

MINUTES OF 239TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	30 TH MAY, 2015	

CONFIDENTIAL AND RESTRICTED

The 239th Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Saturday, 30th May, 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. Saad Amanullah | Director |
| 3. Mr. Naved Arif | Director |
| 4. Dr. Aliya Hashmi Khan | Director |

LEAVE OF ABSENCE:

- | | |
|---------------------------|----------|
| 1. Mr. Shafqaat Ahmed | Director |
| 2. Mr. Azher Ali Choudhry | Director |
| 3. Mr. Saeed Chaman | Director |

Mr. Akbar Ali Hussain

Company Secretary

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. Muhammad Iqzar Khan, ED(HI/BANC)
4. Mr. Ataullah A. Rasheed, DH(Investment)
5. Mr. Muhammad Rashid, DH(F&A)
6. Mr. Mohsin Abbas, DH (Marketing)
7. Mr. Nadeem Bessey, DH(HI)
8. Mr. Muhammad Sohaib Usmani, DH(IA&C)
9. Mr. Faisal Mumtaz, DH(Actuarial)
10. Mr. Irfan A. Baloch, DH(P&GS)
11. Mr. Iftikhar, DH(G&P/PHS)
12. Mr. Iftikher Ali Khan, DH(Real Estate)
13. Mr. Saleem Khaliq, DH(IT)
14. Mr. Muhammad Ali, DGM/Project Director(IT)
15. Mr. Shabbir Shah, DH(CCD)
16. Mr. M. Irfan Khan, Manager(CAD)
17. Mr. Niaz A. Shaikh, Manager(F&A)

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

ITEM (1) CONFIRMATION OF MINUTES OF 238TH MEETING OF THE BOARD OF DIRECTORS.

4. The minutes of the 238th meeting of the Board of Directors held on 25th March, 2015 were placed before the Board.

5. Mr. Saad Amanullah, Director proposed and Dr. Aliya Hashmi Khan, Director seconded that the minutes of 238th meeting of the Board of Directors be confirmed.

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| 2. Mr. Saad Amanullah | Director |
| 3. Mr. Naved Arif | Director |
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ITEM (1) CONFIRMATION OF MINUTES OF 238TH MEETING OF THE BOARD OF DIRECTORS.


4. The minutes of the 238th meeting of the Board of Directors held on 25th March, 2015 were placed before the Board.

5. Mr. Saad Amanullah, Director proposed and Dr. Aliya Hashmi Khan, Director seconded that the minutes of 238th meeting of the Board of Directors be confirmed.


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<p>Action: Company Secretary</p>	<p>6. Accordingly, it was resolved as under:-</p> <p>RESOLVED: "that the Minutes of 238th meeting of Board of Directors held on 25th March, 2015 be and are hereby confirmed."</p>		
<p>Action: Company Secretary</p>	<p>ITEM (2) PRESENTATION OF IMPLEMENTATION REPORTS ON DECISION TAKEN IN 238TH MEETING OF BOARD.</p> <p>7. Implementation report of 238th meeting of Board of Directors held on 25th March, 2015 were placed before the Board, however due to paucity of time, the above item was deferred to the next meeting of the Board.</p>		
<p>Action: DH(P&GS)</p>	<p>ITEM (3) CONSIDERATION AND APPROVAL OF MINUTES OF 14TH MEETING OF HUMAN RESOURCES COMMITTEE HELD ON 26-05-2015 TOGETHER WITH RECOMMENDATION MADE.</p> <p>8. Chairperson, Board Human Resources Committee presented before the Board the minutes of 14th meeting of Human Resources Committee held on 26-05-2015 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-A to the Minutes.</p> <p>9. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that the minutes of 14th meeting of Human Resources Committee held on 26-05-2015 together with the observations/recommendations therein, be and are hereby approved."</p>		
<p>Action: DH(RE)</p>	<p>ITEM (4) CONSIDERATION AND APPROVAL OF MINUTES OF 1ST MEETING OF BOARD REAL ESTATE COMMITTEE HELD ON 25-05-2015 TOGETHER WITH RECOMMENDATION MADE.</p> <p>10. Secretary, Real Estate Committee presented before the Board the minutes of 1st meeting of Board Real Estate Committee held on 25-05-2015 for consideration and confirmation and approval of decisions/ recommendations made by the Committee. A copy of the above minutes duly signed by the Chairman (BRE) is placed at Annexure-B to the Minutes.</p> <p>11. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that the minutes of 1st meeting of Board Real Estate Committee held on 25-05-2015 together with the observations/recommendations made therein and the terms of reference of the Real Estate Committee be and are hereby approved."</p>		
	<p>CHAIRMAN'S INITIALS</p> 		

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	<p>ITEM (5) CONSIDERATION AND APPROVAL OF MINUTES OF 53RD MEETING OF BOARD AUDIT COMMITTEE HELD ON 25-05-2015 TOGETHER WITH RECOMMENDATION MADE.</p> <p>12. Mr. Saad Amanullah, Director State Life, Member, Board Audit Committee, in the absence of Chairperson Board Audit Committee presented before the Board the minutes of 53rd meeting of Board Audit Committee held on 25-05-2015 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-C to the Minutes.</p> <p>13. Accordingly, the Board resolved as under:</p> <p><u>RESOLVED:</u> "that the minutes of 53rd meeting of Board Audit Committee held on 25-05-2015 together with the observations/recommendations therein be and are hereby approved."</p> <p>ITEM (6) PROGRESS REPORT OF AUTOMATION OF STATE LIFE TOGETHER WITH TIME LINE FOR SUBMISSION OF VARIOUS TASKS INVOLVED ABOVE.</p> <p>14. 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.</p> <p>15. The Board desired that an independent quality assurance team to overview the implementation of the pre-packaged software solution for State Life be appointed and progress report be submitted to the Board of Directors at its next meeting, however the task should be completed within a period of three months i.e. 15th August, 2015.</p> <p>ITEM (7) APPROVAL OF STATE LIFE'S ANNUAL ACCOUNTS TOGETHER WITH AUDITORS REPORTS AND MANAGEMENT LETTER THEREON FOR THE YEAR ENDED 31-12-2014.</p> <p>16. Executive Director (F&A) presented before the Board, a Memorandum dated 22nd May, 2015 regarding approval of State Life Annual Accounts together with Auditors Reports and Management Letter thereon to the Board of Directors for the year ended 31st December, 2014.</p> <p>17. ED(F&A) submitted to the Board of Directors, the 42nd Annual Report of State Life Insurance Corporation of Pakistan for the year 2014.</p> <p>18. Accounts of the Corporation for 2014 were jointly audited by a panel of statutory auditors namely:</p> <p>i) M/s. Riaz Ahmed & Co., Chartered Accountants, Karachi.</p>			<p>CHAIRMAN'S INITIALS</p> 

Action:
DH(IA&C)

Action:
DH(IT)

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ii) M/s. BDO Ibrahim & Co.,
Chartered Accountants, Karachi.

19. Accounts of Gulf Zone of the Corporation were audited by M1/s. Nabeel Al-Saie, Chartered Accountants, Dubai, UAE.

20. After deliberation, the Board resolved as under:

RESOLVED:

a) "as recommended by Board Audit Committee in its 53rd meeting held on 25th May, 2015, the (a) Financial Statements comprising of Balance Sheet, Profit & Loss Account, Statement of Changes in Equity, Revenue Account, Statement of Premium, Statement of Claims, Statement of Investment Income, Statement of Expenses and Statements of Cash Flows and (b) Regulatory Returns comprising of Statement of Assets for Solvency, Classified Summary of Assets in Pakistan, Statement of Maximum Management Expenses limits U/S 22(9) and 23(9) of Insurance Ordinance, 2000 prescribed by SECP alongwith notes to the Accounts and Auditor's report thereon as well as amount of provisions, adjustments, additions and disposal to investment portfolio and transactions incorporated in the financial statements to the audited account for the year ended 31st December, 2014, be and are hereby approved."

Action:
DH(F&A)

PROVISIONS, ADJUSTMENTS, ADDITION AND DISPOSAL

(Rs. In Million)

Provisions made:

For Employees retirement benefits - Gratuity (A&B)	15.96
For Post retirement Medical benefits	177.71
Compensated Absence	122.77
Total:-	316.44

Provisions in investment

Reversal of previous year's provisions of fall in market value	20.48
Written back of outstanding claims	560.08
Reversal of provision - Employee retirement benefits - Pension	806.02

Net Reversal of Provision	510.06
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Additions to and Disposal of Investment during 2014:

Additions:

During the year 2014, following additions were made in the Investment portfolio:-

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Pakistan Investment Bonds	114,595.58
Term deposit Receipts	600.00
Islamic Republic of Pakistan Bonds	1,508.49
Ordinary Shares of Companies	23.80
Total:	116,727.87

Disposal:

During the year 2014, following disposals were made in the Investment Portfolio :-

Ordinary shares of Companies	27.16
Pakistan Investment Bonds (PIBs)	20,460.00
Mutual Funds	141.65

Additions to and Disposal of other assets during 2014:

Additions:

During the year 2014 the following additions were made in the assets:

Fixed assets	54.22
Real Estate assets including capital work in progress	35.32
Total:	89.54

Disposal:

During the year 2014, following disposals of assets were made :-

Fixed assets	4.56
Real Estate assets	0.22
Total:	4.78

Summary of the provisions, additions and disposal of Investment Portfolio and other assets in the year 2014, requiring approval of the Board of Directors

Provision made	316.44
Provision reversed	1,386.57
Additions at cost	116,817.40
Disposal at cost	20,633.37

Bonus paid to employees	171.13
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Dividend 2013 transferred to Reserve for increase in paid up capital (88%)	712.91
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Transfer to other liabilities under BESOS	97.21
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Action:
DH(F&A)

b) "that as proposed by ED(F&A) transfer of 20% profit for creating reserve for seed money for Window Takaful Operations be and is hereby approved."

Action:
DH(F&A)

c) "that the Chairperson, State Life Ms. Nargis Ghaloo, Dr. Aliya Hashmi Khan, Director, Mr. Naved Arif, Director and Mr. Muhammad Rashid, Chief Financial Officer, State Life be and are hereby authorized to sign the financial statements and regularity returns for the year 2014 approved by the Board of Directors at (a) above."

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ITEM (8) APPROVAL OF ACTUARIAL VALUATION FOR THE YEAR ENDED 31ST DECEMBER, 2014 TOGETHER WITH RECOMMENDATION OF BONUS TO POLICYHOLDERS.

21. Mr. Shujat Siddiqui, Appointed Actuary and Mr. Faisal Mumtaz, Divisional Head (Actuarial) joined the meeting and presented before the Board, a Memorandum dated 20th May, 2015 in respect of actuarial valuation for the year ended 31st December, 2014 together with statistical summary showing the yields on the statutory funds, renewal expense ratio, number of individual life policies inforce and recommended bonus to Policyholders. A detailed presentation on actuarial valuation highlights was given to the Board by DH(Actuary) after which Mr. Shujat Siddiqui presented the actuarial valuation report for the year 2014.

22. The amount proposed to be transferred to the Shareholders' Fund in 2014 amounts to Rs 1.186 billion compared with Rs 1.046 billion originally transferred last year.

Bonus Recommendations

23. The Corporation operates a reversionary bonus system under which bonuses are paid together with the sum assured at maturity or death. Surrender value of attaching bonuses is also payable on surrenders subject to policy conditions. Bonus rates depend on the type of policy and its tenor. In addition to reversionary bonuses, the Corporation also declares terminal bonuses of different types.

24. In the light of the Pakistan Life Fund valuation results as at 31st December 2014, it is recommended that the rate of Terminal Bonus be maintained at Rs 60 per thousand sum assured with the same terms and conditions as earlier. Consequently, the maximum Terminal Bonus will remain Rs 1,200 per thousand sum assured. It is recommended that all other existing bonus rates be continued without change. Loyalty bonus declared for the first time in 2007 will remain valid for the valuation year ended 31st December 2014 and will be paid on claims by death or maturity during 2015 to all eligible policies.

SECP limits on management expenses

25. The Securities and Exchange Commission of Pakistan (SECP) had prescribed in a phased-manner, the maximum management expense limits under Section 22(9) and Section 23(9) of the Insurance Ordinance, 2000 for life insurers through Circular No 6 of 2006 dated April 28, 2006. The SECP had further amended the above referred circular through Circular No 7 of 2011 dated March 18, 2011 in respect of first year premium and renewal premium for the year 2011 and 2012 applicable to the life insurers having more than ten years of business in Pakistan. However, a further relaxation was made for State Life, vide SECP letter Ref: ID/PRD/C/SL/-- dated 30th March 2012. For 2013 SECP prescribed the maximum management expense limits through Circular No 20 of 2013 dated November 7, 2013. Board appreciated the efforts of the Chairperson for resolving the core burning issue.

26. Recently, the SECP has revisited the expense limits specifically for State Life, vide letter dated April 28, 2015. In the light of these circulars, the relevant limits applicable to State Life are given in Table 3 below:

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Table 3: Expense Limits Prescribed by SECP under Sections 22(9) and 23(9) of the Ordinance

Item	Year						
	2009	2010	2011	2012	2013	2014	2015
	Maximum Management Expenses under S 22(9) and S 23(9) of the Insurance Ordinance, 2000						
Group Insurance Policies	9.00%	8.50%	8.0%	7.50%	7.50%	7.50%	7.50%
First Year's Premium After the tenth year of insurer's life insurance business in Pakistan	111.00 %	104.00 %	104.00 %	104.00 %	102.00 %	100.00 %	100.00 %
Renewal Year's Premium After the tenth year of insurer's life insurance business in Pakistan	21.00%	19.00 %	19.00%	19.00 %	18.00 %	23.00%	23.00%

27. For 2014, the management expenses have remained within the prescribed limits.

Concluding Remarks

28. On a solvency and capital adequacy basis, the Corporation has sufficient reserves to support policyholder liabilities.

29. After deliberations, the Board resolved as under:

RESOLVED:

"that the Actuarial Valuation Report and Bonus recommendations as proposed by Appointed Actuary in his memorandum dated 20th May, 2015 in respect of Pakistan Rupee business, Foreign Currency business and Specified Major Surgical Benefits to Pakistan Rupee business for the year ended December 31, 2014 and as given at Annexures D-1 to D-3 to the minutes be and is hereby approved."

Action:
DH(Act)

ITEM (9) PRESENTATION OF BUSINESS REVIEW FOR BANCASSURANCE, MARKETING, GROUP & PENSION AND INVESTMENT DIVISION FOR THE PERIOD ENDED ON 30TH APRIL, 2015.

Business Progress Report of Bancassurance Division:

30. Executive Director (Bancassurance) presented before the Board, a Memorandum for business progress report of Bancassurance Division for its review.

31. Bancassurance was created with the approval of Board of Directors in 2009 to penetrate into untapped Bancassurance Market and to acquire the business due to its cost-effectiveness.

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32. Since its inception, the Division has faced many challenges including stiff market competition, non-availability of professional manpower, restricted budgetary allocations, non-competitive underwriting guidelines etc., therefore, its pace has not been remarkable. However Bancassurance is now pursuing its expansion plans vigorously to make-up for belated entry into the market. The business progress has been entailed as under:

- Bancassurance became fully operational in the last quarter of 2014.
- The Bancassurance has crossed base FYP of 2014 on 19th May 2015 by procuring more than Rs. 24 million FYP.
- FYP procured through three banks UBL, FWBL and BAFL in 2014 was Rs.24 million.
- The target set for 2015 is Rs. 250 million.
- Besides, UBL, FWBL and BAFL, the Bancassurance has signed agreements with three banks in 2015 i.e. NBP, NIB Bank and Samba Bank through operations with these banks are yet to start and business procurement through these banks is expected to commence by July/August, 2015.

Business Review for & upto the month of April, 2015 of Marketing Division:

33. Executive Director (Marketing) presented before the Board, a Memorandum for business review of Marketing Division and Gulf Zone for & upto the month of April, 2015.

Gulf Zone:

- Upto the month of April, 2015, Gulf Zone has secured FYP of US\$:885,585.
- The second year persistency of the Gulf Zone upto the month of April, 2015 was 52.21%.
- The third year and over persistency of the Gulf Zone upto the month of April, 2015 was 75.88% as against 90% upto the month of April, 2014.
- Upto the month of April, 2015, Gulf Zone sold 337 new policies as against 488 new policies sold upto the month of April, 2014, resulting in decrease of 30.95%.

Action:
DH(MKT)

34. The Board directed that a presentation be given by the Marketing Division giving historical trends for the last five years, the demographic position, structural intervention required and the other corrective steps to be taken by the Management to arrest the declining growth in business.

Action:
DH(MKT/
DH(G&P)/
DH(Banc)

35. The progress was submitted by Bancassurance Division, Marketing Division and Group & Pension Divisions to the Board, which was noted. The Board directed that every efforts should be made by the Divisional Head of each of the operating Division to achieve the targets specified for their respective Division.

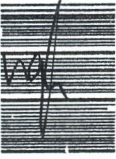
Action:
DH(Inv)

36. The Board directed that the Business Review of Investment Division be submitted to the Board Investment Committee at its next meeting for its review and recommendation if any.

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<p>Action: DH(Mkt) DH(CCD)</p>	<p>ITEM (10) APPROVAL OF A DETAILED ADVERTISEMENT POLICY.</p> <p>37. Divisional Head (Marketing) presented before the Board, a Memorandum for approval of a detailed advertisement policy.</p> <p>38. Due to paucity of time, the above item was deferred to the next meeting of the Board of Directors.</p> <p>ITEM (11) COMMERCIAL AUDIT OBSERVATION IN RESPECT OF RECOVERY OF OUTSTANDING DUES FROM VACATED TENANTS – WRITING OFF OF THE OUTSTANDING AMOUNT OF RS.6.51 MILLION.</p> <p>39. Executive Director (Real Estate) presented before the Board, a Memorandum regarding commercial audit observation in respect of recovery of outstanding dues from vacated tenants – writing off of the outstanding amount of Rs.6.51 million.</p> <p>40. Commercial Audit in its Para No. 29 for the year 1998-1999 had indicated that an outstanding amount of Rs. 15.028 million is receivable from 126 tenants against rent default. State Life had entered into negotiation / litigation with these tenants against whom amount was outstanding.</p> <p>41. As per directive of DAC and SLIC efforts, an amount of Rs. 8.52 million has been recovered/ written off.</p> <p>42. The matter was discussed in DAC meeting under the Chairmanship of Secretary Commerce in Islamabad on 07.04.2015, it was advised by the chairman that the matter be placed before SLIC's Board of Directors for writing off the outstanding amount of Rs.6.51 million against these 78 tenants.</p> <p>43. Accordingly, the matter is submitted before Board of Directors to approve the writing off Rs.6.51 million against 78 tenants.</p> <p>44. After deliberation, the Board resolved as under:</p> <p>RESOLVED: "that as proposed by ED(Real Estate) on the advice of the Secretary, Commerce(Chairman DAC), writing off of outstanding amount of Rs.6.51 million outstanding against 44 tenants (details at D-1 to the memorandum) - subject to court case – Rs.1.96 million, vacated and untraceable tenants 23 nos. (D-2 to the memorandum) – Rs.2.83 million and vacated tenants by court order – 10 nos. (D-3 to the memorandum)– Rs.2.08 million be and is hereby approved."</p> <p>ITEM (12) SOCIAL HEALTH PROTECTION IMPLEMENTATION PLAN.</p> <p>45. Executive Director (HI) presented before the Board, a Memorandum for social protection implementation plan.</p> <p>46. To improve the coordination with government of KP, State Life has established a project office at Peshawar.</p>			<p>CHAIRMAN'S INITIALS</p> 

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Action: DH(HI)	<p>47. DH(HI) presented before the Board an activity report for implementation of social protection initiative KP government giving therein the timeline for completion of each activity.</p> <p>48. The Board desired that the timeline be strictly adhered to and that a progress report in this regard be submitted to the Board at its next meeting. The Health Division was directed to coordinate with the KP Government to meet their requirements and timeline.</p> <p>ITEM (13) <u>PROGRESS REPORT – POSITION ON TAKAFUL.</u></p> <p>49. Executive Director (Bancassurance) presented before the Board, a Position Paper on Takaful.</p> <p>50. Subsequent to decision of initiating Family Takaful operations taken by BoD in its 237th meeting and constitution of Committee for taking necessary steps required for carrying out the same, following is the progress:</p> <ul style="list-style-type: none"> • The Committee is having meetings regularly and deliberating on the issues. • An advertisement has been published in the national dailies on May 11, 2015 for inviting applications for appointing Shariah Advisor. • P&GS Division is collecting the applications and will shortlist the candidates after completion of 15 days. <p>51. The progress is submitted before Board of Directors for their kind information which was noted.</p> <p>52. The Board directed that the Board be informed at its next meeting of progress in the matter.</p> <p>ITEM (14) <u>FUND PLACEMENT WITH BANKS WHO HAVE SIGNED PARTNERSHIP AGREEMENT OF BANCASSURANCE WITH STATE LIFE.</u></p> <p>53. Executive Director (Investment) presented before the Board, a Memorandum for fund placement with banks who have signed partnership agreement of Bancassurance with State Life.</p> <p>54. The Board directed DH(Investment) to put up the above memorandum at the next meeting of the Board Investment Committee for consideration and framing of its recommendation to the Board for approval.</p> <p>ITEM (15) <u>UNPAID RIGHT OF PAKISTAN REFINERY LIMITED (PRL)</u></p> <p>55. Executive Director (Investment) presented before the Board, a Memorandum regarding unpaid Right of Pakistan Refinery Limited (PRL).</p> <p>56. State Life holds =575,646= shares of PRL at an average cost of Rs.4.70 per share which is equivalent to 1.64% of Paid Up Capital. Company has issued</p>		
Action: DH(Banc)			
Action: DH(Inv)			
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rights to its ordinary shareholder at 800%. Subsequent of right issue, State Life is entitled to =4,605,168= unpaid right shares.

57. The matter was deliberated into 79th meeting of Management Investment Committee held on 15th May 2015, where all financials, regulatory and trading aspects of company was discussed.

58. Due to waiver required for the subscription of unpaid rights at Rs.10 per share, it is submitted that the Board may grant relaxation of:

- Clause (d)(i) SRO 309(K), dated 27.11.1976 i.e. in case of ordinary shares of any such company, dividend 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. And
- Sub-clause 7.2 of clause 7 of Investment policy 2003, which requires that the minimum expected dividend yield should be 5% at cost as amended in 238th meeting of the Board of Directors held on 25th March 2015.

59. Accordingly, the Board resolved as under:

RESOLVED:

“that the proposal of ED(Investment) that State Life be allowed to subscribe to 4,605,168 right shares of Pakistan Refinery Limited at Rs.10 per share at a total cost of Rs.46,051,068 payable by 16th June, 2015 being the last date of the subscription and subsequent disposal of fully paid up shares of Pakistan Refinery Limited in order to book capital gain upto the extent of funds invested in right shares be and is hereby approved.”

ITEM (16) OUT OF COURT SETTLEMENT WITH IDBL(FORMER IDBP).

60. Executive Director (Investment) presented before the Board, a Memorandum for out of court settlement with IDBL (former IDBP).

61. In 1st meeting of Investment Committee of Board held on 6th March, 2015, DH (Investment) proposed to accept the offer of Rs.23.50 million from IDBL (former IDBP) with unconditional withdrawal of pending case in court against IDBL on the receipt of said payment. Moreover, State Life will approach GoP for fair distribution of frozen shares, the Committee resolved as follow:

“The offer of at least Rs. 23.50 million can be accepted as full and final settlement with IDBL (former IDBP). The Court case is to be withdrawn unconditionally on receipt of said payment”.

Action:
DH(Inv)

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<p>Further resolved that: <i>"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"</i>.</p> <p>62. The above recommendation was approved in 238th meeting of the Board of Directors held on 25th March, 2015. (Annexure A to the memorandum)</p> <p>63. Later on, IDBL had formally intimated their consent to give lump sum payment of Rs.23.5 million vide letter no. IDBL/HO/15/17 dated April 15, 2015, provided that :</p> <ul style="list-style-type: none"> a) SLIC would voluntarily withdraw the suit no. 1771 of 2008. For this purpose an application under order 23 Rule 1 CPC shall be filed in the court b) SLIC would surrender to IDBL 230,000 ordinary shares of face value of Rs.100/= each held by SLIC in the (defunct) Investment Corporation of Pakistan (ICP). c) The SLIC after the receipt of Rs.23,500,000/= will not have any claim against IDBL or any of the defendants mentioned in the above said suit i.e. State Bank of Pakistan and Federal Government through Secretary, Ministry of Finance, Islamabad. (Annexure B to the memorandum) <p>64. Currently, the SLIC held 230,000 ordinary shares of face value of Rs.100/= each of ICP (Defunct) at cost of Rs.21,002,792/= in physical shares form. The SLIC after the receipt of Rs.23,500,000/= will be able to book capital gain of Rs.2,497,208/= approximately.</p> <p>65. In compliance of Board decision in its 238th meeting held on 25th March, 2015, the proposed draft agreement received from IDBL was referred to LAD for vetting prior to be agreed and submitting into court.</p> <p>66. On the advice of LAD, State Life conveyed IDBL vide its letter no. DH/INV/455/2015 dated 28th April 2015 that Corporation is agreed to receive lump sum payment of Rs.23.5 million as full and final payment and submitted amended draft agreement vetted by LAD to be filed into court under Order 23 Rule 1 duly signed by both entities. In draft agreement, SLIC inserted additional para as follow:</p> <p style="padding-left: 40px;"><i>"The State Life may take up the issue of frozen shares with MoF without involving and claiming against IDBL (former IDBP)."(Annexure-C to the memorandum)"</i></p> <p>67. In response to our letter, IDBL, vide its letter no. IDBL/HO/2015 dated April 30, 2015, shown disagreement to accept any additional para in draft agreement. They emphasized with firm belief that taking up matter with MoF by State Life regarding frozen shares is contradict of out of court settlement agreement in letter</p>			

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& spirit because the draft agreement to be filed in court under Order 23 Rule-1, which has defendant no.2 and 3 i.e. State Bank of Pakistan and Federal Government respectively and plaintiff i.e. State Life is submitting its consent that there will be no more claim remain against the payment of Rs.23.50 million. (Annexure D). The same stance is also seconded by our Legal Affairs Division.

68. According to the Legal Affairs Division, State Life may have implied right to approach GoP via MoC & MoF for frozen shares because pray submitted into court by State Life against IDBL dated 26th December, 2008 does not include the matter of frozen shares. Corporation was entitled to Rs.28,403,705/= against the total net realisable assets based on 11.5% of our shareholding in ICP(Defunct). The issue of frozen shares came under consideration when IDBL acknowledged the classification of assets transferred from Defunct ICP vide its letter no. F&CD/HO/09//1722 dated June 12, 2009.

69. In view of above facts, it is submitted that State Life may send consent letter to IDBL along with draft agreement sent by IDBL to be filed in court under Order 23 Rule 1 for the acceptance of payment of Rs.23.50 million against the withdrawal of pending case to avoid further litigation. The matter of frozen shares will be taken up separately with MoF through MoC once the lump sum agreed amount is received. As opined by our Legal Affairs Division (LAD), the later part of Board resolution i.e. *"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"* may be compromised due to probability that matter of fair distribution of frozen shares may not be entertained by GoP, once the signed copy of the agreement submitted into Sindh High Court with IDBL (former IDBP).

70. Accordingly, the Board resolved as under:

RESOLVED:

"that the proposal of ED(Investment) in view of the facts stated in the memorandum submitted to the Board, that State Life may send consent letter to IDBL (former IDBP) along with duly executed draft agreement sent by IDBL to be filed in Sindh High Court under Order 23 Rule 1 for the acceptance of payment of Rs.23.50 million against the withdrawal of pending case to avoid further litigation and that the matter of frozen shares be taken up separately by State Life with Ministry of Finance through Ministry of Commerce once the lump sum agreed amount is received be and is hereby approved."

ITEM (17) LIQUIDATION/MERGER OF ABDULLAH HAROON ROAD PROPERTIES(PVT) LTD.

71. Executive Director (Investment) presented before the Board, a Memorandum for liquidation/merger of Abdullah Haroon Road Properties (Pvt)Ltd.

Action:
DH(Inv)

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Action: DH(Inv)	<p>72. The Board directed that the above memorandum be submitted to the Board Investment Committee at its next meeting for consideration and framing of the recommendation to the Board for approval.</p> <p>ITEM (18) APPROVAL OF REVIVAL SCHEME FOR LAPSED POLICIES.</p> <p>73. Executive Director (PHS) presented before the Board, a Memorandum for approval of revival scheme for lapsed policies.</p> <p>74. In order to boost up renewal business of the Corporation, facilitate the Policyholders and help the Field Workers to increase their earnings a scheme for revival of lapsed policies – 2015 is going to be launched by the management.</p> <p>75. Accordingly, the Board resolved as under:</p> <p>RESOLVED: “that the request of ED(PHS) for approval of scheme for revival of lapsed policies – 2015 (Pak Rupees business only), details of which are given in the memorandum be and is hereby approved. The Chairperson was also authorized to extend if thought fit, the above scheme till close of business year 2015.”</p> <p>ITEM (19) CASH MANAGEMENT SYSTEM (CMS).</p> <p>76. Executive Director (F&A) presented before the Board, a Memorandum for Cash Management System (CMS).</p> <p>77. The item was deferred by the Board Audit Committee due to paucity of time. Accordingly, the Board directed that the matter be submitted to the Board Audit Committee at its next meeting.</p> <p>ITEM (20) DISCLOSURE OF RELATED PARTY TRANSACTIONS.</p> <p>78. Executive Director (F&A) presented before the Board, a Memorandum disclosure of related party transactions.</p> <p>79. The item was deferred by the Board Audit Committee due to paucity of time. Accordingly, the Board directed that the matter be submitted to the Board Audit Committee at its next meeting.</p> <p>ITEM (21) ALLOCATION OF REVISED BUDGET TO H&AI DIVISION FOR 2015.</p> <p>80. Executive Director (F&A) presented before the Board, a Memorandum for allocation of revised budget to H&AI Division for 2015.</p> <p>81. The Health & Accident Insurance Division has started to function as an independent Division w.e.f 2.02.2015, earlier it was attached with G&P Division.</p> <p>82. After deliberations, the Board resolved as under:</p>		
Action: DH(PHS)			
Action: DH(IA&C) DH(F&A)			
Action: DH(IA&C) DH(F&A)			

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<p>Action: DH(F&A) DH(H&AI)</p>	<p>RESOLVED: "that as proposed by ED(F&A) the revenue budget and capital budget of H&AI Division placed at Annexure-F1 and capital budget placed at Annexure-F2 to the minutes be and is hereby approved, however the cost of equipment, vehicle and capacity building would be part of the cost plan of organization development fund to be provided by KFW."</p> <p>ITEM (22) <u>ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.</u></p> <p>(I) <u>APPROVAL FOR REIMBURSEMENT OF MEDICAL EXPENSES INCURRED AT UN-APPROVED PANEL HOSPITAL.</u></p> <p>83. Executive Director (P&GS) presented before the Board, a Memorandum regarding approval for reimbursement of medical expenses incurred at un-approved panel hospital.</p> <p>84. Mr. Harpal Mal, Area Manager, CS # 728336 Sukkur Zone is 48 years old and known case of Diabetes Mellitus and Hypertension since 2009.</p> <p>85. The treating Orthopedic Surgeons at IOS advised Mr.Harpal treatment and discussed the last possibility of amputation of his right foot too. The patient disagreed with the advice of treating consultant and got discharged from IOS in a hurry and consulted with Dr. Pervaiz Hashmi at AKUH. After examining the patient Dr. Pervaiz Hashmi gave hope for improvement without amputation. Mr. Harpal Mal under went treatment under him for which the permission was granted on cash reimbursement basis as per our approved rates at Agha Khan University Hospital, Karachi (which is an unapproved hospital).</p> <p>86. The patient remained under treatment from 14.03.2012 to 08.04.2012 and the total amount incurred on hospitalization at Agha Khan University Hospital, Karachi, with OPD visits & lab investigations after discharge amounted to Rs.1,251,441/- as per bills received in Medical Department, PO. As per policy of the Corporation an amount of Rs.729,589/- was approved by the competent authority i.e. E.D(P&GS) as per his entitlement.</p> <p>87. Mr. Harpal Mal has now, appealed for reimbursement of remaining expenses of Rs.521,852/-.</p> <p>88. The Marketing Division has informed that the said Officer has achieved the business target for the years 2013 and 2014.</p> <p>89. The request of Mr. Harpal Mal, Area Manager, CS No. 728336, Sukkur Zone, payment of remaining amount of Rs.521,852/- is placed before Board of Directors for consideration as a special case.</p> <p>90. Accordingly, the Board resolved as under:</p> <p>RESOLVED: "that as proposed by ED(P&GS), the request of Mr. Harpal Mal, Area Manager, C.S.No.728336, Sukkur Zone for payment of remaining amount of Rs.521,852 incurred on hospitalization at Agha Khan University Hospital, Karachi with OPD visits and lab investigations after discharge, over and above the amount of Rs.729,589 earlier approved by ED(P&GS) as per his entitlement being the medical cost at approved rates be and is hereby approved as special case."</p>			<p>CHAIRMAN'S INITIALS</p> 
<p>Action: DH(P&GS)</p>				

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(II) CONSTITUTION OF THE STANDING COMMITTEE TO HEAR APPEALS AND APPLICATIONS FOR REVISION.

91. Executive Director (P&GS) presented before the Board, a Memorandum for constitution of the Standing Committee to hear appeals and applications for revision.

92. Since promulgation of State Life Employees (Service) Regulations, 1973, Standing Committee of the Board of Directors was constituted under Regulation No. 33(2)(a) consisting of three Directors including Chairman to consider the appeals of the officers in pay scales 10 to 13 [Deputy Manager to General Manager] who were awarded punishment under the Regulation No. 30.

93. The Board of Directors in its 238th meeting held on 25-03-2015 reconstituted Human Resource committee. The Chairperson of the SLIC is not a member of this Committee. Therefore, it is imperative to constitute once again a Standing Committee consisting of three Directors including Chairman/Chairperson to consider the appeals and submit its recommendation to the Board for final order.

94. The matter is placed before the Board of Directors for constitution of a Standing Committee in line with the Regulation No. 33(2)(a) of State Employees (Service) Regulation, 1973.

95. After deliberations, the Board resolved as under:

RESOLVED:

"that as proposed by ED(P&GS), to meet the requirement of Regulation 33(2)(a) of State Life Employees (Service) Regulations, 1973, a Standing Committee consisting of the Chairperson M/s. Nargis Ghaloo, Mr. Saad Amanullah Khan, Director and Mr. Azher Ali Choudhry, Director/Additional Secretary, Ministry of Commerce be and is hereby approved."

Action:
DH(P&GS)

(III) REVISION OF CRITERIA FOR PROMOTION OF AREA MANAGERS AS MANAGERS (MARKETING).

96. Divisional Head (Marketing) presented before the Board, a Memorandum for revision of criteria for promotion of Area Managers as Managers (Marketing).

97. An Area Manager in the Corporation is responsible to supervise a team of field workers in his area for gradual increase in the business of the Corporation. Besides, after completion of extra ordinary life insurance business as per criteria set for promotion to the next cadre, an Area Manager is promoted to the post of Manager (Marketing), which is a key position in the individual life zonal offices for looking after a Sector comprising of more than one Area Managers.

98. On the request of Marketing Division, the criteria for promotion of Area Manager as Manager (Marketing) was last approved by the Board in its 199th meeting held on 02 February 2009. Since 2009, the first year premium quota of all cadres, including Area Managers, has been revised @ 25% twice. Said annual FYP quota is presently Rs 10,986,328/- applicable from 2014 to 2016.

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99. While announcing the revised criteria in 2009, a knockout condition of academic qualification to be Graduate in replacement of previously applied Matriculation was introduced and implemented. Although, a good number of Graduate candidates have been elevated, however, a large number of Area Managers having lesser academic qualification lost their interest in business. Besides, those Area Managers procuring multiples of millions of rupees as first year premium could not be promoted as Manager (Marketing) owing to non-graduation. The applied criteria caused de-motivation amongst good producers which resulted into decline in progressive business trend of the Corporation, as compared to that experienced prior to the year 2011.

100. With a view to invite mammoth volume of business from the genuinely experienced producers, Marketing Division, besides deactivating the condition of academic qualification of Graduation, hereby proposes further improvement in the Criteria for Area Managers to be promoted as Manager (Marketing) from the year 2016 onwards.

101. After deliberations, the Board resolved as under:

RESOLVED:

“that as proposed by GM(Marketing) in his Memorandum to the Board of Directors dated May 26, 2015, the revised criteria given below for promotion of Area Managers as Manager (Marketing) be and is hereby approved.”

Action:
DH(Mkt)

“REVISED CRITERIA

For candidate Area Managers on their performance as at 31-12-2015 onwards, the criteria for their promotion as Manager (Marketing) in 2016 onwards will be as under, till further orders:

- | |
|--|
| 1. A minimum service of 4 years as "A" Category Area Manager must be completed as at 31 st December of immediate preceding year. |
| 2. Must have completed double FYP Quota of "A" Category Area Manager in immediate preceding year. |
| 3. Must have completed aggregate FYP Quota of "A" Category Area Manager during last 3 years. |
| 4. A minimum 2 nd year persistency of 75% on an average during last 3 years should be achieved, whereas in the immediate preceding year, the 2 nd year persistency should not be less than 80%. |
| 5. Atleast 25% of total FYP in the immediate preceding year must be completed through new Sales Representatives. |
| 6. Minimum educational qualification is Matriculation. |
| 7. Atleast One Area Manager must have been promoted from the area of candidate during entire tenure.
(This condition will be applicable as "knockout" condition on the business year 2017 onwards for promotion in 2018 onwards). |

ALLOCATION OF MARKS

(a) <u>First Year Premium</u> For every Rs 20 Lac FYP over aggregate FYP quota of last 3 years:	1 Mark (Maximum 35 Marks)
(b) <u>2nd Year Persistency:</u> For each 1.00% 2 nd Year Persistency over 75% average 2 nd Year Persistency in last 3 years	1 Mark (Maximum 20 Marks)

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(c) <u>Seniority:</u> i) For minimum 4 years service as "A" Category Area Manager ii) For every additional year of service as "A" Category Area Manager	5 Marks 2 Marks (Maximum 15 Marks)
(d) <u>Field Promotion:</u> For each Area Manager promoted from his/her Area Office/Team during his/her tenure:	2 Marks (Maximum 10 Marks)
(e) <u>Academic Qualification:</u> (a) Matriculation: (b) For Intermediate candidates: (c) For Graduate candidates: (d) Post-Graduate candidates:	No Marks Total 2 Marks Total 5 Marks Total 10 Marks (Maximum 10 Marks)
(f) <u>Interview / Suitability:</u>	10 Marks

ELIGIBILITY:

- 1) Meeting above criteria will not constitute a right of promotion on the part of candidate and will be at sole discretion of the Management for selection on merit, availability of vacant post and passing interview conducted by the Selection Committee.
- 2) Candidate securing less than 50% aggregate marks (before interview) will not be eligible.
- 3) Candidate securing less than 5 Marks in Interview will be disqualified."

(IV) ORGANIZATION DEVELOPMENT FUND.

102. Executive Director (Health & Accidental Insurance) presented before the Board, a Memorandum for Organization Development Fund.

103. State Life has entered into a five year agreement with Government of Khyber Pakhtunkhwa to provide and promote micro health insurance scheme to the four designated districts namely Mardan, Malakand, Kohat and Chitral.

104. It is pertinent to note that for Social Health Protection (SHP) scheme, State Life has to engage its human resource in different activities such as hospital visits, enrolment, and identification of beneficiaries and wider enrolment. Further, the geographic terrains of these districts are mostly rugged and hilly, therefore, in order to access these areas we have proposed to acquire some vehicles greater than 1,300cc / four wheelers from the OD fund.

105. Since it is not possible that to accomplish the need of health & accident insurance division to manage the SHP, the approved policy of corporation may be revised. Therefore, it is proposed that Chairperson may be authorized to approve the utilization of OD fund for the following:

- I. Allowing the office equipment / capital items such as software/ facilities to officers of health insurance officers who are not entitled either for these items / facilities or have financial limit constraints as per corporation policy.
- II. Purchase of vehicles as per requirement of SHP, KP.

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	<p>III. Approval of the foreign training, study tours, workshops or seminars.</p> <p>IV. Approval of the limit of project allowance per month to the officers/staff of Health Division/Offices.</p> <p>V. Approval of any other item not mentioned in the enclosed list but necessary for the management of project.</p> <p>106. After deliberations, the Board resolved as under:</p> <p>RESOLVED: "that as proposed by ED(Health and Accidental Insurance), Mr. Muhammad Izqar Khan, on the basis of clause 5(Organization Development) of the five year agreement that State Life has entered into with Government of Khyber Pakhtunkhwa to provide and promote micro health insurance scheme to the four designated Districts namely: Mardan, Malakand, Kohat and Chitral, creation of Organization Development Fund of Rs.120 million be and is hereby approved."</p> <p>"that the Chairperson, State Life be and is hereby authorized to approve the utilization of OD Fund on the recommendation of ED(Health and Accidental Insurance) for human resource capacity building and skill development and management of the project of the following:-</p> <ul style="list-style-type: none"> • Allowing the office equipment / capital items including software facilities to officers of health insurance officers who are not entitled either for these items / facilities or have financial limit constraints as per corporation policy. • Purchase of vehicles as per requirement of SHP, KP. • Approval of the foreign training, study tours, workshops or seminars. • Approval of the limit of project allowance per month to the officers/staff of Health Division/Offices. • Approval of any other item not mentioned in the enclosed list but necessary for the management of project. <p>(V) REVISION IN FIELD MEDICAL FACILITIES AND OTHER INCENTIVES.</p> <p>107. Divisional Head (Marketing) presented before the Board, a Memorandum for revision in field medical facilities and other incentives.</p> <p>108. A Meeting was held at Principal Office, Karachi between field representatives and Management of State Life, to discuss and resolve certain issues relating to field workers.</p> <p>109. After deliberations, the Board resolved as under:</p> <p>RESOLVED: "that as proposed by General Manager (Marketing) in his Memorandum to the Board of Directors dated 29th May, 2015 revision of the field medical facilities and other incentives be and is hereby approved w.e.f. 01-01-2015 onwards on the basis of business performance of 2014."</p>		
Action: DH(H&AI)			
Action: DH(H&AI)			
Action: DH(Mkt)			

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(VI) SLIC OPERATIONS IN KUWAIT/REPRESENTATIVE AGREEMENT WITH M/S. WARBA.

110. General Manager (Marketing) presented before the Board, a Memorandum for SLIC operations in Kuwait/Representative Agreement with M/s. WARBA.

111. DH(Actuarial) gave a detailed presentation on State Life business in Kuwait. He informed the Board that State Life established its agency office in Kuwait in May, 1983 under the sponsorship agreement of Abdul Majeed Abdul Zalalah. WARBA was appointed as State Life representative in 1999. Under the agreement WARBA arranges for employment visas for SLIC staff and takes care of the reporting/filing requirement with concerned Ministry. The Board was informed that the first year premium for Kuwait business in the year 2014 was US\$:191728 whereas renewal premium was US\$:1446924. As a result of discussions with State Life, WARBA has agreed to continue representing State Life as a sponsor and has agreed to withdraw 2% fee on renewal premium and fixed charges of US\$:70,000 per year. The sponsorship commission payable to WARBA would be 6% of the premium. Board appreciated the efforts of the Chairperson and her team in resolving the outstanding issue.

112. After deliberations, the Board resolved as under:

RESOLVED:

“that the revised terms in the representative agreement with M/s. WARBA be and is hereby approved. The agreement shall be effective from the date of its execution by both parties i.e. State Life and M/s. WARBA Insurance of Kuwait and shall continue for a term of three years and shall be automatically renewable from year to year for similar term.”

(VII) POLICY FOR ALLOWING INCREASE IN PENSION TO RETIRED OFFICERS/STAFF OF THE CORPORATION.

113. Executive Director (P&GS) presented before the Board, a Memorandum regarding policy for allowing increase in Pension to retired officers/staff of the Corporation.

114. Accordingly, the Board resolved as under:

RESOLVED:

“that the above matter be referred to the HR Committee at its next meeting for consideration and framing of its recommendation to the Board of Directors for approval.”

(VIII) BUDGETARY ALLOCATIONS FOR SECTOR OFFICES & REFERRAL MODEL.

115. Executive Director (Bancassurance) presented before the Board, a Memorandum for budgetary allocations for sector offices and referral model.

Action:
DH(Mkt)

Action:
DH(P&GS)

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116. The Committee recommended with the advice for working out cost of gadgets required for Referral Model teams / Sector Heads and clubbing it with financial impact of one-time expenses to be incurred for establishing Sector Offices.

117. After deliberations, the Board resolved as under:

RESOLVED:

"that as proposed by ED(Bancassurance) in his Memorandum, budgetary allocations be and is hereby approved."

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

Wah
(CHAIRPERSON)

Action:
DH(Banc)

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Annexure-A

**MINUTES OF 14TH MEETING OF THE HUMAN RESOURCES COMMITTEE
HELD ON 26TH MAY, 2015 AT KARACHI.**

CONFIDENTIAL AND RESTRICTED

The 14th meeting of the Human Resource Committee of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 25th May 2015 at 10:30 a.m. in the Board Room, State Life Building No.9, Principal Office, Karachi.

2. Following attended the meeting:

- | | |
|--------------------------------|---------------------------------------|
| i) Dr. Aliya Hashmi Khan | Chairperson (HRC) |
| ii) Mr. Azher Ali Choudhry | Director |
| iii) Mr. Saad Amanullah | Director |
| iv) Mr. Naved Arif | Director |
| v) Mr. Ajaz Ali Khan | Non- Member/Executive Director (P&GS) |
| Attended on special invitation | |
| vi) Mr. Irfan Anwer Baloch | Secretary HRC |

Mr. Shafqaat Ahmed, Director was granted Leave of absence.

Item No. 01 CONFIRMATION OF MINUTES OF 13TH MEETING OF THE HUMAN RESOURCE COMMITTEE HELD ON 05.03.2015

3. The Minutes of 13th HRC meeting held on 05.03.2015 were placed before the Committee.
4. Dr. Aliya Hashmi Khan, Chairperson, HRC proposed and Mr. Saad Amanullah, Director seconded the minutes of 13th HRC meeting.
5. Accordingly, it was resolved as under :

RESOLVED

"that the minutes of the 13th meeting of the Human Resource Committee held on 05.03.2015 be and are hereby approved and confirmed."

Item No. 02 IMPLEMENTATION REPORTS OF 11th, 12th & 13th MEETING OF HUMAN RESOURCE COMMITTEE.

- (i) Implementation report of 11th meeting of the Human Resource Committee held on 01.10.2012.

Item No.3(a) : Revision of Staff Strength

The Committee was apprised of the progress on the work relating to the requirement of employees. The Committee directed to present the same by 31st July, 2015.

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Item No. (8) :Award of Special Pay amounting to Rs 10,000/- p.m. to Mr. Nadeem Bessy, General Manager.

The Committee was informed that as per legal opinion rendered by Legal Affairs Division, special pay granted on any account cannot be excluded from pensionary benefits under State Life Employees (Pension) Regulations 1986. The Committee recommended that in future instead of awarding special pay, an allowance may be approved/sanctioned.

Item 9(c) :Difference of Overseas Allowance payable to the officers posted in Gulf Zone.

The report of the Committee constituted in 12th HRC meeting was submitted in the meeting and the Committee agreed with the report and recommended to the Board for adoption of recommendation of the said Committee. Recommendation of the committee is reproduced below:

- a) For delinking of overseas Allowance from increase by Federal Government, the Committee after going through all the record, is of the view that the BoD has already delinked the overseas allowance from increases by Federal Government in its 205th meeting held on 22nd December, 2009, by ratifying the recommendations of 3rd meeting of HR Committee. The recommendation of HRC was as follows:

“The committee agreed with the recommendations, but noted that this increase with effect from 01.07.2009 will once for all close the matter conclusively”

- b) For enhancement in overseas Allowance after deliberation and consideration of business indicators and inflation at UAE the Committee understands that the Corporation has already enhanced the overseas allowance @ 40% i.e 20% w.e.f 01-07-2009 and 20% w.e.f 01-01-2011 and the revision is sufficient in comparison to inflation rate at UAE and business performance indicators of Gulf Zone. Therefore, at this stage, committee did not find any ground / logic for enhancement of said Allowance. However, in future whenever the need for increase in the overseas allowance arises, the same may be dealt by the management on need basis and get the revision approved from HRC/BoD.
- c) With reference to the directives of HRC for determination of rationalized rate of Overseas Allowance with the first Revision of Federal Government i.e.w.e.f01-01-2005, the Committee was of the view that the assignments of foreign mission officers and of the Corporation have no nexus therefore treating the officers posted abroad in line with the officers of Foreign Mission offices is not appropriate. Further, the matter is sub-judice in Court of Law and allowing a rationalized rate of overseas allowance with effect from the date of first revision of Federal Government i.e 01-01-2005 would complicate the issue and create room for further litigation.

- ii) **Implementation report of 13th meeting of the Human Resource Committee held on 05.03.2015.**

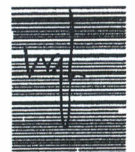
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<p style="text-align: center;">Item No.10 : <u>Discontinuation of "Special Increment" under Regulation-18 instead "Honorarium" or "Cash Award" be Considered.</u></p> <p>E.D.(P&GS) presented the proposed draft policy for awarding Honorarium or Cash Award. Same was recommended for approval of the Board in its 239th meeting to be held on 30-05-2015. The policy is as under :</p> <p>The Corporation with a view to attract, retain and motivate regular employees to perform such tasks in a dependable manner, ever more so, to engage in a creative spontaneous and innovative behavior, needs to develop, fair, just and equitable reward strategies and policies. Therefore, an Honorarium / Cash Award is granted to its employees.</p> <p>Definition:</p> <p>An honorarium is a payment to an individual in recognition of a special or distinguished service for which propriety precludes setting a fixed price.</p> <p>Criteria:</p> <p>To grant an Honorarium / Cash Award, the following conditions must be met:</p> <ol style="list-style-type: none"> i. Involvement in special non-recurring assignments that are not part of routine duties, which exceed the expected workload as specified in respective job descriptions. ii. The contributions to be made by the employees to the assignment must be clearly identifiable in the terms of reference or within the scope of the assignment. iii. The end results of the assignment must be acceptable and technically implementable. iv. The Honorarium / Cash Award should not exceed two basic salaries of an employee. <p>Assessment:</p> <p>In determining, reviewing or recommending the applications for payment of Honorarium/ Cash Award, the concerned division / department will take into account the following special features of the assignment:</p> <ol style="list-style-type: none"> i. The level of difficulty involved in carrying out the assignment must be indicated. ii. Any responsibility put on the employee in excess of the normal and routine Job responsibilities. iii. The resources needed to complete the assignment must be ascertained and clarified. iv. The expected impact of the assignment on the Department/ Division / Corporation must be clearly stated. In doing so, the overall organizational objective, should be kept in mind. <p>Submission of Recommendations</p> <p>Recommendations for Honorarium / Cash Award reach to P&GS division within 30 days of completion of assignment. The Applications recommended after the stipulated time may not be entertained. Any advance proposal for the ensuing assignment should reach P&GS before commencement of assignment / task.</p>			

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The applications must be accompanied by the following information:

- Nature and content of assignment
- Indications of the scope of assignment
- Terms of reference of the assignment
- Resources needed to complete the assignment
- A statement showing the benefit to be accrued
- Curriculum vitae and the names of individuals to carry out work
- Proof of budget or availability of funds to meet the awards (F&A has to keep a provision for such awards in their annual budget plan).

Procedure:

The Department / Division recommending the Honorarium / Cash Award may prepare proposal on above stated lines and submit it to P&GS Division through its Executive Director for processing. The P&GS Division would ensure that the candidate/group/team fulfill the above criteria and submit the proposal for approval /rejection to the Chairman/Chairperson, in writing, through Executive Director (P&GS).

The Executive Director (P&GS) or Chairman / Chairperson may like to contradict with the proposal submitted by P&GS Division and may sent to P&GS Division for a review.

In case of acceptance, the advice for payment may be sent by P&GS to F&A with intimation to concerned department.

Similarly, the P&GS Division may inform to concerned department regarding rejection of proposal. The concerned division or employee / teams shall not make representation against the decision or shall not write to P&GS or any other authority for review.

Item No. 11 :Hiring of H.R. Consultant for preparing Key Performance Indicators "KPIs"

E.D.(P&GS) presented draft Terms of Reference (TOR) for appointment of Consultant for developing Key Performance Indicators (KPIs) of the Corporation. The HR Committee recommended the following proposed TOR for approval of the Board in its 239th meeting to be held on 30-05-2015:

OBJECTIVE:

To develop / improve Key Performance Indicators (KPIs) for each Section, Department and Division of the Corporation in order to effectively measure, monitor and manage performance, and envision tactical actions aimed at bringing improvement in the service to the internal as well as external customer of the Corporation.

SPECIFIC FOCUS AREAS:

- Study and examine key result areas of each section/department/division
- Examine alignment of key result areas of each section/department/division with individual as well as organizational goals
- Identify performance gaps and develop the training modules
- Review the existing Scheme of Performance Based Bonus with regard to point scoring

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<ul style="list-style-type: none"> ▪ Preparation of KPIs for each business unit including each section / department / division of the corporation in consultation with respective Division along with manpower requirements to achieve the goal. ▪ Developing jobs description for each job in all Divisions, Sections and Departments. 																															
<p><u>TERMS & CONDITIONS:</u></p>																															
<ul style="list-style-type: none"> ▪ The 10% consultancy fee will be paid in advance ▪ 25% consultancy fee will be paid after presentation to Management for completion of study of each Division ▪ 40% consultancy fee will be paid after preparation of KPIs as per ToR and its presentation to Management for approval / recommendations. ▪ Remaining 25% consultancy fee will be paid after approval of the proposal by the BoD ▪ Assignment should be completed within six months ▪ The consultant will spend at least three hours every day in the office of the Corporation ▪ A work station / office will be made available for the HR Consultant by the Corporation. ▪ His / Her performance will be reviewed every month by the Management Executive Committee and upon un-satisfactory pace of work; the matter will be reported to Chairman / Chairperson for action. 																															
<p><u>Item No. 12 :Posting of Cash Officer and In-charge Cash Counter in Officer Cadre at All Collection Centers (Zonal and Outstation)</u></p>																															
<p>The HR Committee directed to submit to HRC the proposed requirement of employees in F&A along with the report on Item No.2 by 31st July 2015.</p>																															
<p><u>Item No.13 (iii) Any Other Item : Hiring of Health Insurance Consultant.</u></p>																															
<p>The HR Committee showed satisfaction over the progress on the implementation for hiring of Health Insurance Consultant. The Committee recommended that a member of HRC be included in the Selection Committee.</p>																															
<p><u>Item No.03. APPROVED POSTS OF GENERAL MANAGERS</u></p>																															
<p>6. The Executive Director P&GS presented the above memorandum. As per present approved strength, there are 17 approved posts of General Managers overall the Corporation and the allocation of these posts is as under:</p>																															
<table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 50%;">i. P&GS Division, P.O.</td> <td style="width: 50%;">01 post for Divisional Head</td> </tr> <tr> <td>ii. Marketing Division, P.O.</td> <td>01 post for Divisional Head</td> </tr> <tr> <td>iii. F&A Division, P.O.</td> <td>01 post for Divisional Head</td> </tr> <tr> <td>iv. P.H.S. Division, P.O.</td> <td>01 post for Divisional Head</td> </tr> <tr> <td>v. Investment Division, P.O.</td> <td>01 post for Divisional Head</td> </tr> <tr> <td>vi. Actuarial Division, P.O.</td> <td>01 post for Divisional Head</td> </tr> <tr> <td>vii. IA&C Division, P.O.</td> <td>01 post for Divisional Head</td> </tr> <tr> <td>viii. I.T. Division, P.O.</td> <td>01 post for Divisional Head</td> </tr> <tr> <td>ix. Real Estate Division, P.O.</td> <td>01 post for Divisional Head</td> </tr> <tr> <td>x. G&P Division, P.O.</td> <td>01 post for Divisional Head</td> </tr> <tr> <td>xi. Health Insurance Division, P.O.</td> <td>01 post for Divisional Head</td> </tr> <tr> <td>xii. Regional Offices (5 Regions)</td> <td>05 posts for Regional Chiefs</td> </tr> <tr> <td>xiii. Floating Approved Post</td> <td>01 post at Principal Office</td> </tr> <tr> <td>xiv. Total Approved Posts</td> <td>17 Posts</td> </tr> </tbody> </table>				i. P&GS Division, P.O.	01 post for Divisional Head	ii. Marketing Division, P.O.	01 post for Divisional Head	iii. F&A Division, P.O.	01 post for Divisional Head	iv. P.H.S. Division, P.O.	01 post for Divisional Head	v. Investment Division, P.O.	01 post for Divisional Head	vi. Actuarial Division, P.O.	01 post for Divisional Head	vii. IA&C Division, P.O.	01 post for Divisional Head	viii. I.T. Division, P.O.	01 post for Divisional Head	ix. Real Estate Division, P.O.	01 post for Divisional Head	x. G&P Division, P.O.	01 post for Divisional Head	xi. Health Insurance Division, P.O.	01 post for Divisional Head	xii. Regional Offices (5 Regions)	05 posts for Regional Chiefs	xiii. Floating Approved Post	01 post at Principal Office	xiv. Total Approved Posts	17 Posts
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<p>7. That due to heavy work load and exigency of job in Corporate Affairs Division i.e. Board Secretariat and Medical Department, following General Managers are posted:</p> <ul style="list-style-type: none"> • Medical Department, P.O. Mrs. Ghazala Nafees, G.M. • Corporate Affairs Division, P.O. Mr. Akbar Ali Hussain, G.M. (Corporate Secretary) <p>8. Keeping in view the above position and in order to streamline the working, it was proposed that:</p> <p><i>The post of Divisional Head, Corporate Affairs Division, Principal Office which is at present in Asstt. General Manager grade may permanently be upgraded to General Manager for Company Secretary, by increasing the total approved strength of General Managers from 17 to 18.</i></p> <p><i>The post of DGM is sanctioned as Incharge Medical Department however the present incumbent is a regular General Manager working against this post, therefore, a temporary/supernumerary post of General Manager may be created which will stand abolished with the retirement of Dr. Mrs. Ghazala Nafees, General Manager i.e. on 18.02.2016.</i></p> <p>9. The financial impact in case of proposal at (a) would be Rs.62,806/- pm approximately and for (b) there is no financial impact.</p> <p>RESOLVED :</p> <p>"that as proposed by E.D. (P&GS), creation of the post of General Manager for (i) Corporate Affairs Division and (ii) supernumerary post for General Manager Medical (Dr. Ghazala Nafees) are recommended to the Board for approval in the next meeting."</p> <p>Item No.04 <u>REQUEST FOR APPROVAL OF CORPORATE MEMBERSHIP OF "SERVICES CLUB, PESHAWAR".</u></p> <p>10. The Executive Director P&GS presented the above memorandum. State Life has procured the Health Insurance Business of Government of K.P.K. and the agreement was signed on 19.02.2015. In order to execute the Health Insurance Scheme the senior officials from Principal Office have to travel frequently to Peshawar.</p> <p>11. Since the law and order situation in K.P.K. is not satisfactory, therefore, the visiting officials face problem getting secured lodging facilities at Peshawar.</p> <p>12. The Services Club, Peshawar is providing Corporate Club Membership on payment of initial fee of around Rs.1,30,000/- (Rupees One Lac Thirty Thousand Only). On having Corporate Club Membership of Services Club, Peshawar, the visiting officers would avail the facility of boarding and lodging during their official visits to Peshawar.</p> <p>RESOLVED :</p> <p>"As proposed by E.D.(P&GS),the Committee recommended to the Board for approval of Membership of the Peshawar Club in the name of SLIC instead of getting individual membership."</p>			

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**Item No 05: a) PROPOSED REVISED FORMAT OF APAR FORMS OF
MARKETING DIVISION (SECTOR HEADS/SUB-ZONAL HEADS)**

**b) PREPARATION OF SEPARATE SENIORITY LIST FOR
AGMS AND MANAGERS MARKETING**

13. The Executive Director (P&GS) presented the above memorandum. The Divisional Head (Marketing) submitted a Memorandum dated 29.03.2012 to the H.R. Committee stating that the Sector Heads, working usually under the cadre of Manager (Marketing) and Assistant General Manager (Marketing) are those officers of the Corporation who are directly responsible for development of Corporation's business.

14. Their duties and responsibilities, encompass all facets of field mobilization and activities, but in general, their prime responsibilities are focused on following business factors:

- a) progressive increase in new business each year against last year's new business to target inflation and to seed for future year's renewals
- b) conservancy of each year's new business by securing maximum second year's premium
- c) conservancy of old business by ensuring collection of third year and over renewal premium
- d) induction of new blood into field strength by recruitment of new insurance agents each year
- e) maximizing clientele by reflecting increase in number of Policies, each year

15. Further, the seniority of Sector Heads is merged/centralized as per existing system with non-marketing Managers/Assistant General Managers, which affects the elevation of Sector Heads adversely. This is controllable by maintaining separate seniority of marketing people in Zones/Regions/Principal Office. Therefore, it was proposed to maintain separate seniority list of Manager & A.G.M. (Marketing).

16. The HR Committee of the Board considered the Memorandum in its 10th meeting held on 8th June 2012 and resolved as under for placing the matter for the Board of Directors for approval:-

"that the HR Committee after detailed discussion recommended for approval of the Board as follows:

a) Since the job of Marketing Executives/Personnel is performance oriented in nature, therefore, discretionary portion of the assessment should be minimized and following amendments may be incorporated:

- Marks for Business Performance Evaluation: 80
- Marks for Evaluation other than Business Performance: 20

Marketing Division to revise the proposed format with the ratio of 80 and 20 marks as elaborated above. New Appraisal System will be effective from 01.01.2012 onwards.

b) Maintenance of separate seniority list in respect of Managers (Marketing) & Assistant General Manager (Marketing) falling under the category of marketing personnel may be approved with effect from 01.01.2012 onwards."

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17. As directed, Marketing Division revised the proposed format as under:

S. #	ITEMS	Maximum Marks	Marks Obtained
1	Increase in First Year Premium: One Mark on Every 1% increase in FYP over 10% increase:	35	
2	Ratio of Second Year Persistency: One Mark on Every 1% over 75% Persistency:	15	
3	Ratio of Third & Over years' Renewal Persistency: One Mark on Every 1% over 85% Renewal Persistency:	10	
4	Recruitment of Sales Representatives: One Mark on Every 1% increase over 15% previous years' base recruitment:	10	
5	No. of Policies sold: One Mark on Every 1% increase over 15% increase over previous years' base recruitment:	10	
6	General Attitude & Behavior	10	
7	Attendance	5	
8	Health & Social Habits	5	
Overall Grading / Rating by Reporting Officer (Zonal Head)		100	

1st Countersigning Officer : (Regional Chief)

2nd Countersigning Officer : (Divisional Head - Marketing)

Note 1: Marks under Item 01 through 05 will be based on Audited Business Figures.

Note 2: *Only overall "Grading and Numerical Rating" will be recorded against total marks obtained, instead of rating on individual parameters / business indicators.*

18. Accordingly, the Board of Directors in its 228th meeting resolved as under:

"that as recommended by HR Committee at its 10th meeting held on 8th June 2012 the proposed revised format of Part-II of the existing APAR as per Annexure to Memorandum to the minutes is hereby approved."

"that the recommendation of HR Committee at its 10th meeting held on 8th June 2012 for maintaining of separate seniority in respect of Managers (Marketing) & Assistant General Manager (Marketing) falling under the category of marketing personnel with effect from 01.01.2012 onwards is hereby approved."

19. The matter of revised format of APARs for the officers of Development (Marketing) side was referred to Marketing Division and they have proposed that this decision may be implemented w.e.f. 01.01.2015 instead of 01.01.2012 as it was not implemented that time due to non-availability of higher management.

20. Similarly, the matter for maintaining separate seniority of Manager & AGMs marketing was approved by the Board of Directors as mentioned above, however the same was not implemented on due date i.e. from 01.01.2012 due to non-availability of the higher management of the Corporation.

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21. Since the seniority lists for the year ending on 2012 and 2013 have been issued in subsequent years as per prevailing practice, hence it is proposed that the date for maintaining the separate seniority of Managers & AGMs falling under the category of marketing executives may kindly be approved as w.e.f. 01.01.2015 by amending the effective date from 01.01.2012.

RESOLVED :

"that as proposed by E.D.(P&GS), the HRC agreed to recommend to the Board for approval to change effective date of revised APARs and separate seniority list of Manager and AGM (Marketing) as 01.01.2015 instead of 01-01-2012 earlier approved by the Board of Directors in its 228th meeting held on 19-09-2012.

Item No. 06 : ACTUARIAL TRAINING SCHEME.

22. The Divisional Head (Actuarial) presented the above Memorandum. State Life initiated the Actuarial Training Scheme in the mid-80s as a part of its strategy to prepare Actuaries that are able to carry out the technical work related to the life insurance industry. Under that scheme, young students having completed either intermediate or A-level in distinction are taken and trained in the Actuarial Division. Apart from the routine technical Actuarial work, the trainees are required to pass a series of exams either under Society of Actuaries, USA or Institute of Actuaries, UK to become Fellows. Considering the high turnover of employees and duties of technical nature, the Actuarial trainees under this scheme are being paid technical allowance as well as are offered accelerated promotions.

23. SLIC management has been revising the actuarial allowance on time to time basis to keep them at least to a certain level comparable to the market. A brief comparison in this regard may be seen at *Annexure to Memorandum*. Historically, it can be seen that Actuarial allowances were revised in the 12th, 43rd, 61st, 70th, 85th, 107th, 130th, 156th and 184th meetings with an average duration of 4 years between revisions in allowances. The technical allowance of Actuarial personnel was last revised in the 184th meeting of Board of Directors held on 15th March, 2006. Since then, more than 9 years have been passed that allowance was last revisited while the demand for Actuarial professionals and salary packages in private sector have increased manifolds.

24. Besides, the Appointed Actuary of State Life being a Fellow Actuary and whose work is mainly based upon the work of Actuarial Division is currently receiving remuneration of Rs. 450,000/- for an advisory role, which is subject to annual increment as per inflation. The private sector like EFU Life, Jubilee Insurance, etc. in Pakistan apart from companies and firms abroad are also offering very handsome compensation packages where an average monthly remuneration of more than Rs. 800,000/- is currently being salaried to Associate and Fellow Actuaries with some experience. As a result of non-revision, 3 Fellows, 2 Associates and 6 students have left State Life since the last revision.

25. In State Life, a newly qualified Fellow Actuary is receiving a gross salary of about Rs. 240,000/- in the existing scenario while an Associate Actuary is being remunerated a gross salary of Rs. 90,000/-. Hence, it can be seen that there is a significant mismatch in terms of financial incentives. It may be noted here that presently there are only 10 officers working in the Actuarial Division against the approved strength of 31 (i.e. 32% of the approved strength). Thus, urgent measures are required to be taken with regard the increase in compensation and remuneration package to stop brain drain of actuaries from State Life and avoid the flow of losing qualified manpower.

26. The situation was also highlighted by the Appointed Actuary in his recommendations given in the 200th meeting of Board of Directors held on 28th April 2009. According to his recommendation, the Corporation's remuneration level for Actuarial Staff are much lower than the one present in the market and urgent efforts are needed to bring them in line with the market so that it is possible to retain them. (*Annexure to Memorandum*)

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27. Additionally, significant changes have taken place in the Educational structure of the Society of Actuaries, USA (SOA). Recently, SOA has introduced several new exams and modules which have further raised the educational requirements as well as the difficulty level to attain Fellowship designation (*Annexure to Memorandum*). Consequently, the existing structure has become incompatible for adjusting the revised changes carried out by SOA.

28. State Life being the leader in life insurance needs to retain actuaries for the growth of business and to run the life insurance business on sound basis. Also, as State Life has entered into major projects such as Bancassurance, BISP (Life and Health Insurance), Health Insurance for Khyber Pakhtunkhwa province and plans to invade new areas such as Takaful insurance, the technical expertise of Actuaries is essential. Further, major changes in statutory regulations are currently being made by SECP in light of the International Financial Reporting Standards (IFRS) and new regulations enforced in UAE region have enhanced the necessity of retaining quality manpower to cater these matters. Moreover, restructuring of insurance regulations in Gulf and Saudi Arabia Region will further demand the expertise of more qualified personnel.

29. Based on above, it is proposed that only the Actuarial allowances and promotion scheme for employees passing or having passed Actuarial exams/requirements be revised as follows:

Society of Actuaries, USA

Promotion as	Present under old system	Proposed under new system
Executive Officer	On passing any two exams out of P,FM, M & C	On passing any two exams out of P,FM,MLC, MFE or C
Assistant Manager	On passing exams P, FM, M and C or equivalent in terms of technical allowance	On passing any five exams out of P,FM, MLC, MFE,C, FAP Exam1 or FAP Exam2
Deputy Manager	On passing exams P,FM, M and C plus FAP Modules 1 to 8 including 1 st and 2 nd FAP exams or an equivalent combination in terms of technical allowance	On attaining all the requirements of Associateship
Manager	On passing exams P,FM, M and C plus FAP Modules 1 to 8 including 1 st and 2 nd FAP exams plus FSA modules including capstone module or an equivalent combination in terms of technical allowance	Associateship plus passing any two FSA Modules plus passing Fellowship Non-Core exam plus passing any one exam out of Fellowship Core or Fellowship Advance
Assistant General Manager	On attaining Fellowship	On attaining Fellowship

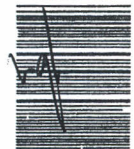
Institute of Actuaries, UK

Promotion as	Present under old system	Proposed under new system
Executive Officer	On passing any two subjects	On passing any two subjects
Assistant Manager	On passing any five subjects	On passing any six subjects
Deputy Manager	On passing any nine subjects	On passing CT series, CA1 and attaining Associateship
Manager	On passing any twelve subjects	On completing CT series, CA series and any one exam out of ST or SA subjects
Assistant General Manager	On attaining Fellowship	On attaining Fellowship

Society of Actuaries, USA

Present		Proposed	
On passing (old syllabus)	Technical Allowance per month	On passing (new syllabus)	Technical Allowance per month
Exams P and FM	Rs. 5,000/- per exam	Exams P and FM	Rs. 6,000/- per exam
Exams M and C	Rs. 5,000/- per exam	Exams MLC, MFE&C	Rs. 10,000/- per exam

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		VEE Corporate Finance*	Rs. 1,000/-
		VEE Economics*	Rs. 1,000/-
		VEE Applied Statistics*	Rs. 1,000/-
FAP Modules 1 through 5 and FAP Exam 1	Rs. 5,000/-	FAP Modules 1 through 5 + FAP Exam 1	Rs. 12,500/-
FAP Modules 6 through 8 and FAP Exam 2	Rs. 5,000/-	FAP Modules 6 through 8 + FAP Exam 2	Rs. 12,500/-
On attaining Associateship	Rs. 10,000/-	On attaining Associateship	Rs. 30,000/-
FSA Modules including Capstone Module	Rs. 5,000/-	Three FSA Modules** DMAC Module**	Rs. 10,000/- per module Rs. 10,000/-
Exam DP	Rs. 5,000/-	Fellowship Core (e.g. Life Pricing exam)***	Rs. 20,000/-
Exam CSP	Rs. 5,000/-	Fellowship Advance (e.g. Life, Finance & Valuation Exam)***	Rs. 20,000/-
		Fellowship Non-Core (e.g. Life Risk Management Exam)***	Rs. 15,000/-
Total	Rs. 55,000/-	Total	Rs. 195,000/-
On attaining Fellowship	Rs. 50,000/- (Special Pay)	On attaining Fellowship	Rs. 100,000/- (Special Pay)

* Allowance for VEEs shall be entitled after attaining credit from SOA
 ** Allowance for FSA Modules shall be permissible after attaining Associate-ship. DMAC Module shall be permissible after completing the requirements in accordance with Society of Actuaries, USA.
 *** Track Specific names of exams and modules are presented in *Annexure to Memorandum*.

Institute of Actuaries, UK

Present		Proposed	
On passing (old syllabus)	Technical Allowance per month	On passing (new syllabus)	Technical Allowance per month
Subjects CT1 to CT9, excluding CT4	Rs. 3,000/- per subject	Subjects CT1 to CT9, excluding CT4	Rs. 6,000/- per subject
Subject CT4	Rs. 6,000/-	Subject CT4	Rs. 6,000/-
On passing a total of nine subjects	Rs. 10,000/-	On passing a total of nine subjects	Rs. 20,000/-
Subject CA1	Rs. 3,000/-	Subject CA1	Rs. 6,000/-
		On attaining Associateship	Rs. 30,000/-
		Subject CA2	Rs. 15,000/-
Subject CA3	Rs. 3,000/-	Subject CA3	Rs. 15,000/-
Any two ST subjects	Rs. 3,000/- per subject	Any two ST subjects	Rs. 15,000/- per subject
On passing CT, CA & ST series		On passing CT, CA & ST series	Rs. 15,000/-
Any one SA subject	Rs. 3,000/-	Any one SA subject	Rs. 20,000/-
Total	Rs. 55,000/-	Total	Rs. 195,000/-
On attaining Fellowship	Rs. 50,000/- (Special Pay)	On attaining Fellowship	Rs. 100,000/- (Special Pay)

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30. It may be noted that under the existing strength, once the proposed technical allowance implemented, the monthly financial impact will be Rs. 1,079,500/-from the existing scale.

31. Both Existing and new actuarial trainees/officers joining State Life under the scheme are required to sign a surety bond according to which they are required to serve State Life for at least three years after qualifying as a Fellow of SOA or IOA. If they leave earlier, they are required to pay an amount as stipulated in the table below. However, if a trainee/officer has completed ten years of service with State Life including the initial probationary period, no amount would be refundable in case he leaves State Life as in such case he will have to forego his entire pensionable service. It is also proposed that the amounts of Surety Bonds may be revised as under:

Position	Existing	Proposed
Student	Rs. 150,000/-	Rs. 350,000/-
Associate	Rs. 400,000/-	Rs. 600,000/-
Fellow	Rs. 500,000/-	Rs. 700,000/-

32. It is therefore requested that the revised technical allowance and accelerated promotion scheme as proposed above may kindly be approved. We understand that these steps will not only retain the existing and future Actuaries but will also contribute towards the growth of Corporation.

RESOLVED :

"that the proposal of Divisional Head (Actuarial) is hereby recommended to the Board for approval."

Item No.07: REVISION OF FLMI SCHEME.

33. The Executive Director P&GS presented the above memorandum. In 1988, the Fellow, Life Management Institute (FLMI) Scheme was introduced vide Circular No. P&GS/P.O/3/88 dated: 05.01.1988 (*Annexure to Memorandum*) and offered various benefits to staff & Officers up to Assistants Managers on earning the qualification including accelerated promotions up to the grade of Deputy Manager. Under the said scheme, the promotion was not linked with marks/percentage obtained in the exam of FLMI.

34. In 1998, the FLMI Scheme was revised for promotion on the basis of qualification vide circular No.P&GS/PO/177/98 dated: 07.10.1998 (*Annexure to Memorandum*), It was specified under the revised scheme of FLMI that only top 33% qualifiers of all ten papers are promoted to the next cadre on annualized basis. Such promotions will be effected after a qualifier has served the Corporation for at least two years after completing FLMI qualification. Further, in addition to above Deputy Manager(s) and Manager (s) will be considered for one step promotion, if they fall within 50% of strength/seniority in their respective cadres, have favorable ACRs and subject to availability of vacancy in next cadre.

35. In 2005, Ms. Shaiza Pervaiz qualified the FLMI along with others, the details are mentioned below:

S. No	Name of Employee	Percentage
1	Mr. Akhter Rehmani	83.60%
2	Ms. Shazia Pervaiz	83.50%
3	Mr. Abdul Hayee	82.10%

36. It could be seen from above that in terms of FLMI Scheme in vogue only Mr. Akhter Rahmani qualified for promotion to the next grade being top 33% of FLMI, Ms. Shazia Pervaiz & Mr. Abdul Hayee could not attain the required top 33% position therefore they were not promoted under said scheme.

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<p>37. Being aggrieved, Ms. Shazia Pervaiz made an appeal to the Chairperson which was forwarded by MoC vide letter dated: 30.12.2014. The Ministry of Commerce requested for view/brief/comments in the said case. The Ministry was informed that Ms. Shazia Pervaiz could not attain the requisite merit of top 33% position as per condition of FLMI Scheme therefore she was not promoted.</p> <p>38. The Ministry of Commerce has now advised vide letter dated: 30th Dec 2014 that the matter of linking promotion to the individual score, instead of the position in exam, may be placed before BoD, for consideration with retrospective effect (<i>Annexure to Memorandum</i>).</p> <p>39. The relevant record of FLMI Scheme has been examined from 1999 to 2012. It has revealed that (35) numbers of officers/staff have qualified the FLMI under revised scheme and were not promoted to next higher grade because they could not acquire top 33% position in the FLMI examination. If the policy is reversed with retrospective effect and condition of top 33% is waived then above said officers/staff will also claim, promotion with retrospective effect. The list of officers/staff is placed at (<i>Annexure to Memorandum</i>)</p> <p>40. In the light of Ministry directives and the factual position narrated above, the matter is placed before HR Committee for further decision in this regard.</p> <p>RESOLVED :</p> <p>"The HR Committee after discussing the case in detail decided not to recommend to the Board her request in terms of FLMI Scheme 1998 as she was not qualified for the same. However, the Committee directed the Management to submit a revised attractive FLMI scheme with a view to encourage more employees and management may consider introducing increment(s) instead of promotion, and also rationalize the bench mark of performance in the FLMI qualifying exam."</p> <p>Item No 08 : i) MARKETING SET-UP OF BANCASSURANCE DIVISION ii) BUDGETARY ALLOCATIONS, AND, iii) REFERRAL MODEL</p> <p>41. The Executive Director (Bancassurance) presented the memorandum. Subsequent to the decision of up-gradation of Bancassurance from the status of the Cell to the Division taken by Board of Directors in its meeting held on 25th March 2015, it is pleasing to transpire that Bancassurance Division is pursuing its expansion plans vigorously to make-up for belated entry into the market and has signed distribution agency agreement with National Bank of Pakistan, NIB Bank and Samba Bank Limited tolling up to total partner banks as six including earlier associate banks UBL, FWBL and BAFL. Besides, Summit Bank has also agreed to sign the agreement on 26th May 2015. The FYP procured for the year 2015 is 21 million approx., as of 30th April 2015. It is, yet, intriguing to state that the Bancassurance has touched figure of Rs.10 million FYP in a month for April 2015.</p> <p>42. The SECP has allowed Bancassurance operations on the basis of two models i.e. Direct Sales Model and Referral Model. The agreements with UBL, FWBL, BAFL have been signed on direct model; whereas, NBP has signed agreement on Referral model and Summit Bank and JS Bank have also desired signing of agreements on Referral model.</p> <p>43. Ambitious Bancassurance plans cannot be accomplished without effective and strong marketing setup extant across the country with corporate marketing office at Karachi, sector offices at major cities of the country an overseas office at gulf / other international city (ies) as in this competitive environment, the presence at international cities cannot be undervalued.</p>			

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The setup of Sector offices is proposed as per manpower strength approved by BoD in its 238th meeting (*Annexure to Memorandum*). Though, operations for gulf or other international cities may not be carried out till bancassurance becomes successful at national level. It may be seen that level/designation of the Sector Head varies with the size of city. For encouraging the sector Heads, those having designation of DGM/AGM/Manager may be given perks/allowances equivalent to Sector Heads working in conventional marketing channel and those having rank of DM/AM may be allowed package in line with allowed to Sector Heads working for G&P. The power of motivation cannot be disregarded and specifically individuals working for new projects / initiatives need to be treated in a special way by compensating with appropriate rewards commensurate with results and in this regard due share to Bancassurance Marketing Team may be given by designing contests for them and nominating them for tours. The Sector Heads shall supervise teams working on the both models i.e. Referral & Direct Sales Models. Marketing organogram is placed as (*Annexure to Memorandum*).

44. It is reiterated that Bancassurance was created with limited resources and outsourced its sales administration of life insurance "Front and Back office operations" to Sidat Hyder Morshed Associates (SHMA) / Global Business Assurance Pvt. Ltd. (GBA), "the Consortium", who are acting as TPAs (third party administration service providers) at around 10% cost, which can be saved if Bancassurance is provided with full resources including approved & skilled manpower, required budgetary allocations and essential IT infrastructure then it can work without 'Consortium'. In this regard, approved back-office strength will support Bancassurance division all the functions currently being performed by GBA, after termination of agreement with GBA.

45. The Referral Model is based on leads generated by bank branch staff and conversion of those leads into business by sales personnel of insurance companies labeled as 'Branch Sales Coordinators (BSCs)'. As such the success of referral model invariably depends upon engagement / hiring, compensation management, career progression plan for BSCs and control mechanism by the marketing department to monitor performance of the BSCs. Detailed working paper was submitted before Executive Committee and changes proposed by them have also been incorporated in the proposal for referral model mechanism (*Annexure to Memorandum*). A summary of significant parts that require approval are quoted hereunder:

46.1. With regard to developing Sales Team or hiring BSC, SLIC may exercise following options:

- May engage services of serving officers of SLIC of the level of DGM/AGM/Mgr and DM/AM/Executive Officers as Sector Heads with the compensation package on the pattern being currently offered by Marketing Executives and Group & Pension Division, respectively. These Sector Heads shall look after / supervise Direct Sales Model teams as well as Referral Model teams for improvement in the business.
- May offer position of BSC to its existing Sales Officers / Sales Representatives who are found suitable, on the pre-condition of retiring from Conventional Agency and forgoing existing portfolio & benefits. The selected reps will be engaged on commission OR May recruit / engage services of educated young persons (preferably females) in major cities on commission. They shall be given offer/ appointment letter as well as contract on the same lines being used for sales reps/Sales Officers for conventional insurance marketing channel, as it is well tested and relied system. It is pertinent to highlight that initially it may take awhile in getting the BSCs recruited; till then Bancassurance may also opt for engaging suitable & educated AM/EO/Staff for working as BSCs on existing salary plus commission.

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<p>46.2. The 'Corporate Marketing Bancassurance Department (Agency department)' may process recruitment of such BSCs, look after them, evaluate & analyze their performance and process for the rewards / intervention for counseling or training as per their output. The approving authority for their recruitment shall be Divisional Head (Bancassurance) upon recommendations of Sector Head / Head (Corporate Marketing Bancassurance) and the contract shall be signed by Sector Head / Head (Corporate Marketing Bancassurance) / Divisional Head (Bancassurance) on the same pattern / contract terms & conditions currently practiced by conventional Marketing of SLIC; though the contract / terms & conditions will be modified in accordance with SECP guidelines and distinctive requirements of Bancassurance business. Non-performance of the BSC/Sr. BSC may attract termination of the contract by the Divisional Head after obtaining approval of Executive Director (Bancassurance).</p> <p>46.3 Career Progression & Criteria thereof</p> <p>a) The 'BSCs' may be promoted as 'Sr. BSC' in accordance with following criteria:</p> <ul style="list-style-type: none"> • Three years (twelve quarters) continuous work as BSC in Bancassurance, SLIC • At least achieved eight (10) quarters' target out of twelve (12) quarters' target • Should have at least procured 6 million FYP Should have procured • Second Year Persistency 75% • Renewal Persistency 85% • Relaxation in second year persistency and/or renewal persistency, if deficient by 5%, can be accorded by Divisional Head (Bancassurance), in case the candidate has achieved at least 125% of eight (8) quarters' target out of twelve (12) quarters' target • Subsequent to qualifying above criteria and promoted as 'Sr. BSC', his performance in new cadre will be monitored and if he/she fails to achieve at least 70% of his/her targets within 4 years and will be reverted back to BSC. <p>b) Above criteria of 'Three years (twelve quarters) continuous work as BSC in Bancassurance, SLIC' would be relaxed by 'Two years (eight quarters) continuous work as BSC in Bancassurance, SLIC' for promotion from 'BSC' to a 'Sr. BSC' in case the BSC has achieved following in the two years (eight quarters):</p> <ul style="list-style-type: none"> • Should have at least procured 10 million FYP • Second Year Persistency 75% • Relaxation in second year persistency, if deficient by 5%, can be accorded by Divisional Head (Bancassurance), in case the candidate has achieved at least 12 million FYP instead of 10 million. • Subsequent to qualifying above criteria and promoted as 'Sr. BSC', his performance in new cadre will be monitored and if he/she fails to achieve at least 70% of his/her targets within 5 years and will be reverted back to BSC. <p>c) The 'Sr. BSC' may be promoted as 'Assistant Manager' of regular cadre service in accordance with following criteria:</p> <ul style="list-style-type: none"> • Three years (twelve quarters) continuous work as SR. BSC • Minimum of three (3) of his/her BSC have achieved Promotion criteria for Sr. BSC: <ul style="list-style-type: none"> ○ Should have at least procured 20 million FYP ○ Second Year Persistency 75% ○ Renewal Persistency 85% ○ Relaxation in second year persistency and/or renewal persistency, if deficient by 5%, can be accorded by Divisional Head (Bancassurance), in case the candidate has achieved at least 125% of ten (10) quarters' target out of twelve (12) quarters' target. 			

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- He/she may be recruiting at least one BSC per quarter till the retention limit of one BSC per two to three bank branches is reached
- Upon promotion, the candidate shall be allotted employment number and shall avail all permissible salary and other benefits as allowed to regular service Assistant Manager. However, he/she has to continue work as development/procurement/supervision for Banca business or can be posted to Training/Corporate Marketing Section or any other Back-office section / department of Bancassurance Division, upon recommendation of Divisional Head (Bancassurance) and approval of Executive Director (Bancassurance).

d) In view of attracting experienced hand from Private Insurer or SLIC, the Divisional Head (Bancassurance) may have the authority to directly engage his/her services as Sr. BSC on commission; though career progression for him/her would be different, detailed hereunder:

- Four years (sixteen quarters) continuous work as Sr. Branch Sales Coordinator
- Minimum of two (3) of his/her BSC have achieved Promotion criteria for Sr. BSC in / within 3 years; and one in the year he is qualifying for his/her own promotion after completion of four years:
 - Should have at least procured 25 million FYP
 - Second Year Persistency 75%
 - Renewal Persistency 85%
 - Relaxation in second year persistency and/or renewal persistency, if deficient by 5%, can be accorded by Divisional Head (Bancassurance), in case the candidate has achieved at least 125% of ten (10) quarters' target out of twelve (12) quarters' target
- He/she may be recruiting at least one BSC per quarter till the retention limit of one BSC per two to three bank branches is reached
- Upon promotion, the candidate shall be allotted employment number and shall avail all permissible salary and other benefits as allowed to regular service Assistant Manager. However, he/she has to continue work as development/procurement/supervision for Banca business or can be posted to Training/Agency Section or any other Back-office section / department of Bancassurance Division, upon recommendation of Divisional Head (Bancassurance) and approval of Executive Director (Bancassurance).

46.4 The performance may be reviewed monthly / quarterly and the promotions data sheet will be prepared by Corporate Bancassurance Marketing (Agency dept.) and placed before the following Committee for consideration and approval:

- | | | |
|------|----------------------------|--------------------|
| I. | Executive Director (P&GS) | Convenor |
| II. | Executive Director (Banca) | Member |
| III. | Divisional Head (Banca) | Member / Secretary |

The Committee may interview the candidates, if deems necessary. Promotion as Assistant Manager (induction in the regular cadre of SLIC) is unique in the referral model proposed by SLIC as no other insurance company is allowing it, presently.

46.5 **COMMISSION STRUCTURE**

- a) First Year Commissions / Productivity Bonus

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15% available to incur cost of procuring business i.e. payment of commission etc. to Sales / Marketing Referral teams of Bancassurance, bifurcated hereunder:

Branch Sales Coordinator	Direct Commission	8.00%	% of FYP
	Quarterly Productivity Bonus	1.00%	
	Fuel Expenses	0.70%	
	Sub-total	9.70%	
Senior Branch Sales Coordinator	Indirect Commission	2.50%	
	Quarterly Productivity Bonus	0.50%	
	Fuel Expenses	0.30	
	Sub-total	3.30%	
AM (Sector Head)	Indirect Commission	0.50%	
	Overriding Commission	0.50%	
	Sub-total	1.00%	
Balance available for incurring to motivate Branch Managers/Staff		1.00%	

b) Second Year / Renewal Commissions calculated and paid as percentage of Second Year or Renewal Premium.

Job Title	SY Premium Commission	Renewal Premium Commission
Branch Sales Coordinator	1.00%	0.50%
Senior Branch Sales Coordinator	0.50%	0.25%

46.6. Above post of AM (Sector Head) will be available only after a Sr. BSC qualifies and is awarded with a promotion as AM. Till then the BSCs / Sr. BSCs will be supervised by in-house DGM/AGM/Manager/DM/AM selected / appointed as Sector Head. Where the Sector Head directly supervises the BSCs, he / she will only be paid Overriding Commission @ 0.50% of FYP, in addition to other benefits admissible to a Sector Head.

46.7. The Competitors are spending on motivation of Branch Managers / Staff for business promotion and above table transpires that at least 1% (or more if saved from 15%) of FYP can be spent on Branch Managers/Staff as part of our Sales Strategy. Approving authority for such expenses will be Divisional Head (Bancassurance).

46.8. Above proposal is within 15% and BoD is requested to empower Chairman/Chairperson to accord approval for any amendments proposed by ED/DH (Bancassurance), in future, provided the proposed changes remain within 15%.

46.9. GADGETS FOR BSC AND SALES TEAM

The Sales team including BSCs / Sr. BSCs are proposed to be equipped with latest gadgets [within a price range of Rs.10,000 to Rs.25,000 for categories at serial (i to ii) and Rs.40,000 to Rs.60,000 for serial (iii)] in addition to desktops at their office, as under:

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S. No	Job Title	Gadget
i.	BSC / Sr. BSC	Tablet/iPad/ note/mini laptop
ii.	Sector Head (AM / DM)	Tablet/iPad/ note/mini laptop
iii.	Sector Head (Mgr/AGM/DGM)	Laptop

They will be equipped with internet connection (USB device or any other device) for easy and prompt linkage. Cost of providing the connection, device and monthly will be paid separately and is not included in above cost/price ranges.

46.10 REVIEW

The entire proposal shall be reviewed by Divisional Head (Bancassurance) and report thereof be submitted before last quarter of 2016 along with any adjustments/changes/revisions to be made for business interest of the Bancassurance as well as the Corporation. The report should be based on the 'value added for all the stakeholders'. The approving authority for further changes proposed shall be Chairperson/Chairman.

47. With the approval of division and establishment of sector offices, additional budgetary allocations under existing as well as for new head of accounts would be required. In this regard proposal is placed as *(Annexure to Memorandum)*. The budget for Sector offices will be kept centralized and controlled at Corporate Bancassurance Marketing and would be released monthly so as to ensure that the overall cost remains within allowable limits.


48. It is pertinent to highlight that Corporation had signed agreements with UBL and FWBL in 2012 and 2014 respectively but business figures from these banks are not encouraging. Presently, Corporation is paying 52.5% direct commission on FYP to these banks against allowable limit of 60% on direct model. During discussions on the improvement of business with the banks, it has been mutually felt that 7.5% (7% commission plus quarterly productivity bonus) may be utilized towards engagement of sales personnel (BSC) by corporation for working in branches of UBL / FWBL so that improvement in the business could be brought. It is worth noting that the services of such BSCs would be shifted to Referral Model team after UBL and FWBL no longer require such arrangement and become productive on their own.

49. Summarizing, above proposals, it is proposed that following may be approved for effective working of Bancassurance Division:

- Marketing set-up of Bancassurance Division including establishment of sector offices along with allocation of sector heads may be approved.
- The perks/allowances for DGM/AGM/Manager in line with package allowed to conventional Marketing Executives and compensation package for DM/AM in line with package allowed to G&P Sector Heads, who will be posted as Sector Heads (Bancassurance).
- Proposed Referral Model Mechanism at para – 5 may be approved.
- Budgetary allocations for division, corporate marketing and sector offices may be approved.
- Engagement of BSCs by corporation for working in branches of UBL / FWBL against the cost of 7.5% (7% commission plus quarterly productivity bonus).

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RESOLVED :			
<p>“the Committee reviewed the proposal presented by E.D. (Bancassurance) and agreed with the proposed structure of Field organization of Bancassurance Division and decided to recommend to the Board for approval of paras 45 to 49 above. However, directed E.D.(Banca) to negotiate and convince UBL, FWB and BAFL either to adopt referral model or carry direct model in toto or completely.”</p>			
<p>Item No. 9 : Any other Item :Introduction of personal pay for Officers on Earning Annual Increment at the Saturation of Pay Scales</p>			
<p>50. The Executive Director (P&GS) presented the above memorandum that the Government of Pakistan, Finance Division (Regulations Wing) vide O.M. No.F.1(I)/Imp/2005 dated 1st July, 2005 revised the basic scales scheme, 2001 (Annexure to Memorandum). Later on, the Finance Division, Government of Pakistan vide Office Memorandum No.1(6)/Imp/2005 dated 13th October, 2006 clarified that all those Government servants who exhausted / may exhaust the relevant pay scales may be allowed the benefit of annual grade increment beyond the existing scope of the pay scales w.e.f. 01.12.2005. There will be no presumptive benefit on account of the aforesaid increment prior to 01.12.2005, therefore, no arrears shall be allowed prior to this date. The increment may be treated as personal pay subject to the condition that the employee concerned has put in 6 months or more service as counts for an annual increment unless withheld under the rules. The amount of the personal pay may not be reduced but treated as part of the pay scale of the concerned government servant for the purpose of fixation of pay, pension and recovery of house rent etc. (Annexure to Memorandum)</p>			
<p>51. On the basis of above, SLIC has also extended the ceiling of pay scales of officers and abandoned the policy of move over for the officers to the next pay scale but the treatment of annual increment as personal pay for the officers who reached the maximum of their pay scales was not adopted by the Corporation.</p>			
<p>52. The matter was placed in the 10th meeting of HRC HELD ON 08.06.2012, but it was declined (Annexure to Memorandum). The benefit of Annual Increment beyond the scope of pay scale (above ceiling) is still in vogue for Federal Government employees but the officers of the Corporation have been denied of annual grade increment after reaching the maximum of their pay scale and no financial benefit is granted to the employees of Corporation who reached the maximum of their pay scale as such they are disheartened due to non-grant of annual increment and in the long run loss in their pension affecting the efficiency of Corporation.</p>			
<p>53. At present, there are 28 officers of various grades who are sitting at the ceiling of their pay scale. They may be allowed annual increment beyond maximum of the pay scale w.e.f. 01.01.2015 without back benefit / arrears. Total financial impact would be Rs. 97,162/- per month.</p>			
RESOLVED :			
<p>“that the Committee agreed with the proposal presented by the E.D.(P&GS) since it is in line with the policy of the Federal Government, HRC recommended the Board for approval.”</p>			
<p>Sd/- (Dr. Aliya Hashmi Khan) Chairperson (HRC)</p>			
Dated : <u>30.05.2015</u>			
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Annexure-B

**MINUTES OF 1ST MEETING OF REAL ESTATE COMMITTEE
HELD ON 25TH MAY, 2015 AT KARACHI.**

The 1ST meeting of re-constituted Real Estate Committee of State Life Insurance Corporation of Pakistan was held on 25th May, 2015 at 10.30 A.M. in the Board Room, State Life Building # 09, Dr. Ziauddin Ahmed Road Karachi.

PRESENT

Mr. Saad Amanullah,	(Director) Chairman
Mr. Saeed Chaman,	(Director) Member
Mr. Naved Arif,	(Director) Member
Dr. Aliya Hashmi Khan,	(Director) Member
Mr. Iftekhar Ali Khan	Non Member / Secretary

LEAVE OF ABSENCE

Mr. Shafqat Ahmed	(Director) Member
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SPECIAL INVITIES

Mr. Jamil Anwar	Executive Director (RED)
Mr. Muhammad Arif	G.M, (Head) A&P (M/s NESPAK)
Mrs. Mumtaz Jillani	Project Manager (M/s NESPAK)

ITEM (01) TERMS OF REFERENCE FOR REAL ESTATE COMMITTEE

Executive Director Real Estate presented draft of terms of reference for Real Estate Committee for its consideration as under;

- Review the guidelines to run the affairs / functions of Real Estate Division.
- Overview of purchase / sale of State Life properties under the Real Estate Division.
- Overview of selection of Architects / Consultant for new / running projects.
- Overview of selection of Contractors for works having financial value more than Rs 50 Million.
- Overview of maintenance / renovation of buildings including works like Civil, Electrical, and Mechanical & Electronic etc. for works having financial value more than Rs 25 Million.
- Overview of replacement / up-dating of services Like Lifts, Air Conditioning, Fire Fighting, Electrical System etc. for works having financial value more than Rs 25 Million.
- Overview of services (Security, Water, Janitorial and Fire Fighting etc.) having financial value more than Rs 25 Million.

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<ul style="list-style-type: none"> • Reviewing progress of projects. • Overview on any pending tenancy / Recovery & Litigation matters of tenants with reference to DAC/PAC directives. • Any other matter. <p>3. Members of the committee made deliberations on TORs. Copy of REFC (Real Estate Functional Committee) guidelines was submitted for examining the financial limits. It was informed to the members that REFC guidelines define the financial limits at different hierarchical levels. Financial matters having value less than Rs.50 million are within approval limit of Chairman / Executive Director / Divisional Head.</p> <p>4. Regarding the tenancy, DGM (RED) briefed the members about procedure being adopted for renting. It was informed that SLIC has hired consultants for rent evaluations, an advertisement is published in newspapers & also proposal are received from estate agents of the area. After evaluation of proposal by tenancy section the matter is presented before REFC (Real Estate Functional Committee) which after due consideration for proposed rent, existing rent of building, market rent & rent valuation, recommends the case to DH(RED) / ED(RED) for approval. Members asked about the format of REFC note, which was provided. It was suggested that rental assessment matters may be put up in REFC to make a comparison. Regarding recovery & litigation it was advised that a detailed template will be presented by DH (RED) in next meeting.</p> <p>5. It was also suggested that an analysis may be made to compare the returns on investments in the physical assets against investments in liquid assets, by also accounting for the estimated enhancement in value of physical assets over the life span of a specific physical asset since its purchase/ renting out.</p> <p>RESOLVED:</p> <p>6. Real Estate Committee endorsed the TORs to be adopted with recommendations that financial limit for consideration of Real Estate Committee for maintenance, renovation, replacement, up-dating & services be Rs. 50 million or above. DH(RED) to apprise the committee about tenancy, recovery & litigation matters in next meeting. It was also resolved that a comparative analysis of returns on investments in physical assets over liquid assets, also indicating the estimated enhancement of value of a physical asset over its life period since its purchase/renting out, may be presented before the Board for consideration and review of overall investment policy of the Corporation.</p> <p>ITEM (02) UP-GRADATION OF FIRE DETECTION SYSTEM COMPRISING OF PANEL FIRE ALARM IN STATE LIFE BUILDINGS</p> <p>7. In compliance of the BoD directives in its 238th meeting held on 25.03.2015, updated progress on the matter was submitted. It was apprised that data regarding details of equipment & facilities has been obtained from 27 commercial buildings & draft of TORs for hiring services of Consultant has been prepared. After compiling data advertisement will be placed in national dailies for hiring services of Consultant for survey of all properties, design for up-gradation of systems, tender including supervision of works.</p> <p>8. The members inquired about approximate cost to be incurred for up-gradation of system. It was stated that for a new project like State Life Tower – Islamabad, it will cost ~ Rs. 70.0 million which is about 5% to cost of project. Since the systems are already installed in some of commercial buildings, its impact will be less for up-gradation.</p>			

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<p>RESOLVED:</p> <p>9. It was resolved that data for 100% commercial buildings be obtained and presented in a one-page template. TORs / SOPs be got approved at level Executive Director / DH. It should be ensured that fire escapes / stairs in existing buildings are clear without any obstructions.</p> <p>ITEM (03). STATE LIFE BUILDING # 12, ABDULLAH HAROON ROAD, KARACHI. DAC DECISION (02.04.2014)</p> <p>10. "DAC decided that the matter be placed before Board of Directors (BoD) to decide fate of the building as to whether the building is to be sold out or renew efforts for renting it out" DECISION BY BOARD OF DIRECTORS (238TH MEETING HELD ON 25.03.2015)</p> <p>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." In accordance with the decision reproduced above, a visit of Board Real Estate Committee members comprising of following members was arranged for Hashoo Centre (State Life Building No. 12) on 08.05.2015.</p> <p><u>List of REC Committee members</u></p> <table border="0"> <tr> <td>i.</td> <td>Mr. Saad Amanullah</td> <td>Chairman</td> </tr> <tr> <td>ii.</td> <td>Mr. Saeed Chaman</td> <td>Member</td> </tr> <tr> <td>iii.</td> <td>Mr. Shafqat Ahmed</td> <td>Member</td> </tr> <tr> <td>iv.</td> <td>Mr. Naved Arif</td> <td>Member</td> </tr> <tr> <td>v.</td> <td>Dr. Aliya Hashmi Khan</td> <td>Member</td> </tr> <tr> <td>vi.</td> <td>Divisional Real Estate</td> <td>Non Member / Secretary</td> </tr> </table> <p>13. Members at Sr. No. IV & V informed about their pre-occupation. ED (RED) gave brief explanation of the property.</p> <p>14. The committee visited in detail, especially basement, 2nd Floor, 3rd Floor, 6th Floor, 7th Floor and Roof Top. In order to facilitate the recommendations to be made to the BoD, the Committee advised to provide following details / documents;</p> <ol style="list-style-type: none"> Brief history Tenancy details Earning / expenditure details till date Site plans Car Parking facilities 				i.	Mr. Saad Amanullah	Chairman	ii.	Mr. Saeed Chaman	Member	iii.	Mr. Shafqat Ahmed	Member	iv.	Mr. Naved Arif	Member	v.	Dr. Aliya Hashmi Khan	Member	vi.	Divisional Real Estate	Non Member / Secretary
i.	Mr. Saad Amanullah	Chairman																			
ii.	Mr. Saeed Chaman	Member																			
iii.	Mr. Shafqat Ahmed	Member																			
iv.	Mr. Naved Arif	Member																			
v.	Dr. Aliya Hashmi Khan	Member																			
vi.	Divisional Real Estate	Non Member / Secretary																			

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15. As desired by committee details were provided as given below;

i. Brief history

16. Specific floors of the building were purchased from M/s Murtaza Construction Corporation in 1996 after completing all the codal formalities at the cost of Rs 212,912,260/-. It comprises of basement, complete floors 4 to 7 & some portions of 2nd and 3rd floor with total area of 122038.9sft. Subsequently an amount of Rs.24,519,632/- were also spent on renovation of the said building, therefore the total purchase cost comes out to be Rs.237,431,892/-. in the initial years State Life Zonal office was housed as well as some area was rented out to income tax office till 2010. Since then efforts were taken through advertisements & otherwise to rent out this building but due to its' peculiar problems of entry / exit, narrow passages and over-crowding the adjacent area, the renting out efforts could not succeed.

ii. Tenancy details

S.#	FLOOR	AREA(SFT)	RENTED(SFT)	VACANT(SFT)
1	BASEMENT	29519	4400	25119
2	2 ND	2525.9	-----	2525.9
3	3 RD	8835.5	3200	5635.5
4	4 TH	23359.2	-----	23359.2
5	5 TH	24973.78	-----	24973.78
6	6 TH	15775	-----	15775
7	7 TH	17050.5	-----	17050.5
8	TOTAL	122038.9	7600	114438.9

17. As it is clear from the details only 7600 sft is rented out of 122039 sft (approximately 60% of total built up area) generating an amount of Rs.150,000/ per month income and recurring expenditure of Rs.366,200/-.

The area of basement is about 29519 SFT. The area available for car parking is about 20,000 SFT which may accommodate 80 to 90 cars.

iii. Earning / expenditure details till date


Purchase cost of space	Rs.	237,431,892/-
Rental income earned up-to 2010	RS.	64,935,903/-
Present Rental income/month	Rs.	150,000/ per month
Monthly overhead expenses	Rs.	366,200/ per month

18. As per the book of accounts, prevalent book value of the building comes out to be Rs.182,228,424/- whereas present market value as per valuation made by M/s Arch D'con as of 31.12.2013 is Rs.281,291,400/-.

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	<p>It is pertinent to mention here that State Life appoints valuers through advertisement for one year. In case the valuator is to be re-appointed, the criteria need to be re-visited accordingly.</p> <p>iv. Site plans</p> <p>Site plans of specific floors purchased are attached.</p> <p>19. The matter was deliberated in length regarding fate of the property. It was directed that Real Estate may appoint quality valuator to get current valuation of the property as the valuation presented before committee is as on 31.12.2013 where-as the valuation may have improved during this period. Further a letter shall be written to PPRA regarding procedure to be followed for sale of properties.</p> <p>RESOLVED:</p> <p>Real Estate to appoint a panel of prominent valuers for current market valuation of the property. For appointment of valuator criteria set-forth shall be re-visited. DH(RED) shall write a letter to PPRA for seeking guidance on the procedure to be followed for sale of Hashoo Centre.</p> <p>ITEM (04). REPLACEMENT OF AIR CONDITIONING SYSTEM AND LIFTS AT STATE LIFE BUILDING NO. 09, PRINCIPAL OFFICE KARACHI</p> <p>21. In compliance of the BoD directives in its 238th meeting held on 25.03.2015, up-dated progress on the matter was submitted. It was informed that advertisement for Pre-Qualification of Consultant has been released on 12-05-2015 and technical bid will be opened on 04.06.2015. Consultants hiring process shall be completed by 31st August 2015. Design & tender processing by consultant shall be completed by 31-11-2015.</p> <p>ITEM (05). TEMPLATE</p> <p>22. The template for projects State Life Tower – Islamabad, Rahimyar Khan, Stalkot & Sargodha was presented. Time lines for all the projects were decided and the Project Manager firm M/s NESPAK were advised to ensure compliance with the deadlines.</p> <p>ITEM (06) TENANCY DETAILS & REVENUE</p> <p>23. DGM (RED) informed the house that the total rental income during 1st quarter of 2015 stood at Rs.255 million, expenses at Rs. 131 million & net income at Rs.124 million. Total rentable area of State Life Commercial buildings is ~ 2.72 SFT where-as occupancy is 80%.</p> <p>24. It was advised that a detailed template be submitted in next meeting which would include:</p> <ol style="list-style-type: none"> a) Detail explanation of the 20% non-occupancy in our buildings. b) 80% occupancy and its related rental income by building should also be shown. c) Also detail by building information on the following <ol style="list-style-type: none"> i. Encroachment. ii. Litigation. iii. Mutation. iv. Status of maintenance (when last painted, etc) v. Occupancy. 			<p>CHAIRMAN'S INITIALS</p> 

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<p>ITEM (07) UPDATE ON ON-GOING AND PLANNED PROJECTS STATE LIFE TOWER – ISLAMABAD</p>			
<p>25. Project Manager (M/s NESPAK) presented the brief of the project. The project is envisaged in two phases. Phase – I of the project comprising of structural works for 8-Basements + Ground + 04 floors was awarded to M/s Moinsons in June – 2003 & completed in June -2008. Tendered value of the project was Rs.163 Million and was to be completed in 36 months, however owing to earth quake in year 2005, revision to its structural designing was made as per new design by laws set-forth by CDA (Capital Development Authority). The cost of the project was therefore increased to Rs. 237.62 Million.</p>			
<p>26. Phase-II of the project for CEP (Civil, Electrical & Plumbing) was awarded in April – 2010 to M/s Moinsons at tender cost of Rs.571.58 million & was scheduled to be completed on 31st May, 2013. However due to non-existence of Board of Directors and Chairman, resulted in scrap of HVAC tender (02 times) which in turn with-held execution of many CEP items. At present financial progress on CEP works is ~ 43.04%. Other reasons of delay are summarized as below;</p>			
<ul style="list-style-type: none"> • Due to revision of firefighting rules by CDA, induction of new firefighting sprinkler system (obligatory) 			
<ul style="list-style-type: none"> • Lift supplied by the contractor does not meet the tender specifications. 			
<ul style="list-style-type: none"> • Due to Earthquake in 2005 the work was stopped by CDA for revision of design. The process remained halted for around one year. 			
<p>27. The members asked about tentative date of completion of building. It was answered that it depends on date of award of HVAC / fire-fighting works. It was further informed that process for HVAC & fire-fighting tenders has been started, advertisement for HVAC works will be published by end of this month & draft tender for fire-fighting works has been received and is under scrutiny with section. It was directed that process for tendering of above shall be completed by 31st July, 2015 & works awarded.</p>			
<p>RESOLVED:</p>			
<p>It was resolved that RED may complete all the formalities regarding award of HVAC / Fire- fighting tenders by 31st July, 2015. These works shall be completed up to 31-12-2016, as agreed with the contractor.</p>			
<p>STATE LIFE BUILDING – RAHIMYARKHAN</p>			
<p>29. Project Manager (M/s NESPAK) presented the brief of the project. The project consist of 06 stories (Basement + Ground + 04 floors) having covered area of 66,394 sft with rentable area as 37,512 sft. Tenders for the project were invited 02 times, however 1st tender called was scrapped due to technical issue pertaining to licenses of contractor and 2nd time due to non-availability of BoD. At present TMA (Tehsil Municipal Administration) Rahimyarkhan has raised certain objections on the plans / map submitted. M/s NESPAK is working on the objections, however some time is required to for the same.</p>			
<p>RESOLVED:</p>			
<p>M/s NESPAK shall resolve the issues related to map / plans and get its approval from TMA by 31st July, 2015. RED may after wards float the tender on priority & complete the formalities e.g. DDWP approval, invitations, award up to 31-12-2015.</p>			
<p>STATE LIFE BUILDING – SIALKOT</p>			
<p>31. Project Manager (M/s NESPAK) presented the brief of the project. The project consist of 06 stories (Basement + Ground + 04 floors) having covered area of 52,344 sft with rentable area as 39,660 sft. Concept drawings prepared were presented before REC for consideration and approval.</p>			

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RESOLVED:

Concept drawings presented were approved by REC. M/s NESPAK shall complete detailed design of project, prepare tender documents and get its approval from local administration Sialkot by 31st July, 2015. RED may afterwards proceed for calling of tenders & complete the process within 4 to 5 months up to 31-12-2015 after completing at codal formalities e.g. DDWP approval, invitation, award etc. up to 31-12-2015.

STATE LIFE BUILDING – SARGODHA

33. Project Manager (M/s NESPAK) presented the brief of the project. The project consist of 06 stories (Basement + Ground + 04 floors) having covered area of 43,535sft with rentable area as 35,820sft. Concept drawings prepared were presented before REC for consideration and approval. M/s NESPAK requested some time will be required for detailed design, tender documents & getting approval from local authorities.

RESOLVED:

34. Concept drawings presented were approved by REC. M/s NESPAK shall complete detailed design of project, prepare tender documents and get its approval from local administration Sialkot by 30th November, 2015. RED may afterwards proceed for calling of tenders & complete the process within 4 to 5 months after all codal formalities e.g. DDWP approval, invitation, award etc. up to 30-06-15.

ITEM (08):

35. It was also recommended that proper payout (financial) studies be carried out for all current and future projects which should clearly show payout on our investment in months and return on investment percentage.

The meeting ended with vote of thanks to the chair.

Sd/-
Chairman (REC)
29-05-2015

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Annexure-C

**MINUTES OF 53RD MEETING OF BOARD AUDIT COMMITTEE
HELD ON 25TH MAY, 2015 AT KARACHI.**

The 53rd meeting of Board Audit Committee of State Life Insurance Corporation of Pakistan was held on 25th May, 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. Naved Arif	Member
Mr. Muhammad Sohaib Usmani	Secretary

Leave of absence:

Mr. Azhar Ali Chaudhry	Member
Mr. Shafqaat Ahmed	Member

Following officers also attended the meeting:

Mr. Ajaz Ali Khan	Executive Director (P&GS/F&A)
Mr. Jamil Anwer	Executive Director (RE/PHS/INV)
Mr. Muhammad Rashid	General Manager (F&A)
Mr. Saleem Khaliq	General Manager (I.T)
Mr. Iftikhar Ali Khan	Divisional Head (RE)
Mr. Arshad Hussain	Director, M/s. Sydat Hyder Morshed Associates (Pvt.) Ltd.
Mr. Muhammad Kamran Nasir	Engagement Partner, M/s. Riaz Ahmed & Co., the Chartered Accountants
Mr. Qasim Causer	Engagement Partner, M/s. BDO Ebrahim & Co., the Chartered Accountants

The Board Audit Committee deliberated upon the following items:

Agenda Item 1: To approve minutes of 52nd BAC Meeting

The minutes of the 52nd BAC meeting held on 06th March, 2015 were placed before the Committee and the same were unanimously approved.

Agenda Item 2: To Review the Progress on Implementation of 48th to 52nd BAC Meetings

- Delay in implementation of ERP System and meeting with M/s. Sydat Hyder Morshed Associates (Pvt.) Ltd.

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The representatives of M/s. Sydat Hyder Morshed Associates (Pvt.) Ltd were invited for explaining the reasons for delay in implementation of ERP system. During presentation they informed the Committee that ERP system ILAS- Individual Life Administration System of New Business, Renewal and Alteration has been implemented in Karachi Southern Zone and the GLAS- Group Life Administration System is live at G&P Karachi Zone. ILAS and GLAS will be implemented in other Zones in due course of time. The IPAMS – Investment Portfolio Management System is also live in State Life and is working parallel to the existing system. It was further informed to the BAC that Gap Analysis and UAT of GL- General Ledger application of ERP system has been completed and it is scheduled to run from 1st March, 2016. The representative of M/s. Sydat Hyder Morshed Associates (Pvt.) Ltd also briefed the BAC that they are facing many problems which includes:

- a. Non-availability of required information in appropriate form for understanding current business practices and system configuration including
 - i. Product rules & associated parameters
 - ii. Illustrations for configuration & its verification
- b. Non-availability of relevant end users / SLIC project team at the time of Gap Analysis & UAT phase
- c. Non-responsiveness of end users / concerned departments to sign off the Gap Analysis, UAT and Live Run Phases
- d. Insufficient resources of SLIC project team to carry out the activities as per original plan instead induction of more resources, the original team has been reduced
- e. Non-availability of decision making authorities

However, the General Manager (IT) brought into the knowledge of the BAC that hiring of eight (8) IT professionals is under process. He further informed that applications have been invited from employees of the Corporation having IT qualification for induction in ERP project implementation teams.

The B.A.C advised the M/s. Sydat Hyder Morshed Associates (Pvt.) Ltd. to prepare a detailed/comprehensive presentation giving a comparison of available and required Human Resources along with the time frame for implementation/completion of the ERP system in order to over come the situation with solution. The presentation should be emailed to the BAC with a copy to Secretary BAC on urgent basis. BAC, however, directed the management to coordinate with the M/s. Sydat Hyder Morshed Associates (Pvt.) Ltd in order to resolve this issue.

Review of the progress of the Implementation of the remaining items was deferred.

Agenda Item 3: To Examine the Final Audited Accounts of the State Life For the year 2014 and give its recommendation to the BoD

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(A) Independent auditor's report and financial statements for the year ended December 31, 2014, by M/S Riaz Ahmed & Co., and M/S BDO Ebrahim & Co., External Auditors

M/s. Riaz Ahmed & Co., and M/s. BDO Ibrahim & Co., Chartered Accountants submitted independent auditor's report for the year 2014 of State Life Insurance Corporation of Pakistan and financial statements to the Board Audit Committee.

The Auditors informed that there is no qualification in financial year 2014. However, the following significant matter was placed for attention and information of Board Audit Committee & BoD.

- Enterprise Resource Planning (ERP) information system

Auditors informed BAC that they noted that centralized IT mechanism is not in place between principal office and zones as the Corporation currently utilizes distributed computing environment, with no means / resources of processing at zones which causes substantial delay in processing the data and generating reports such as ledgers, policyholders' reports etc. These reports contain certain processing errors, which make them ineffective for zonal offices and the true picture of the records at zonal offices cannot be obtained at any point of time. Moreover, the current information system is not adequately fulfilling the accounting and reporting requirements.

There is a limitation in issuing new accounting codes in different heads of accounts like assets, liabilities, revenue etc. The Corporation usually issues numeric codes of three digits. Due to the above limitation, new codes are issued using alphanumeric numbers.

However, in the year 2010, the Corporation entered into an agreement with vendors/consultants to acquire an ERP system and to provide related customization, implementation, maintenance and ongoing support services. They have been informed by management that Data Center has been established, User Acceptance Testing (UAT) phase of General Ledger and Investments modules have been completed and both modules are in its implementation phase. Management has further informed us that for Individual Life Assurance System (ILAS) and Group Life Assurance System (GLAS), UAT phase is almost complete and the management is presently working for implementation on pilot sites which is expected to be completed by the end of December 2015.

Auditors stress the need for the management to pursue ERP implementation within the expected timeframe so that the current problems in the existing system are avoided. In order to complete ongoing IT project in an effective and efficient manner auditors recommend that IT steering committee should be reformed to ensure that major IS initiatives are consistent with the Corporation's overall strategy, goals and priorities. Further, the new information system should also be complemented with updated Operational and Procedural Manuals for efficient and effective conduct of operations and better control. Auditors further recommend that a post implementation review exercise be carried out to ensure that the system is well controlled and secure.

It was also informed by the Auditors to the BAC in an exclusive meeting that a difference of Rs. 100 Million approximately was observed in the reports generated through IPAMS- Investment Portfolio Management System being used in Investment Division and existing system. Auditors further showed their concern about the quality of input at all levels of the Corporation.

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BAC directed that a third party independent evaluation/analysis for validation of the ERP system prepared for Investment Division may be carried out. BAC further advised to the management that necessary awareness seminars may be arranged/ conducted on Corporation level so that the employees may be made familiar with the ERP system. Moreover, BAC directed that the consultant already working on ERP system may be advised to appoint the necessary IT professionals in consultation with the management till completion of the project so the target of implementation of the ERP System may be achieved without further loss of time.

(B) EXAMINATION & RECOMMENDATION OF FINAL AUDITED ACCOUNTS FOR THE YEAR 2014 TO THE BOARD

The Executive Director (F&A) and the Divisional Head (F&A) presented the Final Audited Accounts (year 2014) of the Corporation. They further informed to the BAC that Corporation has requested MoC to allow the Corporation to retain from dividend Rs. 100 million to meet the requirement of seed money for window Takaful Operations. It is expected that the MoC will allow the Corporation for the Window operations. BAC is requested to recommend to the Board of Directors to allow to transfer 20% profit for creating reserve for seed money for Window Takaful Operations.

- i) During examination of the accounts, BAC directed the ED & DH (Real Estate) to apprise the BAC about the criteria of the performance based bonus of the Real Estate Division through email along with a copy to secretary BAC for their perusal and the detail presentation on the same should be given in the next meeting of the Board Real Estate Committee.
- ii) The members of the Board Audit Committee examined the accounts and after detailed deliberations, Board Audit Committee unanimously recommended to BoD for approval of final Audited Accounts of the Corporation for the year, 2014 including the Provisions, Adjustments, Addition and Disposal made in accounts 2014 as per Annex. 7 attached to the memorandum of the BoD.
- iii) BAC also recommended to the Board of Directors to allow to transfer 20% profit for creating reserve for seed money for Window Takaful Operations.

However, the following items of F&A Division under Agenda item No.4 could not be deliberated due to paucity of time:

- a. Cash Management System
- b. Draft Policy/SOPs for Disclosure of Related Party Transactions
- c. List of Outstanding Govt. Audit Paras.

Sd/-
(Mr. Saeed Ahmed Chaman)
Chairman, Board Audit Committee

KARACHI
26TH May, 2015

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Annexure-D-1

A: BONUS RECOMMENDATIONS FOR PAKISTAN RUPEE BUSINESS

I have pleasure in recommending the following bonuses for with profits Pakistan Life Fund policies:

I. Whole Life and Endowment Assurance

For with profits policies in force for the full sum assured as at 31st December 2014

- (i) Reversionary bonuses per thousand sum assured per annum would be as per the following schedule (2013 figures are given for comparison):

	2014			2013		
	For first five policy years	From 6 th policy year to 16 th policy year	From 17 th policy year onwards	For first five policy years	From 6 th policy year to 16 th policy year	From 17 th policy year onwards
	Rs	Rs	Rs	Rs	Rs	Rs
Whole Life	60	110	150	60	110	150
Endowment s						
Term: 20 years and over	50	94	130	50	94	130
Term: 15 to 19 years inclusive	35	81	81	35	81	81
Term: 14 years and less	20	66	-	20	66	-

Notes:

- (a) Jeevan Sathi and Shadabad policies will be treated as Endowment policies.
- (b) Big Deal policies will receive reversionary bonus on 25% of the sum assured only.
- (c) For Whole Life by limited payments, bonuses will be allowed at the same rate as for Whole Life. The bonuses are admissible even after the completion of premium paying period for each year the policy has been in force for full sum assured.

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- (ii) Interim Bonus will be payable in addition to regular bonuses already vested, on claims arising in the period up to the next bonus declaration. The rate of interim bonus would be the same as given in I (i) above.
- (iii) Terminal Bonus will be paid on claims by death or maturity in 2015, where more than 10 years' premiums have been paid. The rate of Terminal Bonus will be Rs 60 per thousand sum assured for each year's premium paid in excess of 10 years subject to a maximum of Rs 1,200 (same as 2013 valuation) per thousand sum assured.
- (iv) Special Terminal Bonus will be paid on claims by maturity in 2015, where a Family Income Benefit (FIB) is in force at maturity as a supplementary contract, or as a built-in benefit, and has been in force for more than 10 years. The rate will be Rs 10 per thousand basic sum assured under the policy for each year in excess of 10 years that the FIB supplementary contract has been in force, subject to a maximum of Rs 200 per thousand basic sum assured (same as 2013 valuation).
- (v) Loyalty Terminal Bonus will be paid to those policyholders who have been with State Life since 1995 or earlier. Loyalty Terminal Bonus of Rs 200 per thousand sum assured will be paid on claims by death or maturity in 2015 to policies with risk year 1995 or earlier (same as 2013 valuation).

NOTE: Terminal, Special Terminal and Loyalty Terminal bonuses depend on future surplus of State Life. Hence, no indication can or should be given of Terminal, Special Terminal and Loyalty Terminal bonuses which may be allowed on maturities or death claims after 2015.

II. Anticipated Endowment Assurance

For with profits Anticipated Endowments/Three Stage/Three Payment policies (excluding Sada Bahar Plan) in force for the full sum assured as at 31st December 2014:

- (i) Reversionary bonuses per thousand sum assured per annum would be as per the following schedule (2013 figures are given for comparison).

	2014			2013		
	For first five policy years	From 6 th policy year to 16 th policy year	From 17 th policy year onwards	For first five policy years	From 6 th policy year to 16 th policy year	From 17 th policy year onwards
		Rs	Rs		Rs	Rs

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Term: 20 years and over	35	69	100	35	69	100
Term: 15 to 19 years inclusive	25	59	59	25	59	59
Term: 14 years and less	19	53	-	19	53	-

- (ii) Interim Bonus will be payable in addition to regular bonuses already vested, on claims arising in the period up to the next bonus declaration. The rate of interim bonus would be the same as given in II (i) above.
- (iii) Terminal Bonus will be paid to paid-up policies on claims by death only, as mentioned in paragraph IX below.
- (iv) Special Terminal Bonus as mentioned in I (iv) above, will be paid on cases having Family Income Benefit supplementary contract. The Special Terminal Bonus will be calculated on the basic sum assured under the policy, and not on the residual survival benefit.
- (v) Loyalty Terminal Bonus as mentioned in I (v) above, will be paid to policies with risk year 1995 or earlier. The Loyalty Terminal Bonus will be calculated on the basic sum assured under the policy, and not on the residual survival benefit.
- (vi) If the policyholder lets a Survival Benefit remain with State Life, a Special Reversionary Bonus will be added six months after the due date of the Survival Benefit. For Survival Benefits falling due in 2015, which the policyholder opts to leave, Special Reversionary Bonuses will be allowed as follows (same as 2013 valuation).

Period between Survival Benefit due date and maturity date	Special Reversionary Bonus per Rs. 1000 Survival Benefit	Period between Survival Benefit due date and maturity date	Special Reversionary Bonus per Rs. 1000 Survival Benefit
20 years	Rs 3,165	9 years	Rs 1,005
18 years	Rs 2,765	8 years	Rs 845
16 years	Rs 2,350	7 years	Rs 695
14 years	Rs 1,940	6 years	Rs 555
12 years	Rs 1,545	5 years	Rs 420
10 years	Rs 1,175	4 years	Rs 300

Note: Policies under Family Pension Plan (Table 12) will not be eligible for Special Reversionary Bonuses.

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III. Sada-Bahar Plan

For policies in force for the full sum assured as at 31st December 2014:

- (i) Reversionary bonuses per thousand sum assured per annum would be as per following schedule (2013 figures are given for comparison):

Term	2014		2013	
	For first five policy years	From 6 th policy year to 16 th policy year	For first five policy years	From 6 th policy year to 16 th policy year
	Rs	Rs	Rs	Rs
20 years and over	44	86	44	86
15 to 19 years inclusive	31	74	31	74
14 years and less	24	66	24	66

- (ii) Interim Bonus will be payable in addition to regular bonuses already vested, on claims arising in the period up to the next bonus declaration. The rate of interim bonus would be the same as given in III (i) above.
- (iii) Special Reversionary bonus, will also be paid to all policies under this plan whose Survival Benefits have fallen due on 2015 subject to the conditions mentioned in II (vi) above.

IV. Super (Table 72), Sunehri (Table 73) & Shehnai (Table 77) policies

- (i) Bonuses under these policies are credited to the policy after the policy has acquired an Adjusted Opening Cash Value. The bonus is credited on the Adjusted Opening Cash Value and not on minimum guaranteed surrender value. Bonuses will be credited at the end of the policy year. These bonuses are payable when the Cash Value under the policy is payable.
- (ii) The rate of bonus is Rs 105 per thousand per annum of the Adjusted Opening Cash Value. This bonus rate will be allowed till the next valuation.
- (iii) Reversionary, Terminal or any other bonus declared as a result of this valuation will not be payable under these policies. However, bonus mentioned under VIII below, if applicable, will be allowed.

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V. Committee Policy (Table 79)

- (i) Investment Return under this policy is credited to the policy after the policy has acquired an Adjusted Opening Cash Value. The return is credited on the Adjusted Opening Cash Value and not on minimum guaranteed surrender value. This return will be credited at the end of each quarter. These returns are payable when the Cash Value under the policy is payable.
- (ii) The credit rate for each quarter falling due in 2015 shall be calculated at **10.16%** per annum (10.72% per annum in 2013) of the Adjusted Opening Cash Value. This rate will be allowed till the next valuation.
- (iii) Reversionary, Terminal or any other bonus declared as a result of this valuation will not be payable under these policies.

VI. Personal Pension Scheme (Table 71)

- (i) Bonuses under Personal Pension Scheme where "Pension is being paid" will be allowed on Pension Payments. Pension payments will be increased by bonus from the policy anniversary falling in the year 2015. This increase will also be available on pension payments commencing in 2015.
- (ii) The rate of bonus is Rs 80 per thousand per annum of the pension payments.
- (iii) Reversionary, Terminal or any other bonuses recommended as a result of this valuation, will not be payable under these policies.

VII. Specified Major Surgical Benefit

- (i) Specified Major Surgical Benefit was announced for the first time in 1992 valuation. This benefit has been retained in 2014 valuation. This benefit is available to all with-profit policies, which have been in full force as at 31st December 2014 and have been continuously in force for at least five complete policy years at the date of surgery. The maximum benefit for such policies is Rs 250,000. However, if the with-profit policies have been in full force as at 31st December 2014 and have been continuously in force for at least ten complete policy years at the date of surgery then the maximum benefits for these policies will be Rs 500,000.
- (ii) Under such policies, if the life assured undergoes specified major surgery during the inter-valuation period i.e. from 1st January 2015 to 31st December 2015 on account of a specified dread disease, the Corporation would pay 50% of the basic sum assured (in case of Anticipated Endowment plans, 50% of the remaining sum assured after deducting any due survival benefit(s)), subject to above given maximum amounts. The amount payable will be adjusted against future survival benefit payments, maturity or death claims.
- (iii) Details are given in Annexure C.

VIII. Family Income Benefits in course of payment (where the life assured has died)

Family Income Benefit to heirs or nominees of deceased life assureds will be increased by 7.5% from policy anniversaries in the year 2016 under with profit policies.

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Note: The percentage increase will be allowed on the actual benefit paid on policy anniversaries (including any prior increases) in the year 2015.

IX. Terminal/Loyalty Terminal Bonus for Paid-up Policies

- (i) Terminal Bonus on Whole Life and Endowment type paid-up policies will be paid on claims by death or maturity in 2015, where the policy has been on the books for more than 10 years. The rate will be Rs 60 per thousand paid-up sum assured for each year in excess of 10 years subject to a maximum of Rs 1,200 per thousand paid-up sum assured. Jeevan Sathi and Shadabad policies will be treated as Endowment policies.
- (ii) Terminal bonus as mentioned in IX (i) above will also be paid to Anticipated Endowment paid-up policies on claims by death only. No terminal bonus will be paid to anticipated endowment policies on claims by maturity in 2015.
- (iii) Loyalty Terminal Bonus of Rs 200 per thousand paid-up sum assured as mentioned in I (v) above, will be paid to "Paid-Up" policies with risk year 1995 or earlier.
- (iv) Loyalty Terminal bonus, as mentioned in IX(iii) above will also be paid to Anticipated Endowment paid-up policies on claims by death or maturity in 2015.

Note: Bonus for Paid-up policies will be calculated on the Paid-up sum assured and not on the basic sum assured.

X. East West Mutual etc

Policies issued by the East West Mutual, Grand Mutual, I.G.I., Pakistan Mutual, Standard and Union Insurance and former East Pakistani companies will not get Terminal Bonuses, Special Terminal Bonuses, Loyalty Terminal Bonuses and Specified Major Surgical Benefit.

NO CASH VALUE OF BONUS UNTIL THREE YEARS' PREMIUMS HAVE BEEN PAID

The Cash Value of bonuses will be payable on an in force policy if at least one of the following two conditions has been fulfilled:

- (i) The policyholder has actually paid at least three full years' premiums
- (ii) The policy has completed at least three policy years.

However, in case of a death claim or Single Premium policies, this condition will be waived and all bonuses whether declared or interim will be payable. Also, in the case of a death claim in the first three policy years, where the premiums are in arrears, in order to determine whether the policy could have been kept in force, cash values of bonuses will be taken into account.

"Actual payment" means payment in cash/pay order/bank draft/cheque after it has been realized.

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Annexure-D-2

BONUS RECOMMENDATIONS – FOREIGN CURRENCY POLICIES

I have pleasure in recommending the following bonuses for with profits Dollar and Dirham policies in force for full sum assured as at 31st December 2014:

I. Policies expressed in Dirham:

Reversionary bonuses per thousand sum insured per annum would be as per following schedule (2013 figures are given for comparison).

	2014		2013	
	For First Five Policy Years	From Sixth Policy Year Onwards	For First Five Policy Years	From Sixth Policy Year Onwards
<u>Whole Life</u>	Dh 21	Dh 43	Dh 21	Dh 43
<u>Endowments</u>				
20 years and over	17	36	17	36
15 to 19 years inclusive	10	26	10	26
14 years and less	5	19	5	19
<u>Anticipated Endowments</u>				
20 years and over	8	29	8	29
15 to 19 years inclusive	5	20	5	20
14 years and less	3	15	3	15

II. Policies expressed in US Dollar:

Reversionary bonuses per thousand sum insured per annum would be as per following schedule (2013 figures are given for comparison).

	2014		2013	
	For First Five Policy Years	From Sixth Policy Year Onwards	For First Five Policy Years	From Sixth Policy Year Onwards
<u>Whole Life</u>	\$ 23	\$ 46	\$ 23	\$ 46
<u>Endowments</u>				
20 years and over	17	36	17	36
15 to 19 years inclusive	10	25	10	25
14 years and less	5	18	5	18
<u>Anticipated Endowments</u>				
20 years and over	8	26	8	26
15 to 19 years inclusive	5	19	5	19
14 years and less	3	14	3	14

Notes:

(a) Jeevan Sathi and Shadabad policies will be treated as Endowment policies.

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(b) For Whole Life by limited payments, bonuses will be allowed at the same rate as for Whole Life. The bonuses are admissible even after the completion of premium paying period for each year the policy has been in force for full sum assured.

III. Interim Bonus on death and maturity claims will be allowed till the next bonus declaration, at the rates as given in I and II above.

IV. Terminal Bonus will be paid on claims by death or maturity in 2015, where more than 10 years' premiums have been paid. The rate will be USD/AED 10 per thousand sum assured for each year's premium paid in excess of 10 years subject to a maximum of USD/AED 200 per thousand sum assured (same as 2013 valuation). This bonus shall only be payable on Whole Life and Endowment policies and not on Anticipated Endowment policies. Terminal Bonus depends on future surplus of State Life. Hence, no indication can or should be given of Terminal Bonuses which may be allowed on maturities or death claims after 2015.

V. Special Terminal Bonus will be paid to Anticipated Endowment policies on claims by maturity in 2015, where a Family Income Benefit (FIB) is in force at maturity as a supplementary contract, and has been in force for more than 10 years. The rate will be USD/AED 5 per thousand basic sum assured under the policy for each year in excess of 10 years that the FIB supplementary contract has been in force, subject to a maximum of USD/AED 100 per thousand basic sum assured. This bonus is applicable for both Dollar and Dirham policies (same as 2013 valuation).

VI. Family Income Benefits in course of payment (where the life assured has died)

Family Income Benefit to heirs or nominees of deceased life assureds will be increased by 4% from policy anniversaries in the year 2016 under with profit policies.

Note: The percentage increase will be allowed on the actual benefit paid on policy anniversaries (including any prior increases) in the year 2015.

VII. No Cash Value of Bonuses Until Three Years' Premiums Have Been Paid

The Cash Value of bonuses will be payable on an in force policy if at least one of the following two conditions has been fulfilled:

- (i) The policyholder has actually paid at least three full years' premiums.
- (ii) The policy has completed at least three policy years.

However, in case of a death claim, this condition will be waived and all bonuses whether declared or interim will be payable. Also, in the case of a death claim in the first three policy years, where the premiums are in arrears, in order to determine whether the policy could have been kept in force, cash values of bonuses will be taken into account.

"Actual payment" means payment in cash/pay order/bank draft/cheque after it has been realised.

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Annexure-D-3

Specified Major Surgical Benefit

**Accelerated payment of 50% of survival benefits
subject to maximum accelerated payment of
Rs 250,000 (for policies continuously in full force for at least five years) and
Rs 500,000 (for policies continuously in full force for at least ten years)**

Specified Major Surgical Benefit was introduced for the first time at the 1992 valuation. This benefit has been retained in 2014 valuation, as well. It provides a unique cover to the existing policyholders, free of cost. Basically it makes a lump sum payment if an eligible insured undergoes major surgery during 2015, due to any one of the six "specified surgeries" (as listed below). The lump sum payment provides badly needed financial assistance to help recoup some of the cost of major surgery. The cost of the benefit will be met out of the 2014 actuarial surplus.

The six "specified surgeries" that are covered, provided they are caused by disease and not traumatic injury, are defined as follows:

1. Coronary artery by-pass surgery:

Undergoing open heart surgery to correct narrowing or blocking of two or more coronary arteries with by-pass grafts. Laser treatments and/or reliefs, balloon angioplasty and/or any other procedures not necessitating thoracotomy will be excluded.

The coronary by-pass surgery must be a direct result of a diagnosis of definite coronary artery disease by accepted angiography.

2. Surgery for a disease of the aorta:

The actual undergoing of open heart surgery for a disease of the aorta needing excision and surgical replacement of the diseased aorta with a graft. For the purpose of this definition, aorta shall mean the thoracic and abdominal aorta but not its branches.

3. Replacement of a heart valve:

The replacement of one or more heart valves with artificial valves due to stenosis or incompetence, or a combination of these conditions. Valvotomy is specifically excluded.

4. Major organ transplant:

The actual undergoing of a transplant of a heart, heart and lung, liver, kidney or bone marrow as a recipient.

5. Craniotomy:

Any major neuro-surgical procedure on or in the brain, involving craniotomy.

6. Cancer surgery:

Any major surgical procedure which is the direct result of cancer. For this purpose, cancer means a malignant tumour characterized by uncontrolled growth and spread of malignant cells and the invasion of tissue. Malignancy must have been evidenced by medical investigations. Excluded are: (a) non-invasive cancers in situ, (b) any skin cancers other than malignant melanoma; and (c) male prostate cancer if limited to the prostate.

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DESCRIPTION OF BENEFIT

The specified major surgery benefit is being provided on with profit policies, which have been continuously in full force for at least five years. The amount of benefit will be 50% of the sum assured subject to a maximum of Rs 250,000 for policies in full force for at least five years and a maximum of Rs 500,000 for policies in full force for at least ten years.

If the insured is covered under endowment type plans, such as Table 01 and Table 03, then 50% of the basic sum assured or the maximum limit, whichever is less will be payable in advance, on undergoing a specified surgery, which is adjustable on maturity or death, if earlier.

If the insured is covered under anticipated endowment type plans, such as Table 05 and Table 74, then 50% of future instalment benefits (including basic maturity benefit) or the maximum limit, whichever is less, is payable in advance, on undergoing a specified surgery, which is adjustable from the survival instalments or death proceeds, if earlier. The future survival benefits will be reduced by the specified major surgical benefit to adjust the advance payment on specified major surgery. In case, the insured dies before maturity then the balance of the specified major surgical benefit paid and not yet adjusted from survival benefits will be adjusted from death proceeds. Instalments left with State Life will not be taken into account when computing the lump sum amount to be paid on a specified surgery.

In case of Joint Life Assurance plan (Table 06), 50% of the sum assured or the maximum limit, whichever is less, is payable in advance, if either of the insured lives undergoes a specified surgery, which is recovered on maturity or on earlier death of either of the insured persons.

In case of Child Protection Plan (Table 07) and Child Education and Marriage Plan (Tables 75 and 76), 50% of the sum assured or the maximum limit, whichever is less, is payable in advance, if the payor undergoes a specified surgery, which is recovered on maturity. No specified major surgical benefit is payable in respect of surgery on a "child" covered under tables 07, 75 and 76.

In case of Jeevan Saathi Plan (Table 19), 50% of the sum assured or the maximum limit, whichever is less, is payable in advance if either of the lives insured undergoes a specified surgery which is recovered on maturity, or on his /her death if earlier.

In case of Big Deal Policy (Table 14) the amount of the basic sum assured will mean Rs 25,000 per unit. 50% of this basic sum assured or the maximum, whichever is less will be payable in advance, on undergoing a specified surgery, which is adjustable on maturity or death, if earlier.

POSITION OF POLICY AFTER SPECIFIED MAJOR SURGICAL BENEFIT IS PAID

The policy will continue to participate in the profits of the Corporation, and bonus will accrue on the full sum assured as before. Premium payable under the policy, including extra if any, will continue to be paid by the policyholder, unaltered. Any rider attached to the policy and premium payable thereunder, will be unaffected by the payment of specified major surgical benefit.

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CLAIM PROCEDURES

Evidence of having undergone a specified surgery will have to be provided by the claimant to the satisfaction of, and at no cost to State Life. The claimant will have to send his policy document and submit a personal statement. Confidential statements will also be required from the physician making the original diagnosis and the concerned surgeons, including the surgeon who performed the operation. State Life may require any additional proof to support the claim e.g. reports, test results, medical examination of the life insured etc as it deems fit. The decision of State Life's Doctor, appointed for this purpose, will be final and binding.

If policy is assigned then the official discharge and permission in writing of the assignee must be obtained before any amount may be advanced to the insured.

If the policy has an irrevocable beneficiary, or the owner of the policy is not the insured then the official discharge and permission in writing must be obtained from the beneficiary/owner in writing before any amount can be advanced to the insured.

If the benefit is claimed under Joint Life Assurance Policy or Jeevan Saathi Policy then both the insureds must request that the benefit be paid.

ELIGIBILITY

The age of the life insured must be between 20 and 65 at the date of the surgery.

The policy must have been continuously in full force for at least 5 years at the date of surgery.

The policy must be in force for the full sum assured, (that is not paid up for reduced sum assured) as at 31st December 2014 and at the date of the surgery. The benefit will NOT be available if the policy was lapsed or paid up as at 31st December 2014 and revived subsequently.

Benefits are only payable to with-profits Pakistan Rupee policies. Policies issued under Term Insurance plans, Personal Pension Scheme and Annuity plans are specifically excluded.

MISCELLANEOUS CONDITIONS

1. To obtain the specified major surgical benefit, the date of surgery must be between 1st January 2015 and 31st December 2015.


NB: The question of surgery after 31st December 2015 will be considered at the time of the 2015 actuarial valuation.

2. Benefits will be paid only once to any one life. That is, once any insured has obtained benefits under the specified major surgical benefit, he is not eligible for any further benefits on any subsequent surgery.

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	<p>3. Benefits will be paid only once on any policy. If any insured has received any specified major surgical benefits under a Joint Life or Jeevan Saathi Policy then neither he nor the other insured will be able to claim any subsequent specified major surgical benefit.</p> <p>4. If the insured is covered under more than one policy, the maximum amount paid on all the policies together will depend on the number of years the policies have been continuously in full force. For policies that have been continuously in full force for at least five years but less than 10 years, the maximum benefit paid under all such policies together will be limited to Rs 250,000. The benefit will be paid (at 50% of the basic endowment benefits outstanding subject to the maximum amount) from the policy issued first to the insured. If the amount paid is less than the maximum limit then the amount will be paid from the second policy issued and so on subject to the maximum limit. For policies that are continuously in full force for at least ten years, the maximum benefit payable under each policy is limited to Rs 500,000 or 50% of the sum assured, whichever is less.</p> <p>5. If the specified major surgical benefit is paid, it will affect the basic surrender value of the policy from which it is paid. The subsequent basic surrender value of the policy will be 50% of the basic surrender value of the policy had no specified major surgical benefit been paid (or more exactly, the basic surrender value of the policy will be reduced proportionate to the outstanding endowment benefits advanced). The total surrender value of the policy would be the reduced basic surrender value of the policy plus the surrender value of the accrued bonuses (which will not be affected by the payment of the specified major surgical benefit).</p> <p>6. If there is a policy loan and/or APL on the policy, the specified major surgery payment will be first used to pay off the policy loan/APL outstanding. The balance of the specified major surgical payment, if any, will be paid to the insured.</p> <p>7. The benefit cannot be paid before the surgery takes place. It cannot be paid in anticipation of the surgery. Claims can be entertained only after the surgery has taken place. The amount of benefit is independent of the cost of surgery. It is not intended to help pay for the surgery, but rather to provide a lump sum amount to be disposed off as deemed fit by the claimant. The life insured may use it for post-operative care, recoup part of the cost of surgery, or as assistance in the recovery or transition period required after such surgeries.</p>		<p>CHAIRMAN'S INITIALS</p> 

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Annexure-E-1

STATE LIFE INSURANCE CORPORATION OF PAKISTAN

Annual Accounts for the year 2014

OPERATING RESULTS OF OVERSEAS LIFE FUND

Comparison of Actuals for 2014 with Budget for 2014 and Actuals 2013

(Rs. In Millions)

Description	Actual 2013	Budget 2014	Actual 2014	Inc/(Dec) over Actual 2013	Variance from Budget 2014
INCOME					
Premium income					
First Year Premium (Gross)	499.9	618.0	489.8	(2.0%)	(20.7%)
Second Year Premium (Gross)	369.2	409.9	356.3	(3.5%)	(13.1%)
Third year & Over Premium (Gross)	1,198.7	1,442.9	1,391.0	16.0%	(3.6%)
Total Premium Income	2,067.8	2,470.8	2,237.1	8.2%	(9.5%)
Less: Reinsurance	(47.5)	(50.0)	(51.0)	7.4%	2.0%
Net Premium Income	2,020.3	2,420.8	2,186.1	8.2%	(9.7%)
Investment Income (Net)	1,175.6	.0	205.6	(82.5%)	
TOTAL INCOME	3,195.9	2,420.8	2,391.7	(25.2%)	(1.2%)
OUTGO					
Payment to policyholders	636.9	896.3	736.0	15.6%	(17.9%)
Acquisition costs:					
Commission on FYP (IL)	330.2	393.9	305.5	(7.5%)	(22.4%)
Commission on 2nd Year Premium (IL)	38.7	44.6	39.5	2.1%	(11.4%)
Commission on Renewal Premium (IL)	59.2	83.0	69.2	16.9%	(16.6%)
Other benefits (IL)	11.0	16.8	11.7	6.4%	(30.4%)
Sub-Total	439.1	538.3	425.9	(3.0%)	(20.9%)
Area Managers' cost	99.0	102.5	78.4	(20.8%)	(23.5%)
Policy stamp and medical fee	4.2	5.7	3.7	(11.9%)	(35.1%)

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Description	(Rs. In Millions)				
	Actual 2013	Budget 2014	Actual 2014	Inc/(Dec) over Actual 2013	Variance from Budget 2014
Total Acquisition cost	542.3	646.5	508.0	(6.3%)	(21.4%)
Administrative Expenses:					
Salaries & other benefits	152.00	149.50	140.70	(7.4%)	(5.9%)
Traveling expenses	9.00	9.90	7.10	(21.1%)	(28.3%)
Auditors' remuneration	1.50	1.50	1.50	0.0%	0.0%
Legal expenses	2.40	3.00	2.40	0.0%	(20.0%)
Supervision Fee	0.00	0.00	0.00		
Advertisements	1.00	1.10	0.60	(40.0%)	(45.5%)
Printing & Stationery	1.40	2.20	1.50	7.1%	(31.8%)
Postage & Telephone	9.00	9.40	8.70	(3.3%)	(7.4%)
Utilities	1.50	1.60	1.50	0.0%	(6.3%)
Training	0.70	1.20	0.10	(85.7%)	(91.7%)
Computer expenses	0.20	0.30	0.10	(50.0%)	(66.7%)
Rental	8.70	8.70	8.30	(4.6%)	(4.6%)
Gratuity and pension expenses	4.40	4.80	3.90	(11.4%)	(18.8%)
Bank charges	13.20	15.50	10.50	(20.5%)	(32.3%)
Depreciation	2.40	2.50	1.70	(29.2%)	(32.0%)
Sub-Total	207.40	211.20	188.60	(9.1%)	(10.7%)
Other management expenses	30.60	35.80	22.90	(25.2%)	(36.0%)
Gross Management Expenses	780.3	893.5	719.5	(7.8%)	(19.5%)
Less: Commission from reinsurer	(14.0)	(5.0)	(20.9)	49%	318%
Less: Management Expenses recovered	7.1	6.0	7.8	9.9%	30.0%
Net Management Expenses	773.4	894.5	706.4	(8.7%)	(21.0%)
TOTAL OUTGO	1,410.3	1,790.8	1,442.4	2.3%	(19.5%)
Gross Accretion to Statutory Funds	1,785.6	630.0	949.3	(46.8%)	50.7%
Less: Surplus appropriated to Shareholders	(12.2)	(12.0)	(13.0)	6.6%	8.3%
Statutory Fund at the beginning of year	7,244.4	9,042.2	9,042.2	24.8%	0.0%
Statutory Funds at the year end	9,042.2	9,660.2	9,978.5	10.4%	3.3%

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Annexire-E-2

STATE LIFE INSURANCE CORPORATION OF PAKISTAN

Annual Accounts for the year 2014

PENSION FUND

Income and Expenses

(Rs. In Millions)

Description	Actual 2013	Actual 2014	Inc/(Dec) over Actual 2013
<u>INCOME</u>			
Premium Income	20.3	9.8	-51.6%
Investment Income	28.8	31.0	7.6%
Sub-Total	49.2	40.9	-16.9%
<u>OUTGO</u>			
Payment to policyholders	24.5	14.1	-42.5%
Administrative Expenses	1.3	1.3	2.2%
TOTAL OUTGO	25.8	15.4	-40.2%
Gross Accretion to Statutory Funds	23.3	25.5	8.9%
Less: Provision for taxation			
Less: Surplus appropriated to Shareholders			
Statutory Fund at the beginning of year	223.0	246.4	10.5%
Statutory Funds at the year end	246.4	271.8	10.3%

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MINUTES OF 239TH MEETING OF THE BOARD OF DIRECTORS

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Annexure-E-3

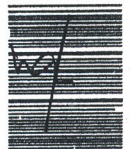
**STATE LIFE INSURANCE CORPORATION OF
PAKISTAN**

Annual Accounts for the year 2014
HEALTH INSURANCE FUND

Income and Expenses

(Rs. In Millions)

Description	Actual 2013	Actual 2014	Inc/(Dec) over Actual 2013
<u>INCOME</u>			
Premium Income	103.588	85.049	-17.9%
Investment Income	52.419	76.337	45.6%
Sub-Total	156.007	161.386	3.4%
<u>OUTGO</u>			
Payment to policyholders	8.375	10.334	23.4%
Commission payments	0.474	0.000	-100.0%
Administrative Expenses	14.649	10.633	-27.4%
TOTAL OUTGO	23.498	20.967	-10.8%
Gross Accretion to Statutory Funds	132.509	140.419	6.0%
Statutory Fund at the beginning of year	458.857	591.366	28.9%
Statutory Funds at the year end	591.366	731.785	23.7%

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Annexure-E-4

State Life's Account for 2014

Allowable Management Expenses Limit
[On corporate basis]

(Rs. in Millions)

Description	SECP Limit for 2014	Premium Income (State Life)	Allowable Expense based on prescribed limits by SECP
Group Insurance Policies	7.50%	6,782.8	508.7
Annual average sum assured inforce policies where no further premium is payable	0.05%	15,751.2	0.008
First Year Premium	100%	16,184.7	16,184.7
Renewal years' premium	23%	53,508.0	12,306.8
(A) Allowable expenses by SECP			29,000.3
Actual Expenses of State Life:			
Remuneration to insurance intermediaries on IL policies			16,178.9
Remuneration to insurance intermediaries on group policies			3.5
Branch Overhead			1,908.4
Other acquisition cost			796.2
Administration expenses			4,792.7
Other management expenses			162.9
(B) Total Actual Management Expenses			23,842.6
(C) Renewal Expense Ratio (within SECP's limit)			13.36%

CHAIRMAN'S INITIALS

MINUTES OF 239TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	30 TH MAY, 2015	

Annexure-E-5

STATE LIFE INSURANCE CORPORATION OF PAKISTAN
Annual Accounts for the year 2014

Profit & Loss Account of Shareholders Fund

Comparison of Actual for 2014 vs. 2013

Description	Actual 2013	Actual 2014	Inc/(Dec) over Actual 2013 (Restated)
Return on Government Securities	114.757	130.085	13.4%
Interest Income on loans & advances to employees/agents	20.222	20.468	1.2%
Interest income on bank deposits	1.269	0.153	(87.9%)
Net Investment Income	136.248	150.706	10.6%
Expenses not attributable to statutory funds	(4.135)	(4.234)	2.4%
Surplus appropriated to Shareholders' Fund	1,046.373	1,186.210	13.4%
Profit before taxation	1,178.486	1,332.682	13.1%
Taxation	(368.363)	(427.575)	16.1%
Profit after taxation	810.123	905.107	11.7%

CHAIRMAN'S
INITIALS

MINUTES OF 239TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	30TH MAY, 2015	

Annexure-F-1

Health Insurance Proposal – 2015

(Rs. In 000's)

	Old Proposal	Revised proposal
INCOME		
Premium	260,000	200,000
Interest Income	<u>55,000</u>	<u>50,000</u>
	<u>315,000</u>	<u>250,000</u>
EXPENSES		
Claim Expenses	150,000	40,000
Field Expenses	500	500
Officers	11,575	8,877
Staff	7,928	1,644
Office	<u>23,050</u>	<u>41,400</u>
	<u>193,053</u>	<u>92,421</u>
Net	121,947	157,579
Capital Budget	Nil	5,465.50

CHAIRMAN'S
INITIALS

MINUTES OF 239TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	30TH MAY, 2015	

Annexure-F-2

HEALTH INSURANCE PROPOSAL - 2015

(Rs. in thousands)			
TITLE OF ACCOUNT	BUDGET 2015	REVISED 2015	DIFFERENCE
PREMIUM INCOME			
GROUP INSURANCE PREMIUM	260,000	200,000	(60,000)
TOTAL PREMIUM INCOME	260,000	200,000	(60,000)
OTHER INCOME			
DIVIDEND			
INTEREST INCOME	55,000	50,000	(5,000)
TOTAL	55,000	50,000	(5,000)
CLAIMS EXPENSES			
GROUP CLAIMS	150,000	40,000	(110,000)
TOTAL	150,000	40,000	(110,000)
FIELD PAYMENTS			
FIELD PRIZES & AWARDS	500	500	-
SUB-TOTAL	500	500	-
ADMIN PAYMENTS - OFFICERS			
BASIC SALARIES	3,262	3,008	(254)
CORP. + PROFSNL+ADHOC ALLOWNC	1,338	1,203	(135)
CORP. CONT. TO PROV.FUND	-	-	-
INSTALMENT SACKED EMPLOYEES	-	-	-
LEAVE ENCASHMENT ON RETIREMENT	-	-	-
LEAVE ENCASHMENT 1/5	-	-	-
LEAVE ENCASHMENT CURRENT	600	600	-
BONUS	544	1,003	459
WAGES (Driver's Salary /Subsidy)	66	162	96
WAGES (Daily Wages Officer)	2,978	-	(2,978)
WAGES (Sector Head)	-	-	-
CONVEYANCE	100	100	-
CAR PETROL	880	644	(236)

CHAIRMAN'S
INITIALS

MINUTES OF 239TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON		TIME
MINUTE BOOK	KARACHI	30TH MAY, 2015		
CAR RENTAL	168	165	(3)	
MEDICAL EXPENSES	250	250	-	
GROUP INS. CORP. CONTRIBUTION	10	8	(2)	
TELEPHONE (RESIDENCE)	25	480	455	
UTILITIES	652	602	(50)	
ENTERTAINMENT (Late Sitting)	50	50	-	
Pension (@ 20% of Basic Pay)	652	602	(50)	
SUB-TOTAL	11,575	8,877	(2,698)	
ADMIN PAYMENTS - STAFF				
BASIC SALARIES	2,480	372	(2,108)	
CORP. +ADHOC ALLOWNC	3,469	401	(3,068)	
CORPORATION CONTRIBUTION TO P.F.	-	-	-	
OVERTIME / HONOURARIUM	150	300	150	
BONUS	723	217	(506)	
LEAVE ENCASHMENT (ON RETIREMENT)		-	-	
LEAVE ENCASHMENT (1/5th)		-	-	
LEAVE ENCASHMENT (CURRENT)	-	-	-	
WAGES	500	200	(300)	
COMPENSATION TO SACKED EMPLOYEES	-	-	-	
CONVEYANCE	60	30	(30)	
MEDICAL ALLOWANCE	-	-	-	
MEDICAL EXPENSES	50	50	-	
ENTERTAINMENT EXPENSES	-	-	-	
FUNERAL EXPENSES/ HAJJ	-	-	-	
UNIFORMS	-	-	-	
PENSION	496	74	(422)	
GROUP INSURANCE EXPENSES	-	-	-	
UTILITIES	-	-	-	
GRATUITY	-	-	-	
SUB-TOTAL	7,928	1,644	(6,284)	

CHAIRMAN'S
INITIALS

MINUTES OF 239TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON		TIME
MINUTE BOOK	KARACHI	30 TH MAY, 2015		
	<i>ADMIN PAYMENTS - OFFICE</i>			-
	TRAVELLING (ZONAL HEAD)	3,000	3,000	-
	TRAVELLING (SECTOR HEAD)		-	-
	TRAVELLING [AREA MANAGERS]		-	-
	TRAVELLING [OFFICE]	800	800	-
	TRAVELLING [SURPRISE VISITS]	-		-
	TRAVELLING [TRANSFER GRANTS]	500	300	(200)
	CAR REPAIR & MAINTENANCE	200	500	300
	CAR INSURANCE	100	1,000	900
	AUDIT FEE	500	500	-
	MEDICAL EXAMINER'S FEE	-		-
	MEDICAL RETAINERSHIP FEE	-		-
	LEGAL RETAINERSHIP FEE	100	100	-
	LAW CHARGES	100	100	-
	ANNUAL FEE SECP.			-
	OTHER PROFESSIONAL	2,000	-	(2,000)
	ACTURIAL RETAINERS		-	-
	ADVERTISEMENT	800	18,000	17,200
	PRINTING & STATIONERY	4,000	3,500	(500)
	POLICY STAMPS	500	500	-
	SPORTS EXPENSES	100	100	-
	STAFF VAN/CAR	250	1,000	750
	BOOKS & PERIODICALS	300	300	-
	POSTAGE & TELEGRAMS	500	500	-
	TELEPHONE	500	800	300
	REVENUE STAMPS	100	100	-
	ELECTRICITY , WATER & GAS	1,000	1,000	-
	ENTERTAINMENT	300	600	300
	DIRECTOR FEES	100	100	-
	BANK CHARGES	50	50	-

CHAIRMAN'S
INITIALS

MINUTES OF 239TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS MINUTE BOOK	HELD AT KARACHI	ON 30TH MAY, 2015			TIME
	CONFERENCE & MEETINGS	500	800	300	
	PRIZE & AWARDS [STAFF]	100	100	-	
	TRAINING-OFFICE	100	500	400	
	TRAINING [FIELD]	200	500	300	
	COMPUTER SUPPLIES & REPAIRS	1,500	500	(1,000)	
	MISCELLENEOUS EXPENSES	200	200	-	
	RATES & LOCAL TAXES	50	50	-	
	CASH/ASSTT. INS. & SECURITY	-	-	-	
	OFFICE MAINTENANCE [JANITORIAL]	100	1,200	1,100	
	OFFICE MAINTENANCE [OFFICE SECURITY]	100	500	400	
	OFFICE REPAIRS	500	2,000	1,500	
	SHIFTING CHARGES	100	200	100	
	RENT [STATE LIFE OWNED BUILDINGS]	800	1,000	200	
	RENT [OTHER BUILDINGS]	1,000	500	(500)	
	BAD DEBTS EXPENSES		-	-	
	DEPRECIATION	2,000	500	(1,500)	
	DONATION (SOCIAL RESPONSIBILITY)			-	
	SUB-TOTAL	23,050	41,400	18,350	
	TOTAL	42,553	51,921	9,368	

CHAIRMAN'S
INITIALS

MINUTES OF 239TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	30 TH MAY, 2015	

Annexure-F-3

HEALTH INSURANCE DIVISION

CAPITAL BUDGET PROPOSAL – 2015

Sr. #	Item	Quantity	Cost Per Item Rs.	Cost Total Amount
1	Revolving Chair	19	8,000	152,000
2	Visiting Chair	60	4,000	240,000
3	Computer Chairs	27	5,000	135,000
4	Computer Table	32	8,000	256,000
5	Office Table	29	15,000	435,000
6	Side Rack	44	8,000	352,000
7	File Cabinet	44	12,000	528,000
8	Sofa Set	2	30,000	60,000
9	Arm Chair	25	4,000	100,000
10	Fans	6	2,000	12,000
11	Computers	7	100,000	700,000
12	I.T Servers	2	500	500
12	Printers	7	15,000	105,000
13	Vanishing Blind (Sq. feet)	10	3,000	30,000
14	Fax Machine	1	30,000	30,000
15	Air Conditioner	3	60,000	180,000
16	Partitioning	-	-	2,000,000
17	Round Table	1	100,000	100,000
18	Chairs	10	5,000	50,000
	Total			5,465,500

CHAIRMAN'S INITIALS