed before BOD for Ex Post Facto approval for total cost of Rs. 23.2 Million on Corporate T.V Campaign Cricket World Cup - 2015. 93. After deliberation, the Board resolved as under: RESOLVED: "that the proposal of Divisional Head (Marketing) in his Memorandum dated 17-12-2014 for ex post facto approval of total package cost including 16% GST of Rs.23.2 million on Corporate TV Campaign Cricket World Cup - 2015 be and is hereby given." (b) APPROVAL OF A DETAILED ADVERTISEMENT POLICY. 94. Due to paucity of time, the consideration of above Memorandum of Divisional Head (Marketing) was deferred to the next meeting of the Board of Directors.			

Action:
DH(MKT)
DH(CCD)

Action:
DH(MKT)
DH(CCD)

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ITEM (12) APPROVAL OF ENHANCEMENT IN AREA MANAGERS <u>APPROVED STRENGTH FROM 997 TO 1164.</u> 95. Divisional Head (Marketing) presented before the Board, a Memorandum regarding approval of enhancement in Area Managers approved strength from 997 to 1164. 96. The Area Managers are, though, treated as employees of the Corporation as governed under State Life Employees' (Service) Regulations, 1973, but their performance is distinct from that of other employees, as the post of Area Manager is purely business related being considered equivalent to the cadre of Deputy Manager. They are not directly appointed, rather existing Sales Managers after completion of predefined business criteria are promoted and appointed as Area Managers. 97. Each year, a good number of Sales Managers do qualify for promotion and appointment as Area Manager by fulfilling laid down business criteria. These promotions always result into increase in Corporation's new business besides ensuring conservancy of old business. These promotions could not be accomplished in the first quarter of 2014 owing to absence of the Chairman. It has been accomplished during last quarter of the year 2014 and 102 Area Managers have been promoted/ appointed against 81 vacant positions, subject to ex-post facto approval of the Board for additional vacancies. 98. On the request of Marketing Division, provision in the Budget-2015 has been made by F&A Division for 167 additional vacancies of Area Managers for promotion of Sales Managers in 2015 on the business as at 31-12-2014. The existing strength of 997 Area Managers was last approved by the Board in its 228th meeting held on 19-09-2012. 99. The Board was requested to kindly approve enhancement in the vacancies of Area Managers from 997 to 1164 in the interest of Corporation's business. 100. After deliberation, the Board resolved as under: <u>RESOLVED:</u> "that the proposal of Divisional Head (Marketing) in his Memorandum, for approval of Area Manager Strength from 997 to 1164 in the interest of Corporation's business and to enable promotion of Sales Managers to Area Managers in the year 2015 who have met the laid down criteria previously approved by the Board be and is hereby approved." ITEM (13) APPROVAL OF REVISION OF PERQUISITES FOR AREA MANAGERS. 101. Divisional Head (Marketing) presented before the Board, a Memorandum regarding approval of revision of perquisites for Area Managers.			

Action:
DH(MKT)

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102. The Area Managers perks and incentives were last revised in the Year 2002 and since then First Year Premium quota of Area Managers has been increased three times, i.e. 25% increase after every three years. The existing slabs for qualification of Area Managers perk needed to be revised according to the present business environment and FYP quota.

103. Keeping in view the above facts and increasing cost in Area Managers cadre, Marketing Division also had discussions with the Representatives of Area Managers and it was mutually agreed that existing slabs of qualification should be reviewed and revised wherever required.

104. The revision in perks/incentives for Area Managers was agreed upon after long process of consultation with the Representatives of Area Managers and Regional Chiefs. The revised package of perks was forwarded to F&A Division for working out financial impact and F&A Division had confirmed that the revised package has around Rs.29.000 Million saving. The major part of the saving is due to revision and enhancement in qualifying limits of Petrol expenses.

105. The Area Managers were allowed to receive difference of perks under better performance on showing only Rs.1 (one) increase over their actual base with 75% 2nd Year Persistency and subject to completion of annual FYP quota of their respective category. The system for payment was modified vide Marketing Division letter dated 23rd January, 2012 with the approval of the then Chairman and it was decided that the difference of perquisites under better performance will be released on showing at least 25% increase in FYP over base.

106. Since the Area Managers' Federation raised certain reservations and requested that this increase of 25% may be withdrawn and the old system may be restored, the Management entered in dialogue with Area Managers' Federation and reached to a conclusion that the perks in general may be rationalized and the condition of 25% over last year's base to qualify perks under better performance may be withdrawn.

107. Therefore, with a view to maximize productivity of Area Managers to operate within the prescribed cost limits, their slabs of qualification were revised as under with effect from 1st January 2014 on the performance of 2013 onward, and till further orders, subject to post facto approval of the Board of Director.

Car Petrol Limit (for 'A' Category Area Managers).

Subject to Direct Cost being within 5% and 75% 2nd Year Persistency, the following slabs of petrol expenses will be reimbursed on account of "Petrol Expenses" as per FYP Slabs mentioned below:

S#	F.Y.P Slab (on completion of)	Petrol Limit Per Month
1-	Annual FYP quota.	350 Liters.
2-	For every additional Rs.40. Lac FYP over FYP quota	80 Liters.

However, if the Direct Cost for the preceding Year is more than 5% and/or 2nd Year Persistency is less than 75%, the petrol limit is restricted to 200 liters per month subject to completion of annual FYP quota:

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The entitlement for 50% Car petrol will be treated as Direct Cost and remaining 50% as Indirect Cost.

Newly Selected 'A' Category Area Managers will be allowed to get initial slab of petrol (upto 200 liters p.m.) in the first Year of their selection. In the 2nd Year of their selection, they will be allowed to get maximum 200 liters p.m. subject to completion of **PRO-RATA FYP QUOTA**.

B) Car Rental.

The entitlement limits for "Car Rental" (for 'A' Category Area Managers) are revised as under subject to achievement of 75% 2nd Year Persistency:

S#	F.Y.P. Slab (on completion of)	Entitlement per month.
1-	Annual FYP quota.	Rs.1,000/=
2-	For every Rs.50 Lac FYP over FYP quota.	Rs.750/= (maximum Rs.15,000/=)

However, in case 2nd Year Persistency is less than 75%, the Area Manager will be allowed to get initial slab of car rental i.e. Rs.1,000/= only, subject to completion of annual FYP quota.

Newly Selected 'A' Category Area Managers will be allowed to get initial slab of car rental in the first Year of their selection. In the 2nd Year of their selection, they will be allowed to get initial slab subject to completion of pro-rata FYP quota.

The entitlement for 50% Car Rental will be treated as Direct Cost and remaining 50% as Indirect Cost.

C) Agency Meeting & Entertainment Limits (Meeting & Conference Expenses).

The Agency Meeting/Entertainment/Meeting & Conference Expenses entitlement slab is as under provided the Direct Cost remains within 5% with 75% 2nd Year Persistency:

S#	F.Y.P. Slab (on completion of)	Entitlement p.m.
1-	Below Quota.	Rs.500/=
2-	FYP Quota.	Rs.2,000/=
3-	For every Rs.50 Lac FYP over FYP quota.	Rs.1,000/= (maximum Rs.20,000/=)

The Agency Meeting & Entertainment Limits would be enhanced, on achieving Renewal Persistency instead of volume of Renewal Premium as per following SLABS, subject to completion of annual FYP quota:

S#	Renewal Persistency	Entitlement would be enhanced by
1-	85%	10%
2-	86%	15%
3-	87%	20%
4-	88%	30%
5-	89%	40%
6-	90% and above	50%

D) Annual Prize Distribution Function:

Area Managers completing FYP quota or more in a calendar Year with 75% 2nd Year Persistency would be allowed subsidy for holding the function, subject to maximum limit as prescribed below:

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S#	FYP in a Calendar Year (upon completion)	Maximum Limit
1-	FYP quota.	Rs.5,000/-
2-	For every Rs.50 Lac FYP over FYP quota.	Rs.5,000/=(maximum Rs.50,000/-)

E) One Time Compensation on Promotion of a Sales Manager as Area Manager

Within the framework of existing rules and regulations on the promotion of a Sales Manager, following cash compensation will be paid to the Area Manager from whose organization a Sales Manager is promoted and detached.

S#	Category of Promotion	Amount
1-	On promotion of S.M. only as 'A' Category Area Manager.	Rs.25,000/-

F) Conference Room Furniture:

The Area Managers procuring First Year Premium quota in a year and having a Persistency of 80% or better will be entitled for Conference Room Furniture within the monetary ceiling of Rs. 50,000/- once in whole tenure as Area Manager.

G) Provision of Air-conditioner to Area Managers:

On completion of Annual FYP Quota with 75% 2nd Year Persistency and maintaining cost within prescribed limits, One (01) Air-conditioner (1½ Ton window/split whichever is economical) will be installed at the Area Office. Once Air Conditioner provided and installed either at Area Office or previously installed, it will be replaced after every Ten (10) years from the date of provision.

In case of any clarification or ambiguity, the decision of Marketing Division would be final and binding on all, whereas the Chief Executive Officer of the Corporation will be authorized to modify / alter any of the provisions of the Area Managers' Package.

All other terms and conditions remain unchanged.

108. The Board of Directors was requested to kindly accord post-facto approval of the above.

109. The Board resolved as under:

RESOLVED:

"that the proposal of Divisional Head (Marketing) in his Memorandum, for ex post facto approval of revision of perquisites of Area Managers mentioned in the Memorandum in respect of car petrol, car rental, agency meeting and entertainment limit(meeting and conference expenses), annual prize distribution function, one time compensation on promotion of Sales Manager as a Area Manager, conference room furniture and provision of airconditioner to Area Managers be and is hereby given."

ITEM (14) APPROVAL OF ANNUAL ACCOUNTS OF STATE LIFE FOR THE YEAR 2013.

110. Executive Director (F&A) presented before the Board, a Memorandum regarding approval of Annual Accounts of State Life for the year 2013.

Action:
DH(MKT)

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111. A Memorandum dated 5th March, 2015 was submitted to Board Audit Committee for recommending to the BoD for endorsement of its earlier decision of approval of Accounts-2013 in a view to resolve the observation of SECP (copy of Memorandum placed below). The observation was that the accounts were approved on 9th December, 2014 while the concurrence of constitution of the Board was sought from SECP in January, 2015.

112. The Board Audit Committee considered the request and recommended to BoD vide item (x) of the minutes of its 52nd meeting held on 6th March, 2015 for endorsement of its earlier decision of approval of Annual Accounts for the year 2013, including policyholders bonuses.

113. Members of the Board of Directors are requested to grant endorsement of its earlier decision made in 236th meeting held on 9th December, 2015 regarding approval of Accounts-2013.

114. Accordingly, the Board resolved as under:

RESOLVED:

"that as proposed by ED(F&A) the endorsement of approval of annual accounts for the year 2013 earlier given by the Board at its 236th meeting held on 09-12-2014 be and is hereby given."

Action:
DH(F&A)

ITEM (15) REVIEW OF INVESTMENT PORTFOLIO AS AT 31-12-2014

115. Executive Director (Investment) presented before the Board, a Memorandum for review of Investment Portfolio as at 31-12-2014 as directed by the Board Investment Committee at its 1st meeting held on 06-03-2015.

116. The book value of investment portfolio net of provision of Rs. 323 million was Rs. 390,549 million as at December 31, 2013 which has increased to Rs. 454,739 million as on December 31, 2014. This reflects an increase of Rs. 64,191 million i.e 16.43% over the period ended December 31, 2014.

117. The distribution of Investment Portfolio as on December 31, 2012, 2013 and 2014 is given below:

Type of Investments	Investment Portfolio 31.12.2012 (Rs. in millions)	%	Investment Portfolio 31.12.2013 (Rs. in millions)	%	Investment Portfolio 31.12.2014 (Un-Audited) (Rs. in millions)	%
Govt. Securities	238,778	73.50	297,941	76.23	375,261	82.46
Corporate debts	3,297	1.01	1,243	0.32	1,024	0.23
Equities	28,827	8.87	29,987	7.67	29,822	6.55
Bank Deposits	23,870	7.35	25,611	6.55	10,310	2.27
Investment Property	3,029	0.93	2,991	0.76	2,915	0.64
Loans to Policy Holders	27,095	8.34	33,100	8.47	35,730	7.85
TOTAL	324,896	100.00	390,873	100.00	455,062	100.00

Government Securities

118. The total investment of the Corporation in Pakistan Investment Bonds (PIBs) floated by Government of Pakistan since December 2000 including accrued interest as at December 31, 2014 was Rs. 369,144 million. This

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	constitutes 81.12% of the total portfolio. The total investments in Government Securities and debts amounted to Rs. 375,261 million which constitutes 82.46% of the total portfolio. Pakistan Investment Bonds are purchased through primary dealers when State Bank announces auction of the said bonds. The amount to be invested in each tenure is advised by the Appointed Actuary of the Corporation keeping in view the duration of assets and liabilities of the Corporation. SBP has conducted three auctions in each quarter of 2014. From January 2014 to December 2014, the Corporation had purchased PIBs worth Rs. 118,952 million at a cost of Rs. 114,593 million from auctions conducted by State Bank of Pakistan. <u>Corporate Debts</u> 119. Corporate debts include investments in TFCs such as Engro Chemicals Ltd which matures in November 2014. This also includes Rs.80 million outstanding on account of settlement of COI of First Dawood Investment Bank. The total investment in Corporate Debt was Rs. 1,085 million as on December 31, 2014. <u>Equities</u> a. State Life purchased shares with a book value of Rs. 21.901 million for the period under review and sold shares with a book value of Rs. 27.159 million for Rs. 36.669 million realizing capital gain of Rs. 9.510 million during the period under review. The capital gain amounting to Rs. 309.724 million was realized from the proceeds of NIT EMOF units. Thus making total capital gain of Rs. 319.234 million in 2014. b. The book value of quoted equity portfolio stood at Rs.28,792 million while its market value was Rs.95,598 million showing an appreciation of Rs.66,806 million as on December 31, 2014. Sector wise details of appreciation / depreciation in portfolio are shown in Annexure "A" to the memorandum. The detail of Unquoted, Delisted, and Subsidiary companies shares is shown in Annexure "B" to the memorandum. <u>Total Investment Portfolio/Investment Income</u> a. Details of total investment portfolio as well as investment income as at December 31, 2012, 2013 and 2014 is shown in Annexure "C" to the memorandum. The market value of the portfolio as at December 31, 2014 is shown in Annexure "D" to the memorandum. b. State Life earned Rs. 51,058 million on its investment portfolio excluding unrealized gain on investment for the period ended December 31, 2014 as compared to Rs. 50,933 million earned during the same period of the previous year.		
Action: DH(INV)	120. The Board of Directors noted the review of Investment Portfolio as at 31-12-2014 of Investment Division.		

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ITEM (16) LIQUIDATION/MERGER OF ABDULLAH HAROON ROAD PROPERTIES(PVT) LTD. 121. In view of the directives given to the DH(Investment) and DH(LAD) by the Board Investment Committee at its 1st meeting held on 06-03-2015, Executive Director (Investment) presented before the Board, a Memorandum for liquidation/merger of Abdullah Haroon Road Properties (Pvt) Ltd mentioning therein the cost estimates of the liquidation/merger of Abdullah Haroon Road Properties (Pvt) Ltd. 122. A Memorandum for Liquidation of Abdullah Haroon Properties (Pvt) Limited, was presented to the Investment Committee of the Board in its 1st meeting held on March 6, 2015. The Committee passed the following resolution which is reproduced as under: Resolved that: "The Committee considered Option #. 2 as suggested by M/s Mohsin Tayebaly & Co., which states that: to continue the existence of the Company and to make a simple sale and purchase transaction for the said property between State Life and the Company. To purchase the said property from the Company through execution of a conveyance deed at a pre agreed price. This option would require expenses by way of registration fees and stamp duty on the value of property as determined by the Government of Sindh. As regards cost element, for either option stamps duty, registration fees, mutation fees would be the same. Further resolved that: The above proposal is recommended to the Board for its approval. DH (Inv) and DH (LAD) are advised to obtain cost estimation of the given process for financial approval of the decision by the Board. Also obtaining legal opinion in respect of status of M/s A. A. Corporation as lease/tenant of State Life Abdullah Haroon Properties (Pvt) Ltd after the transfer of property to State Life and winding up/Liquidation of the Company". 123. The cost estimate of the liquidation /Merger process as submitted by M/s Mohsin Tayebaly & Co vide their letter No.IM-1142/SLIC/02/424/2015 dated March 5, 2015 is as under. <table> <tr> <td>1. Stamp Duty @2%</td> <td>Rs. 7,858,548/=</td> </tr> <tr> <td>2. Registration Fee @ 10%</td> <td>Rs. 3,929,274/=</td> </tr> <tr> <td>3. Capital Value Tax (CVT) @ 2.5%</td> <td>Rs. 9,823,185/=</td> </tr> <tr> <td>4. Town Tax @1%</td> <td>Rs. 3,929,274/=</td> </tr> <tr> <td>5. Advance Tax @1%</td> <td>Rs. 3,929,274/=</td> </tr> <tr> <td>6. MTC professional fee</td> <td>Rs. 750,000/=</td> </tr> <tr> <td>Total Financial impact</td> <td>Rs.30,219,555/=</td> </tr> </table> 124. The opinion on status of A. A. Corporation as leasee/tenant of State Life Abdullah Haroon Road Properties (Pvt) Ltd after the transfer of property to State Life and winding up/liquidation of the company has been sought by Law Division from M/s Mohsin Tayebaly & Co vide Legal Affairs Division letter dated 17-03-2015 which will be tabled in the meeting. Matter is submitted to the Board				1. Stamp Duty @2%	Rs. 7,858,548/=	2. Registration Fee @ 10%	Rs. 3,929,274/=	3. Capital Value Tax (CVT) @ 2.5%	Rs. 9,823,185/=	4. Town Tax @1%	Rs. 3,929,274/=	5. Advance Tax @1%	Rs. 3,929,274/=	6. MTC professional fee	Rs. 750,000/=	Total Financial impact	Rs.30,219,555/=
1. Stamp Duty @2%	Rs. 7,858,548/=																
2. Registration Fee @ 10%	Rs. 3,929,274/=																
3. Capital Value Tax (CVT) @ 2.5%	Rs. 9,823,185/=																
4. Town Tax @1%	Rs. 3,929,274/=																
5. Advance Tax @1%	Rs. 3,929,274/=																
6. MTC professional fee	Rs. 750,000/=																
Total Financial impact	Rs.30,219,555/=																

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for consideration and approval to transfer the said property in the name of State Life as per option # 2 suggested by the lawyer and to windup/liquidate the subsidiary i.e AHRPL with financial impact, as stated at para 3 of the memorandum. 125. On the recommendation of Real State Division, Board of State Life Abdullah Haroon Road Properties (Pvt) Limited in its meeting held on 20th September 2012 allowed renting of State Life Abdullah Haroon Road (Building 10) to M/s. A.A. Corporation. However, the tenant has paid Rs.5 Million in advance and no further payment of the rent is received till to date which is taken up by Real Estate Division. An inquiry is being instituted against renting out of the property. 126. Board of Abdullah Haroon Road Properties (Pvt) Limited in its meeting held on April 21, 2013 also approved the cost of repair works for external/internal damages submitted by Real Estate Division. The progress of the work completed to be given by Real Estate Division. 127. The Committee was submitted to consider the liquidation/ winding up of State Life Abdullah Haroon Road Properties Private Limited as already decided by the Board of the Company and also consider selecting any one of the above option suggested by M/s. Mohsin Tayebaly & Co for recommendation to the Board for its approval. 128. Accordingly, the Board resolved as under: RESOLVED: "that a Memorandum be resubmitted to the Investment Committee giving therein besides other matter, cost estimation in respect of registration fees, stamp duty on the value of the property as determined by the Government of Sindh, mutation fees and the continuation of the existence of the Abdullah Haroon Road Properties (Pvt) Ltd and making of a simple sale and purchase transaction for the said property between State Life and Abdullah Haroon Road Properties (Pvt) Ltd for purchase by State Life of said property from the company through execution of a conveyance deed at a pre agreed price, for review and deliberations by the Board Investment Committee and framing of its recommendation to the Board for final approval. The estimation received from M/s. Mohsin Tayabaly & Co received vide their letter No.IM-1142/SLI/02/424/2015 dated March 5, 2015. "that the legal opinion asked for by Legal Affairs Division vide their letter dated 17-03-2015 when received from Mohsin Tayabaly & Co., in respect of status of M/s. A. A. Corporation as lease/tenant of State Life, Abdullah Haroon Road Properties (Pvt) Ltd after the transfer the property to State Life and winding up/liquidation of the company be submitted to the Board Investment Committee for review and consideration." ITEM (17) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR. (I) POSITION PAPER ON TAX ISSUES OF SLIC - MONITORING OF WITHHOLDING OF TAX. 129. Executive Director (F&A) presented before the Board, a Position Paper on Tax Issues of State Life - monitoring of withholding of Tax.			

 Action:
 LH(INV)

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130. The LTU, Karachi has started monitoring of withholding of taxes for the last five tax years from 2009 to 2013. This exercise has been completed for tax year 2012 and monitoring for tax year 2009 and 2010 is going on. 131. On completion of monitoring for 2012, order u/s 161/205 has been passed and demand of Rs. 258/ million has been raised on the following points:- - Manual tax payments made under old payment system (payment on challans) are not traceable from e-collection system, therefore, considered not paid, hence recoverable from SLIC. - Payment of office expense, medical expense and corporation contribution to group insurance are considered as deemed commission which were subject to withholding tax as commission u/s 233 @10%. Since the tax was not withheld at the time of payment, therefore it is recoverable from SLIC with penalty 5% and 18% default surcharge. <u>Pending tax issues:</u> <u>Policyholder's bonuses and Reserves</u> 132. In the past the LTU, Karachi has raised following issues against SLIC which are briefly explained hereunder: - Application of withholding tax on bonuses paid to policyholders at the time of maturity of policy. Section invoked on bonus payments was legislated to tax the profit paid on debt instruments. Inland Revenue Department took action against SLIC for six tax years from 2008 to 2013. It involved total tax demand of Rs. 3,635/ million out of which Rs.1,549/ million were recovered from SLIC. This issue has been decided in favor of Corporation from two appellate forums, namely Commissioner Inland Revenue (Appeal) and Appellate Tribunal Inland Revenue. - Inland Revenue Department also disallowed policyholder's reserves for tax year 2003 and 2006 on the grounds that these reserves have not been paid out within three years. Such serves are created on the advice of appointed actuary in conformity with the Fourth Schedule to the Income Tax Ordinance, 2001 to meet out the payments of maturity claims. Section of law invoked was related to discourage the fake and bogus provision / reserves created to evade tax. Under this head tax demand was raised at Rs. 2,126 million which was recovered from SLIC. This issue has also been decided in favor of SLIC from Commissioner Inland Revenue (Appeal).			

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Pending tax refunds

133. It is pertinent to mention that SLIC has pending refunds with the Inland Revenue Department related to previous years as stated hereunder:-

(Rs. in million)

Tax year 2003	Rs. 603
Tax year 2004	Rs. 11
Tax year 2010	Rs. 21
Tax year 2012	Rs. 133
Tax year 2014	Rs. 151
	Rs. 919

Amount pending due to appeals:-

Tax year 2010	Rs. 381
Tax year 2011	Rs. 421
Tax year 2012	Rs. 447
Tax year 2013	Rs. 300
	Rs. 1549

Current demand:

Tax year 2012	Rs. 258
Advance tax paid for tax year 2015	Rs. 400
	Rs. 658

Total payment receivable from department Rs. 3126

134. This above paper is submitted for information and appraisal of the Board of Director.

135. The Board expressed its serious concern on the above issue and desired that the Management of State Life should take up the above issue with the senior officials of FBR for redressal of the grievance. Mr. Azher Ali Choudhry, Director/Additional Secretary, Ministry of Commerce was requested to assist in the matter.

Action:
DH(F&A)

(II) PROGRESS REPORT ON PHYSICAL VERIFICATION OF TANGIBLE FIXED ASSETS AND ITS CODING.

136. Executive Director (P&GS) presented before the Board, a Progress Report on physical verification of tangible fixed assets and its coding.

137. The External Auditors in their report to Management in August 2011 advised that Corporation should maintain Fixed Assets Register as required by Section 230 of the Companies Ordinance, 1984 read with Technical Release-6 (TR-6). Also, Physical Verification of Fixed Assets and its reconciliation with books of accounts has to be carried out. Further, the Corporation requires Physical Verification of Fixed Assets on cyclical basis once in every five years.

138. The formats of TR-6 were revised by the ICAP on 27th December 2011, which were communicated to the Divisional Head RE, G&P, Regional Chiefs and all Zonal Heads.

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Action: Dt: (P&GS)	139. The task of transferring the data / record of Tangible Fixed Assets Register to the new format in accordance with Section 230 of the Companies Ordinance 1984, read with Technical Release-6 (TR-6), was completed and certificates to this effect were collected from all Regions and Zones, duly signed by respective Incharges of P&GS, F&A and IA&C, before 30th June 2013. 140. A committee comprising of officers of Principal Office was constituted to review the problems faced by zones and monitor the progress of Physical Verification of Fixed Assets and its Coding. The assignment was completed before 31st December 2014. 141. Now the process of Reconciliation of TR-6 with books of accounts and coded assets at Corporation level is in progress, which will be completed by June 2015. 142. Matter was placed before the Members of the Board of Directors for kind perusal and consideration, please. 143. The Board noted the progress in the matter. (III) TENDER OFFER OF LAFARGE PAKISTAN CEMENT. 144. Divisional Head (Investment) as per directives of the Board Investment Committee in its 1st meeting held on 5th March, 2015 mentioned in the minutes placed at Annexure-D, submitted before the Board at its 238th meeting, a Memorandum dated 19th March, 2015 regarding tender offer by State Life of its entire holding of 19,999,980 shares of Lafarge Pakistan Cement against the offer price of USD 0.199414 per share, equivalent to Pak Rs.19.421503/share to ABL as the Manager to the offer as designated by the acquirer i.e. Elstway Cement Ltd. 145. Investment Committee of the Board considered the proposal and resolved as under: Resolved that: Legal opinion should be obtained from reputable lawyers in respect of status of our cases against Khawaja Muhammad Jawed, if State Life decides to tender shares of Lafarge Pakistan Cement Ltd (former Chakwal Cement Company Ltd) to Bestway Group as per their offer to purchase shares from the Public. Further resolved that: Views of financial markets should be obtained in respect of expected share price movement after the takeover. The assessment of decision to sell State Life holding in Lafarge Pakistan Cement Ltd viz a viz the benefits to the Corporation of making such decision. Further resolved that: Due to shortage of time to make decision, the matter is to be deliberated in the Investment Committee of the Management, firm up proposal along with the approval of Chairperson be sent to the members of Investment Committee of the Board through circular resolution. After getting confirmation from the members of the Committee, the decision may be implemented with post facto approval of the Board".		
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	146. In compliance to the directive of Investment Committee of the Board, second opinion on maintainability of State Life claims for recovery of Markup and Liquidated damages sought from Mr. Khalid Mehmood Siddiqui, Advocate, of M/s: K.M.S Law Associates, who too seconded the opinion of Mian Mushtaq Ahmad. Opinion expressed by legal counsel Mr. Khalid Mehmood Siddiqui can be seen at Annexure "B" of the memorandum submitted to the Board at its 238th meeting. 147. As directed, by the Board Investment Committee at its 1st meeting, the matter was deliberated in Management Investment Committee meeting no.74 held on 17th March 2015, which resolved as under: Resolved that: "That State Life to tender entire holding =19,999,980= shares of Lafarge Pakistan Cement Ltd., to Allied Bank Limited, the Manager to the Offer i.e. Bestway Cement Ltd., at a price of Rs.19.421503 per share." Further Resolved that: "Legal Affair Division to carry out the required legal course of action subsequent to the tendering of holding as resolved above as per advice of legal counsels." Further Resolved that: "Opinions of legal counsels, Mian Mushtaq Ahmed and Mr. Khalid Mehmood Siddiqui, are to be made integral part of the minutes." Further Resolved that: "As D.H. (Act) was on official visit, therefore, his views be obtained along with approval from Chairperson be submitted to Investment Committee of the Board through circular resolution as already decided in its 1st meeting by the Investment Committee of the Board held on 6th March 2015". 148. Copy of the Extract of Investment Committee meeting referred above, along with views of D.H. (Actuarial) and the approval of Chairperson, is being annexed as Annexure "C" of the memorandum submitted to the Board at its 238th meeting for review of the Board. 149. The matter is submitted now directly to the Board at its 238th meeting rather than through the Investment Committee of the Board through circular resolution for approval of the resolution as given below: 150. Accordingly, after deliberation, the Board resolved as under: <u>Resolved:</u> "that the proposal of Investment Division, firmed up after deliberation in the Investment Committee of the Management and duly approved by the Chairperson that the entire holding =19,999,980= shares of Lafarge Pakistan Cement Ltd., be tendered by State Life to Bestway Cement Ltd through Allied Bank Limited, the Manager to the Offer, at a price of USD 0.199414 equivalent to Rs.19.421503 per share be and is hereby approved."		

Action:
DH(INV)

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Action: DH(LAD)	<u>Further Resolved that:</u> "Legal Affairs Division to continue pursuance of legal course of action subsequent to the tendering of the shares as per opinion of legal counsels Mian Mushtaq Ahmed and KMS Law Associates in order to protect State Life claim of markup and liquidated damages as per agreements with Khawaja Muhammad Javed, Chairman Chakwal Group of Industries."		
Action: DH(INV)	<u>Further Resolved that:</u> "Divisional Head Investment be and is hereby authorized to perform all the necessary actions in respect of tendering of shares by State Life to the Acquirer, Bestway Cement through Manager to the Offer i.e. Allied Bank Limited."		
	(IV) EMPLOYMENT UNDER PRIME MINISTER'S ASSISTANCE PACKAGE FOR FAMILIES OF GOVERNMENT EMPLOYEES WHO DIED IN SERVICE.		
	151. Executive Director (P&GS) presented before the Board, a Memorandum for amendment in the minutes of the 237th meeting of the Board of Directors held on 29-12-2014 in which the minutes of the 12th meeting of the HR Committee held on 23-12-2014 was ratified. The HR Committee had recommended to the Board for approval the following in respect of Memorandum regarding employment under Prime Minister's Assistance Package for families of Government Employees who died in service:- - Confirm those employees appointed on the basis of earlier Prime Minister's Assistance Package dated 13.06.2006 and adopted by the SLIC vide order dated 26.07.2011 and are in the court of law as of today. Subject to withdrawal of court cases. - Those whose contract is not extended after the expiry. - Action should be initiated against the unauthorized absent employee - The Committee also recommended to adopt the existing Prime Minister's Package conveyed vide Office Memorandum dated 20.10.2014"		
	152. ED(P&GS) informed the Board that it was subsequently noted that complete decision was not recorded in the minutes of the 12th meeting of the HR Committee due to which the Board had approved the recommendation as per HR Minutes presented before the Board as such its implementation could not take place. The complete recommendation which should have been recorded in the minutes of the HR Committee for approval by the Board is reproduced as under: - Regularize all those employees who meet the criteria viz-a-viz age and education requirements including those who were appointed by relaxing upper age limit. - The Two (02) employees whose contract was expired and was not renewed their contract may be extended in order to regularize their services. - Those three (03) employees who are under qualified out of them one employee possesses driving license of LTV and he is middle pass. He thus meets the requirement for appointment as Driver. Therefore, he may be considered for regularization as Driver subject to successful clearance of driving test.		

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	d. Those who are under-qualified may continue to remain on contract till such time they acquire the minimum qualification i.e Matric, after that they may be considered for regularization. e. The Committee also recommended to adopt the existing Prime Minister's Package conveyed vide Office Memorandum dated 20.10.2014 subject to completion of all codal formalities. 153. Since the employees who are required to be confirmed/regularized under this policy are pressing hard, the members of the Board of Directors are requested to kindly ratify the amended minutes of the 12th HR meeting. 154. The Board had desired that the amendment in the minutes of the 12th of the HR Committee of the above should have been put up in the 13th meeting of the HR Committee for rectification and recording of the desired recommendation of the HR Committee for subsequent approval by the Board at its 238th meeting, however the Board agreed to the above correction in the minutes of the 12th meeting of the HR Committee because of the pending court cases and directed the Secretary, HR Committee to get the above recommendation reconfirmed by the HR Committee at its next meeting for regularization of the minutes. 155. Accordingly, the Board resolved as under: RESOLVED: "that as proposed by ED(P&GS), the suggested recommendation for recording of corrected minutes of 12th meeting of HR Committee for approval by the Board be and is hereby confirmed by the Board because of the ongoing court cases:- a. Regularization all those employees who meet the criteria viz-a-viz age and education requirements including those who were appointed by relaxing upper age limit. b. Extension in the contract in order for regularization of services of the two (02) employees whose contract has expired and was not renewed. c. Regularization of services as driver of one of those three (03) employees who are under qualified employee but possesses driving license of LTV and he is middle pass and thus meets the requirement for appointment as Driver. Therefore, he may be considered for regularization as Driver subject to successful clearance of driving test. d. Those who are under-qualified may continue to remain on contract till such time they acquire the minimum qualification i.e Matric, after that they may be considered for regularization. e. Adoption of the existing Prime Minister's Package conveyed vide Office Memorandum dated 20.10.2014 subject to completion of all codal formalities. (V) <u>EXPANSION PLAN OF STATE LIFE.</u> 156. Divisional Head (Marketing) presented before the Board, a Memorandum for expansion Plan of State Life.		

Action:
DH(P&GS)

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157. The Corporation is going through rapid development of business since several years. The field is constantly exploring new business venues but absence and shortfall of proper operational resources and facilities, handling of new business matters is becoming difficult day by day. The field activities, though, are spreading towards more and more geographical areas within the radius of existing underwriting centers, but the services available at the present zonal offices are incapable of handling new business efficiently.

158. For the purpose of expansion of SLIC presence in a way that the handling facilities are made available in additional areas, a memorandum for the Board of Directors was submitted regarding expansion plan of State Life Insurance Corporation of Pakistan. The Board of Directors in its 230th meeting held on 04 December 2012 approved, in principal, as under:

RESOLVED:

"that decision for overall plan of establishment of new Zones including upgradation of sub zonal / sector office as full fledged Zone be taken on commercial basis keeping in view business potential and financial implication of such decision."

159. Resultantly, based upon the circumstances prevailing at that time, following areas were segregated from their parent zones and declared as full-fledged independent life zonal offices:

S#	Area segregated already from the Parent Zone	Parent Zone
	Nawabshah sub-Zone (declared as Benazirabad Zone)	Hyderabad
02	Kohat Sector Office (declared as Kohat Zone)	Peshawar

160. Besides emerging of two new Zones, a new Region, namely "Hyderabad Region" was also declared and made operative. Operational strength of the Corporation then expanded to 28 Zones spread within 5 Regions.

161. Due to experience of recent years' business performance in the IL Zonal Offices, the need to further expand our operations to more geographical areas becomes essential. Therefore, based upon feed back received from the Regional Offices, Marketing Division proposes upgradation of following Sectors, Sub-Zonal Offices as full-fledged independent life Zonal Offices/new Zones:

CENTRAL REGION

162. The Central Region, is a large shareholder of corporate business achievements and holding No.1 Position on regional basis on both percentage increase in First Year Premium collected in 2014 and on Volume basis as well. The Central Region is not only required to disseminate its operational areas into new Zones, but on the other hand its own division into two Regions is also a business requirement of the time.

163. Marketing Division, therefore, focusing on the Central Region is inclined to disintegrate following areas from their parent Zones, for upgradation and declaration as independent IL Zones due to mammoth volume of business:

S#	Areas to be separated from Parent Zone	Parent Zone
a.	Narowal (presently operating as sub-Zone)	Sialkot

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b.	Jhang (presently operating as sub-Zone)	Faisalabad
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164. Existing position of both the newly proposed Zones presently working as sub zonal offices is mentioned hereunder:

a) **NAROWAL (SUB ZONAL OFFICE)**
Existing Position of Narowal (As at 31st December 2014) is as follows:

S#	Characteristics	Measures
01	First Year Premium	Rs 347.30 Million
02	Number of Policies	18,162 (approx)
03	Number of Area Managers	19
04	Number of Employer of Agents (Sales Officers & Sales Managers)	561
05	Number of Sales Representatives	4714
06	Number of Sector Heads (Managers & AGMs – Marketing)	03

b) **NAROWAL (AFTER DECLARATION AS INDEPENDENT ZONE)**
The area of Narowal is currently working sub Zone of Sialkot Zone with facility of Cash Counter. Therefore, keeping existing territory of Narowal with Shakargarh and Zafarwal intact, its base FYP will remain the same as Rs 347.30 Million for 2015.

a) **EXISTING POSITION OF JHANG (SUB ZONAL OFFICE) IS AS FOLLOWS:**
(As at 31st December 2014)

S#	Characteristics	Measures
01	First Year Premium (Total of Jhang, Shorkot, Toba Tek Singh):	Rs 317.00 Million
02	Number of Policies	10,995 (approx)
03	Number of Area Managers	24
04	Number of Employer of Agents (Sales Officers & Sales Managers)	729
05	Number of Sales Representatives	4782
06	Number of Sector Heads (Managers & AGMs – Marketing)	03

b) **JHANG (AFTER DECLARATION AS INDEPENDENT ZONE)**
The area of Jhang is already working as sub Zone of Faisalabad Zone with facilities of Cash Counter, Underwriting & Commission disbursement. Existing Jhang includes Shorkot & Toba Tek Singh. With proposed addition of two more areas with Jhang as Zone, by detaching from Faisalabad Zone, and by detaching one area from Sargodha Zone, following would be the Territory and base premium for 2015 in respect of **JHANG ZONE**. The base premium of Faisalabad and Sargodha Zones will be revised accordingly.

REVISED TERRITORY OF JHANG AS ZONE	BASE FYP FOR 2015
Proposed Territory of JHANG AS ZONE will contain Shorkot, Toba Tek Singh, Bhakkar-by detaching from Sargodha Zone, Kamalia & Gojra-by detachment from Faisalabad Zone.	Rs 454.60 Million

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[Signature]

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165. Upon creation of two new Zones (Jhang and Narowal) in the Central Region, Marketing Division also proposes division of the Central Region into two Regions. It is proposed that a new region, namely, Faisalabad Region may be declared in bifurcation of Central Region. The new set up of both the regions would be as under, whereas base premium of both the regions will be figured out in accordance with their respective territories.

Revised Territories of CENTRAL REGION with Base Premium of Rs 3,996.30 Million.	Territories of newly established FAISALABAD REGION with Base Premium of Rs 2,422.28 Million
Lahore Central & Lahore Western Zones Gujranwala, Sialkot & Narowal Zones	Faisalabad Zone Jhang Zone Sargodha Zone

NORTH REGION

166. The North Region is second position holder in corporate business achievements on regional basis over percentage increase in First Year Premium collected in 2014.

167. Marketing Division focusing on North Region is inclined to introduce a new Zone in JHELUM by extracting some areas from Rawalpindi, Mirpur AK and Gujrat Zones. Jhelum is presently working as sector office of Mirpur A. K. Zone with last year's premium of Rs 62.78 Million. By combining the extracted areas of Gujjar Khan, Chakwal & P. D. Khan from Rawalpindi Zone, Jhelum from Mirpur AK Zone, and Sar-e-Alamgir from Gujrat Zone, the position and strength of proposed JHELUM ZONE will emerge as under,

PROPOSED POSITION OF JHELUM AS NEW ZONE WILL BE AS UNDER:
(Based on figures as at 31st December 2014)

S#	Characteristics (Combined for areas given at Sr.# 7 below)	Measures
01	First Year Premium	Rs 392.37
02	Number of Policies	21,276
03	Number of Area Managers	27
04	Number of Employer of Agents (Sales Officers & Sales Managers)	538
05	Number of Sales Representatives	4948
06	Number of Sector Heads (Managers & AGMs – Marketing)	6
07	Territory of JHELUM ZONE: Jhelum, Dina, Gujjar Khan, Chakwal, Pind Dadan Khan, and Sara-e-Alamgir.	

MULTAN REGION

168. Multan Region has previously been a good producer, however, in recent past it is experiencing deficits in business performance. Necessary corrective measures are in hand, including expansion to some extent.

169. Marketing Division focusing on the Multan Region is inclined to disintegrate the area of Vehari from Multan Zone for upgradation and declaration as independent IL Zone. In the past, Vehari remained operative as full fledged independent Zonal Office, however, due to some administrative reasons, it was reverted to sub Zone again. It will consist of Burewala, Vehari, Mailsi and Mianchannu areas.

EXISTING POSITION OF VEHARI (SUB ZONAL OFFICE) IS AS FOLLOWS
(As at 31st December 2014)

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S#	Characteristics	Measures
01	First Year Premium	Rs 322.00 Million
02	Number of Policies	17,334
03	Number of Area Managers	19
04	Number of Employer of Agents (Sales Officers & Sales Managers)	589
05	Number of Sales Representatives	3894
06	Number of Sector Heads (Managers & AGMs – Marketing)	1
07	Territory of VEhari	Vehari, Burewala, Mailsi & Mian Channu

170. Conclusively, Marketing Division proposes that an approval in principal may be granted by the Board for declaration and announcement of Faisalabad Region and declaration and announcement of following new IL Zonal Offices:

- Bifurcation of Central Region into two Regions by creating of Faisalabad Region
- Narowal Zone in Central Region, consisting of Narowal, Zafarwal and Shakargarh areas
- Jhang Zone in Faisalabad Region, consisting of Toba Tek Singh, Bhakkar, Kamalia & Gojra.
- Jhelum Zone in North Region, consisting of Jhelum, Gujjar Khan, Chakwal, Pind Dadan Khan, Dina and Sara-e-Alamgir.
- Vehari Zone in Multan Region consisting of Vehari, Burewala, Mailsi and Mian Channu.

171. Once an approval is granted, further steps will be taken up for provision of all operational resources including placement of manpower for underwriting, field commission disbursement and cash collection centers, from the existing/available resources. By this arrangement, a significant increase of around 25% in new business of the Corporation is expected.

172. Besides ensuring improvement in renewal income, in both volume and ratio, the decision of establishment of above stated new Zonal Offices, carries no significant financial implication. The initial financial implication is restricted only to the posting of an incumbent as Zonal Head, already performing on marketing side (having slighter difference on business related perks) alongwith provision of an official car to accomplish business related responsibilities in the respective areas. Operational resources including capital items will be arranged gradually, according to needs/requirements.

173. The Zonal Office of Faisalabad is housed in corporation owned building. It has sufficient space to establish the office of Faisalabad Region. Additional financial implication would be provision of an official car, besides slighter difference of perks involved in posting of an already performing marketing executive as Regional Chief.

174. The Board was requested to kindly approve.

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Action: DH(MKT)	175. Accordingly, the Board resolved as under: RESOLVED: "that the proposal of DH(Marketing) for approval in principle of the following: (I) bifurcation of Central Region into i) Central Region and ii) Faisalabad Region comprising of i) Lahore Central and Lahore Western Zone, Gujranwala, Sialkot and Narowal Zones and ii) Faisalabad Zone, Jhang Zone and Sargodha Zone respectively be and is hereby approved. (II) Separation of Narowal and Jhang Zone presently operating as Sub Zones be separated from their parent Zones Sialkot and Faisalabad respectively and their declaration as independent Individual Life Zones be and is hereby approved. The Narowal Zone will comprise of existing territory of Narowal with Shakargarh and Zafarwal intact whereas Jhang Zone will comprise of Shorkot and Toba Tek Singh, Bhakkar by detaching from Sargodha Zone and Kamalia and Gojra by detachment from Faisalabad Zone be and is hereby approved. (III) Introduction of a new Zone in Jhelum by combining the extracted areas of Gujjar Khan, Chakwal and Pind Dadan Khan from Rawalpindi Zone, Jhelum from Mirpur Azad Kashmir Zone and Sar-e-Alamgir Zone from Gujrat Zone with expected first year premium of Rs.392.37 million be and is hereby approved." (IV) Separation of Vehari presently operating as Sub Zonal Office of Multan Zone and its upgradation and declaration as Independent Individual Life Zone be and is hereby approved. The Vehari Zone will consist of Burewala, Vehari, Mailsi and Mianchannu areas. "that henceforth all proposals submitted to the Board will have to show its financial impact which will help the Board in making an effective and practical decision." (VI) POSITION PAPER ON SETTING UP TAKAFUL INSURANCE IN STATE LIFE. 176. Executive Director (Bancassurance) presented before the Board, a Position Paper on setting up Takaful Insurance in State Life. 177. The Board of Directors in its 237th meeting held on 29 December 2014 resolved for State Life to proceed for its registration for carrying out Takaful Insurance as allowed by the SECP. A committee was also formed by the Board to carry out all the prescribed steps for initiating and carrying out Takaful Business. 178. The responsibilities set out by the Board for the very purpose include appointment of Sharia Advisor.		
Action: All EDs All DHS CFO	CHAIRMAN'S INITIALS 		

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Action: DH(BANC)	179. Several meetings of the Committee constituted by the Board have been conducted and steps for initiating Takaful Insurance Window in SLIC are underway. One of the requirements for commencing Takaful Window is to provide the name of Sharia Advisor and their CVs. During recent meetings held by the Committee, two prominent Sharia Advisors, Mr. Imian Usmani and Mr. Hassaan Kaleem have participated with their Presentations.		
	180. Since the services of a Sharia Advisor are essential for necessary assistance in product designing and financial matters, appointment of a Sharia Advisor in line with the requirements of the SECP is required.		
	181. On the request of this Office, the P&GS Division has initiated proceedings to publish an Advertisement in the Newspapers for further course of action to hire the services of a Sharia Advisor for three years. It will be carried out by P&GS Division after obtaining necessary permission from the Federal Government.		
	182. The above information in respect of progress of setting up of Takaful Insurance in State Life/appointment of Sharia Advisor was noted by the Board.		
	(VII) PRESENTATION ON IMPLEMENTATION OF MICRO HEALTH INSURANCE SCHEME IN KP.		
	183. Executive Director (HI) presented before the Board, a Memorandum on implementation of Micro Health Insurance Scheme in KP.		
	184. The government of Khyber Pakhtunkhwa (KP) vide its advertisement dated July 5, 2013 invited EOI from insurance companies to introduce Micro health insurance scheme in its four districts. After getting short listed, State Life, on the request of Ministry of Health KP, had submitted its RFP (Request for Proposal) on January 20, 2014. After the evaluation of technical and financial aspects of RFP, State Life was declared as a successful bidder on August 19, 2014.		
	185. State Life had consequently procured the Micro Health Insurance scheme of KP by signing a five year agreement with the Government of KP on January 19, 2015. The health insurance scheme is proposed to cover approximately 108,000 households (approx 22% of population) in the four districts of KP namely Mardan, Malakand, Kohat and Chitral.		
	186. Every household will be issued a plastic health card containing a unique registration number for availing health insurance facility. The distribution of health cards would be conducted by engaging NGOs, selected by State Life, through bidding process.		
	187. Every member of the household would be covered, for the maximum limit of Rs. 25,000 per annum. The benefits would cover in-patient hospitalization including maternity and day care surgeries. At the premium rate of Rs.1,700 per household per annum the estimated value of the scheme is around Rs.900 million for five years. Besides above the KfW (donor) has agreed to provide State Life Organization Development Fund up to Rs. 120 million.		

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	188. State Life is also entrusted with the task of wide enrollment, under health insurance, covering a further 28% of the population of the said districts to make it a total of 50% of the district's population after five years. To accomplish the task, State Life is planning to launch different social health insurance schemes in the region intermittently and employ robust awareness campaigns. 189. A detailed presentation on Health Insurance Division was given by ED(HI) in which the Board was informed that the Health Insurance Division was established in 2011 with a statutory fund of Rs.350 million by State Life which launched in 1st Social Health Insurance Scheme in 2012. The present health insurance projects undertaken by State Life is as follows:- • Waseela-e-Sehat Health Insurance project of Benazir Income Support Programme – SLIC entered into 3rd year. • Micro Health Insurance project of Govt. of KP SLIC has secured business. • Micro Health Insurance project of Govt. of Punjab SLIC is shortlisted. • Micro Health Insurance project of Govt. of Gilgit-Baltistan SLIC submitted Request For Proposal (RFP). • Prime Minister's National Health Insurance Programme SLIC is shortlisted. 190. ED(HI) submitted detailed proposed organizational structure in respect of location Zonal Offices at Karachi, Lahore, Rawalpindi and Peshawar and District Offices at Mardan, Malakand, Kohat, Chitral and other places and various departments of each Health Zone comprising of Internal Audit & Compliance, Marketing, Personnel and General Services, Policyholder Services, Finance and Accounts and Information Technology. 191. ED(HI) further informed the Board that the approved staff strength of Health Insurance Division comprises of 28 officers and staff at PO, 12 at Karachi, 11 at Lahore, 11 at Rawalpindi and 10 at Peshawar. 192. ED(HI) further informed the Board that it was proposed that the total staff strength comprising of officers and staff should be 207 with 27 in Divisional Head/Zonal Head Sectt., 43 in Marketing, 18 in P&GS, 66 in PF-S, 13 in F&A, 13 at IT and 10 in IA&C. 193. ED(HI) further informed the Board that the objective of social health insurance was as follows:- • Provide inpatient health protection to the families under the poverty limit. • Increase access to healthcare for all. • Poverty alleviation. • Health awareness. • Healthier nation (e.g. reduce infant mortality rate, improved maternal health.) The objective and target social health protection in KP is as follows:- • Under Social Health Protection (SHP), KP Government will subsidize for approx. 22% population of designated regions. • As per Agreement, SLIC has to expand its services to cover 50% of population through Social/Micro Health Insurance Scheme.		

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	- SLIC will assist in devising a sustainable scheme to cover the population. The expected premium for 5 years in Rs.2074 million and the starting date health initiated would be 1st August, 2015 for a duration of 5 years. ED(HI) also submitted before the Board the implementation plan, program product design features, services. The criteria for selection of hospitals to be included in the panels would be as follows:- - Identify the hospital within the reach of the program's beneficiaries. - Discuss program mission and needs with hospital management. - Inspect the hospital facility; review against empanelment criteria. - Recommend changes if small shortfall. - Periodically spot check. The health awareness campaign would be launched as follows:- - Television and radio public service announcements. - Newspaper and billboard advertorials. - Local cable network - Local religious clergy to develop program acceptance - Mind makeup of target population through civil society activities - Health camps to promote health education and disease screening - Message delivery at local festivals; banners, posters, brochures - Placement of awareness material at local shops - Liaison/supporting existing community health workers 194. ED(HI) also submitted the grievance redressal mechanism and SLIC administration, management and MIS for claim processing. ED(HI) also submitted a monitoring and evaluation process. The key activities for accomplishing the assignment would be as follows:- - Signing of Agreement - Printing & Distribution of Health Card - Empanelment of hospitals - Hiring of NGOs - Hiring of Staff - Procurement of office equipment and furniture - Printing & procurement of promotional material - Establishment of Project/District Offices - Development of MIS/Software - Establishment of Customer Service Centre The activity schedule would be as follows:- <table border="0"> <tr> <td>Procurement of contract</td> <td>1st January to 15th March, 2015</td> </tr> <tr> <td>Contracting of partner NGOs</td> <td>15th March to 15th July, 2015</td> </tr> <tr> <td>Hiring of staff</td> <td>15th March to 30th June, 2015</td> </tr> <tr> <td>Empanelment of hospital</td> <td>15th March to 15th July, 2015</td> </tr> <tr> <td>Procurement of office equipment and furniture</td> <td>15th March to 15th June, 2015</td> </tr> <tr> <td>Procurement of promotional material</td> <td>15th March to 15th July, 2015</td> </tr> <tr> <td>Establishment of project/district offices</td> <td>15th March to 15th May, 2015</td> </tr> <tr> <td>Client Specific customization of software</td> <td>15th March to 30th July, 2015</td> </tr> <tr> <td>Launch Date</td> <td>1st of August, 2015</td> </tr> </table>			Procurement of contract	1 st January to 15 th March, 2015	Contracting of partner NGOs	15 th March to 15 th July, 2015	Hiring of staff	15 th March to 30 th June, 2015	Empanelment of hospital	15 th March to 15 th July, 2015	Procurement of office equipment and furniture	15 th March to 15 th June, 2015	Procurement of promotional material	15 th March to 15 th July, 2015	Establishment of project/district offices	15 th March to 15 th May, 2015	Client Specific customization of software	15 th March to 30 th July, 2015	Launch Date	1 st of August, 2015
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Action: DH(IH)	195. The Board noted the above and expected that the Management of State Life would be able and would take all necessary steps to accomplish the above targets within mentioned time lines. (VIII) RECONSTITUTION OF REAL ESTATE COMMITTEE OF THE BOARD. 196. A new Board of Directors has been constituted vide Notification No.2(1)/2009/SLIC/BoD-Ins dated 20th March, 2014 of Ministry of Commerce, Government of Pakistan, Islamabad. Ms. Nargis Ghaloo was posted vide Notification No.2(21)/2005-Ins dated 29th October, 2014, Ministry of Commerce, Government of Pakistan as Director and Chairperson of the Board of Directors of State Life Insurance Corporation of Pakistan with immediate effect and until further orders. The Chairperson, State Life had presented before the Board, Memorandums dated 6th November, 2014 for reconstitution of the Sub Committees of the Board in terms of Regulation 5(1) of the State Life Insurance Corporation (General) Regulations, 1972. 197. Due to reconstitution of the Board, it is required that the Real Estate Committee be reconstituted. Divisional Head (Real Estate) would be the Non-Member/Secretary of the Real Estate Committee. ED(RE) would be present at such meeting through invitation. 198. In 235th meeting of the Board held on 1st December, 2014, the Board decided that the formation of the Real Estate and Investment Committee be kept pending till such time that additional Members are appointed on the Board. 199. All meetings of the Board Real Estate Committee shall be presided over by the Chairman of the Committee or any member of the Real Estate Committee authorized by the Chairman in that behalf or by one of the Members of the Board Real Estate Committee. 200. The procedure relating to meetings of the Board as given in State Life Insurance Corporation (General) Regulations, 1972 shall, so far as applicable, apply to the meetings of the Real Estate and Investment Committee. 201. The minutes of each meeting shall be entered in a minute book provided for the purpose and such minutes shall inter alia state – (a) the notice pursuant to which the meeting was called; (b) the names of the Directors present at the meeting; and (c) the resolutions passed or rejected and other decisions taken, with a summary of discussions. The minutes of a meeting when signed by the person presiding over that meeting or by the person presiding over the next succeeding meeting shall be prima facie evidence of the matter stated therein. Preferably the minutes should be distributed to the Directors within a reasonable amount of time but not later than 14 days of the meeting. The draft minutes should be circulated to the Members of the Committee and seven days be allowed for review and comments if any before they are finalized.		

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202. The minutes together with recommendation therein of the meeting of the Real Estate and Investment Committee is to be put up to the Board of Directors at its next meeting for review and confirmation/alterations with regard to implementation thereof. The decision/resolution of the REIC is required to be ratified/approved by the Board of Directors before its implementation. Should a Director disagree with the decision of the Committee, they may ask to have their disagreement recorded in the minutes which could be important to avoid future liability for any decision that involves breach of law or misuse of the Board's powers. 203. To constitute a quorum at the meeting of the Real Estate and Investment Committee not less than three Members or more than 50% of the number of Members of the Committee shall be present. The meetings of the Committee shall be convened by or under the orders of the Chairperson of the Committee. At a meeting of the Committee, each Director shall have one vote and questions arising at a meeting shall be decided by a majority of votes, the person presiding having a second or a casting vote in case of equality of votes: provided that no Director shall vote or participate in a discussion of any matter in which he is directly or indirectly interested and it shall be the obligation of the Director to disclose such interest. 204. Ordinarily not less than 15 days notice shall be given for each meeting of the Committee but the Chairperson can call an emergency meeting by giving sufficient notice to the Members of the Committee. 205. The minutes of the meeting should be serially numbered on a running basis so that the page number of the minutes of the current meeting should continue from the page number of the last meeting i.e. if the last page number of the previous meeting was 100 then the page number of the current meeting should start from 101. The item number and para number of each meeting should be numbered separately. 206. The Board of Directors at its 228th meeting held on 19th September, 2012 and at 230th meeting held on 4th December, 2012 has directed that every page of the Memorandum including the annexures (working papers) to be circulated to the Members of the Board should be serially numbered and the name of the individual Director to whom the Memorandum is being sent should be water marked on each page including the annexures by the Divisions submitting the Memorandum. 207. A Fax No.5(1)/PAC/2004-05/2006-07/F-40E/FA/W dated 26th November, 2012, Government of Pakistan, Ministry of Commerce(F&A Wing), Islamabad has been received from Mr. Javed Iqbal Siddiqui, Section Officer(F&A) informing that the Secretary Commerce has directed to upload minutes of Board of Directors meeting on website and that a certificate be submitted for information of PAO/Secretary Commerce to this effect. The above requirement has been complied with by State Life and minutes of the Board of Directors since inception has been uploaded on the website of State Life. A letter dated 4th December, 2012			

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	was written by Mr. Shoaib Mir, then Executive Director, State Life was written to Mr. Abdul Kabir Qazi, Joint Secretary, Government of Pakistan, Ministry of Commerce, Islamabad requesting that SLIC be exempted from the above requirement in the interest of good corporate governance but to-date no reply has been received. 208. As per good corporate governance the Board briefing papers must reach the Directors at least five days before the meeting which would allow the Board Members to fully consider the issue before the meeting. 209. The Secretary, Real Estate Committee will hand over a copy of the working paper of each meeting of the REC to the Corporate Affairs Division for record purpose. The original working paper file will be retained and preserved by the Secretary Real Estate Committee for future reference purpose. 210. Regulation 12(2) of Public Sector Companies (Corporate Governance) Rules, 2013 states as under:- The Board Committees shall be chaired by non-executive directors and the majority of their members shall be independent. However, the independent directors in the committees shall not be less than their proportionate strength during the first four years of this notification. The existence of such committees shall not absolve the Board from its collective responsibility for all matters. Such committees shall have written terms of reference that define their duties, authority and composition, and shall report to the full Board. The minutes of their meetings shall be circulated to all Board members. 211. The Board would remain the ultimate decision making authority and retains responsibility for all Board decisions even though the Board delegates some of its responsibilities to a Committee. There should be a Board report after each Committee meeting and in most cases Committees will make recommendations to the Board for approval. External third parties cannot be Member of the Board Committees because they are not Board Members. 212. After deliberation, the Board resolved as under: RESOLVED: "that the reconstitution of the Real Estate Committee as proposed by the Chairperson to comprise of (1) Mr. Saad Amanullah, Chairman (2) Mr. Saeed Chaman, Member, (3) Mr. Shafqaat Ahmed, Member (4) Mr. Naved Arif, Member and (5) Dr. Aliya Hashmi Khan, Member be and is hereby approved. Divisional Head (Real Estate) will be the Non-Member/Secretary of the Real Estate Committee. To constitute a quorum at a meeting of the Real Estate Committee, not less than three members shall be present." "that the Secretary, Real Estate Committee prepare and submit to the Real Estate Committee terms of reference of the Committee that would define their duties, authority and composition which would then be submitted to the Board for approval."		

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

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

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Action: DH(RE) DH(P&GS)	"that all meetings of the Real Estate Committee shall be presided over by the Chairman of the Committee or any Member authorized by the Chairman of the Committee and that procedure relating to meeting of the Board as given in State Life Insurance Corporation (General) Regulations, 1972 shall so far as applicable apply to the meeting of the Committee. The minutes of the Committee should be distributed to the Members of the Committee within a reasonable amount of time but not later than 14 days from the date of the meeting and seven days be allowed for review and comments if any before they are finalized."		
Action: DH(RE) DH(P&GS)	"that every page of the Memorandum including the annexures(working papers) circulated to the Members of the Committee be serially numbered and name of the individual Director to whom the papers are being sent should be water marked on every page of the Memorandum."		
Action: DH(RE) DH(P&GS)	"that the Secretary, Real Estate Committee will hand over a copy of the working paper of each meeting of the Committee to the Corporate Affairs Division for record purpose. The original working paper file of each meeting will be retained and preserved by the Secretary of the Committee for future reference purpose."		
Action: DH(RE) DH(P&GS)	"that the minutes of the Committee together with recommendations therein be put up to the Board of Directors at its next meeting for review and confirmation/alteration. The decision/resolution of the Committee is required to be ratified/approved by the Board of Directors at its meeting before its implementation."		
	(IX) RECONSTITUTION OF THE BOARD COMMITTEES		
	213. Mr. Shafqaat Ahmed has been appointed as Member of Board of Directors of State Life Insurance Corporation of Pakistan until further orders by Notification No.2(1)/2009/SLIC/BoD-Ins dated 12th August, 2014 received in State Life on 5th January, 2015.		
	214. Furthermore, Mr. Naved Arif and Dr. Aliya Hashmi Khan have been appointed on the Board of Directors of State Life Insurance Corporation of Pakistan with immediate effect and until further orders vide Notification No.2(1)/2009/BoD/SLIC-Ins dated 23rd February, 2015.		
	215. In view of the above addition to the Members of the Board, Ms. Nargis Ghaloo, Chairperson proposed that the Board Audit Committee, Board Human Resources Committee, Board Investment Committee and Board Real Estate Committee be reconstituted.		
	216. After deliberation, the Board Resolved as under:		
	RESOLVED:		
Action: CH(P&GS) CH(IA&C)	"that the reconstitution the Board Audit Committee as proposed by the Chairperson to comprise of (1) Mr. Saeed Chaman, Chairman (2) Mr. Naved Arif, Member (3) Saad Amanullah, Member (4) Mr. Shafqaat Ahmed, Member and (5) Mr. Azher Ali Choudhry, Member be and is hereby approved. Divisional Head (IA&C) will be the Non-Member Secretary of the Board Audit Committee. To constitute a quorum at a meeting of the Committee not less than three Members should be present."		

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Action: DH (P&GS) Action: DH (P&GS) DH (INV) Action: DH (Act)	"that the reconstitution the Board Human Resources Committee as proposed by the Chairperson to comprise of (1) Dr. Aliya Hashmi Khan, Chairperson (2) Mr. Azher Ali Choudhry, Member (3) Mr. Naved Arif, Member (4) Mr. Saad Amanullah, Member and (5) Mr. Shafqaat Ahmed, Member be and is hereby approved. Divisional Head (P&GS) will be the Non-Member Secretary of the Board Human Resources Committee. To constitute a quorum at a meeting of the Committee not less than three Members should be present." "that the reconstitution the Board Investment Committee as proposed by the Chairperson to comprise of (1) Mr. Shafqaat Ahmed, Chairman (2) Mr. Saad Amanullah, Member (3) Mr. Saeed Chaman, Member (4) Dr. Aliya Hashmi Khan, Member and (5) Mr. Naved Arif, Member be and is hereby approved. Divisional Head (Investment) will be the Non-Member Secretary of the Board Investment Committee. To constitute a quorum at a meeting of the Committee not less than three Members should be present." (X) <u>PRESENTATION ON STATE LIFE.</u> 217. DH(Actuarial) gave a detailed presentation on State Life which was noted and appreciated by the Board. 218. The meeting ended with vote of thanks to the chair.  (CHAIRPERSON)		
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Annexure-A وكالة عامة GENERAL POWER OF ATTORNEY This General Power of Attorney is executed at Karachi on _____ Day of _____ by State Life Insurance Corporation of Pakistan established under the Life Insurance (Nationalization) Order, 1972 (President's Order 10 of 1972) having its Principal Office at State Life Building No.9, Dr. Ziauddin Ahmed Road, Karachi herein after referred to as "Corporation" in favour of Mr. Muhammad Ramzan Shahid S/O Chaudhry Wali Muhammad, Deputy General Manager of the Corporation at Dubai, U.A.E. (hereinafter referred to as "the Attorney".) Whereas for the purpose of facilitating Corporation business in United Arab Emirates it is expedient to appoint an Attorney and the Board of Directors of the Corporation by a resolution dated _____ 20____ has resolved to appoint the above named Mr. Muhammad Ramzan Shahid S/O Chaudhry Wali Muhammad, as Corporation's Attorney. And whereas the Board of Directors has further resolved that his power of attorney may be executed under Corporation Seal affixed in the presence of the Chairperson & Executive Director (Marketing) of the Corporation. Know all persons therefore by these presents that the Corporation does hereby nominate, constitute and appoint Mr. Muhammad Ramzan Shahid S/O Chaudhry Wali Muhammad as its true and lawful attorney for he Corporation and on its behalf to do and perform all the following acts, deeds and things that to say 1) To make and execute applications, or representations to any Government, Local authority, Chamber of Commerce or other body for the opening, continuance and maintenance or closure of any branch, office or agency of the Corporation in UAE with prior written approval of the Corporation and do all acts, deeds, matters and things ancillary or incidental thereto and in particular for obtaining trade and other licenses from the Abu Dhabi, Al Ain, Sharjah & Dubai Municipalities and registration with the Ministry of Commerce or appropriate Ministries of the U.A.E. Government. وكالت هذه الوكالة العامة في كراتشي في يوم _____ من قبل استتيت لايف انشورنس كارپوريشن أف باكستان القائمة بموجب أمر (تأمين) التأمين على الحياة، 1972 (أمر الرئيس رقم 10 لسنة 1972) ومكتبها الرئيسي في بناية ستيت لايف رقم 9، شارع د. ضياء الدين أحمد، كراتشي، ويشار إليها فيما بعد في هذه الوكالة بلفظ "المؤسسة" لصالح السيد/ محمد رمضان شاهد ابن تشوڤري والي محمد، نائب المدير العام للمؤسسة في دبي، ا.ع.م (ويشار إليه فيما بعد في هذه الوكالة بلفظ "الوكيل"). وحيث أنه بغرض تسهيل أعمال المؤسسة في الإمارات العربية المتحدة من المناسب تعيين وكيل، وقرر مجلس إدارة الشركة بالقرار المؤرخ _____ 20____ تعيين المذكور أعلاه السيد/ محمد رمضان شاهد ابن تشوڤري والي محمد، وكيلاً للشركة. وحيث أن مجلس إدارة الشركة قد قرر أيضاً إمكانية تنفيذ الوكالة العامة له تحت ختم الشركة المصق بحضور الرئيس والمدير التنفيذي (التسويق) للشركة. فليعلم كل من يقدم له هذا المستند أن المؤسسة تعين وتقيم وتقوض السيد/ محمد رمضان شاهد ابن تشوڤري والي محمد، وكيلاً حقيقياً وقانونياً للمؤسسة ليقوم بالنيابة عنها بأداء وعمل كافة الأفعال والتصرفات والأشياء التالية وهي 1) أداء وتنفيذ كافة الطلبات أو التعهدات لدى أي سلطة حكومية أو محلية: وغرفة التجارة أو أي هيئة أخرى لأجل فتح أو استمرارية أو المحافظة على أو إغلاق أي فرع أو مكتب أو وكالة تابعة للمؤسسة في الإمارات العربية المتحدة بموافقة خطية مسبقة من المؤسسة والقيام بكافة التصرفات والأفعال والأمور والأشياء الإضافية أو العرضية الخاصة بها وعلى وجه الخصوص للحصول على الرخص التجارية والرخص الأخرى من بلديات إمارات أبو ظبي والعين والشارقة ودبي، والتسجيل لدى وزارة التجارة أو الوزارات المناسبة الأخرى في			

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حكومة الإمارات العربية المتحدة. (2) أداء وإقامة والدفاع بالنيابة عن المؤسسة في كافة القضايا والاستئناف والطلبات والإجراءات التنفيذية المرفوعة من قبل المؤسسة أو ضدها فيما يتعلق بعملها في الإمارات العربية المتحدة، أو التي تكون المؤسسة أو قد تكون طرفاً فيها في أي محكمة أو سلطة قضائية في الإمارات العربية المتحدة، والقيام بكافة الأعمال الإضافية أو العرضية الخاصة بذلك الأداء أو إقامة لدعوى أو الدفاع. (3) يتوهم بالاشتراك مع مسؤول مفوض آخر أو الشركة بالمحافظة والسحب على وتشغيل وإغلاق أي حساب جاري أو حساب اعتماد نقدي أو أي حساب آخر موجود بالفعل في أي مصرف فيما يتعلق بعمل لايف لما وراء البحار الخاص بالمؤسسة في الإمارات العربية المتحدة وأيضاً فتح والمحافظة والسحب على وتشغيل وإغلاق أي حساب جاري أو حساب اعتماد نقدي أو أي حساب آخر باسم المؤسسة في منطقة الخليج في أي مصرف في ا.ع.م فيما يتعلق بكافة الحسابات المذكورة أعلاه وسحب والتصدق على ومناقشة وتوقيع كافة الشيكات لجميع هذه الحسابات وسحب هذه الحسابات أو أي منها وإصدار التعليمات المتعلقة بذلك من وقت لآخر بالاشتراك مع مسؤول آخر مفوض من قبل الشركة بإصدار هذه التعليمات. تأجير خدمات أي موظفين في الإمارات العربية المتحدة فيما يتعلق بأي عمل أو مهمة لمكاتب المؤسسة في ا.ع.م وتعيين هؤلاء الموظفين وفقاً للشروط المعتمدة صوماً أو على وجه الخصوص من قبل المؤسسة، وتدريب وتثبيت ونقل وترقية وفصل أي من هؤلاء الموظفين وفقاً لما يراه ضروري. شراء المواد وتحمل المصروفات اللازمة لتسيير عمل المكاتب في الإمارات العربية المتحدة، وفتح أي مكتب جديد حسبما يكون ضرورياً لأداء أعمال المؤسسة في هذه الأماكن. الحصول عن طريق الإيجار/الترخيص على مباني للمكاتب أو السكن لاستعمالها من قبل المؤسسة لأعمال الرسمية أو لموظفيها فيما يتعلق بعمل الشركة في			
2)	To conduct, withdrawal, institute, defend on behalf of the Corporation all suits, appeals, applications and executive proceeding by or against the Corporation in respect of its business in U.A.E. or to which the Corporation is or may become a party in any court or Tribunal in U.A.E. and to do all acts ancillary or incidental to such conduct institution or defense.		
3)	Jointly with an authorized officer or the Corporation to maintain, draw upon, operate and close any current, cash credit or other account in any bank already existing in respect of the overseas Life Business of the Corporation in U.A.E. and to open, maintain, drawn upon and operate any current, cash credit or other account in the name of the Gulf Zone of the Corporation in any bank in U.A.E. and in respect of all accounts hereinbefore mentioned to draw, endorse, negotiate and sign all cheques of all such accounts and to withdraw the said accounts or any of them and from time to time issue instructions in that behalf jointly with any other officer authorized by the Corporation in this behalf.		
4)	To hire the services of any personnel in U.A.E. in connection with any work or assignment relating to offices in U.A.E. and to appoint them on such terms and conditions as may be generally or specifically approved by the Corporation and to train, post, transfer, promote and dismiss any such personnel as and when deemed necessary.		
5)	To purchase such articles and to incur such expenditure for running the offices in U.A.E. and for opening of any new office, as may be necessary for the conduct of business in such places.		
6)	To take on lease/license office premises and / or residential accommodation for official use of the Corporation and / or its employees in connection with business of the Corporation in U.A.E.		

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		الإمارات العربية المتحدة.	
7) To sign and execute for and on behalf of the Corporation and all such lease / license deeds and agreement in which the Corporation is interested as a lessee.		7) التوقيع على والتفويض لصالح والنيابة عن المؤسسة، كافة الإيجارات / التراخيص والصكوك الاتفاقيات التي تبرعها المؤسسة باعتبارها مستأجر.	
8) To prepare and submit all financial and other statements in respect of the Corporation business in the U.A.E.		8) إعداد وتقديم كافة كشوف المالية والبيانات الأخرى الخاصة بأعمال المؤسسة في الإمارات العربية المتحدة.	
9) To exercise internal budgetary control.		9) ممارسة المراقبة الداخلية للأميزانية.	
10) To terminate the contracts of employees, agents, and/or employer of agents with the prior written approval of the Corporation and or to dismiss such personnel with the prior written approval of the Corporation.		10) إنهاء عقود الموظفين والإكلاء و/أو تعيين الوكلاء بموافقة خطية مسبقة من المؤسسة و/أو فصل هؤلاء الموظفين وفقاً لموافقة خطية مسبقة من المؤسسة.	
11) To accept proposals for insurance business and to sign and issue policies in respect of Life insurance business.		11) قبول المقترحات لأعمال التأمين والتوقيع على وإصدار وثائق التأمين الخاصة بأعمال التأمين على الحياة.	
12) For all and any of the above said purposes or relating thereto or arising there from or there under and in matters and things it may be deemed expedient and to be of interest to the Corporation to appoint Wakils, Advocates, PRO, Attorneys, Solicitors, Pleaders and other Lawyers or advisors with prior written approval of the Corporation and to sign all wakalatnamas, warrants of attorney and other papers or documents required in their behalf.		12) لكافة وأي من الأغراض المذكورة أعلاه أو المتعلقة بها أو الناشئة عنها أو التي تدرج تحتها وفي الأمور والأشياء التي تعتبر مناسبة وفي مصلحة المؤسسة، وتعيين الوكلاء ومدنوب والمحامين والمدافعين والمحامين الآخرين أو المستشارين بموافقة خطية مسبقة من المؤسسة، والتوقيع على كل سماء الوكالات ومذكرات المحامين والأوراق والمستندات الأخرى المطلوبة بالنيابة عنهم.	
13) To appear before the Registrar or Sub-registrar of assurances or any other officer having authority to register deeds and to present for registration, admit execution and complete registration in due form of law of all or any document or documents executed on behalf of the Corporation or the attorney under the authority of these presents and / or the authority of the resolution of the Board of Directors / Executive Committee of State Life Insurance Corporation of Pakistan and to do all deeds matters and things for completing registration thereof in due form of law.		13) للمثول أمام المسجل أو امسجل الفرعي للضمانات أو أي مسؤول آخر له سلطة تسجيل الصكوك، وتقديم للتسجيل وقبول تنفيذ وإكمال تسجيل وفقاً للقانون لكافة وأي مستند أو وثيقة تنفذ نيابة عن المؤسسة أو الوكيل وفقاً للملطات المخولة له بموجب هذه الوكالة و/أو سلطة قرار مجلس الإدارة/اللجنة التنفيذية لمؤسسة استيت لايف انشورنس كارپوريشن أف باكستان، والقيام بكافة الأفعال والأمور والأشياء لإكمال التسجيل وفقاً لأحكام القانون.	
14) And generally to perform and execute all and every and any other acts and deeds, matters and things which shall be necessary and expedient for the performance by the attorney of his functions as aforesaid under these presents.		14) يقوم عموماً بأداء وتنفيذ كل وأي أعمال أو وثائق أو أمور أو أشياء أخرى تكون ضرورية ومناسبة لأدائها من قبل الوكيل في تنفيذه لمهامه المذكورة أعلاه بموجب هذا التفويض.	
15) This power of attorney shall stand revoked if the Corporation in its sole discretion decides so. And the Corporation shall ratify and confirm all that the said attorney may lawfully do or cause to be done by virtue of these presents.		15) تعتبر هذه الوكالة لاغية إذا قررت المؤسسة ذلك وفقاً لتقديرها المطلق. وتصانق المؤسسة وتؤكد على كل ما يقوم به الوكيل قانونياً أو يؤمر بالقيام به بمقتضى هذه الوكالة.	
In witness whereof the Corporation has caused these presents to be duly executed on its behalf on the date hereinabove first mentioned.		وإشهاداً على ذلك وجهت المؤسسة بتنفيذ هذه الوكالة حسب الأصول بالنيابة عنها في التاريخ المذكور أولاً أعلاه.	
For State Life Insurance Corporation of Pakistan		بالنيابة عن/ استيت لايف انشورنس كارپوريشن أف	

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	باكستان الرئيس Chairperson المدير Director The common seal of State Life Insurance Corporation of Pakistan has hereinafter been affixed by order of the Board of Directors vide Resolution in its meeting held on _____ in the presence of: _____ في حضور: _____ الرئيس المدير Chairperson Director		
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Annexure-B

**MINUTES OF 13TH MEETING OF HUMAN RESOURCES COMMITTEE
HELD ON 05-03-2015 AT KARACHI.**

The 13th meeting of the Human Resources Committee of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 5th March 2015 at 10:00 am in the Board Room, State Life Building No.9, Principal Office, Karachi.

2. The following attended the meeting:

- | | | |
|-------|---|-------------------------|
| (i) | Ms. Nargis Ghaloo | Chairperson/Director |
| (ii) | Mr. Saeed Chaman
(Attended the meeting on conference call) | Director |
| (iii) | Mr. Saad Amanullah | Director |
| (iv) | Mr. Azhar Ali Choudhary | Director |
| | Mr. Irfan Anwer Baloch | Secretary HRC |
| | Mr. Ajaz Ali Khan
(Attended HRC on special invitation) | Non- Member / ED (P&GS) |

Item (01) CONFIRMATION OF MINUTES OF 12TH MEETING OF THE HUMAN RESOURCES COMMITTEE HELD ON 24.12.2014

3. The minutes of the 12th meeting of the Human Resource Committee of the Board held on 24.12.2014 was placed before the Committee.

4. Ms. Nargis Ghaloo, Chairperson proposed and Mr. Saad Amanullah, Director seconded the minutes of 12th meeting of the Human Resource Committee be confirmed.

5. Accordingly, it was resolved as under:

RESOLVED

6. "that the minutes of 12th meeting of the Human Resources Committee held on 24.12.2014 be and are hereby confirmed."

Item (02) IMPLEMENTATION REPORTS OF 11th&12TH MEETING OF HUMAN RESOURCES COMMITTEE HELD ON 01.10.2012 and 24.12.2014

7. The implementation report of 12th meeting of the Human Resources

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Committee held on 24.12.2014 was placed before the committee, which was noted. 8. Implementation Report of 11th meeting of the Human Resources Committee held on 01.10.2012 placed before the Committee, which was noted with the following observations and directives: - Item No 3(a) <u>Revision in Staff Strength</u> To a query from Chairperson the Committee was informed that the Staff strength was revised on need basis of various Divisions. RESOLVED "that the Committee directed Divisional Head (P&GS) to give a detailed presentation on the requirement of employees in each Division and Department in the next HRC meeting to be held in the end of April 2015." - Item No. 8 <u>Award of Special Pay Amounting to Rs. 10,000/- per month to Mr. Nadeem Bessey, General Manager (Group & Pension Division)</u> RESOLVED "that the committee directed Divisional Head (P&GS) to examine whether Special Pay is included in the pensionary benefit and if so a Memorandum be put up in the next meeting of HRC in this respect." "that the Committee further directed to identify and submit the names of present / existing employees drawing Special Pay in next meeting of HRC." - Item No 9 (c) <u>Difference of overseas Allowance payable to the officers posted in Gulf Zone</u> "that the Executive Director (P&GS) informed the members of the HRC that committee constituted to study difference of overseas allowance payable to the officers posted in Gulf Zone would be submitting its report, which will be placed in the next meeting of HRC." - Item No. 8 <u>Any Other item of 12th HRC</u> RESOLVED "that the training program for employees be included in the TOR for			

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the consultant to be hired for preparation of Key Performance Indicators (KPIs)" <u>Item (03) Performance Based Bonus Scheme 2011 to 2014 for Officers of Group & Pension/Zonal Officer's Team of Group Life Zones.</u> 9. The Executive Director (P&GS) presented the above Memorandum dated 26.02.1015 before the Human Resource Committee of the Board. 10. The Board of Directors in its 162nd meeting held on 11.08.2001 has introduced Performance Based Bonus Schemes for the Officers of State Life Insurance Corporation of Pakistan effective from the year 2001 and onwards. 11. Every year the Scheme is approved by the Board of Directors of State Life on the presentation of Memorandum of Executive Director (P&GS). 12. Since 2001, it is a practice that one basic pay has been advanced to the officers of the Corporation on the eve of Eid-ul-Fitr&Eid-ul-Azha every year with the approval of Chairman, State Life, on production of Undertaking that the same is liable for adjustment against said Performance Based Bonus Scheme upon finalization of books of accounts at the end of each year. 13. The Performance Based Bonus Scheme-2010 for Officers of Group & Pensions Division / Zonal Officer's Team of Group Life Zones was approved by the Board in its 229th meeting held on 15.10.2012. RESOLVED 14. "that as proposed by the Executive Director (P&GS) the Performance Based Bonus Scheme for the years 2011 to 2014 which is in line with previous bonus scheme for the year 2010 to Officers of Group & Pension/Zonal Officer's Team of Group Life Zones be and is hereby recommended to the Board for approval in its next meeting." <u>Item (04) Performance Based Bonus Scheme-2015, for Officers of Individual Life, Gulf Zone, Investment Division, Real Estate Divisions and Group & Pensions / Zonal Officers' Team of Group Life Zones.</u> 15. The Executive Director (P&GS) presented above Memorandum dated 26.02.2015 before the Human Resource Committee.			

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16. The Board of Directors in its 162nd meeting held on 11.08.2001 has introduced Performance Based Bonus Schemes for the Officers of State Life Insurance Corporation of Pakistan effective from the year 2001 and onwards. 17. Every year the Scheme is approved by the Board of Directors of State Life on the presentation of Memorandum of Executive Director (P&GS). 18. Since 2001, it is a practice that one basic pay has been advanced to the officers of the Corporation on the eve of Eid-ul-Fitr&Eid-ul-Azha every year with the approval of Chairman, State Life, on production of Undertaking that the same is liable for adjustment against said Performance Based Bonus Scheme upon finalization of books of accounts at the end of each year. 19. The Performance Based Bonus Scheme-2010 for Officers of Group & Pensions Division / Zonal Officer's Team of Group Life Zones was approved by the Board in its 229th meeting held on 15.10.2012. 20. The Performance Based Bonuses for the year 2012 to 2014 for Officers of Individual Life Gulf Zone, Investment Division and Real Estate Division were approved by the BoD in its 235th meeting held on 1st December 2014. RESOLVED 21. "that as proposed by Executive Director (P&GS) the Performance Based Bonus Scheme-2015 for Officers of Individual Life, Gulf Zone, Investment Division, Real Estate Divisions and Group & Pensions / Zonal Officers' Team of Group Life Zones for the year 2015, which is in line with the previous approval of bonus scheme for the year 2014 be and is hereby recommended to the Board for approval in its next meeting." 22. "that the Committee further directed that the review of existing scheme of performance link bonus with regard to point scoring be included in the TOR of consultant to be hired for developing Key Performance Indicators". Item (05) <u>Linking of Salaries with Approved Strength of Officers/Staff Working in the Divisions, Regions/Zones</u> 23. The Executive Director (P&GS) presented above Memorandum dated 26.02.2015 before the Human Resource Committee.			

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24. Presently the policy of State Life is to release salaries for the officers/staff in the Divisions/ Regions/ Zones irrespective of their approved strength. With the result that there are number of Regions and Zones where officers/ staff are working much beyond the approved strength. 25. Whereas on the other hand there are many Regions/ Zones where there is acute shortage of officers/ staff. The reasons for this anomaly are that officers/ staff use various kinds of external pressures to get positions without any consideration of approved strength. 26. In order to remove this anomaly and put in place a policy which can produce better governance it is proposed that salaries may be linked with approved strength. The P&GS Division therefore propose that: - Staff beyond approved strength posted in various Zones be posted against clear vacant posts of other (Divisions/Regions/Zones). - The salaries of staff and officers may be released as per approved strength only. - No payment be made to anyone beyond approved strength. 27. However if service of any officer/ staff is essentially required then a proposal for transfer of the post with full justification be submitted for approval of designated competent authority. RESOLVED 28. "that as proposed by the Executive Director (P&GS) the Committee agreed to recommend to the Board for approving Linking of Salaries with Approved Strength of Officers/Staff Working in various Divisions, Regions/Zones." Item (06) <u>Status of Division to Bancassurance cell.</u> 29. The Deputy General Manager (Banassurance) presented above Memorandum of Executive Director (Banassurance) before the Human Resource Committee. 30. Bancassurance Cell was created to penetrate into untapped Bancassurance Market and to acquire the business due to its cost-effectiveness. Bancassurance Cell was established with the approval of Board of Directors in 2009.			

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31. Since its inception, the Cell has faced many challenges including stiff market competition, non-availability of professional manpower, restricted budgetary allocations etc therefore its pace has not been up to the mark. For procurement of Bancassurance Business State Life Insurance Corporation of Pakistan has signed its first Agreement with UBL on 6th January 2012 but started business from August 2012. 32. The Cell is vigorously pursuing its expansion plans for optimal market penetration and in this regard meetings/negotiations with the Banks are being held on daily basis 33. It is pertinent to highlight that the Bancassurance is alternate distribution channel having divergent needs of the market than the traditional "Agency" sales channel 34. In order to accommodate distinctive demands/needs of the Banca market and in view of the expansion in business volume/strength for achievement of its goals/objectives effectively & efficiently, it is strongly felt that Bancassurance Cell may be given the status of a Division to take policy decisions at their end. RESOLVED 35. "that as proposed by Executive Director (Banassurance) the Committee agreed to recommend to the Board for approving the proposal to upgrade Bancassurance cell in a Division within the approved staff strength." Item (07) <u>Mobile Phone Purchase Policy of State Life.</u> 36. The Executive Director (P&GS) presented above Memorandum dated 06.02.2015 before the Human Resource Committee. 37. The mobile phone set purchase policy for the officers of State Life was approved by the Board of Directors in its 219th meeting held on 22nd and 25th April 2011 in line with the rules and practice followed by the Federal Government and the Corporations attached with the Ministry of Commerce. 38. The category-wise entitles of the Senior Executives and officers of SLIC as per P&GS Divisions Office Order No. P&GS/PO/125/2011 dated May 11, 2011 is as under:			

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Designation	Mobile Brand	Period	Amount
Chairman	Blackberry, Nokia, Samsung, Sony etc	Once in 2.5 years	Actual purchase price subject to maximum of Rs.60,000/-
ED	Blackberry, Nokia, Samsung, Sony etc	Once in 2.5 years	Actual purchase price subject to maximum of Rs.20,000/-
GMs/DHs/RCs/ZHs	Blackberry, Nokia, Samsung, Sony etc	Once in 2.5 years	Actual purchase price subject to maximum of Rs.10,000/-
PROs	Blackberry, Nokia, Samsung, Sony etc	Once in 2.5 years	Actual purchase price subject to maximum of Rs.10,000/-

39. In this regard the following instructions were issued:

- Above officers may arrange new mobile sets from their own pockets and the cost thereof within the approved limit will be reimbursed to them on production of original receipts.
- Monthly bill to the officers concerned will be reimbursed subject to availability of saving in their monthly office telephone entitlements.
- In case of transfer/retirement of concerned officer from the posts mentioned above, he/she may retain the Mobile Set by depositing its book value. However, this will not apply to PROs.

40. With the passage of time, rapid changes in the Cellular phone technology have been introduced. Similarly the price of mobile phone sets have also been increased manifolds matching with the enhanced features. Keeping in consideration this scenario, it is considered necessary to review the mobile phone set purchase policy with respect to purchase price and period replacement.

41. It was therefore proposed that purchase price of cellular/mobile phone set may be increased due to the price hike in the market as well as rapid changes in cellular phone technology, the period of replacement may also be reduced as under:

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Designation	Mobile Brand	Period	Amount
Chairman	Blackberry, Nokia, Samsung, Sony etc	Once in 02 years	Actual purchase price subject to maximum of Rs.80,000/-
ED	Blackberry, Nokia, Samsung, Sony etc	Once in 02 years	Actual purchase price subject to maximum of Rs.40,000/-
GMs/DHs/RCs/ZHs	Blackberry, Nokia, Samsung, Sony etc	Once in 02 years	Actual purchase price subject to maximum of Rs.25,000/-
PROs	Blackberry, Nokia, Samsung, Sony etc	Once in 03 years	Actual purchase price subject to maximum of Rs.15,000/-

42. The other terms and conditions as contained in P&GS Division's order No. P&GS/PO/125/2011 dated May 11, 2011 will remain un-changed.

43. The Committee was informed that total financial impact in respect of increase in purchase price of mobile phone set will come to Rs. 7,85,000/- (seven hundred eighty five thousand)

RESOLVED

44. "that as proposed by ED (P&GS) for purchasing of new cell phone policy, the committee realizing the need for new technology agreed to recommend the same to the Board of Directors for approval at its next meeting."

Item (08) Reimbursement of Residential telephone expense for SLIC Officers on Cellular Phone as second option instead of landline.

45. The Executive Director (P&GS) presented above Memorandum dated 06.02.1015 before the Human Resource Committee.

46. As the PTCL Customer Services towards landline telephone are unsatisfactory due to which, a considerable number of landline telephone subscribers have switched over to the Cellular phone connections.

47. Moreover the use of landline telephones has become un-economical as compared to various economical packages offered by different Cellular phone Companies operating in Pakistan.

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48. Further being a vital tool for connectivity, the link amongst the officers of SLIC for official purpose during and after office hours would be easier.

49. Due to the above fact, the officers of SLIC have been demanding reimbursement of the mobile phone bills.

50. As per the existing policy, SLIC allows following ceilings for landline phones only:

S. No	Desig	No of local calls plus Line rent & CE Duty		Maximum Annual Ceiling (Rs)	
		Development	Non-Development	Development	Non-Development
1	GM	650	650	20418.00	20418.00
2	DGM	525	450	16953.00	14874.00
3	AGM	400	300	13488.00	10716.00
4	Mgrs	275	200	10023.00	7944.00
5	DM	-	150		6558.00
6	AM	-	120		5726.00
7	EO	-	100		5172.00

51. In order to facilitate the officers of SLIC and to ensure their availability on phone, P&GS Division proposed the following:

52. The officers currently entitled to maximum annual ceiling of the landline phone may be allowed reimbursement of mobile phone post-paid bills in lieu of landline telephone bills as a 2nd option within the above maximum annual ceiling.

RESOLVED

53. "that the proposal of Executive Director (P&GS) regarding reimbursement of Mobile phone post-paid bills in lieu of landline phone bills as second option within the annual ceiling, the Committee recommended to the Board for approval of selection of either using landline or cellphone within the current maximum annual ceiling."

Item (09) Compensation as Social Responsibility to Mr Zafar Iqbal, Deputy Manager (F&A) Peshawar Zone whose son died and Mrs. Khalida Yasmeen Assistant Manager (N B) Peshawar Zone whose son was injured in terrorist attacked on Army Public School Peshawar.

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54. The Executive Director (P&GS) presented above Memorandum dated 06.02.2015 before the Human Resource Committee. 55. In the terrorist attack on Army Public School, Peshawar on 16.12.2014 a number of innocent students were martyred. Among those, a child namely Osama Zafar of class 10th who was son of Mr. Zafar Iqbal, Deputy Manager (F&A) Peshawar Zone, also expired. Further, in the list of injured, another student namely Shayan Amir of class 8th is son of Mrs. Khalida Yasmeen, Assistant Manager (NB) Peshawar Zone, who sustained bullets in his leg. 56. The above said incident was reported to P&GS Division, PC by Peshawar Zone vide its letter dated December 23, 2015. Being a social responsibility and to present a good gesture to the above compensation of Rs. 500,000/- to Mr. Zafar Iqbal, Deputy Manager (F&A), Peshawar Zone whose son died as well as Rs. 200,000/- to Mrs. Khalida Yasmeen, Assistant Manager (NB), Peshawar Zone, whose son was injured in the above said incident. This case was duly recommended by ED (P&GS) and approved by the Chairperson on 01.01.2015 RESOLVED 57. "that the proposal of Executive Director (P&GS) allowing compensation of Rs.5 lacs to Mr. Zaffar Iqbal, Deputy Manager (F&A) Peshawar whose son died and Rs.2 lacs to Mrs. Khalida Yaseem, Assistant Manager (New Business), Peshawar Zone whose son injured in terrorist attack at Army Public School Peshawar respectively is hereby recommended to the Board for approval." <u>Item (10) Discontinuation of "Special Increment" under Regulation-18 instead "Honorarium" or "Cash Award" be Considered.</u> 58. The Executive Director (P&GS) presented above Memorandum dated 23.02.2015 before the Human Resource Committee. 59. The employees of State Life are being granted Special Increments in terms of Regulation 18(3) of State Life Employees (Services) Regulation 1973 which states that "The Chairperson may, for exceptional performances authorize the grant special increments to an employee" 60. Although Special Increments are granted to the employees on outstanding performance with recommendation of Reporting Officer's and approval by Competent Authority i.e Chairperson. However the financial impact of Special			

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Increments has a long term effects as it goes right up to the pension level, hence there is a need to amend this policy to avoid this long term financial burden upon State Life Insurance Corporation of Pakistan. 61. It is therefore, proposed that in case of exemplary services instead of Special increments one time Honorarium or Cash Award may be given which will have a limited financial impact for State Life. RESOLVED 62. "that the proposal of Executive Director (P&GS) regarding discontinuation of Special Increment under Regulation 18 of State Life Employees (Service) Regulations, 1973 and its replacement with granting Honorarium or Cash Award be recommended to the Board as follows: 1. To continue with Regulation and only one outstanding performer in the Corporation be granted special increment in a year. 2. No special incentive of special increment be allowed in case of posting of officers in hard areas. However Scheme of Hard Station allowance should be introduced, which should be submitted to the HRC for approval before implementation. 3. Design criteria for grant of "Honorarium" or "Cash Award". P&GS Division to design and submit in the HRC for consideration and necessary recommendation to the Board." Item (11) <u>Hiring of H.R. Consultant for preparing Key Performance Indicators "KPIs"</u> 63. The Executive Director (P&GS) presented above Memorandum dated 26.02.2015 before the Human Resource Committee. 64. Key Performance Indicators (KPIs) are a necessary part of any business that plan to aim for success. PKIs are used by organizations to measure, monitor and manager performance; they allow employers/employees to envision what needs to be done to improve their organization. 65. Since State Life is performing in various segments i.e, Policy Holder Service, Marketing, IT, Employees and Finance etc, according to the need of client/market, therefore KPIs for each Division vary from one another.			

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66. P&GS Division proposes to develop/improve KPIs for various Divisions of SLIC through a professional consultant. RESOLVED 67. "that the Committee agreed with the proposal of Executive Director (P&GS) for hiring of HR consultant for preparing Key Performance Indicators (KPIs) and directed as under: (i) that a TOR be prepared for hiring a consultant first, which should be placed before the HRC. (ii) that the initiation of appointment of consultant should be through open advertisement and by following PPRA Rules, after TOR is approved by the HRC. <u>Item (12) Posting of Cash Officer and In-charge Cash Counter in Office Cadre at All Collection Centers (Zonal and Outstation)</u> 68. The Executive Director (F&A/P&GS) presented above Memorandum dated 25.02.2015 before the Human Resource Committee. 69. SLIC inherited the system of posting of cashiers at cash counters in the lowest cadre of clerical staff. Cash handling allowance is being paid to the cashier depending upon the volume of cash collected/deposited. It was detected that at some places contractual/reimbursement basis employees or even the Record Sorter/Naib Qasid was deputed to collect the cash in SLIC. This practice, however, has been abolished for all cash collection centres at zonal or outstation level. 70. The quantum of cash collection has increased manifold in past years. Around Rs.40 billions are received at cash counters in cash. Employees in lower cadre take less responsibilities and certain fraud cases have been unearthed where cashier himself was directly involved in frauds/ misappropriation or fraud was committed with his connivance. 71. In order to prevent frauds at cash counters, it is proposed that the establishment and handling of cash collection centres may be restructured with a view to post responsible officers at cash counter and establishing of strict internal controls to avoid any such situation where cashiers succeed in misappropriating the funds of SLIC.			

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	i) Executive Officers may be posted at each collection counter for cash collection and may be designated as Cash Officer. ii) All cash collection centres, zonal or outstation, may be headed by an Assistant Manager (or a DM, in case of big zone) as In-charge Cash Counter. He should do all the jobs required to be done by the In-charge Cash Counter. iii) The Sector Head/Area Manager of outstation cash collection centre may be given the responsibility for overall supervision of the cash collection centre and he should report to Zonal Head in case any wrong doing is known to him. iv) The Cash Officers may be Commerce Graduate while the In-charge Cash Counter should be Commerce Master/MBA v) Two week's training would be imparted to the new appointees by Staff Training Department for awareness. vi) The undertaking/surety bound as well as cash security may be obtained from all cash officers and In-charge Cash Counters before appointment and posting at the cash counter, besides security clearance through law enforcing agencies. vii) In case of rush at cash counters at the time of closing of business, F&A Department of a Zone can depute an officer to help the existing strength of cash officers. RESOLVED 72. "that the Committee deferred the above matter till finalization of the staff requirement exercise for which a memorandum to the HRC be submitted for deliberation and its recommendations to the Board. The requirement of F&A be submitted in the above memorandum." Item (13) <u>Any other Items:</u> Additional Item (i) <u>Filling of Vacant Positions of Officers in F&A Division at Principal Office, Regions and Zones.</u> 73. The Executive Director (F&A/P&GS) presented above Memorandum dated 04.03.2015 before the Human Resource Committee. 74. The staff strength of SLIC was approved almost 15 years ago and by that time, quantum of work has increased manifold. Expansion of work load warrants more manpower but on the contrary the existing staff strength is reducing year by year.		

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The position of shortage of officers as at 31st December, 2014 is 55. In addition to above, two officers have been terminated while eight will be retiring in the year 2015. Thus, the deficit in existing strength of officers vs. approved staff strength has become 65. Deficiency in staff strength of officers' grade on corporate level is summarized below:

Grade	Designation	Total Corporation (PO, F&A and Commission)		
		Approved	Existing	Surplus/ (Deficit)
13(b)	GENERAL MANAGER	1	1	-
13(a)	DY. GENERAL MANAGER	7	5	(2)
12	ASSTT. GEN. MANAGER	15	11	(4)
11	MANAGER	40	30	(10)
10	DEPUTY MANAGER	67	39	(28)
09	ASSTT. MANAGER	114	107	(7)
08	EXECUTIVE OFFICER	13	9	(4)
TOTAL OFFICERS		257	202	(55)
Officers terminated in 2015		-	(2)	(2)
Officers Retiring in 2015		-	(8)	(8)
Deficiency of officers vs approved strength		257	192	(65)

75. In the year 2015, reduction of further ten officers, mostly in AGM/DGM grade, will create a big flaw in operation, maintenance and overseeing the accounting and financial activities.

76. The shortage of officers in the scenario where work load has increased tremendously can be seen at all level in F&A Division. It is therefore very much necessary that the vacant positions of 65 officers are filled as an immediate solution.

77. It was therefore, proposed that the appointment of officers may be allowed as early as possible in the grades of AGM to Deputy Manager. The arrangement of required manpower will help in sharing work load which will lead to strengthening the internal controls and preventing the chances of serious errors, mistakes and misappropriation of funds, causing monetary loss to SLIC and damaging its reputation.

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78. The requirements of officers and qualification/experience is as under:

Designation	Required No.	Requirement	
		Education	Experience
Asstt: General Managers	4	FCA/FCMA/FCCA	8 years
Managers	20	FCA/FCMA/FCCA	5 years
Deputy Managers	41	*CA Inter/ICMA (at least 4 parts) ACCA (at least 10 papers)	2 years
Total:	65		

RESOLVED

79. "that after deliberation the Committee resolved as under and recommended to the Board for approval:

- (i) that 50% of the vacant posts be filled up in first phase rather than in one go.
- (ii) that the requirement of F&A would be examined after the presentation of requirement of employees for entire Corporation to be submitted by the P&GS Division".

Additional Item (ii) Proposal To Establish Health Insurance Zones And The Revised Staff Strength Of Health And Accident Insurance Division

80. The Manager (HI) presented the above Memorandum of Executive Director (HI) before the Human Resource Committee.

81. Health and Accident Insurance Division was established in 2011 vide Office Order No.P&GS/PO/303/2011 Dated 25.02.2011. Similarly, the approved strength of the division was also communicated by P&GS Division vide its letter No.PL-4(29) Dated 28.08.2013.

82. State Life has entered into an agreement of Micro Health Insurance with Government of KP on 19.01.2015. The duration of the agreement is five years. Under the Agreement State life has been entrusted to launch Micro Health Insurance Scheme in Mardan, Malakand, Kohat and Chitral districts. Besides the payment of premium, an amount up to Rs.120 million will also be paid to State Life by KfW (The donor) for organizational development.

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83. In order to run the existing health insurance successfully and to plan for the forthcoming national level mega scheme such as Prime Minister's Health Insurance Scheme it may be appropriate time for state Life to make preparation for these in advance and establish the organizational structure of Health and Accident Insurance Division accordingly. In this behalf the proposed organizational Structure consisting of Divisional, Zonal and District offices along with the revised staff strength is placed at Annexures "B" and "C" of the memorandum 84. In order to launch and manage the health insurance scheme in designated districts effectively and successfully it is proposed that the Peshawar Zone of Health and Accident Insurance Division may be notified to make it operational in the first phase. The other proposed zones of Health and Accident Insurance Division may be made operational as and when the mega health insurance schemes in their respective areas would be launched. 85. It is worth mentioning that the proposed approved strength of the office of Health Insurance Division and its Zonal offices do not contain the staff in the grade (4-7 & SS). Instead in place of staff requirement, the post of Executive Officer (EO) has been proposed as its replacement. 86. The matter was submitted for approval of the proposal as follows: (i) The organization structure consisting of four Health and Accident Insurance Zones. (ii) Approving the proposed Staff strength consisting of 131 officers and 57 staff. (iii) The chairperson may be authorized to make the other three proposed zones operational as and when required. RESOLVED 87. "that as proposed by the Executive Director (HI) establishing Health Insurance Zone at Peshawar initially within the approved staff strength be recommended to the Board for approval". Additional Item(iii) <u>Hiring of Health Insurance Consultant</u> 88. The Manager (HI) presented above Memorandum of the Executive Director (HI) before the Human Resource Committee.			

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89. State Life Insurance Corporation (SLIC), Pakistan has established its Health and Accident Insurance Division to fulfill its commitments to social responsibility to provide the Micro Health Insurance (MHI) to the poor to discharge its national duty and cater the demand of innovative health insurance products of Corporate Health Insurance (CHI) and Social Health Insurance. 90. State Life does not have expertise on the operations side of health insurance. As State Life's core business has been life insurance it has un-matchable experience in managing life insurance operations. Health Insurance is a unique business, unlike other insurance lines and therefore it requires a very unique skill set to properly manage this business unit. 91. Currently SLIC is staffing its health insurance division with available resources from the Group and Pensions Divisions. Although the first health insurance client, Benazir Income Support Program was managed for three years, we have learnt from the experience that the business needs a dedicated team to design, develop and implement an operational business model to properly manage this business. 92. The position of the health insurance consultant is a part-time contractual position for an initial period of two years and may be revised based upon further requirement and performance of the consultant. RESOLVED 93. "that the proposal of ED (HI) for hiring of a consultant for health insurance is agreed and recommended that the matter be submitted to the Board of Directors as follows: (i) that A search be carried out within the Corporation first for qualified person. (ii) that in case a qualified person is not available within the Corporation the post be advertised with TOR. (iii) that market based people meeting the job requirement be considered. (iv) and perks will not be mentioned in the advertisement. Ms. Nargis Ghaloo (Chairperson) Dated: 05.03.2015			
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<u>Annexure-C</u> <u>MEMORANDUM TO THE</u> <u>HUMAN RESOURCES COMMITTEE</u> From: Executive Director (P&GS) Sub: <u>Terms of Reference</u> 1. The Board in its 159th meeting held on 24th February 2001 had constituted an Organization and Senior Post Committee to review the then organizational structure of the Corporation and give its recommendations to the Board to improve the efficiency and cost effectiveness keeping in mind employee morale. The Committee consisted of the Chairman and four Directors. 2. The functions of Organization and Senior Post Committee was to review from time to time the existing organization structure of the Corporation and suggest steps to improve the efficiency and cost effectiveness keeping in mind employee morale. It would also review and if considered necessary bring about change in promotion policy. The Committee would also review the employee strength and suggest number of posts to be filled in by promotion and laid down a recruitment policy for appointments from outside. It would also lay down a policy for human resources development and training programs for employees. To achieve the above objectives the committee can also solicit necessary assistance and expertise from outside. The Human Resources Committee and that of reviewing of appeal filed under Regulation 33(1) & (2) of State Life Employees (Service) Regulations, 1973 3. The Board of Directors at its 199th meeting of the Board held on 2nd November 2009 approved merger of Standing Committee of the Board to consider appeals to review punishments (SCRIP) with Human Resources Committee since the matter dealt with by the Standing Committee to consider appeals also relates to staff matters and Human Resources Committee also deals with staff matters and reviews the existing organizational structure of the Corporation. The above Committee after merger with Human Resources Committee consists of the Chairman and five Board Members. Executive Director (P&GS) is the Secretary of the Committee. Henceforth appeal			

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	filed to review punishments under Regulation 33(1) and (2) of State Life Employees (Service) Regulations 1973 will be placed before the Human Resources Committee which would consider appeals to review punishments file under Regulations 33(1) and (2) of State Life Employees (Service) Regulations 1973 and make its recommendations to the Board for such final orders as the Board may deem fit to make. 4. An officer who has been awarded punishment for misconduct is entitled to file appeal or an application for revision to the Board of Directors. 5. Regulation 33(1) and (2) of State Life Employees (Service) Regulations 1973 relevant matter is reproduced below:- "33. Appeal and applications for revision and review:- (1) An employee shall have the right of appeal or making an application for revision or review as provided hereunder against any of the punishment imposed under regulation 30 (2) An Application for review shall lie to the authority imposing the punishment sought to be reviewed and an appeal or application for revision as the case may be shall lie: (a) In the case of an employee in Pay Scales 10 to 13 to the Board which shall refer the same to a Standing Committee of three Directors including the Chairman. The Committee shall consider the application and submit its recommendations to the Board for such final order as the later may deem fit to make. (b) In the case of other employees to an authority next higher to that which passed the order in questions" 6. A new Board of Directors has been constituted vide notification No.2(1)/2009/SLIC/BoD-Ins dated 20th March 2014 of Ministry of Commerce, Government of Pakistan, Islamabad. The Human Resources Committee was reconstituted in the 235th Meeting of the Board of Directors and Executive Director (P&GS)/Divisional Head (P&GS) would be the Secretary of the Human Resources Committee, comprising of the following members: (i) Ms. Nargis Ghaloo, Chairperson, (ii) Mr. Azher Ali Choudhry, Director/Member (iii) Mr. Saeed Chaman, Director/Member (iv) Mr. Saad Amanullah, Director/Member 7. All meetings of the Human Resources Committee shall be presided over by the		

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	Chairperson or any member of the Human Resources Committee authorized by the Chairperson in that behalf or by one of the Members of the Board on the Committee. 8. The procedure relating to meetings of the Board as given in State Life Insurance Corporation (General) Regulations 1972 shall so far as applicable apply to the meetings of the Human Resources Committee. 9. The minutes of each meeting shall be entered in a minute book provided for the purpose and such minutes shall inter alia state:- (a) The notice pursuant to which the meeting was called; (b) The names of the Directors present at the meeting; and (c) The resolutions passed or rejected and other decisions taken with a summary of discussions. The minutes of a meeting when signed by the person presiding over that meeting or by the person presiding over the next succeeding meeting shall be prima facie evidence of the matter stated therein. Preferably the minutes should be distributed to the Directors within a reasonable amount of time but not later than 14 days of the meeting. The draft minutes should be circulated to the members of the Committee and seven days be allowed for review and comments if any before they are finalized. 10. The minutes together with recommendation therein of the meeting of the Human Resources Committee is to be put up to the Board of Directors at its next meeting for review and confirmation/alterations with regard to implementation thereof. The decision/resolution of the HR Committee is required to be ratified/approved by the Board of Directors before its implementation. 11. To constitute a quorum at the meeting of the Human Resources Committee not less than four members or more than 50% of the number of members of the Committee shall be present. The meetings of the Committee shall be convened by or under the orders of the Chairperson of the Committee. At a meeting of the Committee, each Director shall have one vote and questions arising at a meeting shall be decided by a majority of votes. The person presiding		

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	having a second or a casting vote in case of equality of votes: provided that no Director shall vote or participate in a discussion of any matter in which he is directly or indirectly interested and it shall be the obligation of the Director to disclose such interest. 12. Ordinarily not less than 15 days notice shall be given for each meeting of the Committee but the Chairperson can call an emergency meeting by giving sufficient notice to the Members of the Committee. 13. The minutes together with recommendation therein of the meeting of the HR Committee are to be put up to the Board of Directors at its next meeting for review and confirmation/alterations with regard to implementation thereof. The decision/resolution of the HR Committee is required to be ratified/approved by the Board of Directors before its implementation. Should a Director disagree with the decision of the Committee, they may ask to have their disagreement recorded in the minutes which could be important to avoid future liability for any decision that involved breach of law or misuse of the Board's powers. 14. The Board of Directors at its 228th meeting held on 19th September 2012 and 230th meeting held on 4th December 2012 has directed that every page of the Memorandum including the annexures (working papers) to be circulated to the members of the Board should be serially numbered and the name of the individual Director to whom the Memorandum is being sent should be water marked on each page including the annexures by the Divisions submitting the Memorandum. 15. Regulation 12(2) of the Public Sector Companies (Corporate Governance) Rules 2013 states as under:- The Board Committees should be chaired by non-executive directors and the majority of their members shall be independent. However the independent Directors in the Committees shall not be less than their proportionate strength during the first four years of this notification. The existence of such Committees shall not absolve the Board from its collective responsibility for all matters. Such Committee shall have written terms of reference that define their duties, authority and composition and shall report to the full Board. The minutes of their meetings shall be circulated to all Board Members. 16. The functions of the HR Committee will be to deal with all employee related matters including recruitment, training, remuneration, performance evaluation,		

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	succession planning and measures for effective utilization of the employees of the Corporation. 17. The Secretary, Human Resources Committee will hand over a copy of the working paper of each meeting of the Human Resources Committee to the Corporate Affairs Division for record purpose. The original working paper file will be retained and preserved by the Secretary Human Resources Committee for future reference purpose. 18. The board would remain the ultimate decision making authority and retains responsibility for all Board decisions even though the Board delegates some of its responsibilities to a Committee. There should be a Board report after each Committee meeting and in most cases Committees will make recommendations to the Board for approval. External third parties cannot be Member of the Board Committees because they are not Board Members. 19. Submitted to the Board for consideration and decision. Sd/- (Ajaz Ali Khan) Dated 17th December 2014		
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<u>Annexure-D</u> MINUTES OF 1ST MEETING OF INVESTMENT COMMITTEE HELD ON 06-03-2015 AT KARACHI. 1. The 1st meeting of Investment Committee of the Board was held on Friday 6th March, 2015 at 9.00 a.m. in the Board Room of Principal Office, at Karachi. 2. The Following Directors attended the meeting: <table style="margin-left: auto; margin-right: auto;"><tr><td>• Ms. Nargis Ghaloo</td><td>Chairperson</td></tr><tr><td>• Mr. Azher Ali Choudhry</td><td>Director/Member</td></tr><tr><td>• Mr. Saeed Ahmed</td><td>Director/Member</td></tr><tr><td>• Mr. Saad Amanullah</td><td>Director/Member</td></tr><tr><td>• Mr. Attaullah A. Rasheed</td><td>DH(Investment)/ Secretary</td></tr></table> 3. The meeting was held in full quorum. Mr. Jamil Anwar, Executive Director (Investment) also attended the meeting. Meeting was started with the recitation of Holy Quran. Chairperson welcomed the participants to the 1st meeting of the Investment Committee of the Board. 4. Thereafter, the following business was transacted. Item no. 1 <u>Review & Recommendation of Terms of Reference (ToR) of Investment Committee of the Board</u> 5. Memo submitted by DH (Investment) was deliberated in the meeting. Investment Committee of the Board comprising of the above mentioned directors was constituted in 237th meeting of the Board of Directors of State Life held on 29th December 2014. 6. The draft ToR of the said committee defining duties, authority and functions of the Investment Committee of the Board was discussed, wherein paras no. 1 to 8 of draft ToR were considered appropriate except the addition of the words at para 8(d) that: "<i>on periodical basis,</i>				• Ms. Nargis Ghaloo	Chairperson	• Mr. Azher Ali Choudhry	Director/Member	• Mr. Saeed Ahmed	Director/Member	• Mr. Saad Amanullah	Director/Member	• Mr. Attaullah A. Rasheed	DH(Investment)/ Secretary
• Ms. Nargis Ghaloo	Chairperson												
• Mr. Azher Ali Choudhry	Director/Member												
• Mr. Saeed Ahmed	Director/Member												
• Mr. Saad Amanullah	Director/Member												
• Mr. Attaullah A. Rasheed	DH(Investment)/ Secretary												

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<i>review of Investment Portfolio will be submitted to Investment Committee of the Board before onward submission to the Board of Directors (Annexure 'A')'.</i> Resolved that: 7. "The Term of Reference as submitted by Investment Division is recommended to the Board for its approval with addition of the words at para 8(d) that: on periodical basis, review of Investment Portfolio will be submitted to Investment Committee of the Board for onward submission to the Board of Directors". Item no. 2 <u>Update on Investment Policy 2015</u> 8. The Memo submitted by the DH (Investment) was deliberated in detail. It was informed that investment of the Corporation is governed by Investment Policy 2003 in conjunction with Ordinance, Rules and SROs issued by the SECP, Ministry of Finance and Commerce. In order to make Investment Policy of the Corporation compatible to business and economic environments the draft Diagnostic Report and Investment Policy 2015 was prepared on the directives of Chairperson and presented before Management Investment Committee in its 68th meeting held on 15th January 2015. Investment objective of policy was to raise Return on Investment to 18% p.a. from the average level of 13% p.a. on sustainable basis. Management Investment Committee deliberated on the draft policy in details and proposed that Return Objective to be linked to core business and it should be open ended and flexible as in its present form it appears to be on higher side. It was further advised that Investment Policy 2015 should be separated from the Diagnostics report and be presented separately. 9. On the directives of the Management Investment Committee, the revised draft Investment Policy 2015, bearing changes presented before the Committee in its 71st meeting held on 23rd February 2015 which reviewed the draft and decided to hold an exclusive meeting on 26th February 2015 and advised to circulate copy of the draft Investment Policy 2015 to Divisional Heads Finance & Account, Internal Audit & Evaluation, Legal Affairs Divisions and to Appointed Actuary as well and to invite them in the upcoming meeting to finalize the draft. 10. Divisional Head Investment along-with Head of Research and Capital Market Operation Section had held a meeting with the Appointed Actuary in his office on 25th February 2015 wherein both the Investment Policy 2003 and revised draft Investment Policy 2015 were reviewed in details. Further changes in Return Objective and Policy Statement were			

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	made as recommended by the Appointed Actuary and final draft of Investment Policy 2015 was presented in the scheduled meeting of In-house Investment Committee held on 26th February 2015 attended by members of I.C, Divisional Heads Finance & Accounts, Legal Affairs Division and Manager Internal Audit & Evaluation and the Appointed Actuary. However, a consensus could not be developed on Return Objective, Portfolio Composition and on Investment Strategy as proposed in draft Investment Policy 2015 and it was felt that the whole process requires extended sessions and to review the draft in full and concluded that more practical approach is to have amended version of the existing policy by removing the impediments which are causing operational hiccups in investment management. To obtain a final version, a committee comprising of following officers was constituted: <table border="0"> <tr> <td>Mr. Attaullah A. Rasheed</td> <td>D.H. (Inv)</td> <td>Convener</td> </tr> <tr> <td>Mr. Faisal Mumtaz</td> <td>D.H. (Actuarial)</td> <td>Member</td> </tr> <tr> <td>Mr. Abu Ahmed</td> <td>Off.AGM(Inv)</td> <td>Member/Secretary</td> </tr> </table> 11. They were also allowed to coopt Appointed Actuary whenever need arise. The above constituted Committee was directed to submit the final version of draft Investment Policy 2015 within 15 days to the Management Investment Committee. 12. DH (Investment) explained that sub-clause 7.1 of clause 7 of Investment Policy 2003, which restricts investment in shares of those companies only: - a- Where expected dividend yield is at least 8% at cost. - b- Exposure at cost in any one company or companies of one group should not exceed Rs.1.5 bn. 13. Both the conditions have become impracticable in the present context and have restricted the Corporation from investing in capital market. As a result, State Life's equity investment which used to be in between 8% to 9% of the total investment squeezed below 7%, comparatively less than the approved limit as per Investment Policy 2003. Hindrance to make fresh investment in equity is costing the Corporation dearly on two counts, first, average yield on equity portfolio has been same on the average over the last five years, second, Corporation dependence on equity investment for generating additional investment income needed to maintain bonus rate on life insurance policies remained stagnant. 14. Taking part in the discussion Mr. Saeed Ahmed, Director suggested that the Investment Policy of the Corporation should be reviewed in every 3 years' time, which was seconded by Mr. Azhar Ali Choudhry. Further to			Mr. Attaullah A. Rasheed	D.H. (Inv)	Convener	Mr. Faisal Mumtaz	D.H. (Actuarial)	Member	Mr. Abu Ahmed	Off.AGM(Inv)	Member/Secretary
Mr. Attaullah A. Rasheed	D.H. (Inv)	Convener										
Mr. Faisal Mumtaz	D.H. (Actuarial)	Member										
Mr. Abu Ahmed	Off.AGM(Inv)	Member/Secretary										

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	it, Mr. Saad Amanullah, Director opined that the Corporation may avail emerging opportunities in capital market by making equity portfolio in dynamic form. Mr. Saeed Ahmed, Director suggested to divide equity portfolio in 70:30% ratio in long term buy & hold and trading purpose respectively. 15. Considering that the development of a new draft Investment Policy 2015 may take some time and till that time investment in equity continue to be dormant practically. Therefore, Investment Committee of the Board deliberated and resolved: Resolved that: 16. "Following two clauses i.e. (a) & (b) are substituted with sub clause 7.1 of clause 7 of Investment policy 2003: a- Minimum expected cash dividend yield 5% at cost. b- Maximum investment exposure in any one company or companies of one group to Rs.5 billion. The substituted clauses are applicable till the finalization of Investment Policy 2015. Further Resolved that 17. The Investment Policy of the Corporation may be reviewed in every 3 years' time". Item no. 3 <u>Review & Recommendation of Standard Operating Procedure (SOP) of Investment Division</u> 18. Divisional Head (Investment) submitted memorandum explaining that M/s Anjum Asim Shahid Rehman and M/s Riaz Ahmad & Company Chartered Accountants, during audit of the financial statements of the Corporation for the year ended December 31, 2012, had observed that SOPs are essential for the purpose of overall awareness of employees with respect to processes, policies and procedures that exist in organization and control established to ensure proper implementation of those policies and procedures. The Auditors opined that the Corporation carry out its investment related activities in the light of approved investment strategy by the board, as amended from time to time, directives from the Ministry of Commerce, Ministry of Finance as received from time to time, Insurance Ordinance, 2000 and the Life Insurance (Nationalization) Order, 1972 (LINO).		

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	19. In view of the Auditors' advice, the Board Audit Committee in its 50th meeting held on 8th December, 2014, advised Investment Division for preparation of the draft SOPs and submission to the Board for its approval. 20. Draft SOP along with supporting documents was deliberated component wise with various categories of assets to be invested (Annexure 'B'). DH (Inv) further clarified that the approved Delegation of Financial Powers, relevant Board decisions, SROs from GoP and directives of SECP as regulator have been incorporated to formulate the SOP and attached for reference making it a comprehensive document which can be referred as a guideline for all functions of Investment Division. Real Estate investment proposals are also to be evaluated with respect to the financial aspect such as IRR, NPV and pay back period. 21. Committee expressed satisfaction on the presentation and resolved as under: Resolved that: 22. "Standard Operating Procedure (SOP) submitted by Investment Division is recommended to the Board for its approval". Item no.4 <u>Updates on Settlement of dues with First Dawood Investment Bank (FDIBL)</u> 23. Presentation was made by DH (Inv) explaining that funds placed Rs 100 Mn in COIs of FDIBL @ 17% p.a. for a period of three months on 8th October 2008. The bank was rated "A" by PACRA at the time of investment. On 9th January 2009, the bank approached with a request to rollover the entire amount i.e. principal plus accrued interest for another three months at the same rate. 24. A cheque of Rs 4,378,082 was received on 24th January 2009 from FDIBL as mark-up on Rs 100 million accrued from 12th Oct 2008 to 11th Jan 2009. The Bank approached with various proposals for full and final settlement of loan, which were rejected as none of them were fulfilling investment criteria of the Corporation. Various meetings held between State Life and FDIBL concluded without any positive results. Consequently, State Life initiated legal action against the bank for recovery of loan and markup. Court case was filed on 19th December 2009 against the bank.		

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25. The matter was referred to the Karachi Centre for Dispute Resolution (KCDR) in December 2011. Negotiations reached to a stage whereby assets offered by FIDBL for full and final settlement against the defaulted amount was agreed. 26. A settlement package was approved in the 230th meeting of the Board held on 04.12.2012. The Board resolved as under: <table> <tr> <td></td> <td>(Rs. In Mn)</td> </tr> <tr> <td>Interest received</td> <td>4.378</td> </tr> <tr> <td>Upfront Cash Payment</td> <td>20.00</td> </tr> <tr> <td>Residential Flat at Price of</td> <td>4.50</td> </tr> <tr> <td>Share of Burj Bank (8.4 Mn @ Rs 10 each)</td> <td>84.00</td> </tr> <tr> <td>Settlement Amount</td> <td>108.50</td> </tr> <tr> <td>Total</td> <td>12.878</td> </tr> </table> 27. A "Compromise Agreement" was signed on 29.12.2012 in the office of KCDR between FDIBL and State Life to complete the formalities within 90 days. This agreement was decreed by the Court. Upfront payment of Rs. 20.00 Million as part of "Settlement Agreement" was received by State Life at the time of signing the agreement. 28. The following amount remained outstanding as under: <table> <tr> <td></td> <td>(Rs. In Millions)</td> </tr> <tr> <td>Residential Flat at price of</td> <td>4.50</td> </tr> <tr> <td>Shares of Burj Bank (8.4 Million @ Rs. 10/-)</td> <td>84.00</td> </tr> <tr> <td>Settlement Amount</td> <td>88.50</td> </tr> </table> 29. Despite constant efforts to complete the "Settlement Agreement", FDIBL failed to comply with the terms and conditions of the "Settlement Agreement", State Life submitted Execution Application No. 4/2014 on 27.03.2014 in the Honorable High Court of Sindh. In its hearing on 18.11.2014, the Court ordered "Nazir" to execute "Sale Deed" of the residential flat before 03.12.2014, otherwise FDIBL will be penalized by the Court. On 05.12.2014, sale deed was executed in favor of State Life. 30. State Life approached MoC requesting for permission to sell the above mentioned property. MoC vide letter no. 1(1)/2015/Misc.Ins dated 18.02.2015 conveyed that previous instructions on this issue have been withdrawn. Now State Life can proceed with the sale of the said flat as per the rules and procedures of the Corporation and FPRA rules as well.					(Rs. In Mn)	Interest received	4.378	Upfront Cash Payment	20.00	Residential Flat at Price of	4.50	Share of Burj Bank (8.4 Mn @ Rs 10 each)	84.00	Settlement Amount	108.50	Total	12.878		(Rs. In Millions)	Residential Flat at price of	4.50	Shares of Burj Bank (8.4 Million @ Rs. 10/-)	84.00	Settlement Amount	88.50
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	31. On 14.01.2015, instructions issued by the Honorable High Court of Sindh to CEO B.R.R Modaraba to transfer =8.4= Million shares of the Burj Bank Limited in the CDC account of State Life within 07 days of the Order. Central Depository Company Limited (CDC) transferred =8.4= Million shares of Burj Bank Limited from the sub account no. 10157-555 of B.R.R Modaraba to the House account no. 02683-23 of State Life Insurance Corporation of Pakistan on 21.01.2015 in compliance with the Court orders. 32. The status =8.4= million shares of Burj Bank are stated as "freeze" in the CDC statement in accordance with the BPRD circular no. 4 of 2008 dated 22.05.2008 as these were sponsor shares. Our legal counsel Mr. Sultan A. Allana, has to take up the matter with the Court that State Bank of Pakistan may be requested to remove the "freeze" status on these shares considering it as part of the Settlement Agreement between FDIBL and State Life. It was clarified by Mr. Saeed Ahmed, Director that SBP has issued instructions to CDC for "unfreezing" of these shares. 33. Also Advocate to obtain the original property documentation of Flat No. 7, 4th Floor, Madina Height, Block 7 & 8, CP Berar Cooperative Society Karachi from the Sub-registrar Gulshan-III office so that the property can be disposed off and pending bills on the said flat of Rs. 92,153.00 to be taken up in the Court in the next hearing as receivable from FDIBL. Mr. Saeed Ahmed, Director suggested to dispose off said flat after completion of necessary codal formalities. Mr. Saad Amanullah, Director enquired about the current condition of flat, where DH (Investment) replied that the flat is in shabby condition and whosoever household comes have to overhaul the flat. Mr. Saad Amanullah suggested that if reasonable amount of money is spent which eventually enhance the value of the flat and may provide high capital gain/easier to sell such properties. 34. The "Settlement Agreement" has been complied. The Investment Committee of the Board was requested to approve and authorize the necessary accounting entries on the books of accounts of State Life and approve the sale of the flat after completing all codal the formalities. 35. The accounting entries are the reversal of the Rs. 50 Million provision created earlier and account for shares of Burj Bank Limited at its face value of Rs. 10.00 each for =8.4= Million shares and taking the residential flat no. flat No. 7, 4th Floor, Madina Height, Block 7 & 8, CP Berar Cooperative Society Karachi on the books of the Corporation.		

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36. After detailed deliberations, the Investment Committee of the Board resolved as follows: Resolved that: 37. "Decreed value of Rs. 4.50 million of the flat no. 7, 4th Floor, Madina Height, Block 7 & 8, CP Berar Cooperative Society Karachi be recorded in the books of Real Estate Division. To dispose off the said Flat after completing all codal formalities, compliance to PPRA Rules and adherence to the policies and procedures of the Corporation. Pending dues recoverable from FDIBL of Rs. 92,153/- outstanding till the date of transfer of Flat to State Life should be intimated to the Court in the next hearing. State Life may incur reasonable amount of capital expenditure on the said property if it appears feasible for better valuation and easier sale transaction. Further resolved that: 38. Provision of Rs. 50 million in the books of the Corporation on account of FDIBL investment may be reversed. Decreed value of Rs. 84 million for =8.4= million Share of Burj Bank be recorded in the books of Investment Division". Item no. 5 <u>Liquidation/Merger of Abdullah Haroon Road Properties (Pvt) Limited</u> 39. Committee reviewed the memo submitted by Investment Division which explains that State Life Abdullah Haroon Properties (Pvt) Limited i.e. (State Life Building # 10) was incorporated in Pakistan in 1979 as Private Limited Company. 40. In 1979 State Life entered into an agreement with Mr. Sadruddin Hashwani to purchase (Mayfair Properties) Abdullah Haroon Road Properties (Pvt) Limited. At that time Mr. Hashwani had formed private Limited company on this property namely Mayfair Property. State Life purchased shares of this property and rather than liquidation of the Company under the provision of the then Companies Act and preferred to transfer the company in its own name. The name of the company was changed as State Life Abdullah Haroon Properties (Pvt) Limited. 41. The Corporation appointed a Board of Directors of the company. The senior employees of the Corporation are nominated on the Board under section 183 of the Companies Ordinance 1984. The role of Directors is just to file statutory returns and signing the annual accounts, in order to fulfill the regulatory requirements.			

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42. While purchasing the Property it was decided by the management of the Corporation not to incur extra expenditure on the property. Hence no Staff was appointed for the maintenance of the property. Further no bank account was opened. The rent is collected and expenses are incurred by the Real State Division of State Life as authorized by Executive Committee of the Board in its 35th meeting held on 29 April 1980. These are transferred to the books of accounts to the company through debit and credit notes. Once the inter office accounts are reconciled, it is ascertained that all income and expenses have been recorded. 43. The Operational activities of the said property is managed by RED besides fixing and collecting rent from the tenants, RED incurs expenses on maintenance of property, look after security and pays taxes etc. The licensing/tenancy agreements are executed by RE Division. The accountant of this property incorporates the income and expenses of the properties by accepting debit/credit notes and prepares the accounts of the property. The accounts of this property are duly audited by a firm of Chartered Accountants at the end of the year and Income Tax Returns and statutory returns are duly filed. The property being a private limited company is governed under Companies Ordinance 1984. Annual Return on Form-A and Form-29 are filed with the Securities and Exchange Commission of Pakistan. 44. Audit for the financial year ended 30.06.2014 is carried out by M/S Rao & Company Chartered Accountants and all statutory returns are submitted to Securities and Exchange Commission of Pakistan. 45. As per decision of Departmental Accounts Committee an inquiry was conducted about the affairs of Abdullah Haroon Road Properties (Private) Limited by Ministry of Commerce and according to recommendation of the report, the Board of Directors of Abdullah Haroon Road Properties (Pvt) Limited in their meeting held on 20th September 2012 resolved as follows: “That the Company must be liquidated and all proceedings in this regard should be initiated in consultation with the Legal Affairs Division.” “That the property should immediately be transferred in the name of State Life as soon as the Company's liquidation process is completed.” 46. The matter of opening of bank account of Abdullah Haroon Road Properties (Pvt) Ltd as recommended by the Inquiry Committee constituted by DAC could not materialize because the company is in the process of liquidation and not considered as a going concern.			

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47. As per above decision, the Legal Affairs Division obtained opinion from M/s Mohsin Tayebaly & Co for winding up/liquidation. Two suggested options are as follows: "Option 1" Liquidation of the Company in accordance with Section 358 of the Companies Ordinance 1984 and then taking over the said property as part of share of assets in accordance with section 385 of the Ordinance. This option i.e. voluntary liquidation of the Company, a long drawn process and cost elements would be involved including holding of General Body Meeting, passing the special resolution, publication in newspapers, declaration of solvency supported by Affidavits and auditors reports, liquidators remuneration and a report to the Registrar etc. Once the Company is liquidated and assets are distributed in accordance with the section 385 of the Ordinance, and finally State Life is in a position to get the said property as its share in the assets of the liquidated Company, there would need to be a conveyance deed to be executed which will involve expenses by way of registration fees and stamp duty. "Option 2" Would be to continue the existence of the Company and to make a simple sale and purchase transaction for the said property between State Life and the Company. To purchase the said property from the Company through execution of a conveyance deed at a pre agreed price. This option would require expenses by way of registration fees and stamp duty on the value of property as determined by the Govt of Sindh. As regards cost element, for either option stamp duty, registration fees, mutation fees would be the same. 48. As per Annexure of Stamp duty Valuation of the urban properties will be categorized as commercial and cost will be as under: <table border="0"> <tr> <td>Stamp Duty</td> <td>@2%</td> </tr> <tr> <td>Registration Fees</td> <td>@1%</td> </tr> <tr> <td>CVT</td> <td>@2.5%</td> </tr> <tr> <td>Town Charges</td> <td>@1%</td> </tr> <tr> <td>MTC fees for sale deed, registration and mutation etc.</td> <td>Rs.500,000</td> </tr> </table> 49. The Committee considered the liquidation/winding up of State Life Abdullah Haroon Road Properties (Private) Limited as already decided by the Board of the Company and also considered selecting any one of the above option suggested by M/s Mohsin Tayebaly & Co and also deliberated on the legal status of M/s A.A. Corporation as tenant/lease of the property. After detailed deliberations, resolved as follows:				Stamp Duty	@2%	Registration Fees	@1%	CVT	@2.5%	Town Charges	@1%	MTC fees for sale deed, registration and mutation etc.	Rs.500,000
Stamp Duty	@2%												
Registration Fees	@1%												
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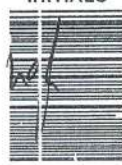
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	Resolved that: 50. "The Committee considered Option 2 as suggested by M/s Mohsin Tayebaly & Co which states that: <u>to continue the existence of the Company and to make a simple sale and purchase transaction for the said property between State Life and the Company. To purchase the said property from the Company through execution of a conveyance deed at a pre agreed price. This option would require expenses by way of registration fees and stamp duty on the value of property as determined by the Govt of Sindh. As regards cost element, for either option stamp duty, registration fees, mutation fees would be the same.</u> Further resolved that: 51. The above proposal is recommended to the Board for its approval. DH (Inv) and DH (LAD) are advised to obtain cost estimation of the given process for financial approval of the decision by the Board. Also obtain legal opinion in respect of status of M/s A.A. Corporation as lease/tenant of State Life Abdullah Haroon Properties (Pvt) Ltd after the transfer of property to State Life and winding up/Liquidation of the Company". Item no. 6 <u>Updates on out of court settlement with IDBL (Former IDBP)</u> 52. Memorandum submitted by DH (Inv) was discussed which stated that State Life had an equity investment in Investment Corporation of Pakistan (ICP). The total amount invested was reported at Rs.21,002,792 at the time of inception. State Life held 230,000 shares of ICP at Rs. 100 per share, which was equivalent to 11.5% of paid up capital of ICP. 53. In December 2006, the Board of Director of ICP decided to merge ICP with IDBP (Industrial Development Bank of Pakistan). The amalgamation scheme was approved by Ministry of Finance and State Bank of Pakistan. The relevant clause for the ex-shareholder of ICP is reproduced as below: Clause 6.04: "The Transferee Bank shall arrange to convert net asset value of the assets of the Corporation as of the effective date into credit balance of shareholders in the books of Transferee Bank. The net assets will be based on the valuation in the Audited Accounts. Provided no liability so assumed shall be payable to the creditors unless the underlying assets are realized. Provided further (i) that provisions made against these assets if		

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reversed shall not be distributed to these credit balances and (ii) that no liability in respect of these creditors shall remain payable after a lapse of two years from the Effective Date". 54. On consequent of merger, the entire holding was converted into credit balance of Rs.28.403 million payable to State Life based on the share in net realizable value of assets. The total value of underlying assets held by IDBP for ex-shareholder of ICP was Rs. 246.989 million. 55. After the completion of two years time from effective date of amalgamation, State Life observed that IDBP had failed to honor its commitment of realizing net assets to pay due share to ex-shareholder of ICP (defunct). In this regards, State Life approached IDBP and no constructive response was given. Therefore, in the high gravity of losing share risk, State Life filed petition against IDBP few days before the completion of two year effective from amalgamation date and pursue the case into court for due share. 56. The Chief financial Officer of IDBP approached State Life vide letter no. F&CD/HO/09//1722 dated June 12, 2009. Wherein, he provided break up of assets that to be realized as follow: <table> <tr> <td>Frozen Shares of various companies</td> <td>Rs.159.356 million</td> </tr> <tr> <td>Recoverable Advance Tax</td> <td>Rs. 47.072 million</td> </tr> <tr> <td>Other assets</td> <td>Rs. 40.561 million</td> </tr> <tr> <td>Total</td> <td>Rs.249.989 million</td> </tr> </table> 57. After completion of two years from the effective date of amalgamation, the IDBP hired the service of audit firm M/s Ford Rhodes Sidat Hyder & Co. to verify the amount realized in respect of underlying assets. The total amount realized and verified by auditor was amounted to Rs.147.861 million. Based on the contribution of State Life, the IDBP had offered Rs.17,004,039 as full and final payment. The offered amount was derived by 11.5% of total realized value of underlying assets i.e. Rs.147.861 million. 58. Instead of accepting the offer of Rs.17,004,039 and to forego Rs.11,399,666 out of whole claim, the Competent Authority decided to follow court case. Investment Division informed that 85% of creditors of IDBP as ex-shareholder of ICP (Defunct) accepted the payment based on pro rata of realized asset value. It was also noticed that since many years, IDBP has been remained dormant and now converted into IDBL. Considering these facts, the possibility of filing bankruptcy by IDBP cannot be ruled out.				Frozen Shares of various companies	Rs.159.356 million	Recoverable Advance Tax	Rs. 47.072 million	Other assets	Rs. 40.561 million	Total	Rs.249.989 million
Frozen Shares of various companies	Rs.159.356 million										
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	59. Over the period of time, it was felt that by keeping case in court, State Life had incurred huge opportunity cost. If offered amount was accepted at the time of offer made, State Life would be able to recover its total cost invested in ICP (defunct) i.e. Rs.21,002,792 by earning interest income on offered amount of Rs.17,004,039. Therefore, out of court settlement option came under deliberation. 60. The 230th meeting of Board of Directors held on 4th December, 2012 decided to refer the case to KCDR for out of court settlement. 61. Following the approval of mediation process with IDBL (Former IDBP) through KCDR, our stance with IDBL representative was as follow: 1) Payment of =Rs.17,004,039= as offered earlier vide their letter no. F&CD/110/09/1722 dated 12th June 2009 plus compound interest @ 6-7% effective from date offer made till the date of its settlement. 2) To move joint representation before Ministry of Finance for fair distribution of Frozen Shares. 62. Chairperson along-with the then Executive Director (Investment) had meeting with Managing Director of IDBL on 19th December 2014, wherein, Managing Director consented to pay Rs.23.5 million as a full and final settlement and also agreed not to oppose State Life move to approach Ministry of Commerce and Ministry of Finance or the Court of the Land to establish its claim on frozen shares held by the IDBL due to non-liquidation of the same within two years as defined in the resolution passed in respect of amalgamation of ICP into IDBL. IDBL is to intimate State Life once the same is approved by the Board of IDBL. 63. The Committee considered to accept the offer of Rs.23.5 million from IDBL against the book value of Rs.21.002 million subject to approval of their Board as agreed by Managing Director, IDBL. With the acceptance of the said amount, State Life will withdraw pending case against IDBL from Sindh High Court and will take matter to GoP for frozen shares of Rs.159.356 million worth at the time of amalgamation of ICP into IDBL (former IDBL) for fair distribution of 11.5% to State Life. Resolved that: 64. The offer of at least Rs. 23.50 million can be accepted as full and final settlement with IDBL (former IDBP). The Court case to be withdrawn unconditionally on receipt of said payment.		

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Further resolved that: 65. The matter of fair distribution of frozen assets @ 11.50% holding of State Life in defunct ICP to be taken up with Ministry of Finance through Ministry of Commerce. Item no. 7: <u>Consideration of Settlement Offer by Schon Refinery Limited</u> 66. DH (Inv) explained that on June 1, 1995, Schon Refinery Limited approached State Life for Pre-IPO equity subscription and underwriting of 5.0 to 10.0 million shares receptively @ Rs 10 per share including premium of Rs 10.00. The matter was discussed in 204th Executive Committee meeting held on 26th October 1995 and decided to participate to the tune of Rs 100.00 Million. 67. The decision of Executive Committee was ratified by the Board of Directors in its 127th meeting held on 28th December 1995 and State Life invested Rs 100 Million in 5.0 Million shares at Rs 20.00 per share. 68. As per agreement clause 2, the project was to be completed within two years. M/s. Schon Refinery was responsible to offer share subscription for general public within six months. In case of failure to offer the shares to general public within the stipulated time. Sponsors of the company were liable to pay mark-up @16% on the amount invested by State Life. 69. The Company failed to go public within the stipulated time and later on the project was abandoned. 70. In August 1996, State Life asked the management of M/s. Schon Refinery Ltd to give their detailed justification for evaluation of their request for extending of time period and also in the meanwhile demanded for 16% return for not going public as per agreement. They informed that the bank guarantee facility by NBP and NDFC could not be provided/extended and also other government policies which were not congenial to the petroleum industry at that time as the government was much favoring to the power sector, the project was being deterred as such it was requested that extension in time period (for not going to public) may be provided. 71. State Life was able to recover Rs. 70.870 million through the EHTESAB Bureau on 19.3.1998. It was pointed out that Rs. 70.870 is not the full and final settlement of dues in accordance with our books of accounts and Rs 29.130 Million remains outstanding.			

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72. NAB asked all the creditors i.e. banks and State Life to write off outstanding interest and that the Group has agreed to pay Rs 29.130 Million being the principal only in accordance with the same terms as agreed with other creditors. This means that State Life will get the entire amount in a period of 5 years in 5 equal installments. 73. The matter was submitted to the Board of Directors in the 229th Meeting of the Board held on 15.10.2012. The Board approved receipt of Rs 29.130 million in full and final settlement of our liabilities provided the amount is received in lump sum. The decision of the Board was conveyed to NAB and also to Schon Group. Since Schon Group did not agree on lump sum payment. State Life did not participate in the agreement arrived at between NAB and Schon Group and continued the suit filed on 27.02.2001 against Directors of Schon Refinery Limited and its bankers in the Sindh High Court for the recovery of due amount along with interest thereon. 74. The case is still in the High Court of Sindh for the balance equity participation amount of Rs 29.130 million with mark-up @ 16% per annum from the date of institution of the suit till realization. 75. The matter was discussed in PAC meeting held on 14th July 2011, PAC has instructed State Life to coordinate with NAB for the recovery, on which letter was send to NAB requesting them to intervene and recover the outstanding dues. 76. As decided by the Board of State Life that the offer can be considered if the lump sum payment of Rs. 29.130 Million is paid in one go and the settlement package will decreed by the Court. DG (NAB) vide letter no. 41/1/Bank-S-41/NAB2098-99 dated 14.11.2014 stated that NAB contacted the Schon Group and their response is as follows: [a] The matter is subjudice as the Court case no. (1638 of 2000) filed by State Life is for final arguments and last date in High Court was 22.10.2014, where it was not taken-up due to shortage of time. [b] Schon Group has requested to wait for a decision of said case filed by State Life. 77. In the given scenario, State Life is left with the only option to continue with the court case and wait till the final decision from the Court. Chairperson informed that the service of additional lawyers is to be hired for vigorous follow up and finalization of the case in the Sindh High Court.			

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Resolved that: 78. "State Life should continue with the Court case in the High Court of Sindh for the balance equity participation amount of Rs 29.130 million with mark-up @ 16% per annum from the date of institution of the suit till realization. Efforts are to be made to peruse the case vigorously. The service of an additional lawyer may be hired for expeditious disposal of the case". Item no. 8: <u>Consideration of offer by Liquidator of Long Term Venture Capital Modaraba</u> 79. DH (Inv) briefed that M/s First Inter fund Modaraba approached State Life in 1995 to underwrite Redeemable Capital Certificates (RCC) worth Rs. 100 million out of total issue of Rs. 300 million of M/s Long Term Venture Capital Modaraba Ltd. These certificates were offered in series consisting of five detachable certificates. The cost of one series of certificates was Rs. 100/=. State Life subscribed towards 200,000 RCCs with a face value of Rs. 100 million. Since interest was built in RCCs, State Life received the following certificates: <table> <tr> <th>Certificate</th><th>No. of Certificates</th><th>Redemption Amount</th><th>Redemption Date</th></tr> <tr> <td>A</td><td>266,163</td><td>Rs. 1,330,815</td><td>30th August 1995</td></tr> <tr> <td>B</td><td>266,163</td><td>Rs. 1,330,815</td><td>30th August 1996</td></tr> <tr> <td>C</td><td>266,163</td><td>Rs. 2,661,630</td><td>30th August 1997</td></tr> <tr> <td>D</td><td>266,163</td><td>Rs. 3,992,445</td><td>30th August 1998</td></tr> <tr> <td>E</td><td>266,163</td><td>Rs. 17,300,595</td><td>30th August 1999</td></tr> </table> 80. Due to deteriorating price of LTV shares, the Corporation never opted to subscribe towards the shares but always opted to get the redemption proceeds. LTV redeemed A, B, C & D category certificates on the due dates however, on the due date of redemption of "E" category certificate, a request was received from LTV to convert the redemption proceeds into a term loan of two years carrying interest @ 16 % p.a. to be repaid in monthly instalment of Rs. 720,858.13. State Life did not accept the proposal of LTV and asked them to pay the due amount. In the meantime, LTV sent their cheque for first instalment of Rs. 720,858.13 which was returned by State Life as the acceptance of the cheque would have amounted to be acceptance of the proposal of LTV. 81. State Life filed a court case against LTV in the Banking Court. The court decreed the case in favor of State Life on September 20, 2000. The court asked LTV to refund the entire amount to State Life along with mark-up @ 8 % p.a. from the date of default till the date of payment. LTV filed appeal in Sindh High Court against the orders of Banking				Certificate	No. of Certificates	Redemption Amount	Redemption Date	A	266,163	Rs. 1,330,815	30th August 1995	B	266,163	Rs. 1,330,815	30th August 1996	C	266,163	Rs. 2,661,630	30th August 1997	D	266,163	Rs. 3,992,445	30th August 1998	E	266,163	Rs. 17,300,595	30th August 1999
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Court. The Management of LTV offered TFCs of Pakland and Saddi Cement to State Life which they were expecting to receive. In view of poor financial position of these companies, State Life did not accept this offer. 82. In the meantime the Sindh High Court remanded back the case to the same Banking Court. The Banking Court again reiterated their previous order. State Life has also filed execution application with the Banking Court. It was desired by Banking Court to provide them with details of liquid assets of LTV for attachment. Despite of all efforts liquid assets of LTV could not be traced. Long Term Venture Capital Modaraba went into liquidation and the Honorable Banking Court No. 1 and Modaraba Tribunal, Karachi ordered the winding up on 31.05.2005 and appointed Mr. Sohail Muzaffar as Administrator and official Liquidator on 11.08.2005. 83. Mr. Sohail Muzaffar, Official Liquidator of LTV offered 12.00% of the book value of claim of State Life. Later on, he increased his offer vide his letter dated 7th January, 2015 from 12.00% to 20.00% of the principal amount in full and final settlement and advised that State Life should send reply within 10 days otherwise he will proceed with the liquidation process and also highlighted the tax liability of approx. Rs. 90 million being outstanding on the account LTV. 84. Investment Division through the court obtained the Liquidators report for the period ending December 31, 2013 which is submitted in the Court by the liquidator, upon reviewing the accounts, there is no tax liability mentioned therein. Cash in banks as of 31.12.2013 – HBL Rs. 156,491,089.00 MCB Bank Limited Rs. 13,158 totaling cash balance of Rs. 156,504,247. 85. Amount Recoverable by State Life (Calculated on simple interest basis): <table> <tr> <td>Decree Amount due on 01.09.1999</td> <td>Rs. 17,300,595.00</td> </tr> <tr> <td>Cost of Legal Suit</td> <td>Rs. 32,988.00</td> </tr> <tr> <td>Interest @ 8.00% from 01.09.1999 to 31.12.1999</td> <td>Rs. 466,405.00</td> </tr> <tr> <td>Interest @ 8.00% from 01.01.2000 to 31.12.2014</td> <td>Rs. 19,376,666.00</td> </tr> <tr> <td>TOTAL AMOUNT DUE FROM LTV as on 31.12.2014</td> <td>Rs. 37,176,654.00</td> </tr> </table> 86. It was deliberated that sufficient funds are available with the liquidator in the accounts of LTV whereas the liquidator is offering initially 12% and later on 20% of the principal amount of Rs. 17.30 i.e. only 3.40 million.				Decree Amount due on 01.09.1999	Rs. 17,300,595.00	Cost of Legal Suit	Rs. 32,988.00	Interest @ 8.00% from 01.09.1999 to 31.12.1999	Rs. 466,405.00	Interest @ 8.00% from 01.01.2000 to 31.12.2014	Rs. 19,376,666.00	TOTAL AMOUNT DUE FROM LTV as on 31.12.2014	Rs. 37,176,654.00
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87. Mr. Sultan A. Allana, Advocates to the case was invited in the meeting who explained that the case against LTV was decreed in favor of State Life with principal + markup @ 8% per annum. During the pendency of the execution suit, the Company went into liquidation in 2005. The offer of 20% of principal amount could not be ascertained and an opinion from a Chartered Accountant Firm may be obtained. 88. DH (Inv) explained that the liquidators accounts as at 31st December, 2013 obtained from the Court were discussed with the Audit Manager of M/s Anjum Asim Shahid Rehman & Co, Chartered Accountants who remained the auditors of the Corporation for the last five years. The limited information disclosed in the said accounts about the receipt and payments and the balance of assets available on that date is a constraint for any audit opinion till the full details of assets and liabilities is made available to them. While Mr. Sohail Muzaffar has refused to provide any information to State Life when asked earlier stating that he is not legally obliged to provide it to State Life instead he is submitting the relevant information to the Court. Mr. Saeed Ahmed, Director contended that how the assessment of the offer by the Liquidator can be made without proper details of assets and related liabilities which as seconded by Azher Ali Choudhry, Director. The Committee had detailed deliberations and resolved as follows: Resolved that: 89. "To deliberate and decide about the Liquidator's offer of 20% of the principal amount of LTV needs further elaboration and proper financial analysis. The Liquidator may be asked to provide details of assets and resulting liabilities so that an appropriate decision could be made equally acceptable to all stakeholders considering State Life as a State Owned Institution and this matter is already at the level of PAC. Further resolved that: 90. If the Liquidator refuses or fails to provide the above information, an application should be moved in the Sindh High Court through our Advocates seeking directives from the Court to the Liquidator to provide complete financial details of Liquidation process enabling State Life to take appropriate decision in this regard". Item no. 9: <u>Review of Investment Portfolio of the Corporation as at December 31st 2014</u> 91. Memorandum submitted by DH (Inv) was discussed which stated that the book value of investment portfolio net of provision of Rs. 323			

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million was Rs. 390,549 million as at December 31, 2013 which has increased to Rs. 454,739 million as on December 31, 2014. This reflects an increase of Rs. 64,191 million i.e 16.43% over the period ended December 31, 2014.

92. The distribution of Investment Portfolio as on December 31, 2012, 2013 and 2014 is given below:

Type of Investments	Investment Portfolio 31.12.2012 (Rs. in millions)	%	Investment Portfolio 31.12.2013 (Rs. in millions)	%	Investment Portfolio 31.12.2014 (Un-Audited) (Rs. in millions)	%
Govt. Securities	238,778	73.50	297,941	76.23	375,261	82.46
Corporate debts	3,297	1.01	1,243	0.32	1,024	0.23
Equities	28,827	8.87	29,987	7.67	29,822	6.55
Bank Deposits	23,870	7.35	25,611	6.55	10,310	2.27
Investment Property	3,029	0.93	2,991	0.76	2,915	0.64
Loans to Policy Holders	27,095	8.34	33,100	8.47	35,730	7.85
TOTAL	324,896	100.00	390,873	100.00	455,062	100.00

Government Securities

93. The total investment of the Corporation in Pakistan Investment Bonds (PIBs) floated by Government of Pakistan since December 2000 including accrued interest as at December 31, 2014 was Rs. 369,144 million. This constitutes 81.12% of the total portfolio. The total investments in Government Securities amounted to Rs. 375,261 million which constitutes 82.46% of the total portfolio. Pakistan Investment Bonds are purchased through primary dealers when State Bank announces auction of the said bonds. The amount to be invested in each tenure is advised by the Appointed Actuary of the Corporation keeping in view the duration of assets and liabilities of the Corporation. SBP has conducted three auctions in each quarter of 2014. From January 2014 to December 2014, the Corporation had purchased PIBs worth Rs. 118,952 million at a cost of Rs. 114,593 million from auctions conducted by State Bank of Pakistan.

Corporate Debts

94. Corporate debts include investments in TFCs such as Engro Chemicals Ltd which matures in November 2014. This also includes Rs.80 million outstanding on account of settlement of COI of First Dawood Investment Bank. The total investment in Corporate Debt was Rs. 1,085 million as on December 31, 2014.

Equities

95. State Life purchased shares with book value of Rs. 21,901 million for the period under review and sold shares with book value of Rs. 27,159 million for Rs. 36,669 million realizing capital gain of Rs. 9,510 million

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	during the period under review. The capital gain amounting to Rs. 309.724 million was realized from the proceeds of NIT EMOF units thus making total capital gain of Rs. 319.234 million in 2014. 96. The book value of quoted equity portfolio stood at Rs.28,792 million while its market value was Rs.95,598 million showing an appreciation of Rs.66,806 million as on December 31, 2014. <u>Total Investment Income</u> 97. State Life earned Rs. 51,085 million on its investment portfolio excluding unrealized gain on investment for the period ended December 31, 2014 as compared to Rs. 50,933 million earned during the same period of the previous year. 98. Mr. Saeed Ahmed, Director enquired about the market value of equity portfolio and Real Estate. DH (Investment) informed that market value of equity portfolio and Real estate is Rs.95 billion and Rs. 30 billion respectively. Mr. Saeed Ahmed, Director suggested to increase the investment in equity. The Committee advised DH (Investment) to present a column of market value of the investment portfolio so that real time comparison could be made between the book and market values. 99. Committee after due deliberations expressed satisfaction on the performance of Investment Portfolio and considered it necessary to review it periodically. It was also discussed that the market values of portfolio is much higher than its cost and estimated that around Rs. 90 billion is unrealized gains available in the Portfolio making it around Rs. 545 billion at market/fair value as at 31st December, 2014. Resolved that: 100. "The Investment Portfolio review as at 31st December, 2014 to be submitted to the Board in its forthcoming meeting. Further resolved that: 101. The Investment Portfolio review be prepared and submitted on periodical basis to the Board of Directors after deliberations in the Investment Committee of the Board. The Portfolio must show market/fair values of Investments along with the book values". Item no. 10: <u>Reconstitution of Management Investment Committee</u> 102. DH (Inv) submitted that Personnel & General Services Division notified re-constitution of In-house Investment Committee vide its Office Order no. P&GS/PO/74/2015 dated 13th February 2015 with the		

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approval of the Chairperson, State Life, and subject to ex-post facto approval of the Board of Directors. As per the above referred notification, Management Investment Committee stands as under: <table> <tr> <td>Mr. Jamil Anwar, ED (Investment)</td> <td>Convener</td> </tr> <tr> <td>Mr. Ajaz Ali Khan, ED (F&A)</td> <td>Member</td> </tr> <tr> <td>Mr. Muhammad Izqar Khan, ED(G&P/HID/BA)</td> <td>Member</td> </tr> <tr> <td>Mr. Attaullah A. Rasheed, D.H. (Inv)</td> <td>Member</td> </tr> <tr> <td>Mr. Faisal Mumtaz, D.H. (Actuarial)</td> <td>Member</td> </tr> <tr> <td>Mr. Atif Saeed Rana, A.G.M. (Inv)</td> <td>Member</td> </tr> <tr> <td>Mr. Abu Ahmed, Manager (Inv)</td> <td>Secretary</td> </tr> </table>				Mr. Jamil Anwar, ED (Investment)	Convener	Mr. Ajaz Ali Khan, ED (F&A)	Member	Mr. Muhammad Izqar Khan, ED(G&P/HID/BA)	Member	Mr. Attaullah A. Rasheed, D.H. (Inv)	Member	Mr. Faisal Mumtaz, D.H. (Actuarial)	Member	Mr. Atif Saeed Rana, A.G.M. (Inv)	Member	Mr. Abu Ahmed, Manager (Inv)	Secretary
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Mr. Atif Saeed Rana, A.G.M. (Inv)	Member																
Mr. Abu Ahmed, Manager (Inv)	Secretary																
103. In compliance to directive of Personnel & General Service Division; vide their Interoffice Memorandum dated 24th February 2015, for subsequent approval from the Board with a recommendation to re-designate Secretary of the said Committee as Member/Secretary, considering that being Head of Research Section and Capital Market Operation his participation in discussion and views on investment propositions is important which he can only express in capacity of member of the In-house Investment Committee. It is to be noted that when attention of Chairperson drew to the fact, she principally agreed to the request of the Division and approved the re-designation of Mr. Abu Ahmed as a Member/Secretary in the previous constitution of IC.																	
104. Therefore, Investment Committee of the Board was requested to notify as stated above with only change of status of Mr. Abu Ahmed, Manager (Inv) as Member/Secretary.																	
105. Mr. Saad Amanullah, Director stated that it is Management Investment Committee and consists of senior officers of the Corporation having relevant skills and competence. The decision to constitute such committee rest with the Chairperson and with the satisfaction note of the Chairperson on this suggestion, it can be recommended to the Board for concurrence. Chairperson agreed with the proposal and expressed her satisfaction on the revised constitution of Management Investment Committee.																	
Resolved that:																	
106. "Re-constitution of Management Investment Committee comprising following officers of the Corporation by the Chairperson is recommended to the Board for its concurrence: <table> <tr> <td>Mr. Jamil Anwer, ED (Investment)</td> <td>Convener</td> </tr> <tr> <td>Mr. Ajaz Ali Khan, ED (F&A)</td> <td>Member</td> </tr> <tr> <td>Mr. Muhammad Izqar Khan, ED(G&P/HID/BA)</td> <td>Member</td> </tr> <tr> <td>Mr. Attaullah A. Rasheed, D.H. (Inv)</td> <td>Member</td> </tr> </table>				Mr. Jamil Anwer, ED (Investment)	Convener	Mr. Ajaz Ali Khan, ED (F&A)	Member	Mr. Muhammad Izqar Khan, ED(G&P/HID/BA)	Member	Mr. Attaullah A. Rasheed, D.H. (Inv)	Member						
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Mr. Muhammad Izqar Khan, ED(G&P/HID/BA)	Member																
Mr. Attaullah A. Rasheed, D.H. (Inv)	Member																
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	Mr. Faisal Mumtaz, D.H. (Actuarial) Mr. Atif Saeed Rana, A.G.M. (Inv) Mr. Abu Ahmed, Manager (Inv)	Member Member Member/ Secretary"	
	Item no. 11: <u>Any other item with the permission of the Chair</u> <u>Public announcement of offer to purchase shares of Lafarge Pakistan Cement Ltd. (Former Chakwal Cement)</u>		
	107. It was submitted by Investment Division that the Karachi Stock Exchange notified to public vide its Bulletin of dated 23 rd January, 2015 about acquisition up to =175,760,150= shares, 12.07054% of paid up capital of Lafarge Pakistan Cement by M/s Bestway Cement Ltd., at Pak Rupee equivalent to USD0.199414 per share at the exchange rate prevailing on the date of deposit of funds by the Acquirer into Pak Rupee settlement account. Fairly speaking the price likely to be around Rs.20.38/share (USD 1 = 102.20 PKR, BR, 4 th March 2015). State Life holds =19,999,980= shares of Lafarge Pakistan Cement at an average holding cost of Rs.10.01/share making total holding cost of Rs.200.202 mn. Acceptance period of offer the share is starting from 19 th to 25 th March 2015. The acquirer will deposit the entire amount payable to the shareholders pertinent to this offer within 7 days from the closing date of March 25, 2015 ending at 5:00 p.m. Bestway group has already notified to public that it is in the process of acquiring 75.86% of the paid up capital through negotiated deal with the management of Lafarge Pakistan Cement Ltd.		
	108. Lafarge Pakistan Cement Ltd was initially M/s Chakwal Cement Ltd., which was renamed as M/s Pakistan Cement on 12 th August 2005 and subsequently as M/s Lafarge Pakistan Cement on 26 th February 2009 when Lafarge Group acquired substantial holding in the Company.		
	109. State Life investment in shares of Chakwal Cement Ltd., was by virtue of two separate agreements each dated August 22, 1995 with Mr. Khawaja Muhammad Jawed, Chairman Chakwal Group of Industries, State Life subscribed 9,523,800 shares of Chakwal Industries @Rs10.50 per share under each agreement. Hence State Life subscribed Rs 199,999,800/- for a total of 19,047,600 shares. Thereafter the company refunded Rs 0.50 per share in the form of 952,380 additional shares thereby making the total number =19,999,980= shares (i.e. 9,999,990 shares under each agreement).		
	110. The First Agreement stipulated that State Life would hold the shares of the Company for a period of 5 years after which Khawaja		

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	Muhammad Jawad will buy back these shares at the issue price and will pay to State Life guaranteed return @ 16% per annum on annualized basis, whereas under the Second Agreement, State Life subscribed with the condition that if the shares of the company start trading at higher than the issue price, State Life will have an option to cancel the buyback agreement and become an ordinary share holder, Otherwise after 5 year Khawaja Muhammad Jawed will buy-back the shares at issue price, If for any reason whatsoever the "GUARANTOR" (Khawaja Muhammad Jawad) delays/fails to repurchase the shares on demand by the "STATE LIFE" the "GUARANTOR" shall become liable to pay liquidation damages at the rate of 20% p.a of the sale consideration of the shares from date of demand till he actually repurchases the shares by way of penalty.		
	111. On both the agreements, Mr. Khawaja Muhammad Jawed defaulted and State Life filed three suits for recovery, which are pending for final disposal in the Sindh High Court, Karachi for recovery to the extent of 16% per annum guaranteed agreed return on their investment in Chakwal Cement Company Ltd from 22.08.1995 till the date, which became due and remained unpaid and liquidated damages @20% of the Principal amount from the date of calling upon Khawaja Muhammad Jawed to repurchase the share in question. Next hearing on the case is on 14th March 2015 for filling affidavit-in-evidence by the defendants before the Commissioner.		
	112. Considering that offering of entire holding to Manager to the Offer i.e. Allied Bank Limited and subsequent acceptance of the same presumably, will not only un-lock the investment which is non-yielding but also realize capital gains of approximately of Rs.150 mn, Investment Division sought opinion of Legal Affair Division about offering its holding in Lafarge Pakistan Cement, former Chakwal Cement, to the Acquirer.		
	113. The Legal Affairs Division secured opinion from counsel who has been handling the case. Views stated by the counsel is being produced as under: <u>"In view of the above, in my opinion State Life may sell the shares held by it in Chakwal Cement Company Ltd. to M/s. Bestway Cement Ltd. as they have offered to purchase the said share at the price of Rs.19.421505 per shares, which is higher then the price at which State Life offered Khawaja Muhammad Javed to repurchase the said shares and file a statement before the Court that they are not pressing their claim for repurchase of the share in question by Khawaja Muhammad Javed and confine its claims to the extent of</u>		

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<u>recovery of 16% per annum guaranteed agreed return on their investment in Chakwal Cement Company Ltd from 22.08.1995 till the date of sale of the said shares to M/s. Bestway Cement Company Ltd with 16% per annum interest on the amount, which became due and remained unpaid and liquidated damages @20% of the Principal amount from the date of calling upon Khawaja Muhammad Jawed to repurchase the share in question till the date of sale of the said shares to M/s. Bestway Cement Ltd.</u>			
114. In the light of the opinion of the counsel State Life may offer its entire holding to the Manager of the Acquirer without compromising claim on interest accrued thereon @16% p.a. and the liquidated damages @20% p.a. under the two separate agreements respectively.			
115. Despite the offer price of Rs.19.421503/share, the stock fails to keep market price in close proximity of it and is currently trading between Rs.17 and 18 per share, thereby, offers an arbitrage opportunity with a risk of non-acceptance of the offer by the acquiring company.			
116. No doubt that the company has started earning profits from the last two years, but probability of continuing it in near future is not so promising due to weak operating result of the company. The year end of the company is December and EPS posted for the Nine months of 2014 is just Rs.0.28/share.			
117. When examine in the context of P/E multiples, appear much expensive in the peer groups. The stock is trading at 35 times of its projected EPS of Rs.0.50/share for the year of 2014 vs P/E multiples of leading stocks in the sector such as Lucky, DG Khan Cement, Attock Cement and Fauji Cement, on the average is 7.5x.			
118. There exists every possibility of turnaround in the company once it becomes part of the Bestway Group, but for happening of this restructuring requires major investment, such as commissioning of its own captive power plant and Waste Heat Recovery System. All this will leverage the company further. As of 31st September 2014 total debt is Rs.2,165 mn with financial cost of Rs.337 mn for the nine month.			
119. Considering dividend yield of 1.6% at current market price and expected dividend of Rs.0.30 per share, expected EPS and DPS is Rs.0.50 and Rs.0.30 respectively for the year ended 2014, it is recommended that the Investment Division may be allowed to offer -19,999,980- shares of Lafarge Pakistan Cement Limited to Manager			

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	to the Offer i.e. the Allied Bank Limited, on behalf of M/s: Betway Cement Limited at a price equivalent in Pak Rupee 19.4211503 per share. Closing market price of common share of Lafarge Pakistan Cement Ltd as of 4th March 2015 was Rs.17.89/share. 120. As far the court case against Mr. Khawaja Muhammad Jawed is concerned will continue as the amount stands due and remained unpaid and liquidated damages @20% of the Principal amount from the date of calling upon Khawaja Muhammad Jawed to repurchase the share in question till the date of sale of the said shares to M/s. Bestway Cement Ltd. 121. Committee deliberated on the proposal and considered that there is every chance that the share price of Lafarge Pakistan Cement may improve after the takeover by Bestway Group. In such situation, State Life would not be at benefit to sale the shares at this stage. Further, it was discussed that the Court case against Mr. Khawaja Muhammad Jawed can be difficult to maintain when the underlying asset is sold and the question of Markup and Liquidated Damages may not be a strong case in the Court. Resolved that: 122. Legal opinion should be obtained from reputable lawyers in respect of status of our cases against Khawaja Muhammad Jawed, if State Life decides to tender shares of Lafarge Pakistan Cement Ltd (former Chakwal Cement Company Ltd) to Bestway Group as per their offer to purchase shares from the Public. Further resolved that: 123. Views of financial markets should be obtained in respect of expected share price movement after the takeover. The assessment of decision to sell State Life holding in Lafarge Pakistan Cement Ltd viz a viz the benefits to the Corporation of making such decision. Further resolved that: 124. Due to shortage of time to make decision, the matter is to be deliberated in the Investment Committee of the Management, firm up proposal along with the approval of Chairperson be sent to the members of Investment Committee of the Board through circular resolution. After getting confirmation from the members of the Committee, the decision may be implemented with post facto approval of the Board".		
	Minuted By Secretary	Approved by Chairperson	CHAIRMAN'S INITIALS 

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<u>Annexure-E</u> Terms of Reference of Investment Committee of the Board 1. Introduction Chapter IV, Section (2) (b) of Life Insurance Nationalization Order, 1972 allows the Corporation to invest in various classes of assets with prudence and in accordance with the provision of the Act. Though the Public Sector Companies (Code of Corporate Governance Rules 2013), issued by Securities & Exchange Commission of Pakistan, do not bind the Corporation to have Investment Committee of the Board but the existence of the same is in line with the objective of the Code as the same is meant to improve and raise the standard of corporate governance in the Corporation. 2. Purpose Investment Committee of the Board is to review Investment Policy, Procedures, Investment Portfolio and its Performance and is to act in advisory capacity to improvement overall investment management of the Corporation. The Committee would also be responsible for review and approval of investment proposal and recommending the same to Board for consideration. 3. Authority It is to be recommending body with responsibility to advise Board of Directors to approve or reject an Investment Proposal or related matters meant to raise operational efficiency of Investment Division. The Investment Committee of the Board at its discretion can appoint independent advisors to assist them with the requisite technical support to make investment decision in financial securities. The final approval of any buy or sell decisions of financial securities or decision rests upon Board of Directors. The Committee can call any officer of the Corporation to assist in the process of decision making by the Committee or can allocate the assignment for the said purpose. 4. Composition: Being cognizant to the fact, the Board in its meeting no. 237th held on 29th December 2014 approved reconstituting the Real Estate and Investment Committee as Investment Committee of the Board that to comprise as under: <table><tr><td>Ms. Nargis Ghaloo, Chairperson,</td><td>Convener</td></tr><tr><td>Mr. Azhar Ali Choudhry, Director</td><td>Member</td></tr><tr><td>Mr. Saeed Chaman, Director</td><td>Member</td></tr><tr><td>Mr. Saad Amanullah, Director</td><td>Member</td></tr><tr><td>Mr. Attaullah A. Rasheed, D.H (Inv)</td><td>Non-Member/Secretary</td></tr></table>				Ms. Nargis Ghaloo, Chairperson,	Convener	Mr. Azhar Ali Choudhry, Director	Member	Mr. Saeed Chaman, Director	Member	Mr. Saad Amanullah, Director	Member	Mr. Attaullah A. Rasheed, D.H (Inv)	Non-Member/Secretary
Ms. Nargis Ghaloo, Chairperson,	Convener												
Mr. Azhar Ali Choudhry, Director	Member												
Mr. Saeed Chaman, Director	Member												
Mr. Saad Amanullah, Director	Member												
Mr. Attaullah A. Rasheed, D.H (Inv)	Non-Member/Secretary												

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5. Frequency of Meetings The Committee will meet at least once every quarter of financial year. These meeting shall be held prior to the Board of Directors meeting. 6. Quorum of Meetings The Quorum for the Committee meeting shall be at least three members. 7. Attendance at Meetings All Investment Committee of the Board members are expected to attend each meeting – in person or via teleconference or videoconference. 8. Functions of the Investment Committee of the Board Its primary responsibility is to safeguard the interests of the Corporation and other stakeholders by ensuring sound investment policy and practices. Other responsibilities include, but are not limited to, the following: - a- Providing Strategic direction to Investment of the Corporation. - b- Reviewing of Investment Proposals, concerning to investment in financial securities which are in the competence of Board of Directors as per Delegation of Financial Power of the Corporation or are of strategic importance requires recommendation from the Investment Committee of the Board for further placement to Board of Directors. - c- Reviewing of Investment Policy of the Corporation, recommending change if deems necessary to make it compatible with environment and according consent to place the same for consideration and approval of the same from Board of Directors. - d- Reviewing of Investment Portfolio and its performance on periodical basis, review of Investment Portfolio will be submitted to Investment Committee of the Board before onward submission the Board of Directors. - e- Recommending of capital expenditure for infrastructure development for managing investment effectively and efficiently. - f- Recommending Professional Training and Development of officers of the Division within country or abroad. - g- Carrying out initial screening of Investment Proposal and assisting Board of Director in decision making.			

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Annexure-F

**STANDARD OPERATING PROCEDURE(SOP) OF
INVESTMENT DIVISION.**

1. Introduction

The overall objective of Investment Division is to ensure stable and predictable return in longer run, ensuring maximum protection of invested assets and minimizing duration gap between Assets & Liabilities of the Corporation.

1.1 Preamble

The Statutory Auditors while conducting Audit of Financial Statements of the Corporation for the year 2012 observed that Standard Operating Procedures (SOP) of Investment Division needs to be prepared. For this purpose, Investment Division has prepared the draft SOP to be submitted to the Board for its approval.

Objective of this SOP is to provide frame work for carrying out investment activities in a manner that ensures attainment of Corporation's Investment Objectives persistently over the longer period.

This document reflects investment philosophy of the Corporation that encompasses investment activities of the Corporation, at the same time sheds light on various regulations and policies from where it has derived its value and guiding principles to define composition of Investment Portfolio and outline investment strategy to achieve Investment Objective of the Corporation.

The Corporation is empowered to carry out investment activities under section 14 of the Life Insurance Nationalization Order, 1972 and required to maintain appropriate records of Finance, Accounts and Audit as per section 27-31 of the said Order.

State Life manages two investment portfolios, i.e. domestic and offshore, though both the portfolios are similar to great extent in term of their assets classification but differ in respect of investment weight-age to each class of asset. Both the domestic and offshore assets consists of investment in Shares and Fixed Income Securities with an exception that domestic portfolio has one additional class of asset i.e. investment in Real Estate. As a result, despite of unified investment approach of Asset - Liability matching principle in managing overall composition of portfolio, Corporation has adopted multifaceted strategies for managing its investment for different classes of asset.

Therefore, State Life formulates its policies and procedures in the light of Government directives, circulars and notifications along with SECP directives as Regulator, through its Board of Directors, Investment Committee of the Board and an Investment Committee headed by Executive Director (Investment) responsible for making investment decisions and management of fund with defined objectives and scope.

1.2 Terms of Reference

M/s Anjum Asim Shahid Rehman and M/s Riaz Ahmad & Company Chartered Accountants have observed while conducting audit of the financial statement for the

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year ended December 31, 2012 and communicated to the Board the Directors. According to para 3.2.4 of their letter; Standard Operating Procedures (SOPs) – Investment Division which is reproduced as follows:

“SOPs are essential for the purpose of overall awareness of employees with respect to processes, policies and procedures that exist in organization and control established to ensure proper implementation of those policies and procedures.

We have been given to understand that the Corporation carry out its investment related activities in the light of approved investment strategy by the board, as amended from time to time, directives from the Ministry of Commerce, Ministry of Finance as received from time to time, Insurance Ordinance, 2000 and the Life Insurance (Nationalization) Order, 1972 (LINO).”

In view of the Auditors’ advice, the Board of Directors advised Investment Division for preparation of the draft SOPs and submission to the Board for its approval.

1.3 Strategic View for Investments of the Corporation

Corporation manages its Investment Portfolio with conservative approach, thereby, avoids synthetic financial products for the sake of enhancing extra return on its Life Fund.

Investment Strategy of the Corporation is geared towards maximizing the Investment Return while taking the least possible investment risk. Portfolio Composition too has been designed to support implementation of Investment Strategy and assures attainment of Investment Objective consistently over longer period of time.

As a result, Investment Portfolio of the Corporation is heavily tilted toward investment in Fixed Income Securities and currently it is above 80% of Fund size. Even Investment in Equity Securities is carried out with an objective to have predictable and stable dividend income over the years besides realizing capital gains to provide consistent bonus to policy holders on year to year basis.

State Life is investor in Real Estate, but such investment is done mainly under the consideration of having assets potentially viable to provide hedge against inflation by significant appreciation in value in longer run. However, due to paradoxical impact of Real Estate Investment on overall investment yield, which is the lowest among all asset class based on market values, exposure to this class of asset is kept limited.

1.4 Rules & Policies which Govern State Life’s Investments

Investment activities in State Life are carried out within the parameters defined in SROs, Circulars issued from time to time by the Government of Pakistan and the Policies approved by the Board of Directors. The documents that govern State Life Investments are as under:

- Life Insurance (Nationalization) Order, 1972
- Insurance Ordinance 2000
- Insurance Rules 2002
- SECP (Insurance) Rules 2002 as amended in 2012

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▪ SRO 309(K)/70 issued in 1970 as amended in 1976 ▪ Ministry of Finance Circular No. F.4(1)/2002-BR-II dated 2nd July 2003. ▪ Investment Policy 2003 ▪ Delegation of Financial Powers ▪ Board's decisions made from time to time. ▪ Report of Asian Development Bank adopted as a guideline. These documents are comprehensive to the extent that they cover almost all aspects of Investment Management such as: ▪ Portfolio Composition. ▪ Admissible Assets for Investment ▪ Criteria for investment in: ➤ Fixed Income Securities. ➤ Shares of listed and non-listed companies. ➤ Bank Deposit & ➤ Real Estate. The above narrated rules and regulations have been quoted in detail where applicable in the preparation of Standard Operating Procedures. 1.5 Determinants of Portfolio Composition Guiding Principle: Composition of Investment Portfolio is maintained under the principle of Asset - Liability matching. As the liabilities of the Corporation are of much longer duration, therefore, efforts are directed to have assets of similar duration in portfolio. Appointed Actuary in consultation with Actuarial Division, work out the liabilities duration and thereby suggesting optimal asset allocation for investment portfolio. Following procedure is adopted for the purpose: Asset Allocation Methodology: ▪ Identification of Corporation's liabilities toward policyholders and their nature. ▪ Working out of Duration of various liabilities.			

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- Review of Economic Scenario, current as well as expected ones.
- Identification of Admissible Assets and assigning weight-age to respective asset class.
- Determination of Target Return on Portfolio and linking it to the asset class.
- Suggesting Portfolio Composition capable of delivering return and of assuring growth in investment assets

1.6 Chain of Command

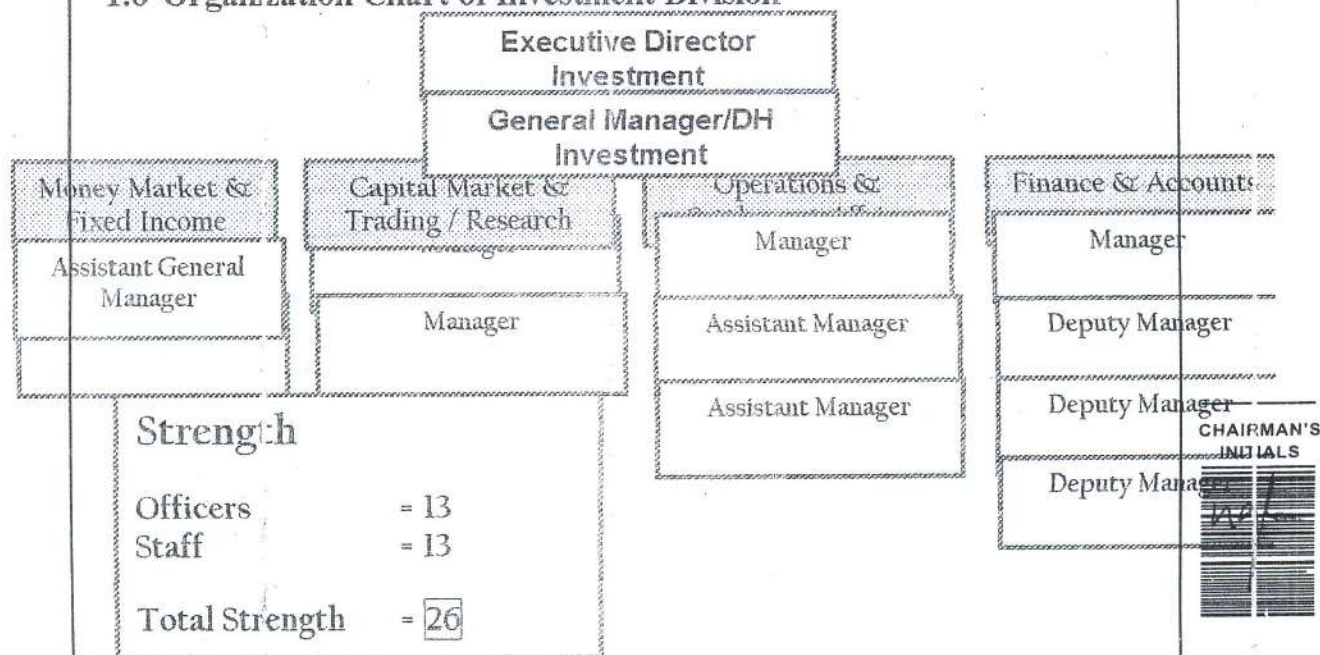
- ☐ Board of Directors.
- ☐ Investment Committee of the Board.
- ☐ Chairman, State Life.
- ☐ Investment Committee.
- ☐ Executive Director (Investment)
- ☐ Divisional Head (Investment)

1.7 Organization Setup of Investment Division

Investment Division consists of the following Sections/Departments:

- ☐ Money Market Section
- ☐ Capital Market Section
- ☐ Corporate Affairs Section
- ☐ Settlement Section
- ☐ Finance & Accounts Section

1.8 Organization Chart of Investment Division



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1.9 Overall Objective and Scope of Investment

Investment of Funds are made in following assets:

- Money Market Instruments which includes Government Bonds (PIBs & T. Bills), Corporate Bonds (TFCs), Debentures, and Foreign Fixed Income Securities. Deposits with Banks and COIs or any other instrument with fixed return and definite maturity period called by any name and title.
- Capital Market Instruments i.e. Shares of listed, unquoted and delisted companies including preference shares.
- Real Estate

The Corporation maintains its investment portfolio on buy and holds strategy so as to:

- Achieve the assured return on its investments. For this purpose, State Life Investment Portfolio is heavily tilted towards bonds specially Government Bonds such as Pakistan Investment Bonds of different tenure.
- Ensure appreciation in value of Investments provided that given investment policy has been appropriately followed.
- Ensure, predictable and consistent dividend income stream over investment horizon. Also enhance and improve Return on Investment.
- Protection and safe custody of the portfolio thereby maintaining complete records in order to facilitate physical verifications, internal and external audits (pre and post audits) include Commercial Audit (Government Audit).
- Preparation of annual budget and ensuring that revenues targets are achieved and expenses are to remain within the approved budgetary limits. Additional budget is obtained from Finance & Accounts Division in the heads where expenses exceed the allocated budget before incurrence of such expenses.

1.10 Portfolio Composition

Type of Investment	31.12.2012		31.12.2013		31.12.2014 Unaudited	
	(Rs. in Mn)	%	(Rs. in Mn)	%	(Rs. in Mn)	%
Govt. Securities	238,778	73.50	297,940	76.15	375,412	82.47
Corporate Debts (TFCs)	3,297	1.10	1,243	0.31	1,024	0.22
Equities	28,827	8.80	29,967	7.66	29,822	6.55
Bank Deposits	23,870	7.30	25,611	6.55	10,310	2.26
Investment in Property	3,029	1.00	2,991	0.77	2,915	0.64
Loans to Policy Holders	27,095	8.30	33,527	8.56	35,730	7.85
Sub Total	324,896	100	390,873	100	455,213	100

1.11 Investment Committee

Consists of senior officers of the Corporation having relevant skills and competence to carry out day to day investment decisions submitted through Investment Division. The committee is approved by the Chairman and later on ratified by the Board of Directors.

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A. Role of Investment Committee for Government Securities:

In 147th meeting of the Board held on 26th, 27th & 28th July 1999, State Life has constituted Investment Committee for day to day investment decisions comprising of senior officers authorized by the Board of Directors to make investment decisions in line with rules, regulations and policies in vogue and recommend to the Competent Authority as per Delegation of Financial Powers for its approval. Chairperson is authorized to constitute/reconstitute Investment Committee with information to the Board in its next meeting. Strategic and policy decisions are taken by the Investment Committee of the Board and the Board of Directors.

B. Composition of Investment Committee:

The present composition of Investment Committee is as under:

Executive Director (Investment)	Convener
Executive Director (F&A)	Member
Executive Director (HIL/G&P/B.Ass)	Member
Divisional Head (Investment)	Member
Divisional Head (Actuarial)	Member
AGM (Investment)	Member
Manager (Investment)	Member/Secretary

C. Functions of Investment Committee:

The overall function of the Investment Committee is to consider and have detailed deliberations on investment proposals submitted by Investment Division keeping in the context of risk and return, external environment and future prospects. They may call any additional information which they consider necessary to form a concrete opinion and to recommend its findings to the competent authority of approval.

The functions of the Committee is specific to each category of investment as discussed in the respective head on the forgoing paragraphs.

D. Frequency of meeting:

The Committee is expected to meet at least once fortnight or on a short notice, if required.

1.12 Control Mechanism

Investment Division exercise financial controls through the Delegation of Financial Powers, various circular/instructions from the Federal Government and regulatory framework designed and updated by SECP from time to time.

Finance & Accounts Department processes all receipts and payments applying internal controls. Cheques are signed jointly by authorized investment Officers and F&A Officers. Internal Audit & Evaluation Department exercise controls through check and balances of pre and post audits techniques and issue observations which are addressed by Investment Division in order to satisfy audit queries.

Statutory Auditors i.e. approved Chartered Accountants Firm/Firms conduct annual audit of the Corporation and issue their report presented to the Board. Likewise, Government Auditors (Commercial Audit) also conduct detailed audit of the Corporation on annualized basis.

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2. <u>Operating procedures for Investment in Government Securities</u> 2.1 Preamble This section of SOP concerned with Government Securities i.e. Pakistan Investment Bonds and Treasury Bills. The investment is made with an objective to earn predictable and consistent income and also safe guard the interest of policy holder's money. 2.2 Investment in Government Securities A-Investment Approach: Investment in Government Securities is categorized under Fixed Income Security Portfolio and is made with the primary objective of asset-liability matching principle. As the policy holders' liability of the Corporation are of much longer duration, therefore, bonds of longer duration are of preferential consideration. But securities of shorter tenor are also considered keeping in view the changing interest rates environment, government policy and market conditions prevalent at the time of decision. Along with asset-liability matching principle, assuring predictable and consistent interest income over investment horizon is another rationale behind investment in Government Securities. Corporation may also consider investing in bonds of shorter duration when yield differential between 5 & 10 years bonds becomes less than 0.7% and between 3 & 10 years bonds becomes less than 1%. Similarly, the yield differential between 10 & 15 years bonds should be higher than 0.90% to make the longer duration bonds attractive for investment in place of 10 years bonds. B-Investment Strategy: Investment Strategy is passive i.e. Buy & Hold C-Investment Classification: Once Government Securities i.e. PIBs and T Bills are purchased it is classified as Held to Maturity as per Accounting Standard IAS-39, thereby, valued at cost. D- Role of Appointed Actuary The role of Appointed Actuary is to suggest Investment Division the bifurcation of bid amount, tenor and yield. The Actuary also keeps in view the assets & liability matching principle peculiar in life insurance business. 2.3 Investment Exposure in Government Securities. Investment exposure to Government Securities is governed by externally imposed restrictions in form of SROs and Circulars as well as of internally defined restrictions approved by the Board of Directors, Investment Committee of the Board and Management Investment Committee. Documents that govern exposure to investment in Government Securities along with their respective limits are as under: 2.4 Admissible Assets for Government Securities:			

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Relevant Regulations & Policies Insurance Rules 2000 Investment Policy approved by BoD in 2003 Asian Development Bank Maximum/Minimum Exposure 30% (Min) of the Fund, in Govt. Securities 10% (Min) of the fund in other approved securities No Limit Max: 62%, Min: 42% of the fund. 2.5 Functions of Investment Committee: - Make decision w.r.t. investment/disinvestment in Government Securities. - Monitor interest rate environment and thereby recommend investment strategy when changes in the interest rates are anticipated. - Recommending the amount, tenor and bid price for placing pass through bids in PIB auction through banks which are SBP approved Primary Dealers. - Approving of best quotes received from at least 3-primary dealers for purchase of Government Securities from the secondary market. The Committee may allow to negotiate the rates offered by the bidders in order to improve offered yield. 2.6 Delegation of Financial Powers for investment in Government Securities: Investment Committee is authorized by the Board of Directors of the Corporation to decide for purchase and sell of Government Securities by any amount of available surplus funds with the approval of Competent Authority i.e upto Rs. 100 million by Divisional Head (Investment) and Executive Investment above Rs. 100 million. The guidelines to the clearly states that: "All Investment relating to Government Securities must be based on an overall investment strategy and policy as approved Board of Directors. Board of Directors should review the overall investment policy quarterly or as and when the situation demands so and ratifies all decision relating to purchase and sale of Government Securities. In case the "Investment Strategy/Plan" is not approved, the investment shall be made with prior approval, the investment shall be made with prior approval of Executive Director (Investment)/Chairman."			

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2.7 Operating Procedure: Buying and Selling the Government Securities The investment in Government Securities can be made as follows: a) Purchase from Primary Market i.e. through auction announced by SBP. b) Purchase/Sale from Secondary Market. a) Investment in Government Securities through Primary Market(via SBP Auction) The State Bank of Pakistan announces auctions for sale of Government Securities in the beginning of every quarter of the fiscal year. Investment Division informs Appointed Actuary of the Corporation about the surplus fund available for purchase of Government Securities i.e. Pakistan Investment Bonds. The recommendations of Appointed Actuary are sought for the bifurcation of bid amount, tenor and yields. A summary contains details of auction, views of various primary dealers on expected yield for bond of different tenors presented before Investment Committee along with the recommendations of Investment Division and views on interest rate environment and expected cut off yield on various bonds. The committee approves the final bid pattern. The recommendations of Appointed Actuary are not sought for purchase of Treasury Bills as it is short term investment i.e. up to a maximum period of one year. After approval from Chairman/Executive Director (Investment), the primary dealers on approved penal are than intimated via letters for placing competitive bids in the auction on behalf of State Life. Settlement Procedure After the SBP announces result of the auction, the primary dealers intimates State Life about the acceptance of SLIC's bids through contract document. The particulars of contract document i.e. price, yield and settlement amount is then verified and checked by money market section. The contract document then handed over to account section of Investment Division for the settlement process. The account section prepares letters for banks where funds are available, duly signed by two authorized signatories of the Corporation to transfer funds through RTGS system to the respective primary dealer for settlement of PIB/T.Bills purchased. In the same letter instructions are also given to the primary dealers for transfer of PIBs to the respective IPS account. After the settlement is done by account section of Investment Division, along with all the relevant documents and vouchers are sent to (IA &C) Division for post audit. b. Investment/ Disinvestment in Government Securities through Secondary Market State Life can also purchase Government Securities from the secondary market when the movement in interest rates and market conditions require immediate utilization of surplus funds with the expectation of decline in yields, if the investment is delayed till announcement of auction by SBP. Investment Division decides the amount available for investment and at least three (3) quotations are called from various primary dealers. These quotations are than analyzed by the money market section and recommendations are made in favor of lowest quotation in terms of price which is then forwarded to Investment Committee for finalization of the proposal. Investment Committee may direct DH (Inv) to renegotiate and increase the offered yield in the best interest of the			

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