MINUTES OF 241ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	20TH OCTOBER, 2015	

CONFIDENTIAL AND RESTRICTED

The 241st Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Tuesday, 20th October, 2015 at 10.00 a.m. in the Board Room, State Life Building No.9, Dr. Ziauddin Ahmed Road, Karachi.

PRESENT:

1. Ms. Nargis Ghaloo — Chairperson
2. Mr. Saeed Chaman — Director
3. Mr. Shafqaat Ahmed — Director
4. Mr. Naved Arif — Director

LEAVE OF ABSENCE:

1. Mr. Azher Ali Choudhry — Director
2. Dr. Aliya Hashmi Khan — Director
3. Mr. Saad Amanullah Khan — 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. Jamil Anwar, ED(PHS/RE)
2. Mr. Muhammad Izqar Khan,ED(HI/INV/BANC)
3. Mr. Ataullah A. Rasheed, DH(Investment)
4. Mr. Muhammad Rashid, DH(F&A)
5. Mr. Mohsin Abbas, DH (Marketing)
6. Mr. Nadeem Bessey, DH(HI)
7. Mr. Faisal Mumtaz, DH(Actuarial)
8. Mr. Muhammad Ali, DH(IT)
9. Mr. Riaz Ahmed Shaikh, DH(P&GS)
10. Mr. Iftikhar Ahmed, DH(PHS/G&P)
11. Mr. Fazal-ur-Rehman DH(LAD)
12. Mr. Muhammad Ashar, AGM(HI)
13. Mr. Pervaiz Altaf, AGM(PHS)

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

4. The Chairperson informed the Board an e-mail addressed to the Company Secretary has been received from Mr. Azher Ali Choudhry, Director/Additional Secretary(MOC) informing that he has been transferred from the post of Additional Secretary, Ministry of Commerce and that he has relinquished the charge this morning and he holds the view that since his membership of Board was due to his position as Additional Secretary of the Ministry so on relinquishing the charge of the letter he ceases to be a Member of the Board of State Life and as such unless there is a legal view to the contrary, it will not be proper for him to attend any meeting of the Board/Committee of the Board.

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Action: DH(P&GS)

5. The Board was further informed that a letter has been written by DH(P&GS) to Secretary, Ministry of Commerce enclosing a copy of the above email with a request to nominate representative of the Government of Pakistan on the Board of State Life.

6. DH(Legal Affairs) has agreed to the point of view of the Ex-Additional Secretary, Ministry of Commerce as he was member by virtue of his position and on relinquishing the charge of the position, he would no longer be the member of the Board of Directors of State Life.

ITEM (1) CONFIRMATION OF MINUTES OF 240TH MEETING OF THE BOARD OF DIRECTORS.

7. The minutes of the 240th meeting of the Board of Directors held on 11th August, 2015 were placed before the Board.

8. Mr. Shafqaat Ahmed, Director proposed and Mr. Naved Arif, Director seconded that the minutes of 240th meeting of the Board of Directors be confirmed.

9. Accordingly, it was resolved as under:-

Action: Company Secretary

RESOLVED:
"that the Minutes of 240th meeting of Board of Directors held on 11th August, 2015 be and are hereby confirmed."

ITEM (2) PRESENTATION OF IMPLEMENTATION REPORTS ON DECISION TAKEN IN 238TH, 239TH AND 240TH MEETINGS OF BOARD.

Action: Company Secretary

10. Implementation reports of 238th, 239th and 240th meetings of Board of Directors were placed before the Board which was noted.

11. The Board directed that in future implementation report in respect of decisions implemented is not required to be submitted and only decisions pending implementation be put up to the Board.

FATCA:

12. The Board was informed that State Life has got registration for FATCA and there was no data for FATCA reporting in the year 2014 as per condition of USD;250,000 cash value (threshold) for pre existing policies and USD:50,000(threshold) for new policies having US Indicia. Hence no reporting was made. DH(Act) informed that the reporting is required to be filed in case of Nil also.

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

13. The Board desired that cash value be strictly monitored in respect of policies nearing threshold covered under FATCA and questionnaire be sent to the existing policyholders (not confirmed US Indicia) for confirmation and updating data base.

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AA Corporation - TENANTS:

Action: DH(LAD) DH(Inv)

14. DH(LAD) informed the Board that draft of notice to State Life tenant AA Corporation has been approved by the Chairperson and after necessary amendments has been handed over by LAD to the concerned advocate who would serve it by next week.

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Action: DH(LAD) DH(Inv)

TRANSFER OF ABDULLAH HAROON ROAD PROPERTIES

15. DH(LAD) informed the Board that the matter is being handled by M/s. Mohsin Tayabali, Advocate who would complete the required documentation by next week.

ITEM (3) CONSIDERATION AND APPROVAL OF MINUTES OF 17TH MEETING OF HUMAN RESOURCES COMMITTEE HELD ON 13-10-2015 TOGETHER WITH RECOMMENDATION MADE.

16. Secretary, Human Resources Committee presented before the Board the minutes of 17th meeting of Human Resources Committee held on 13-10-2015 for consideration and confirmation and approval of decisions/ recommendations made by the Committee.

17. Accordingly, the Board resolved as under:

Action: Secretary (HRC)/ DH(P&GS)

RESOLVED:

"that the minutes of 17th meeting of Human Resources Committee held on 13-10-2015 together with the observations/recommendations therein, placed at Annexure-A to the minutes be and are hereby approved;-

Hiring of HR Consultant for preparing Key Performance Indicators:

"that the directives of HR Committee for completing the process of hiring of HR Consultant be completed by end of October, 2015 and the final TOR to be given to shortlisted firms to cover gap analysis, job descriptions, KPIs, KRAS, training needs analysis, linking of performance bonus/perks and other relevant areas be and is hereby approved."

Hiring of Health Insurance Consultant:

"that the directives of the HR Committee that keeping in view the award of PM Health Scheme to SLIC, the process of hiring the Health Consultant be finalized by the end of October, 2015 with the consultant be given clear task of covering all the aspects of PM Health Scheme and the management to finalize terms and condition of the appointment be and is hereby approved."

Policy for allowing increase in Pension to retired officers/staff of the Corporation.

"that the recommendation of the HR Committee for enhancing of the pension by 7.5% as also announced by Federal government w.e.f. 1-7-2015 be and is hereby approved."

"that regarding formulation of SLIC policy for revision in Pension, the directives of the HR Committee to bring up comprehensive working paper in the next meeting of HRC covering indexing method, change in relevant regulation and budgetary regulations alongwith financial health of the organization be and is hereby approved."

REVISION IN PERQUISITES OF OFFICERS:

"that the following recommendation of HR Committee on the proposal of ED(P&GS) for approval of the Board be and is hereby approved with immediate effect:

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(i) Utility Allowance of officer be enhanced by 5% of basic pay. However, the financial impact of Rs.75 million on recurring basis needs to be further explained viz-e-viz overall impact on organization.

(ii) Conveyance Allowance enhancement for officers from Rs.2,800/- p.m. to Rs.4,000/- p.m. with the cost impact of Rs.2.572 million per annum.

(iii) Drivers Subsidy of officers be enhanced as given below with cost impact of Rs.7.263 million per annum:-

Designation	Existing	Revised
General Managers	Rs.10,000	Rs.11,500
DGMs(Marketing)	Rs. 6,000	Rs. 7,500
DGMs(Non Mktg)	Rs. 5,500	Rs. 7,000
AGMs/Mgrs(Mktg)	Rs. 4,000	Rs. 5,500

"that the budgetary approval for the above proposal be and is hereby given and ED(F&A) is authorized to allocate the same in the above heads."

Rationalization of qualification allowance:

"that the recommendation of HR Committee for enhancement of qualification allowance of ACII/FLMI being the most relevant qualification of insurance sector and for FCII/FLMI(M) to Rs.5,000 p.m. and Rs.6,000 p.m. respectively be and is hereby referred back to the HR Committee for review and finalization of recommendation for the Board at its next meeting."

"that the Board after revisiting the allowance approved for the accounting professionals directed that the memorandum for qualification allowance for accounting professional and others be resubmitted in the next meeting of the HRC/Board with details of post qualification experience and number of years of service with the Corporation and the designation of the official for further review and necessary decision, however keeping in view the service regulation, in future technical/qualification allowance would only be admissible to those in service employee who acquire/complete this qualification while being in regular service."

"that the timeline for revision of qualification allowance be fixed at seven years be and is hereby approved."

"that the recommendation of HR Committee that all other qualification allowances which are being paid to existing employees would remain unchanged be and is hereby approved."

RESTORATION OF GRATUITY ON LAST PAY DRAWN.

"that the recommendation of HR Committee on the proposal of ED(P&GS) for restoration of gratuity of the officers on last drawn pay as at 31-12-1999 be and is hereby approved. Concurrence of LAD, F&A and Actuarial Division be taken on the proposed financial impact of Rs.142,862,735/- ."

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given and ED(F&A) is authorized to allocate the same in the above heads."

PROVISION OF APPLIANCES FOR GENERAL MANAGERS AND CAPPING IN ENTITLEMENT OF ED/CHAIRMAN FOR APPLIANCE.

"that the recommendation of HR Committee on the proposal of ED(P&GS) that the provision of appliances in line with the criteria and policy applicable to the Chairman/Chairperson and Executive Directors be extended for General Managers and to GMs on deputation be and is hereby approved as follows:-

General Managers:
One AC or One Fridge or One TV of an identical amount

(i)	One-Air Conditioner	For a maximum amount of Rs.80,000
(ii)	One TV/LED	For a maximum amount of Rs.80,000
(iii)	Fridge	For a maximum amount of Rs.80,000

(Financial impact would be Rs.1,440,000/-)

The price ceilings mentioned above should be inclusive of all applicable taxes. Moreover, it was also approved that the permission to retain the appliances on 50% purchase value after three years should also be extended to the Chairman/ Chairperson and Executive Directors.

General Manages be allowed to retain the appliances after three years on 50% of the purchase price. If the period is less than three years, standard approved depreciation would be applicable.

"that the budgetary approval for the above proposal be and is hereby given and ED(F&A) is authorized to allocate the same in the above heads."

MODIFICATION/CORRECTION IN THE DECISION OF 160TH BOD MEETING HELD ON 28-04-2001 IN RESPECT OF PROMOTION CRITERIA OF EXECUTIVE DIRECTORS.

"that the recommendation of the HR Committee for approval of the Board for reconstitution of the selection board for promotion from General Manager to Executive Director by Ministry of Commerce under Establishment O.M.No.6/4/96,R.3 dated 10th May, 1997 with the approval of Prime Minister of Pakistan under Establishment Division Office Memorandum notified by the Ministry of Commerce vide letter No.3(19)/2015 dated 28th July, 2015 comprising of the following be and is hereby approved:-

1.	Secretary Commerce	Chairman
2.	Chairman/Chairperson(SLIC)	Member
3.	Additional Secretary(MOC)	Member
4.	Representative of Establishment Division (not below the rank of Joint Secretary)	Member

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APPOINTMENT.

"that the directives of the HR Committee given to the Management as follows in respect of deficient qualification of officers/staff at the time of appointment be and is hereby approved:-

(i) Check the status for deadline of acquiring qualification in cases of employees regularized in 2012 and then convey them in writing, the revised deadline. However, in any case, the revised deadline should not exceed one year from the writing of letter.

(ii) The employees appointed through advertisement in 2010 to 2012 and found deficient in qualification in terms of criteria, should be asked to submit required qualification within six months.

(iii) Obtain an undertaking on stamp paper from above categories of employees that they will complete the requisite qualification in the revised deadline, else their services would be liable to be dismissed.

PROPOSAL FOR MERGER OF FMD & STD DEPARTMENTS IN R&A DIVISION AND RENAMING IT HUMAN RESURCE DEVELOPMENT DIVISION(HRDD) OR RESEARCH & DEVELOPMENT DIVISION(R&DD).

"that the recommendation of HR Committee on the proposal of DH(P&GS) for merger of FMD and STD Departments in R&A Division for capacity building/training of the employees which is the most important area of Human Resources Development for any growing organization be and is hereby approved."

"that the recommendation of the HR Committee for renaming of the newly reconstituted Division as HRDD(Human Resource Development Division) which would ultimately evolve into State Life Training Institute be and is hereby approved."

APPOINTMENT OF SHARIAH ADVISOR.

"that the recommendation of the HR Committee on the proposal of ED(Takaful) that contractual appointment of Mr. Hasan Kaleem as Shariah Advisor for Takaful Business on lump sum monthly remuneration of Rs.2,50,000/- be and is hereby approved ex post facto."

TRANSFER IN DELEGATION OF AUTHORITY – ENTITLEMENTS OF RENT FOR AREA OFFICES.

"that the recommendation of HR Committee on the proposal of GM(Marketing) for amendment in the approving authority for annual enhancement in rent as admissible by law, 10% per annum. or 25% after three years in existing agreement would remain the same till the time a new agreement is signed for acquiring new space with new terms and conditions for which approving authority would be as follows be and is hereby approved:-

	Existing authority	Proposed authority
Zonal Heads	Rs.2,000/- p.m.	Rs.5,000/- p.m.
Regional Chiefs	Rs.3,000/- p.m.	Rs.10,000/- p.m.
DH(Marketing)	Rs.10,000/- p.m.	Rs.25,000/- p.m.
ED(Marketing)	More than Rs.10,000/- p.m.	More than Rs.25,000/- p.m.

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"that ED(F&A) may make necessary amendments in delegation of financial powers."

REVISION IN REIMBURSEMENT OF STAFF SALARY FOR AREA MANAGERS.

"that the recommendation of the HR Committee on the proposal of DH(Marketing) for enhancement in subsidy of salary of staff engaged by Area Managers from 50% to 100% based on the business performance of the preceding year be and is hereby approved."

"that the recommendation of HR Committee on the proposal of DH(Marketing) to allow only one clerk and one Naib Qasid with a total monthly ceiling of Rs.3375/- instead of existing Rs.2,700/- be and is hereby approved."

The above increase would be a part of the operating cost of the Area Managers and in case total operating cost exceeds by 10%, excess amount will be recovered from the concerned Area Manager.

REVISION IN BUDGET FOR LOANS AND ADVANCES TO EMPLOYEES, AGENTS AND EMPLOYER'S OF AGENTS.

"that the recommendation of the HR Committee on the proposal of ED(F&A) for enhancement of budget limit of loans and advances at 50% of the paid up capital from Rs.550 million to Rs.1500 million be and is hereby approved in view of the increase in paid up capital to Rs.3000 million in the year 2014."

"that the recommendation of the HR Committee on the proposal of ED(F&A) for distribution of the budget of Rs.1500 million for loans and advances to employees, agents and employer's of agents on the basis of strength and interest bearing and non interest bearing as follows be and is hereby approved:-

(Rs. In Millions)

Heads of Loans/Advances	Unionized staff	Officers	Field Workers	Total
Two Months' Salary Advance/Emergency Advance	154	143	111	408
House Rent Advance/Ceiling	61	28	-	89
Conveyance Loan	154	114	204	472
Loan under Car Policy:				
- Area Managers/Development Executives	-	40	-	40
- Other Officers	-	17	-	17
House Building Loan	246	228	-	474
Total:	615	570	315	1,500

73% of the loans/advances will be interest bearing whereas 27% of the loans/advances will be non interest bearing and would be paid out of shareholders fund.

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REVISED FLMI SCHEME.

"that the recommendation of the HR Committee on the proposal of DH(P&GS) for approval of the revised FLMI Scheme – 2015 placed at Annexure to the minutes with the amendment of allowance for passing each paper of FLMI to Rs.500 instead of Rs.250 per paper and enhancement of FLMI Allowance to Rs.5000 per month instead of existing of Rs.3,000 per month after acquiring FLMI qualification as already proposed under agenda item "Rationalization of Qualification Allowance be and is hereby referred back to HR Committee for further review and recommendation to the Board for approval."

Hiring of Community Consultant and Hiring of Communication Consultant.

"that the recommendation of HR Committee on the proposal of DH(P&GS) and due to the requirement of proposal for Prime Minister Health Scheme for hiring two positions of Community Consultant and Communication Consultant with the advise to the Management to take steps for transparent and merit base recruitment process in line with requisite qualification/experience of the candidates as well as requirement of PM Health Scheme be and is hereby approved."

"that the terms of references for hiring of Communication Consultant and Community Consultant given in para-91 of the minutes of the 17th meeting Human Resources Committee held on 13th October, 2015 be and is hereby approved."

Health Insurance Division Human Resource Requirement:

"that the recommendation of the HR Committee on the proposal of ED(P&GS) for revision of staff strength of Health Insurance Division to 72 employees against regular post and 254 employees under contractual employment for Prime Minister Health Scheme, break down of which is given at annexure-A to the minutes with the direction to employ them in phased manner keeping in view the time to time requirement and in no case these contractual employees be confirmed/absorbed against regular strength of SLIC during or after completion of Prime Minister Health Scheme Project be and is hereby approved."

ITEM (4) CONSIDERATION AND APPROVAL OF MINUTES OF 54TH AND 55TH MEETINGS OF BOARD AUDIT COMMITTEE HELD ON 31-08-2015 AND 29-09-2015 TOGETHER WITH RECOMMENDATION MADE.

18. Secretary, Board Audit Committee presented before the Board the minutes of 54th and 55th meetings of Board Audit Committee held on 31-08-2015 and 29-09-2015 for consideration and confirmation and approval of decisions/recommendations made by the Committee.

19. Accordingly, the Board resolved as under:

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Action: Secretary (BAC)/ DH(IA&C)

"that the minutes of 54th and 55th meetings of Board Audit Committee held on 31-08-2015 and 29-09-2015 placed at Annexure-B1 to B2 to the minutes together with the observations/recommendations therein be and are hereby approved as follows:

54TH MEETING OF BOARD AUDIT COMMITTEE:-

SUBMISSION OF BUSINESS PLAN OF NEXT 5 YEARS OF MARKETING, BANCASSURANCE AND GROUP & PENSION DIVISION.

"that the directives of the Board Audit Committee to DH(Marketing), DH(Bancassurance) and DH(G&P) to submit business plans of next 5 years in the next meeting of the Board of Directors be and is hereby approved."

FINAL ACCOUNTS OF 2ND QUARTER ENDING 30TH JUNE, 2015.

"that the recommendation of the Board Audit Committee for approval of the accounts of the 2nd quarter ending 30th June, 2015 submitted by F&A Division and to allow F&A Division to furnish the accounts to SECP be and is hereby approved."

"that F&A Division submit budget review showing therein comparison of the actual with the budget at the time of submission and approval of each quarterly accounts."

"that F&A Division submit a variance analysis wherever the difference exceeds 5%."

"that accrual of expenses be accounted for at the time of preparation of quarterly accounts."

"that CFO should inform all the concerned Division of the amount of budget approved by the Board for their Division as soon as the budget approval is given."

ENHANCEMENT OF SCOPE OF INTERNAL AUDIT ACTIVITIES.

Action: DH(IA&C) DH(P&GS)

"that the recommendation of Board Audit Committee to BoD on the proposal of IA&C Division for approval of additional manpower and regional set up of IA&C Division as mentioned in the memorandum enabling the Audit Division to initiate post audit activity on regular basis and directives by the Committee to the management for immediate arrangement of the requisite manpower on priority basis and submission of audit plan for next year in the forthcoming BAC meeting be and is hereby approved. The additional manpower required for PO and the various Regions would be 18 officers comprising of one DGM, 07 AGM, one Manager, 5 Deputy Managers and 4 Assistant Managers and 23 staff members consisting of 8 PC Operators, 7 Record Sorters and 8 Quasid/Naib Quasid. In addition to above 10 officers for the 6 newly created Zones for pre auditing of payments are also required."

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DISCLOSURE OF RELATED PARTY TRANSACTION.

20. ED(F&A) presented before the Board, a Memorandum regarding disclosure of related party transaction.

21. The draft Policy/SOPs regarding disclosure of related party transactions was submitted to Board Audit Committee, which was considered in its 54th meeting, held on 31st August, 2015 and recommended to the BoD.

22. However, at the time of preparation of Memorandum to the Board of Directors, it was detected that an error occurred in the SOPs at Page-2, para-2 sub-clause (e) in defining the responsibility to collect the information from Executive Directors and Senior Officers, who are on the Board of other companies on behalf of SLIC. In the said clause it was mentioned erroneously that the information from SLIC's nominated directors on other companies and the directors on the Board of SLIC will be collected by Company Secretary. Physically it is not possible because the related information regarding SLIC's nominated directors is available only in Investment Division. The clause 2(e) of the SOPs has therefore been amended as under:

Previous Clause 2(e)	Proposed revised clause 2(e)
After 31st December of each year, Proforma "A", "B", "C" and "D" will be sent to Investment Division by Company Secretary alongwith his inputs (if any) and Investment Division will send the details of related party transactions by virtue of common directorship to F&A Division.	After 31st December of each year, Proforma "A" & "B" will be completed by Investment Division and send to F&A Division the details of related party transactions by virtue of directorship of EDs and key officers of the Corporation on the Board of other companies. Proforma "C" & "D" will be sent to Investment Division through Company Secretary alongwith his inputs (if any) and Investment Division will send the details of related party transactions by virtue of common directorship to F&A Division.

23. It is therefore requested that the Policy/SOPs regarding disclosure of related party transactions may be approved with the amendment in clause 2(e) as mentioned in above para.

24. Accordingly, the Board resolved as under:-

RESOLVED:

Action:
DH(F&A)
DH(IA&C)
DH(Inv)

"that the recommendation of the Board Audit Committee on the memorandum of DH(F&A) to the Board Audit Committee for approval by the Board of the draft policy/SOPs regarding disclosure of related party transactions be and is hereby approved with the amendments in clause 2(e) as mentioned below and annexed at Annexure-E to the minutes:-

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Previous Clause 2(e)	Proposed revised clause 2(e)
After 31st December of each year, Proforma "A", "B", "C" and "D" will be sent to Investment Division by Company Secretary alongwith his inputs (if any) and Investment Division will send the details of related party transactions by virtue of common directorship to F&A Division.	After 31st December of each year, Proforma "A" & "B" will be completed by Investment Division and send to F&A Division the details of related party transactions by virtue of directorship of EDs and key officers of the Corporation on the Board of other companies. Proforma "C" & "D" will be sent to Investment Division through Company Secretary alongwith his inputs (if any) and Investment Division will send the details of related party transactions by virtue of common directorship to F&A Division.

CASH MANAGEMENT SYSTEM

25. Executive Director (F&A) presented before the Board, a Memorandum regarding Cash Management System.

26. A memorandum on Cash Management System (CMS) was submitted to BAC in its 54th meeting held on 31st August' 2015. BAC approved the proposal in principle and recommended the proposed Cash Management System (CMS) to Board of Directors for approval (copy of memorandum submitted to BAC is placed below at Pages 2-8. BAC directed Divisional Head (F&A) to apprise to BoD the position regarding following issues:

i) Preparation of report on cost and benefit analysis.
ii) Ensuring compatibility with IT System of the Bank

27. In response to the directives of BAC, the following is submitted:

i) Actual cost can be determined after tendering the assignment. However, as far as estimated cost is concerned, we expect that no additional cost has to be borne by SLIC. The whole process of CMS will be accomplished within current financial cost of holding/ accumulating the funds with the different branches of the Bank for managing the activities of the Zones (In the absence of the CMS).

ii) Divisional Head (IT) vide his IOC dated 7th October, 2015 (Page-9) has confirmed that:

"I.T. Division will provide data dump to selected banks for CMS operations and design and deploy software solution to consume data received from the banks at day-end and disseminate it onward to respective zone for updating the policy record."

iii) It is further submitted that vide IOC dated 12th October, 2015 (Page-10), Divisional Head (LAD) has confirmed that

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"approval of SECP will have to be sought before implementing the CMS, particularly amendment in the definition of premium as provided in the terms and conditions of the policy document, after the proposal is accepted by the Board of Directors."

28. Members of BoD are requested to grant permission for the implementation of the Cash Management System (CMS), as proposed in Pages 2-8 to the memorandum.

29. Accordingly, the Board resolved as under:-

RESOLVED:

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

"that the recommendation of the Board Audit Committee on the proposal of DH(F&A) for implementation of Cash Management System(CMS) details of which is given at para-2 to 8 in the memorandum separately or in combination of banks/branch less banking, mobicash/credit cards/debit cards/ATM/direct deposit/any other modern technique emerging in due course of time with directives to DH(F&A) to initiate the process and for submission of proposal with report of cost benefit analysis, compatibility with IT system to be integrated with bank IT system and availability of required infrastructure at the Corporation be and is hereby approved."

APPOINTMENT OF STATUTORY AUDITORS FOR AUDIT OF ACCOUNTS FOR THE YEAR 2015.

30. Executive Director (F&A) presented before the Board, a Memorandum for appointment of Statutory Auditors for audit of accounts for the year 2015.

31. The Board Audit Committee at its 54th meeting held on 31st August, 2015 has recommended appointment of existing statutory auditors for audit of SLIC accounts 2015 and revision in audit fee/out of pocket expenses as mentioned in the memorandum dated 26th August, 2015 submitted by ED(F&A).

32. The Board of Directors in 237th meeting held on 29th December, 2014 approved the appointment of following firms of Chartered Accountants for audit of accounts of the Corporation for the year 2014:

Name of Firm	FEE, CHARGES & TAXES				Number of Audit years completed
	Professional service charges		Sind Sales Tax @ 5%	Total	
	Audit Fee	Out of Pocket Expenses			
1. M/s. Riaz Ahmad & Co.	990,000	200,000	49,500	1,239,500	1
2. M/s. BDO Ibrahim & Co.	990,000	200,000	49,500	1,239,500	2
3. M/s. Nabeel Al-Saie (For Gulf Business)	AED 40,000	AED 10,000	-	AED 50,000	1

33. The above stated audit firms were selected by the in-house committee after due process in the light of PPRA, following instructions of SECP and obtaining concurrence from Auditor General of Pakistan.

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34. Since the services of these audit firms have been found satisfactory, SLIC will retain all three firms for the year 2015. However, they have demanded for increase in their fee. The renewal of appointment with modification/ revision in fee does not entail SLIC to float the tender through PPRA because the PPRA authorities vide letter No. F.No.8(11)DD-1.PPRA/80 dated 8.1.2011 (Page-3) have given their verdict that since the policy of Govt. had been followed by SLIC for appointment of auditors, therefore, SLIC should approach same departments for requisite clarification. Therefore, in this case the Board of Directors is competent to revise fee and after obtaining concurrence from the Auditor General of Pakistan, the appointment can be made.

35. All three audit firms have agreed to continue to be the statutory auditors for the year 2015. Their consent letters are placed at Page-4, 5 & 6. However, all of them have requested for increase of remuneration as under:

Name of Audit Firm	Request	Justification given by auditors
a) M/s. Riaz Ahmad & Co.	Audit fee to be increased by 20% and out of pocket expenses Rs.500,000	Applicability of ISA-600 has become mandatory which increases the work volume and inflationary trends
b) M/s. BDO Ibrahim & Co.	Audit fee to be increased by 20% and out of pocket expenses Rs.500,000	Applicability of ISA-600 has become mandatory which increases the work volume.

Name of Audit Firm	Request	Justification given by auditors
c) M/s. Nabeel Al-Saie (For Gulf Business)	10% increase in audit fee	Increase in cost of living due to withdrawal of subsidy on fuel and increase in volume of work due to new insurance regulations.

36. After adding their request to the existing fee/out of pocket expenses, the revised audit fee, out of pocket expenses and Sindh Sales Tax would be as under:

Firm's Name	Professional service charges								Increase
	Existing				Proposed				
	Audit Fee	Out of pocket expenses	Sindh Sales Tax @ 5%	Total	Audit Fee	Out of pocket expenses	Sindh Sales Tax @ 6%	Total	
a) M/s. Riaz Ahmad & Co.	990,000	200,000	49,500	1,239,500	1,188,000	500,000	71,280	1,759,280	519,780
b) M/s. BDO Ibrahim & Co	990,000	200,000	49,500	1,239,500	1,188,000	500,000	71,280	1,759,280	519,780
Total:	**1,980,000**	**400,000**	**99,000**	**2,479,000**	**2,376,000**	**1,000,000**	**142,560**	**3,518,560**	**1039560**
c) M/s. Nabeel Al-Saie (For Gulf Zone)	40,000 AED	10,000 AED		50,000 AED	44,000 AED	10,000 AED		54,000 AED	4,000 AED

37. The increase in Audit Fee requested by audit firms (for Pakistan Business) is on the quite higher side. However, it is proposed that out of pocket expenses may be increased to the level of the year 2012 and earlier. In 2012, out of pocket expenses to each firm was Rs.500,000/- while the audit fee was same. For Gulf Zone, the out of pocket expenses may be increased by 20% i.e. AED 2,000/-. After incorporation of this proposal, the fee/out of pocket expenses would be as

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After incorporation of this proposal, the fee/out of pocket expenses would be as under:

Firm's Name	Professional service charges								Increase
	Existing				Proposed				
	Audit Fee	Out of pocket expenses	Sindh Sales Tax @ 5%	Total	Audit Fee	Out of pocket expenses	Sindh Sales Tax @ 6%	Total	
a) M/s. Riaz Ahmad & Co.	990,000	200,000	49,500	1,239,500	990,000	500,000	59,400	1,549,400	309,900
b) M/s. BDO Ibrahim & Co	990,000	200,000	49,500	1,239,500	990,000	500,000	59,400	1,549,400	309,900
Total:	1,980,000	400,000	99,000	2,479,000	1,980,000	1,000,000	118,800	3,098,800	619,800
d) M/s. Nabeel Al-Saie (For Gulf Zone)	40,000 AED	10,000 AED		50,000 AED	40,000 AED	12,000 AED		52,000 AED	2,000 AED

38. The previous auditors, M/s. Sajjad Haider & Co., were paid AED 54,000 upto the year 2012 (AED 44,000 + AED 10,000).

39. Submitted for consideration of appointment of statutory auditors for audit of SLIC's Accounts – 2015 and revision in audit fee/out of pocket expenses as stated in para 7 of the memorandum.

40. Accordingly, the Board resolved as under:

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

RESOLVED:
"that the recommendation of the Board Audit Committee on the proposal of DH(F&A) for appointment of statutory auditors for audit of accounts of Pakistan Business and Gulf Zone Business for the year 2015 at a fee as given below be and is hereby approved:-

Firm's Name					
	Audit Fee	Out of pocket expenses	Sindh Sales Tax @ 6%	Total	
a) M/s. Riaz Ahmad & Co.	990,000	500,000	59,400	1,549,400	309,900
b) M/s. BDO Ibrahim & Co.	990,000	500,000	59,400	1,549,400	309,900
Total:	1,980,000	1,000,000	118,800	3,098,800	619,800
c) M/s. Nabeel Al-Saie (For Gulf Zone)	40,000 AED	12,000 AED		52,000 AED	2,000 AED

55TH MEETING OF BOARD AUDIT COMMITTEE:-

REVISION IN GUIDELINES AND CHART OF DELEGATION OF FINANCIAL POWERS.

41. Executive Director (F&A) presented before the Board, a Memorandum for revision in guidelines and chart of delegation of financial powers.

42. Board Audit Committee in its 55th meeting held on 29th September, 2015 considered the proposal for revision in guidelines and chart of Delegation of Financial Powers. The BAC made some amendments in guidelines and chart and

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Financial Powers. The BAC made some amendments in guidelines and chart and recommended to the BoD. F&A Division was directed to submit the revised memorandum to BoD.

43. The changes made by the BAC have been incorporated in the proposal, which is placed from Pages 3 to 60 to the memorandum submitted to the Board and in agenda item No.4 of the minutes of the 55th meeting of the Board Audit Committee.

44. Members of the Board of Directors are requested to consider and approve the recommendations of BAC regarding revision in guidelines, as amended by BAC. The Board was further requested to:

i) allow to remove the words "Executive Committee" from the revised guidelines and the chart,
ii) authorize Executive Director (F&A) to allow removing of any ambiguity, flaws, spelling mistakes, grammatical mistakes or any confusion/duality in text, if found in the draft at the time of merger of changes in the existing Delegation of Financial Powers,
iii) authorize ED (F&A) to take the final decision in case any question of interpretation of any guideline or chart arises in future, which will be binding on all concerned

45. Accordingly, the Board resolved as under:

RESOLVED:

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

"that the recommendation of the Board Audit Committee for approval of the revision in guidelines and chart of delegation of financial powers submitted by the F&A Division to the Board Audit Committee with the changes/amendments made therein by the Board Audit Committee be and is hereby confirmed."

"that as proposed by ED(F&A) removal of the words Executive Committee from the revised guidelines and chart be and is hereby approved."

"that ED(F&A) be and is hereby authorized to allow removal of any spelling mistakes or any duality in text, if found in a draft at the time of merger of changes in the existing delegation of financial powers."

"that DH(F&A) be and is hereby authorized to compile the approved chart of delegation of financial powers and guidelines and circulate the same to all the Executive Directors, Divisional Heads, Regional Chiefs, Zonal Heads and all concerned under joint signature of ED(F&A) and DH(F&A)."

ITEM (5) CONSIDERATION AND APPROVAL OF MINUTES OF 4TH AND 5TH MEETINGS OF BOARD INVESTMENT COMMITTEE HELD ON 29-09-2015 AND 13-10-2015 TOGETHER WITH RECOMMENDATION MADE.

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46. Secretary, Board Investment Committee presented before the Board the minutes of 4th and 5th meetings of Board Investment Committee held on 29-09-2015 and 13-10-2015 for consideration and confirmation and approval of decisions/recommendations made by the Committee.

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47. Accordingly, the Board resolved as under:

Action: Secretary (BIC)/ DH(Inv)

RESOLVED:
"that the minutes of 4th and 5th meetings of Board Investment Committee held on 29-09-2015 and 13-10-2015 placed at Annexues-C1 to C2 to the minutes, together with the observations/recommendations therein be and are hereby approved as follows:

4th meeting of Board Investment Committee:

BUILDING PARTNERSHIP WITH THE SECP'S INVESTOR EDUCATION INITIATIVES.

"that the recommendation of the Board Investment Committee on the request of SECP to participate in the Jamapunji Endowment Fund to support the initiative taken by SECP for investor education in various classes of society and the amount of contribution to be decided by the Chairperson, State Life be and is hereby approved."

5th meeting of Board Investment Committee:

RECONSTITUTION OF MANAGEMENT INVESTMENT COMMITTEE:
"that the recommendation of the Board Investment Committee on the memorandum of DH(Investment) for reconstitution of the Management Investment Committee consisting of the following officers duly approved by the Chairperson be and is hereby approved:-

1.	Mr. Muhammad Izqar Khan, ED(Inv/HI/Banc)	Convenor
2.	Mr. Jamil Anwar, ED(RE/PHS/Law)	Member
3.	Mr. Muhammad Rashid, GM(F&A)	Member
4.	Mr. Attaullah A. Rashed, DH(Inv)	Member
5.	Mr. Faizal Mumtaz, GM(Act)	Member
6.	Mr. Atif Saeed Rana, AGM(Inv)	Member
7.	Mr. Abu Ahmed, Off AGM(Inv)	Secretary/Member

OFFER FOR SALE OF 60 MILLION SHARES OF UBL UNDER BLOCK DEAL
"that the suggestion of the Board Investment Committee not to conduct such transaction due to presence of the issue of admissibility of assets in accordance with Clause-32(2)/(L) of Insurance Ordinance, 2000 and that State Life may go for block deal upto the extent of available fund provided that 12.5% discount on the agreed price is given by seller be and is hereby approved by the Board."

JOB DESCRIPTION OF OFFICERS AND STAFF OF INVESTMENT DIVISION
"that the recommendation of the Board Investment Committee for revisiting the recruitment of required staff and that existing employees of Investment Division should undertake appropriate trainings, workshops and other professional development programs from recognized institutions primarily aimed to enhance skill and knowledge relating to capital market, money market, risk management and alike for their efficiency improvement in consultation with Dr. Aliya Hashmi Khan, Director prior to final approval from the Chairperson be and is hereby approved."

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ITEM (6) CONSIDERATION AND APPROVAL OF MINUTES OF 2ND MEETING OF BOARD REAL ESTATE COMMITTEE HELD ON 31-08-2015 TOGETHER WITH RECOMMENDATION MADE.

48. Secretary, Board Real Estate Committee presented before the Board the minutes of 2nd meeting of Board Real Estate Committee held on 31-08-2015 for consideration and confirmation and approval of decisions/ recommendations made by the Committee.

49. Accordingly, the Board resolved as under:

Action: Secretary (BRE)/ DH(RE)

RESOLVED:
"that the minutes of 2nd meeting of Board Real Estate Committee held on 31-08-2015 placed at Annexure-D to the minutes, together with the observations/recommendations therein be and are hereby approved as follows:

TERMS OF REFERENCE OF BOARD REAL ESTATE COMMITTEE:

- The guidelines to run the affairs / functions of Real Estate Division.
- Purchase / sale of State Life Properties under the Real Estate Division.
- Selection of Architects / Consultant for new / running projects.
- Selection of contractors for works as per financial guidelines.
- Maintenance / renovation of buildings including works like Civil, Electrical, Mechanical and Lifts.
- Replacement / updating of services like Lifts, Air-conditioning, Fire Fighting, Electrical System etc.
- Services (Security, Water, Janitorial and Fire Fighting etc).
- Progress of projects.
- Any pending tenancy / recovery and litigation matters of tenants with reference to DAC / PAC directives.
- Delegation of Financial Powers.
- Existing contract of services of security, water, Janitorial and fire fighting etc.
- Any other matter.

Action: Secretary (BRE)/ DH(RE)

"that the endorsement of the Board Real Estate Committee of the TORs of Board Real Estate Committee with the recommendation that financial limit for consideration of Board Real Estate Committee for maintenance, renovation, replacement, updating and services be Rs.50 million or above be and is hereby approved."

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AND ALLIED WORKS AT STATE LIFE TOWERS, ISLAMABAD.

50. The memorandum for subject work was submitted to Real Estate Committee in its 2nd meeting held on 31-08-2015 which has been now presented to the Board of Directors for approval of the recommendation of the Board Real Estate Committee.

51. Accordingly, the Board resolved as under:

RESOLVED:

Action: Secretary (BRE)/ DH(RE)

"that the recommendation of Board Real Estate Committee, in order to resolve the issue, to allow all the technically evaluated bides to be given final seven days to complete the requirements/clarify the anomalies after which they would be eligible for opening of financial bids(which is already received in sealed envelopes) be and is hereby approved."

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

Action: DH(IT) AGM(PHS)

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

53. In continuation of status stated in 240th Board of Directors meeting held on 11th August, 2015 it is informed that there is no financial activity carried during last month and financial status remained same as mentioned earlier.

54. The above progress report was noted by the Board. A detailed presentation was done by the DH(IT). The implementation program for New Business Underwriting, New Business and Renewal Collection for various Zones together with the tentative schedule thereof together with activity, module, duration and phases of implementation activity was presented to the Board The Board desired that the tentative schedule be strictly adhered to and deviation thereto be informed to the Board well in advance.

55. AGM(PHS) gave a presentation to the Board in respect of implementation status of individual life administration system (ILAS) of various modules relating to various functions of PHS which is currently being implemented in Southern Zone which would then be replicated in the other Zones of State Life.

56. The Board of Directors was briefed that a committee is constituted comprising on members from stakeholders i.e. IT, Marketing & F&A with a focal person from PHS Division to resolve the issues emerging in the way of implementation of Individual Life Administration System (ILAS).

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57. Mr. Pervaiz Altaf, AGM (PHS) explained following modules of Individual Life Administration System (ILAS):

- New Business (Underwriting)
- Collection of Renewal premium
- PHS – Revival of policies
- PHS – Alterations
- PHS – Loan and Surrenders
- PHS – Reinsurance Administration
- PHS – Claims

58. Out of above the New Business (Underwriting) module started in January – 2015 is operational successfully up to 99% satisfaction. However a few issues like configuration of remaining products are in process.

59. He further stated that the collection of renewal premium was also started in June – 2015 under which certain issues are being experienced on account of errors in data migration etc. which subsequently are being corrected in coordination with the user and vender at P.O. level. Whereas presently a work on below mentioned tasks for pre UAT sessions is underway.

- Financial Alterations related issues
- PHS – Loan and Surrenders
- PHS – Claims (Death, Maturity, Injuries and Annuity / FIB Payments
- PHS – Reinsurance Administration

60. On adjustment of suspense from old deposits i.e. before start of ILAS, he informed that it is being carried out with careful monitoring to avoid any error and now a working is underway for migration of soft data of suspense in new system with internal controls in coordination with F&A. Board advised for checking and reconciliation of such adjusted suspense amount.

61. Updating of old database as a whole is not possible however a working is underway to update the same on case to case basis. For this purpose a mechanism will be prepared with internal controls. Board advised for cleaning of data errors and starting of operations in all new zones on new system. Board also advised DH (IT) for working on different proposals for issuance of cards to policyholders with facilities.

62. The Board was also informed that the new hardware has been purchased for Lahore Zone and efforts are being made for seamless transaction from the pilot Zone i.e. Karachi Southern Zone to the other Zones.

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

ITEM (8) PRESENTATION OF BUSINESS REVIEW FOR BANCASSURANCE, MARKETING, GROUP & PENSION AND INVESTMENT DIVISION.

63. The presentation of Business review was deferred due to paucity of time.

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ITEM (9) PROGRESS REPORT – TAKAFUL INSURANCE.

Action:
DH
(Takaful)

64. The position paper of ED(Bancassurance/Takaful) was presented before the Board which was noted.

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Action: DH (Takaful)

65. The Board directed ED(Takaful) to hold a meeting on 7th November, 2015 of the Committee on Takaful comprising of Mr. Saeed Chaman, Director/Convenor, Mr. Shafqaat Ahmed, Director, Mr. Saad Amanullah Khan, Director and Executive Director (Takaful) and co-opted member – Shariah Advisor.

ITEM (10) PRIME MINISTER'S NATIONAL HEALTH INSURANCE SCHEME.

66. Divisional Head (Health) presented before the Board, a Memorandum regarding the details of the Prime Minister's National Health Insurance Scheme. The Board was briefed that State Life has been selected for implementation of the Prime Minister's National Health Insurance Programme for Pakistan.

67. A draft agreement vetted by H&AI, Actuarial, Legal Affair divisions and Appointed Actuary has been sent to MNHSR&C for entering into an agreement with Ministry of National Health Services, Regulation & Coordination(MNHSR&C).

68. The matter is placed before the Board for consideration and approval please.

69. DH(Health) informed the Board that the reinsurance would be obtained from PRCL while NADRA would be providing data free of cost whereas connectivity cost would have to be borne by SLIC. 69 hospitals registered with Health Care Commission of Pakistan have been approached by State Life for the above scheme. The Board was also informed that Sector Heads also playing a very important role in the above scheme.

70. The Board desired that special attention should be placed on quality control which can be obtained only through hiring of quality personnel.

71. The Board also desired that printer be bought by State Life for printing of the card.

72. After deliberations, the Board resolved as under:-

Action: DH(HI)

RESOLVED:

"that as proposed by GM(Health), the bid of State Life in the Prime Minister's National Health Insurance Programme be and is hereby approved."

"that the draft agreement duly vetted by H&AI, Actuarial, Legal Affairs Division and Appointed Actuary sent to MNHSR&C to be executed with State Life and MNHSR&C be and is hereby approved."

"that GM(Health) be and is hereby authorized to do all such acts on behalf of State Life as is necessary for execution of the agreement of the Prime Minister's National Health Insurance Progamme."

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ITEM (11) PROGRESS ON TIMELINE OF HEALTH INSURANCE.

Action: DH(HI)

73. Divisional Head (Health) presented before the Board, a Position Paper regarding progress on timelines of Health Insurance which was noted by the Board. The Board directed that every efforts should be made to ensure that the timeline is strictly adhered to and any deviation therefrom be informed to the Board.

ITEM (13) APPOINTMENT OF CHAIRMAN FOR EMPLOYEES RELATED FUNDS.

74. Executive Director (F&A) presented before the Board, a Memorandum for appointment of Chairman for Employees Related Funds.

75. The Board of Directors in its 223rd meeting held on 14th March, 2012 approved the revision in procedure for appointment of Chairman, Administrators, Trustees and Secretary of (i) Contributory Provident Fund (ii) Pension Fund and (iii) Officers Gratuity Fund.

76. The members of Board of Directors are requested to approve and resolve that in case the portfolio of ED (F&A) is vacant due to his long leave or unavailability, Divisional Head (F&A) be and is allowed to act as Chairman of CPF, Pension Fund and Officers' Gratuity Fund, subject to approval of Chairperson/ Chairman, SLIC and till the time new ED takes the charge of ED (F&A).

77. Accordingly, the Board resolved as under:

Action: DH(F&A)

RESOLVED:
"that the proposal of ED(F&A) that in case the portfolio of ED(F&A) is vacant due to his long leave or unavailability, Divisional Head (F&A) be allowed to act as Chairman of CPF, Pension Fund and Officers Gratuity Fund subject to approval of Chairperson/Chairman State Life till the time the new ED(F&A) takes the charge of ED(F&A) be and is hereby approved."

ITEM (14) REVIEW OF ALL EXISTING CASES OF STATE LIFE IN THE COURT OF LAW AND TO WORK OUT ANY SIGNIFICANT LIABILITY THAT MAY ARISE FROM DECISION IN SUCH CASES AND NECESSARY PROVISION BE MADE IN THE BOOKS OF ACCOUNTS.

Action: DH(LAD)

78. DH(Legal Affairs) presented before the Board without prejudice to the pending litigations in the court of law in which financial liability against State Life may incur.

79. After deliberations, the Board directed ED(LAD/DH(LAD), that without prejudice to the proceedings in the court of law, to make efforts for out of court settlement of the cases relating to M/s. Shafiq Textile Mills Ltd and Ghulam Qadir. The case pertaining to M/s. Shafiq Textile Mills may be settled with payment of simple interest. However before proceeding with the out of court settlement, necessary legal advice may be sought from legal expert. State Life may proceed with the other cases in the court of law for its legal conclusion.

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80. The Board also directed ED(LAD)/DH(LAD) and DH(PHS) that necessary amendments be made in the policy documents whereby the policy holder is required to make payment of the mark up /interest on loans within three months and that the policies would lapse when the amount of loan and interest would equal the cash value of the policy. Necessary legal advice be taken from legal expert in respect of amendment in the policy document before implementation or otherwise.

ITEM (15) PRESENTATION ON PHS DIVISION.

Action: DH(PHS)

81. DH(PHS) gave a detailed presentation on PHS Division to the Board of Directors on multi-media on the following:-

(a) Core functions
- New Business
- Policyholder Service
- Claims

(b) Highlights upto August, 2015 of
- policies issued by New Business Department
- Loan payments, loan repayment, surrenders and revival
- Claims – maturity
- Death claims

(c) Issuance of policy documents
(d) Summary of death claims and maturity claims from 2012 to August, 2015 with reasons for pendency.
(e) Outstanding maturity as at August 2015 amount-wise.
(f) Wafaqi Mohtasib's complaint position from 2010 to September, 2015.

82. DH(PHS) also presented before the Board suggested measures for improvement in claim settlement and future plans as well as problems faced/limitations with suggestions for improvement. The Board was informed that the management is keen to improve the quality of service to its policyholders.

83. The Board was informed that a time frame of three months for settlement of death claims has been fixed and Zones have been directed to observe this time frame in letter and spirit. The Board also directed to advise claim examiners to investigate the cases not only on merit but also at the earliest possible time but not later than three months. The Board was apprised that the claim examiners are either regular employees or retired experienced officers. On a query from one of the Member of the Board, it was apprised that the early claims are investigated to rule out any possibility of any pre existing medical conditions before issue of policy or there is any lapse in financial under writing.

84. The Board was apprised about the customer service representative scheme which is being proposed. The Board directed to present the same through HR Committee.

85. The Board directed to make arrangements for issuance of plastic cards to the policyholders showing not only the identification but also important policy details like policy number, premium due date, risk date, maturity date, amount of premium, sum assured.

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86. The Board directed to make effective and efficient means for delivery of various communication with the policyholders with some reliable courier/post office.

87. The Board noted the above and directed DH(PHS) that every effort should be made to minimize the time period of payment of claims and improve the quality policyholder service.

88. DH(Actuarial) answered queries raised by the Directors in respect of reinsurance and mortality tables. To a query, DH(Actuarial) informed the Board that SLIC 2001 to 2005 mortality tables is being used.

89. DH(PHS) also answered queries raised by the Directors in respect of early death claims and investigation of claims. The Board was apprised about the number of outstanding death and maturity claims and reasons for their pendency. The Board was also informed of the measures being taken to make contact with the policyholders for completion of requirement for their payment. The measure include the posting of policy details of outstanding maturity claims on State Life Websites, use of marketing personnel to reach the policyholders who are not responding to our communication for settlement of their claims. The Board directed to produce statement showing ageing of outstanding death and maturity claims which will be put up in the next Board meeting.

90. The Board was informed that now the policyholders can make their personal accounts on State Life websites to have direct access to their current status of their policy details.

91. The Board approved reduction of time period of early death claims from three years to two years.

92. The Board directed to provide better facilities like seating arrangements, water etc. for visiting policyholders and claimant in the Zonal Offices.

93. The Board desired to have effective post audit system to closely monitor the financial transaction in respect of policyholders specially paid up value, auto surrender values. The Board also directed to strictly monitor the implementation of internal controls while processing payments to the policyholders.

ITEM (16) <u>POWERS OF CHIEF FINANCIAL OFFICER.</u>

94. Executive Director (F&A) presented before the Board, a Memorandum for grant of power of attorney to Divisional Head (F&A) who is the Chief Financial Officer of the Corporation as per 235th meeting of the Board of Directors held on 1st December, 2014.

95. The functions and responsibilities of CFO are vast and he has to do many functions which require general powers granted by the BoD such as opening of bank accounts and banking operations, appearing before courts, signing petitions, plaints, written statements, vakalatnamas, etc. on behalf of the Corporation. He has to also order recovery of SLIC's assets, including rent, receipts, etc., and take decision in matter of interest of SLIC relating to financial and accounting and allied

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matter. For many functions, it is mandatory to produce power of attorney given by the BoD of SLIC.

96. The status of CFO requires specific administrative powers to be granted by the Board of Directors, identical to the powers granted by the BoD to Executive Director (F&A).

97. Draft of powers to be granted by the Board of Directors to CFO is placed below from Pages 2-5 of the Memorandum. These powers have been extracted from the Annexure "D" of the Manual of Delegation of Administrative Powers, meant for Executive Director (F&A) earlier approved by the Board at its 149th meeting held on 15-11-1999.

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

98. After deliberations, the Board decided that in the presence of power of attorney issued to ED(F&A), issue of power of attorney to DH(F&A) was not required as DH(F&A) was also one of the cheque signatories. The Board also directed that State Life should appoint a proper adequately qualified Chartered Accountant for the post of CFO.

ITEM (17) <u>REVISED BUDGET – 2015 FOR HEALTH INSURANCE DIVISION.</u>

90. GM(Health) presented before the Board, a Memorandum for revised budget 2015 of Health Insurance Division.

91. On September 16, 2015, the Health Division of State Life has succeeded in winning the bid of Prime Minister National Health Insurance Programme - a mega social health insurance scheme. State Life has been contracted with the total administration of the program, including: enrolment, empanelment, communication, care management, claim adjudication, information technology support, reporting, and monitoring & evaluation. In this regards, the Health Insurance Division has initiated a number of activities necessary for effective programme implementation.

92. As prior to procuring PMNHIP, Health Division was working on implementation of Social Health Protection (SHP) Initiative KP government only, therefore, the budget for the year 2015 was prepared keeping in view of the requirements of this scheme only.

93. Due to entrance into this new venture, the budget requirement of health insurance division has got increased. The revised budget for 2015 is attached at Annexure 'A' to the memorandum.

94. It is, therefore, proposed to revise the budget for Health Insurance Division for the year 2015 to enable it effective implementation of both of schemes.

95. Accordingly, the Board resolved as under:

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

RESOLVED:
"that as proposed by GM(Health) the revised budget as given below for the year 2015 for Health & Accidental Insurance in respect of Prime Minister's National Health Insurance Programme be and is hereby approved:-

	(Rs. In 000's) Old Proposal	Revised Proposal
INCOME		
Premium Income	180,000	440,000
Interest Income	50,000	52,167
	230,000	492,167
EXPENSES		
Claim Expense	80,000	80,000
Field Expenses	100	1,000
Officers	24,620	24,770
Staff	4,631	6,817
Office	41,400	200,900
	150,751	313,487
Net	79,249	178,680

"that ED(F&A) be and is hereby authorized to incorporate the revised budget of Health & Accidental Insurance in respect of Prime Minister's National Health Insurance Programme for the year 2015 in the State Life budget."

ITEM (18) HEALTH INSURANCE DIVISION – DELEGATION OF ADMINISTRATION & FINANCIAL POWERS.

96. GM(Health) presented before the Board, a Memorandum for delegation of Administration & Financial Powers to Health Insurance Division

97. On September 16, 2015, the Health Division of State Life succeeded in winning the bid of the Prime Minister National Health Insurance Programme - a mega social health insurance scheme. The scheme will provide inpatient hospitalization benefits to approximately three million families (15 million lives) of poorest segment of society in twenty three districts of Pakistan for three years. State Life has been contracted with the total administration of the program, including: enrolment, empanelment, communication, care management, claim adjudication, information technology support, reporting, and monitoring & evaluation.

98. The health division is also implementing the Social Health Protection (SHP) Initiative by KP government. This scheme will provide inpatient hospitalization benefits to 100,000 households in four districts of Khyber Pakhtunkhwa. State Life will provide the full scope of administration services to launch and run the program for five years. Under the agreement, State Life is also responsible to

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develop and market health insurance products to at least an additional 28% population of the four designated districts of KP

99. Presently, there is no approved structure of administrative or financial authority for project office in-charge and provincial in-charge. It is therefore, proposed that administrative, financial powers and perks of those officers may be allowed as follow:

Health Insurance Designation	Delegation of Administrative & Financial Powers and Perks.
Project Office In-charge	Equivalent to Regional Chief
Provincial In-charge	Equivalent to Zonal Head

100. Accordingly, the Board resolved as under:

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

RESOLVED:
"that the proposal of GM(H&AI) that administrative, financial powers equivalent of Regional Chief be provided to Project Office Incharge and that of Zonal Head to Provincial Incharge respectively be and is hereby approved."

ITEM (19) COMPARATIVE REVIEW OF ACTUALS AGAINST BUDGET FOR THE PERIOD UPTO 30-09-2015.

101. Executive Director (F&A) presented before the Board, a Memorandum for comparative review of actual against budget for the period upto 30-09-2015.

102. The details of actual income & expenses upto September, 2015 against the budget for the corresponding period are placed from page-2 to 4 of the memorandum.

103. It is submitted that the ledger for September, 2015 has not yet been prepared. Therefore, the figures for actual income and expenses have been derived from budget records maintained by accounting centres.

104. ED(F&A) in his memorandum gave a detailed break down of income and outgo including policy payment, acquisition cost and administrative expenses.

Action: DH(F&A)

105. The Board noted the above and desired that in future at the time of presentation of quarterly accounts a budget review for the identical period be also submitted to the Board of Directors. Furthermore, the Board directed that accrual of expenses for the period under review be incorporated in the quarterly accounts as well as in the budget review.

ITEM (20) ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

(A) SPONSORING THE EDULJEE DINSHAW ROAD REHABILITATION

106. Executive Director (Real Estate) presented before the Board, a Memorandum for sponsoring the Eduljee Dinshaw Road Rehabilitation.

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107. Government of Pakistan Model Customs Collectorate of Preventive, Custom House Karachi articulated a scheme of beautification of project of Eduljee Dinshaw Road in order to revive the old downtown area of Karachi. The said road is linked towards Karachi Port Trust Building and Imperial Custom House. State Life also owned a building called SLB-7 comprising of an area of 13000 sq yds in the same locality.

108. The Custom House partnered with leading architect Mr. Shahid Abdullah and Designer Shahid Zuby are going to redesign, reconstruct and beautify the road to restore its past glory. To accomplish the task, they intend to take all municipal stakeholders and agencies on board. The project is divided into two phases. Phase-1 consists of beautification and renovation of the road in front of Port Trust Building, the Imperial Custom House and the Custom House up to the Julay Lal Mandir. In this phase the historical values of Imperial Custom House and Julay Lal Mandir shall also be restored. While Phase-2 will be initiated after the inaugural ceremony. This phase will include the beautification of large space beyond the Julay Lal Mandir up to the Agha Khan Jamat Khana.

109. During phase -1 the following design interventions are put in place which is due to be completed in end October, 2015 by generous contributions of Donors:

- Narrowing of the road (one way) by creating public friendly pavements with plants.
- Cobble Stone treatment of the sidewalls.
- Tree lining and planters by road.
- Parking lot wall transformation
- Benches lining of the road.
- Water bodies, Urban Sculpture and other art effects
- Preservation of colonial stone building and structure by conservation specialists
- Improved public access to the buildings
- Improvement of sub-surface infrastructure
- Restoration and upgradation of local Julay Lal Mandir.

110. The Custom House Karachi has also approached SLIC vide their letter dated October 5, 2015 to capitalize the sponsorship opportunity to invest being corporate organization and having stake in the locality to revive the historical architecture of the city and to improve the life of Karachites.

111. It is, therefore, proposed that State Life may assume/carry out one of the projects upto the expense of Rs. 2 million under the LOGO and Flag of State Life. However, all the details of the selected project shall be obtained hence work can start with coordination and professional expertise of the organizers of the scheme.

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

112. Accordingly, the Board resolved as under:

RESOLVED:
That the proposal of ED(RE) that State Life may assume/carry out one of the projects in Phase-II of the project of rehabilitation/beautification of Eduljee Dinshaw Road upto the expense of Rs. 2 million under logo and flag of State Life after having obtained all the details of the selected project be and is hereby approved. The work would be carried out under coordination and professional expertise of the organizers of the scheme.

(B) ESTABLISHMENT OF SLIC REGIONAL OFFICE IN THE KPK WITH HQ AT PESHAWAR & ESTABLISHMENT OF FULL FLEDGED ZONAL OFFICE AT GILGIT.

113. Divisional Head (Marketing) presented before the Board, a Memorandum for establishment of SLIC Regional Office in the KPK with HQ at Peshawar & establishment of full-fledged Zonal Office at Gilgit.

114. Business operations of SLIC are being carried out through 32 individual life Zonal Office in the Country bifurcated into 6 Regions, i.e, South Region, Hyderabad Region, Central Region, Faisalabad Region, North Region and Multan Region.

115. Some areas in the jurisdiction of KPK are operating through Northern Region, whereas no Regional Office in the KPK exists. With reference to the discussions held on the subject, following is a brief for State Life's presence in the province of KPK and creation of new Zone at Gilgit, based on feedback received from the Regional Chief (North).

i) Present position of Northern Region of SLIC

116. Presently, North Region of State Life is consisting of 9 individual life Zonal Offices spread over the area, as under:

1.	Rawalpindi	6.	Swat
2.	Mirpur A. K.	7.	Kohat
3.	Islamabad	8.	Gujrat
4.	Peshawar	9.	Jhelum
5.	Abbottabd		

117. It is evident that the size of Northern Region is considerably large and there exists a dire need of division of the Region into two parts. By separating Peshawar, Kohat, Swat & Abbottabad Zones from Northern Region, separated position of SLIC operations in the KPK would emerge as under:

i) **Status of the area (KPK) with present business position**

No. of Districts:	26
Population:	21 Million
No. of Sector Heads	16
No. of Area Managers	60
No. of Sales Managers	400
No. of Policies (as at 31-12-2014)	29,000
First Year Premium (New Business)	Rs 610 Million as at 31-12-2014

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118. In line with the existing demand of the vicinity, Marketing Division proposes that a new Region, namely KPK Region in bifurcation of North Region may be established consisting of present IL zonal offices, as under:

i) KPK Region (with Regional Office at Peshawar city)
Proposed constituency of KPK Region for SLIC operations

Peshawar Zone
Kohat Zone
Swat Zone
Abbottabad Zone

119. Besides creation of new Regional Office, KPK Region at Peshawar, Marketing Division further proposes that creation of a new individual life zonal office at ***Gilgit*** may also be allowed. Presently, Gilgit is a sector office of Islamabad Zone, hence Gilgit in the capacity of full-fledged Zone, will be included in North Region of SLIC.

120. As a close estimation, an amount of **Rs 137 Million** will be required to make both the above stated offices, if established, fully operational to run smoothly, at the initial stage, detailed as under:

i) For KPK Regional Office at Peshawar

121. Rs 45 Million for Capital & Revenue expenses will be required, whereas posting of Departmental Heads/Regional Incharges will also be required in addition to posting of a Regional Chief and necessary personnel for Regional Chief's Secretariat and other departments.

ii) For Gilgit Zone

122. For Gigit Zone within the territory of North Region, it is necessary to recall that the area is far away with certain tropical circumstances repelling posting of necessary staff/officers from other stations. Hence, with the opening of new IL Zone at Gilgit, provision of an estimated amount of Rs 92 Million will be required, besides permission for local appointees (Officers/staff).

SUMMARY OF PROPOSAL

123. Summarizing all the above, Marketing Division's submissions, as directed, would be as under:

a) Creation & Opening of KPK Region with Regional Office at Peshawar with approval of an amount of Rs 45 Million, as under, for making it operational, soon after it is notified:

Capital Expenditure (One Time)

Civil work, electric work	Rs 2 Million
Furniture, Fixture, AC & Office equipment	Rs 3 Million
Corporation maintained Car for RC	Rs 2 Million
Generator	Rs 3 Million
Total Capital Expenditure:	**Rs 10 Million**

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Revenue Expenses (Annual)

Personnel Cost (Officers)	10 Officers	Rs 19 Million
Personnel Cost (Staff)	12 Staff Members	Rs 10 Million
Office (Admin.) expenses		Rs 6 Million
Total Revenue Expenses		**Rs 35 Million**

b) Creation and Opening of a new Zone at **Gilgit** within the territory of Regional Office (North) with approval of an amount of **Rs 92 Million**, as under, for making it operational, soon after it is notified, besides permission for local appointments to meet the manpower strength:

Capital Expenditure (One Time)

Civil work, electric work	Rs 5 Million
Furniture, Fixture, AC & Office equipment	Rs 7 Million
Corporation maintained Car for ZH	Rs 2 Million
Generator	Rs 4 Million
Total Capital Expenditure:	**Rs 18 Million**

Revenue Expenses (Annual)

Personnel Cost (Officers)	20 Officers	Rs 28 Million
Personnel Cost (Staff)	30 Staff Members	Rs 20 Million
Office (Admin.) expenses		Rs 14 Million
Area Managers' expenses	10 Area Managers	Rs 12 Million
Total Revenue Expenses		**Rs 74 Million**

124. The Board is requested to kindly approve creation and opening of KPK Regional Office with Headquarters at Peshawar and creation and opening of Gilgit Zone in the territory of North Region, with provision of an estimated amount of Rs 137 Million for 2015.

125. After deliberations, the Board resolved as under:

RESOLVED:

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

"that the proposal of Marketing Division for creation of a new Region namely KPK Region in bifurcation of North Region with Regional Office at Peshawar consisting of Peshawar Zone, Kohat Zone, Swat Zone and Abbottabad Zone be and is hereby approved.

"that the proposal of Marketing Division for creation of a new Individual Life Zonal Office at Gilgit, presently a Sector Office of Islamabad Zone, to be included in North Region of SLIC be and is hereby approved.

"that the proposal of Marketing Division for allocation of following expenditure of Rs.45 million for creation and opening of KPK Region with HQs at Peshawar be and is hereby approved:-

Capital Expenditure (One Time)

Civil work, electric work	Rs 2 Million
Furniture, Fixture, AC & Office equipment	Rs 3 Million
Corporation maintained Car for RC	Rs 2 Million
Generator	Rs 3 Million
Total Capital Expenditure:	**Rs 10 Million**

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Revenue Expenses (Annual)		
Personnel Cost (Officers)	10 Officers	Rs 19 Million
Personnel Cost (Staff)	12 Staff Members	Rs 10 Million
Office (Admin.) expenses		Rs 6 Million
Total Revenue Expenses		**Rs 35 Million**

"that the proposal of Marketing Division for allocation of following expenditure of Rs.92 million for creation and opening of a new Zone at Gilgit within the territory of Regional Office(North) be and is hereby approved.

Capital Expenditure (One Time)	
Civil work, electric work	Rs 5 Million
Furniture, Fixture, AC & Office equipment	Rs 7 Million
Corporation maintained Car for ZH	Rs 2 Million
Generator	Rs 4 Million
Total Capital Expenditure:	**Rs 18 Million**

Revenue Expenses (Annual)		
Personnel Cost (Officers)	20 Officers	Rs 28 Million
Personnel Cost (Staff)	30 Staff Members	Rs 20 Million
Office (Admin.) expenses		Rs 14 Million
Area Managers' expenses	10 Area Managers	Rs 12 Million
Total Revenue Expenses		**Rs 74 Million**

"that the proposal of GM(Marketing) for posting of Departmental Heads/Regional Incharges in addition to posting of a Regional Chief and necessary personnel for Regional Chief Sectt., and other Departments be and is hereby approved."

"that the proposal of GM(Marketing) for local appointments to meet the manpower strength of the new Zone at Gilgit be and is hereby approved."

(C) APPOINTMENT OF A CHARTERED ACCOUNTANT AS CFO AND A CHIEF TECHNOLOGY OFFICER(IT).

Action: DH(P&GS)

126. The Board directed that efforts be made for hiring of highly experienced Chartered Accountant at market based salary for the position of Chief Financial Officer and of a highly experienced and qualified IT personnel for post of CTO (IT) at market based salary in view of the fast expanding operations and ongoing automation of various operations including Prime Minister Health Insurance Scheme and better internal control to prevent and detect malpractices. ED(P&GS) is requested to write a letter to MOC for seeking necessary approval in this regard.

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

(CHAIRPERSON)

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ANNEXURE-A

CONFIDENTIAL AND RESTRICTED

The 17th meeting of the Human Resource Committee of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 13th October 2015 at 09:30 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. Naved Arif	Director
iii)	Mr. Shafqaat Ahmed	Director
iv)	Mr. Azher Ali Choudhry	Director (Absent)
v)	Mr. Saad Amanullah	Director (Absent)
vi)	Mr. Riaz Ahmed Shaikh	Secretary HRC

Item No. 01(a) CONFIRMATION OF MINUTES OF 15TH MEETING OF THE HUMANRESOURCE COMMITTEE HELD ON 03.08.2015

3. The minutes of the 15th meeting has already been approved and confirmed in 16th meeting of HRC held on 11.08.2015.

4. The Committee reconfirmed the approval of minutes of 15th meeting of HRC held on 03-08-2015

5. Dr. Aliya Hashmi Khan, Chairperson HRC pointed out the typographical mistake in item No. 6 (paragraph # 27) of minutes of 15th meeting of HRC. This may please be read as *"239th meeting of the BoD held on 30-05-2015"*

Item No. 01(b) IMPLEMENTATION REPORTS OF 11TH, 13TH AND 14TH HRC MEETING HELD ON 03-08-2015

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

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

The presentation for Revision of Staff Strength is being placed before the 17th HRC meeting.

Sub Item No.9(c) : Difference of Overseas Allowance to the Officers Posted in Gulf Zone

The overseas allowance policy may please be considered to be formulated accordingly.

RESOLVED :
" that the Committee directed to formulate a policy for revision of overseas allowance in future keeping in view the business and economic indicators and cost of living index in Gulf Region and bring up in the next meeting of HRC."

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

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

The advertisement for hiring of HR Consultant was placed on 04.09.2015 in national newspapers. Total (08) Firms have submitted their technical proposals. After scrutiny, (07) firms have been shortlisted for presentation on 08.10.2015.

RESOLVED :
"that the Committee directed that the process should be completed by the end of this month. The final TOR to be given to short listed firms would cover gap analysis, job descriptions, KPIs, KRAs, training need analysis, linking of performance with bonus/perks and other relevant areas. HRC should be kept informed about the progress on regular basis"

Sub Item No. 12 : **Posting of Cash Officer and In-charge Cash Counter in Officer Cadre at All Collection Centers (Zonal and Outstation)**

The committee directed to submit the staff requirement of F&A alongwith staff requirement of the Corporation by **30th September, 2015.**

Sub Item No.13 (iii) : Any Other Item : Hiring of Health Insurance Consultant.

The HR Committee was of the view that members of HRC should not be part of the Selection Committee

The selection Committee be constituted with the approval of Chairperson of the Corporation for scrutiny and evaluation of the applications. The said committee after completing the process would make a presentation before the HRC to finalize the consultant. This task should be completed at the earliest.

RESOLVED :
"that the Committee directed that keeping in view the award of PM Health Scheme to SLIC, the process of hiring the Health Consultant should be finalized by the end of this month. The consultant should be given clear task of covering all the aspects of PM Health Scheme. The Management may finalize the terms and conditions of appointment and update the progress to HRC"

(iii) **Implementation report of 14th meeting of the Human Resource Committee held on 26.05.2015.**

Sub Item No.(6) : ACTUARIAL TRAINING SHEME.

The Committee directed for clarity whether total Technical Allowance of Rs 195,000/-, as shown in the Circular would be in addition to Special pay of Rs 100,000/-, admissible on attaining the Fellowship, or otherwise.

The HRC showed satisfaction on the implementation of this item.

Sub Item No.(7): REVISION OF FLMI SCHEME.

The Committee showed satisfaction over the implementation of this item. Regarding revised scheme, Committee directed to present it before the Committee in one month.

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(iv) **Implementation of 15th meeting of HRC held on 03.08.2015**

Sub Item No 03 :POLICY FOR ALLOWING INCREASE IN PENSION TO RETIRED OFFICERS / STAFF OF THE CORPORATION

i) 7.5% interim payment as allowed by Federal Government.

ii) 7.45% interim payment as suggested by SLIC

The total Financial impact of (i) above would be Rs 2,217,378/- whereas Financial impact of (ii) would be Rs 2,202,596/- as worked out by F&A Division.

The legal opinion was obtained by LAD, from two Senior Advocates of Supreme Court i.e., Mr. Jahnzeb Khan Bharwana, and Syed WaqarHussainNaqvi, who are of the opinion that HR Committee can and has full authority to recommend any policy change/amendment but whatsoever amendment or change with regard to the said regulation would not in any way effect the pending ICA as the said appeal shall be decided in accordance with the presently existing regulations.

The enhancement in pension is not in the TOR of Pension Fund Trust.

RESOVED :
"that the Committee recommended to enhance the pension by 7.5% as also announced by Federal Government w.e.f 1.7.2015.Regarding formulation of SLIC policy for revision in pension, the Committee directed to bring up comprehensive working paper in the next meeting of the HRC, covering indexing method, change in relevant regulation and budgetary provisions along with financial health of the organization."

Sub Item No. 04 :REVISION OF DAILY ALLOWANCE TO OVERCOME THE SHORTFALL OF ENTITLEMENT IN HOTEL ROOM RENT

The Committee showed satisfaction over the implementation.

Sub Item No. 05 :REVISION OF PAY SCALES FOR OFFICERS OF STATE LIFE INSURANCE CORPORATION OF PAKISTAN.

The following increase was proposed :

i. 8% increase in basic pay
ii. 10% increase as adhoc allowance

Revised memorandum placed before the 16th meeting.

Sub Item No. 06:TERMS OF REFERENCE (TOR) OF THE STANDING COMMITTEE OF THE BOARD OF DIRECTORS.

RESOLVED ;
"that the Committee agreed to the advice given by the Legal Affairs Division and accepted to continue with the existing recommendatory role of Standing Committee."

Sub Item No. 07:ENHANCEMENT IN QUALIFICATION ALLOWANCE TO OFFICERS POSSESSING PROFESSIONAL ACCOUNTING QUALIFICATIONS.

The recommendations of HRC was ratified in the 239th meeting of the BoD. However, while issuing the notification for enhance in qualification allowance for accounting qualification, several representations submitted to Chairperson for extending the qualification allowance to

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other professionals. Accordingly, it was desired to hold issuance of notification and place the matter in the next HRC for rationalization of qualification allowance as a whole.

Item No.2(a) CONFIRMATION OF MINUTES OF THE 16TH MEETING OF HRC HELD ON 11.08.2015.

6. The minutes of the 16th meeting of HRC held on 11.08.2015 were place before the Committee.

7. Dr. Aliya Hashmi Khan presented the minutes and Mr. NavedArif seconded the minutes.

8. Accordingly, it was resolved as under :

RESOLVED :
"that the minutes of the 16th meeting of the Human Resource Committee held on 11.08.2015 be and are hereby approved and confirmed."

Item No.02(b) : IMPLEMENTATION OF 16TH MEETING HELD ON 11.08.2015.

Sub Item No.03 :Revision of Salary of State Life Officers

The revision of pay-scales for officers has been sent for approval/financial concurrence of the Ministry vide SLIC letter No. PL-15(10)2014-2015 dated 04.09.2015. After examining, MOC has forwarded the case to MoF on 8.10.2015.

Item No.03 :REVISION OF STAFF STRENGTH

The ED(P&GS) gave the presentation of Staff Strength.

RESOLVED :
" that the Committee directed to bring up the justification of revision in staff strength with objectives, targets and business of the organization. The restructuring of F&A and PHS Divisions as well as creation of new Zones / Regions need proper justification. Certain job titles such as Key Punch Operators, Gestetner Operator, Telephone Operator and even P.C Operators need justification keeping in view automation and use of computer in the organization. Similarly, Office Assistants and Senior Office Assistant titles as well as their posts also required to be reviewed. The revised staff strength be presented in the next HRC with particular reference to enhancement proposed in each division/zone etc.

Item (04): REVISION IN PERQUISITES OF OFFICERS

9. The ED (P&GS) presented the subject Memo. The Board of Directors in its 239th meeting held on 11th August, 2015 approved the proposal of revision of pay scales of officers effective from 1.1.2015. The matter has been forwarded to Ministry of Commerce for approval and financial concurrence from Ministry of Finance.

10. In the meantime, Officers Federation met with Chairperson and requested for revision in perquisites of officers. In this regard, the matter was discussed with Divisional Heads F&A, IA&C & LAD.

11. After detailed deliberations, it was unanimously recommended that as the last enhancement in perquisites of the officers was made w.e.f. 01.01.2012, therefore, keeping in consideration prevailing inflation rate, the case for further enhancement effective 01.01.2015 may be referred to the Human Resource Committee as summarized below :

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a) **UTILITY**

Utility Allowance was introduced in the Corporation as per approval of the Board in its 156th meeting @ of 10% of basic pay. It was enhanced from 10% to 15% of basic as per decision of Board and concurrence of Finance Division conveyed vide MOC letter 7(8)2009-Ins dated 15-04-2009. It was further enhanced from 15% to 20% in its 226th meeting of Board held on 04-07-2012 w.e.f 01-01-2012.

12. The utility rates in the country are being increased frequently, therefore there is need to enhance the existing utility allowance as proposed here under:

Scenario No. 1
5% increase of basic pay with financial impact Rs. 74,993,000/- p.a. (including Area Managers)

Scenario No. 2
10% increase of basic pay with financial impact Rs. 149,986,000/- p.a. (including Area Managers)

b) **CONVEYANCE ALLOWANCE**

Conveyance allowance to officers who are not drawing petrol expenses reimbursement facility was allowed conveyance allowance @ Rs. 1250/- p.m in the year 2000 as per decision in its 156th Meeting of Board of Directors. The same was enhanced from Rs. 1250 to Rs. 2000/- in the year 2008 as per decision of Board and concurrence of Finance Division conveyed vide MOC letter 7(8)2009-Ins dated 15-04-2009, as part of overall salary package. Further enhancement from Rs. 2000 to Rs. 2800 was made in 226th Board meeting held on 04-07-2012.

Since there is an upward trend of inflation, it is therefore proposed that increase in Conveyance Allowance from Rs.2800/- p.m. to Rs.4000/- p.m. w.e.f. 01.01.2015.

The financial impact would be Rs. 2,572,000/- p.a. as calculated by the F&A Division

c) **PETROL EXPENSES**

The petrol expenses are being paid to officers of the grade of Manager and above. To maintain parity, this facility may also be extended to the officers who are not getting petrol expenses. Those who will avail the petrol facility shall not be entitled for conveyance allowance. This would be new head of account.

The following is proposed w.e.f. 01.01.2015 as under (for non-marketing):

- Deputy Manager - 100 liters per month
- Asstt. Manager - 70 liters per month
- Executive Officer - 40 liters per month

The total financial impact would be Rs. 62,910,000/- p.a. as calculated/provided by the F&A Division.

d) **CHILDREN EDUCATION ALLOWANCE**

The Children Education Allowance is being paid to staff of the Corporation. The Fee of Educational Institutions has increased manifold. To meet the educational expenses at a certain level, it is therefore proposed that education allowance to the officers should also be allowed in the following manner w.e.f 01-01-2015:

Scenario No. 1

- For Children studying in educational institutions — Rs 2000/- p.m. for each child (Upto two Children), financial Impact (Rs. 119,712,000/ -p.a.)

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Scenario No. 2

- For Children studying in in educational institutions — Rs 3000/- p.m. (Upto two Children) financial Impact (Rs. 179,568,000/- p.a.)

The introduction of Children Education Allowance is a new head.

e) **DRIVER'S SUBSIDY**

The driver's subsidy was allowed in the year 2001 and lastly increased in 2012. The drivers are not available on the wages as allowed by State Life, therefore following increased is proposed:

Designation	2001 (Rs)	2009 (Rs)	2012 (Rs)	Proposed (Rs)
General Managers	3500	8000	10000	11500
DGMs (Mktg)	2500	5000	6000	7500
DGM (Non Mktg)	2000	4500	5500	7000
AGMs/Mgrs (Mktg)	2000	3000	4000	5500
Total impact of Driver wages Rs.7,263,000 as calculated by the F&A				

13. The total Annual Financial impact as worked out by F&A Division with regard to above perquisites will be Rs.267,450,000/- with option scenario 01 and Rs. 402,299,000/- with scenario 02.

RESOLVED :
" that the Committee resolved as under:

(a) Utility allowance of officers may be enhanced by 5% of basic pay. However, the financial impact of Rs.75 million on recurring basis needs to be further explained viz e viz overall impact on organization.

(b) Conveyance Allowance enhancement for officers from Rs.2,800/- p.m. to Rs.4,000/- p.m. is recommended for approval with the cost impact of Rs.2.572 million per annum.

(c) Petrol Expense not recommended.

(d) Children Education needs further working by the management with the advice to provide different scenario considering improvement in the existing scholarship schemes and other possibilities. The revised proposal may be presented at the earliest

(e) Drivers Subsidy as proposed by the ED(P&GS) is hereby recommended for approval with cost impact of Rs.7.263 million per annum.

(f) The revised allowances as in (a) (b) and (e) above would be admissible with immediate effect.

Item No. 05: RATIONALIZATION OF QUALIFICATION ALLOWANCES

14. The ED (P&GS) presented the subject Memo. The recommendations of 15th HRC regarding enhancement of qualification allowance for accountants was ratified in the 239th meeting of BoD. However, while issuing the notification, several representations were submitted to Chairperson for extending the qualification allowance to other professionals. Accordingly, it was desired to hold the issuance of notification and place the matter in the next HRC for rationalization of qualification allowance as a whole.

15. In order to examine the rationalization of qualification allowance for employees having professional qualifications, a Committee was constituted under the convener-ship of Divisional Head (P&GS). The Committee keeping in consideration the above principle, proposed the following increase to motivate the employees of the Corporation to acquiring professional education:

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16. The qualification allowance was first introduced in the year 1991. The background, time to time increase, proposed increase along with annual financial impact is tabulated as under:

Qualification	No. of Officers	1991 (Rs)	1998 (Rs)	1999 (Rs)	2009 (Rs)	Proposed (Rs)	Add.Financial Impact (p.m)
FCA & FCMA	22	1500	-	5000	20000/- w.e.f (01-11-2008)	50000/-	*660000
ACIMA/CIMA/ACCA	12	1200	-	4000	16000 w.e.f (01-11-2008)	35000/-	*228000
						Already approved in 15th HRC/239th Board	
MCS	72	1200	-	3000	-	6000	216000
BCS	27		-	2000	-	4000	54000
FCII	02	2500	-	-	-	5000	5000
ACII	02	1500	-	-	-	3000	3000
FLMI	87	1500	1200 (those qualified after 1998)	-	-	3000	130500
FLMI (M)	03	2500	-	-	-	5000	7500
FLMI (Each paper)		125	-	-	-	250	-
MBA (Ist year)	10	600	-	-	-	1200	6000
MBA (3rd year)	26	800	-	-	-	1600	20800
MBA (5thyrs& onward)	114	1000	-	-	-	2000	114000

17. Besides above, there is a long standing demand of other professionals like Engineers, Doctors, other Masters qualifiers allowing them qualifications allowance in line with the existing qualification allowances of professionals in vogue.

18. To rationalize the qualification allowance for each category of professionals, it is proposed that the qualification allowance to the following professionals may also be allowed to be paid as per rates mentioned against each category :

Qualification	# Officers	Existing allowance	Proposed	Financial impact
M.A/M.Com	50	Nil	Rs.2000/-	Rs 100,000
LL.B	20	Nil	Rs.2000/-	Rs 40,000
LL.M.	03	Nil	Rs.3000/-	Rs 9,000
MBBS	48	Nil	Rs.2000/-	Rs 96,000
MPA	06	Nil	Rs.3000/-	Rs 18,000
Ph.D (any)	-	Rs. 10000	Rs. 20000/-	-
Diploma Engr	05	-	Rs.2000/-	Rs 10,000
B.E	10	-	Rs.3000/-	Rs 30,000

Estimated Additional financial impact p.m. =Rs. 862,800/-

Estimated Additional financial impact p.a. = Rs. **10,353,600/-**

19. It is also proposed that timeline for revision of qualification allowance may also be fixed as five or seven years.

RESOLVED :
" that the Committee revisited the allowance approved for accounting professionals and reconfirmed the same. However, keeping in view the service Regulations, Committee directed that in future,

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technical qualification allowance would only be admissible to those in service employees who acquire /complete this qualification while being in regular service.
The qualification Allowance of ACII and FLMI, being the most relevant qualifications of Insurance sector, is recommended to be enhanced to Rs.5000/- p.m. For FCII/FLMI(M), the allowance would be Rs.6,000/-
All other qualification allowances which are being paid to the existing employees would remain unchanged. "

The revised qualification allowance would be admissible with immediate effect.

Item No. 06:RESTORATION OF GRATUITY ON LAST PAY DRAWN

20. The ED (P&GS) presented the subject Memo. State Life, after its establishment in 1972, adopted Gratuity and CPF schemes as retirement benefits to its employees. In mid-eighties, Pension Scheme was introduced in the Corporation for its employees. While Pension Rules were framed through gazette notification but no specific rules were framed for Gratuity and the settlement was made under the gratuity rules of Federal Government.

21. The Board of Directors in its 156th meeting held on 07.10.2000 approved a scheme for increase in pay and other fringe benefits for the officers, subject to some structural changes in post-retirement benefits which was circulated vide P&GS Division's Order No. P&GS/PO/004/2001 dated 12.02.2001. Consequently, the Pension and Gratuity were calculated on last drawn pay as on 31.12.1999 and then frozen for remaining service of the officers and a newly defined Funded Gratuity Scheme was introduced.

22. That decision of the Board of Directors relating to freezing of Pension was challenged in the Lahore High Court which was decided in favour of Petitioners. The Corporation appealed in Supreme Court of Pakistan against the judgment of LHC. The Apex Court upheld the decision of LHC on the plea that **"an administrative order cannot override statutory rules."**

23. Thus, in compliance of Apex Court's orders, the pension had been restored/de-frozen abinitio vide Circular No.P&GS/PO/003/2012 as per decision of the Board of Directors taken in its 223rd meeting held on 14.03.2012, but gratuity remained frozen as at 31.12.1999.

24. In the meantime, several representations of in-service gratuity optee officers were received for restoration of old gratuity scheme for the sake of justice. Further, numerous retired officers have gone in litigation and filed petitions before the WafaqiMohtasib (Ombudsman), Karachi. State Life Insurance Corporation of Pakistan has assured Wafaqi Mohtasib that matter would be placed in front of HRC in its next meeting for seeking guidance in the matter.

25. The matter is therefore brought before HRC with the proposal to revert to old gratuity scheme for gratuity optees. Following arguments are submitted in this regard:

a) Since, the approval of re-structuring of Pension and Gratuity rules had not been got approved by the Federal Government and could not be gazette, therefore, the newly formulated Pension and Gratuity rules after 31.12.1999 had no legal sanctity. Similarly, there is no reason to maintain Funded Gratuity Account.

b) In the Funded Gratuity Scheme 70% participation was from Pensioners. In fact, after the restoration of old pension scheme, the Funded Gratuity Scheme should have also been discontinued and old gratuity scheme should have been restored

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c) Both the retirement benefits were frozen under the same order, the gratuity should also be restored to maintain parity and justice with other faction of the officers.

d) The gratuity on retirement of staff members is still calculated/settled on "last pay drawn" as compared to the officers.

e) There is a huge difference in retirement proceeds of a Pensioner as compared to a Gratuity optee Officer, which is almost double in amount with a further monetary benefit of monthly pension.

26. As per the statement prepared by F&A Division, the position of available fund as compared to liabilities to be paid as at 31.12.2014 is as under :

RETIRED OFFICERS (121) AS AT 31.12.2014

• Amount due on Last Drawn Basic	188,997,744
• Paid against final settlement and difference of Profit	133,682,548
• Net Payable	55,315,196

• Total Amount Payable	64,295,141	
• Total Amount Recoverable	8,979,945	
	55,315,196	

Note : Recoverable amount arised due to freezing of gratuity balance of staff promoted to Officers appointed on or before 1972 @ basic + House rent + Conv. Allow.

OFFICERS IN SERVICE (78) AS AT 31.12.2014

• Previous due as at 31.12.2014	177,805,512
• Funded balance available	99,237,918
• Provision to be made by the Corporation	78,567,594
• Payments Impact	64,295,141
• Provision Impact	78,567,594
• TOTAL IMPACT	142,862,735

RESOLVED :
" that the Committee agreed to the proposal of restoration of gratuity on last drawn pay as at 31.12.1999 and recommended to the Board for approval. The proposed financial impact needs concurrence of LAD, F&A and Actuarial Divisions."

Item No. 07: PROVISION OF APPLIANCES FOR GENERAL MANAGERS & CAPPING IN ENTITLEMENT OF E.DS / CHAIRMAN FOR APPLIANCES

27. The ED (P&GS) presented the subject Memo. In accordance with Order No.7(4)/84-Admin.VII, Government of Pakistan, Ministry of Commerce, Islamabad, dated 28th January 1984, the Chairman and officers in MP-I grade posted in the Corporation are entitled for cash perquisite or in lieu thereof appliance i.e., "Two ACs and one Fridge".

28. Subsequently, the Board of Directors in its 237th meeting held on 29-12-2014, approved the provision of perquisite i.e. appliances for the Chairman of the Corporation as follows:

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- Two ACs (1.5 ton) and one Fridge **OR** Two ACs (1.5 ton) and one TV of an identical amount or Rs 2000/- per month in lieu thereof.

29. In accordance with Order No.7(4)/84-Admin.VII, Government of Pakistan, Ministry of Commerce, Islamabad, dated 28th January 1984, the Executive Directors of the Corporation are entitled for 'One AC and one Fridge'

30. Subsequently, the Board of Directors in its 228th meeting held on 19-09-2012, the provision of perquisite i.e. appliances for the Executive Directors are as follows:

- One AC and one Fridge **OR** One AC and one TV of an identical amount.

31. Keeping in view the directives of Ministry of Commerce regarding Austerity Measures for the year 2014-2015, and to meet the prescribed expense ratio limits for the year 2013 to 2015 fixed by the Securities & Exchange Commission of Pakistan, it is proposed that capping / limit for purchase of these appliances may be fixed as follows:

For Chairman/Chaiperson

a)	Air Conditioner	For a maximum amount of Rs.90,000/-
b)	Fridge	For a maximum amount of Rs.90,000/-
c)	TV / LED	For a maximum amount of Rs.90,000/-

For Executive Directors

a)	Air Conditioner	For a maximum amount of Rs.80,000/-
b)	Fridge	For a maximum amount of Rs.80,000/-
c)	TV / LED	For a maximum amount of Rs.80,000/-

32. The General Managers are the senior most officers and integral part of the Corporation, therefore, it is proposed that the provision of appliances in line with above criteria and policy may be extended as follows:

- One AC **OR** one Fridge **OR** One TV of an identical amount.

a)	One- Air Conditioner	For a maximum amount of Rs.80,000/-
b)	One- TV / LED	For a maximum amount of Rs.80,000/-
c)	Fridge	For a maximum amount of Rs.80,000/-

(Financial Impact would be Rs. 1,440,000/-)

33. The facility would also be extendable to GM(s) on deputations.

34. It is also proposed that the General Managers should be allowed to retain the appliances after three years on 50% of the purchase price. If the period is less than three years, standard approved depreciation would be applicable.

RESOLVED :

" that the Committee agreed to the proposal. The price ceilings mentioned therein are including all applicable taxes. Moreover, it was also recommended that the permission to retain the appliances on 50% purchase value after three years should also be extended to the Chairperson/Chairman and Executive Directors."

Item No. 08: MODIFICATION/CORRECTION IN THE DECISION OF 183RD (BOD) MEETING HELD ON 15.11.2005 IN RESPECT OF PROMOTION CRITERIA OF EXECUTIVE DIRECTOR

35. The ED (P&GS) presented the subject Memo. The Board of Directors in its 183rd meeting held on 15-11-2005 approved the constitution of the committee for promotion of General Manager to Executive Director. The Committee is comprised of Chairman as Convener, Directors of the Board as Members, and Executive Director (P&GS) as Secretary of the Committee.

36. Recently, Ministry of Commerce vide letter No. 3(19)/2015-Ins dated: 03rd July 2015, notified the constitution of promotion committee for promotion of General Manager to Executive Director. The Committee was comprising Secretary Commerce as Chairman, Additional/Joint Secretary (Insurance) and Chairman SLIC as Members of the Committee.

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37. Notwithstanding to the above , the Ministry of Commerce was apprised vide letter dated: 06th July 2015, that the selection committee constituted is not in accordance with the O.M No. 6/4/96, R.3 dated:10th May 1997, issued by the Establishment Division and even not in the line of with the decision taken in 183rd meeting of (BoD).

38. The said Establishment Office Memorandum provides the guidelines regarding appointments in the Autonomous and Semi-Autonomous Bodies under which the appointments in Management Group is to be scrutinized/recommended by Selection Board duly approved by the Prime Minister of Pakistan.

39. In the light of above , the Ministry of Commerce was requested to re-constitute the Selection Board under Establishment O.M No. 6/4/96, R.3 dated:10th May1997. Accordingly, the Ministry of Commerce re-constituted the Selection Board with approval of Prime Minister of Pakistan under Establishment Division Office Memorandum. The Selection Board for promotion from General Manager to Executive Director was notified vide letter No. 3(19)/2015-Ins dated: 28th July, 2015 comprising the following committee:

- *Secretary Commerce:* — *Chairman*
- *Chairman/Chairperson SLIC* — *Member*
- *Additional Secretary Commerce* — *Member*
- *Representative of Est: Div (not below the rank of Joint Sec:)* — *Member*

RESOLVED :

" that the Committee agreed to the proposal and recommended it for approval to the Board of Directors."

Item No.09: DEFICIENT QUALIFICATION OF OFFICERS/STAFF AT THE TIME OF APPOINTMENT

40. The ED (P&GS) presented the subject Memo. The manpower of the Corporation was decreasing by the way of retirements as well as separation through terminations, dismissals and resignations. The Corporation was suffering from dearth of manpower due to not making recruitments regularly initiated contractual appointments in 2009 with the approval of Board of Directors. The (BoD) in its 202nd meeting held on 30.06.2009, authorized the Chairman to make appointments on contract basis for six months with an extension of six months. The (BoD) also directed that such contractual appointees might compete with other candidates so applying during regular recruitment process.

41. Accordingly in the year 2009, the advertisement was published in the National Newspapers on 23.11.2009 for regular appointments against the vacant posts with the approval of the Chairman on the direction of MoC vide letter No. 2(1)/2009/Admin-6 dated: 29th October 2009. The detail of regular appointments made in the year 2010 summarized below:

S. No.	Post	Nos.
i.	Manager	9
ii.	Deputy Manager	26
iii.	Assistant manager	55
iv.	Executive Officer	35
	Total:	**125**

42. It has been observed that the one (01) employees who appointed in the year 2010 against the post of Assistant Manager was deficient in qualification. The detail of the said employees. Further, in the year 2010, the advertisement was published in the Newspaper of Dubai for appointment against the post of Manager at Gulf Zone. The employee so appointed was deficient in qualification. The detail of the said employees

43. In addition to above, the employees who were appointed on contract basis in the year 2009, 2010 & 2011 in the light of (BoD) Decision in its meeting 202nd held on 30.06.2009 were regularized in the year 2012, on the recommendation of 'Cabinet Sub-Committee on regularization of contract/sacked employees in the Ministries/Divisions/Attached Departments/Autonomous Bodies/Organization'. The cases of those contractual employees were considered who completed one year contractual service or 3-spells of (89) days as daily wages. The detail of contractual employees regularized on the recommendation of Cabinet Sub-Committee is summarized below;

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DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	20TH OCTOBER, 2015	

S. No.	Post	Nos.
1	Manager	01
2	Assistant Manager	10
3	Executive officer	22
4	Office Assistant	14
5	MN-I	3
6	Record Sorter	26
7	Driver	05
8	Naib Quasid	38
Total		119

44. During the regularization process, It was observed that some of the employees who were appointed on contract had deficient in qualification. However, the services of these employees were regularized with the approval of Chairman. The deficiency with regard to qualification required for the post was condoned by the Chairman and their services were regularized with immediate effect. The Management of the Corporation allowed them an opportunity to acquire the requisite minimum qualification by June-2014. The most of them have not acquired the requisite qualification till yet. The detailed list of staff/officers who were deficient in qualification and regularized

45. In the year 2012, the advertisement was published in the National Newspapers on 14.07.2012 for regular appointments against the vacant posts with the approval of the Chairman. The details of regular appointments made in the year 2010 summarized below:

S. No.	Post	Nos.
1	Manager	02
2	Deputy Manager	09
3	Assistant manager	188
4	Office Assistant	227
5	MN-I	33
6	Record Sorter	146
7	Driver	06
8	Naib Quasid	146
Total		757

46. In terms of appointment letter, the appointment of applicants in the Corporation was subject to passing medical test, submission of character certificate from Grade -18 or above Officer of Federal Government /Provincial Government and to such others terms and conditions as may be prescribed by the Corporation from time to time. The successful candidates were also required to submit the attested copies along with original certificate/degrees of academic/ professional qualification etc. for verification in record and completion of undertaking/ declaration etc.

47. On the contrary, some applicants have failed to submit the attested copies along with original certificates/degrees of academic/professional qualification required for the requisite post at the time of appointment. It has been observed that these employees were not holding the requisite qualification at the time of appointment. The list of employees having deficient qualification is placed.

48. It is also pertinent to mention here that a memorandum was submitted before the (BoD) dated: 08.10.2012 for regularization of contractual employees a). Ms. Ammara Afroze b) Mr. Rai Muhammad Atif . Both applicants being graduate were appointed as Assistant Managers on the directives of the then Prime Minister of Pakistan vide appointment letter 07.03.2012 for one year contract basis. On pursuance of the case by the Prime Minister's Secretariat, the then Chairman approved the regularization of services of both contractual employees subject to Ex-Post Facto approval of (BoD). Accordingly, (BoD) in its 229th meeting held on 15-10-2012 had given the post facto approval for the regularization of the employees.

RESOLVED :
" that the Committee directed the following:

(a) Check the status for deadline of acquiring required qualification in cases of employees 'regularized in 2012' and then convey them in writing, the revised deadline. However, in any case, the revised deadline should not exceed one year from the writing of letter.

(b) The employees 'appointed through advertisements in 2010 to 2012' and found deficient in qualification in terms of criteria, should be asked to submit required qualification within 06 months.

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(c) **Obtain an undertaking on stamp paper from above categories of employees that they will complete the requisite qualification in the revised deadline, else their services would be liable to be dismissed.**

Item No. 10: PROPOSAL FOR MERGER OF FMD & STD DEPARTMENTS IN R&A DIVISIONAND RENAMING IT HUMAN RESOURCE DEVELOPMENT DIVISION (HRDD) OR RESEARCH & DEVELOPMENT DIVISION (R&DD)

49. The ED (P&GS) presented the subject Memo. The present training structure of SLIC; the Field Manpower Development (FMD) and Staff Training Department (STD) were reorganized as two separate departments in 2001. Earlier functions of FMD and STD had been carried out by **Human Resources Development Division (HRDD) from 1994 to 2001**. After the bifurcation of training function into two departments in 2001 as mentioned above, the **FMD was kept under Marketing Division** and the **STD under P&GS Division**.

50. While the FMD currently pursuing its training activities for contractual field workers under supervision of Marketing Division, the proposed Division with its synergy of FMD and STD will be entrusted all training activities across the organization. The proposed Division will provide desired activation of employees training which is not being carried out currently. In order to accommodate distinctive needs of training for different line of business like Individual Life Assurance, Group & Pension, Bancassurance, Health Insurance, Takaful and different Divisions like Marketing, PHS, P&GS, RED, IA&C, F&A, a unified HRD is the need of the time. The proposed Division will do all the works of Research & Analysis Division (R&A) also.

51. In fast changing environment of Insurance Industry in Pakistan due to globalization and the addition of new Life, Group, Health &Takaful companies with new Products & Services, directly affecting SLIC business progress. There is a growing need for **Organizational Training Programs** for all **Staff & Officers** to bridge the gap between current performance and desired performance to cope with new challenges in the Insurance market.

52. It is therefore proposed that Field Manpower Development (FMD) and Staff Training Department (STD) to be merged in R&A Division and the name of R&A Division may be changed as **"Human Resource Development Division (HRDD) or Research & Development Division (R&DD)".** The Divisional Head of proposed Division will be responsible for corporate training activities. The existing space of FMD and STD, with some renovations may be utilized for HRD/R&D Division office. In Regions & Zones, a setup of Regional Training Academies & Zonal Training Centers are already existing. In Future this set-up may be changed into State Life Training Institute on Zonal/Regional/Corporate level to fulfill the requirements of SECP.

53. The FMD Department already has approved staff strength for officers & staff working in FMD (PO), Regional Academies & Zonal Training Centers. STD has strength at Principal Office only. After merger of FMD & STD the new proposed Division will have sufficient Staff & Officers which will need some minor changes in strength. Further the FMD Department already has a setup of 06 Regional Training Academies & 32 Zonal Training Centers. Presently both departments (FMD & STD) have sufficient budget for training purpose. Therefore the financial impact will not be involved in the new set-up.

RESOLVED :
" that the Committee agreed to the proposal of merger of FMD and STD in R&A Division and appreciated the efforts taken by the Management for thinking specifically on capacity building /training of the employees which is the most important area of Human Resource Development for any growing organization. The name of newly reconstituted Division would however, be HRDD (Human Resource Development Division), which would ultimately evolve into State Life Training Institute (STI).

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Item No. 11: APPOINTMENT OF SHARIAH ADVISOR

54. The ED (Takaful) presented the subject Memo.The memorandum dated 30-09-2015 regarding appointment of Shariah Advisor was placed before the 'Committee to oversee the implementation of

Takaful business by SLIC', set-up by the Board of Directors in its 240th meeting held on 11-08-2015, duly signed by members of the Committee along with concurrence of one of the members, Mr. Saad Amanullah, given through his e-mail.

55. The Committee has resolved through circulation as under:

> *"Resolved that as proposed by Executive Director (Takaful) that contractual appointment of Mr. Hassan Kaleem, as Shariah Advisor for Takaful business, SLIC on lump sum monthly remuneration of Rs.250,000/-, be and is hereby recommended for approval by Human Resources Committee of the Board for its recommendation to the Board of Directors for ex-post facto approval."*

56. The above resolution and enclosed draft terms & conditions are placed before the Board HR Committee for consideration and necessary recommendation to the Board of Directors for approval.

RESOLVED :
" that the Committee agreed to the proposal and recommended it for approval to the Board of Directors

Item No. 12: TRANSFER IN DELEGATION OF AUTHORITY - ENTITLEMENTS OF RENT FOR AREA OFFICES

57. The GM (Marketing) presented the subject Memo. As per existing system and procedure, Area Managers are entitled to hire Area Office Premises or the concerned Zone arrange the same through ZPC according to entitlement of Area Managers for smooth running of the Area Office affairs.

58. According to Circular Letter dated 21st June, 1990, the space for Area Office of 'A' Category Area Manager should not be more than 750 sq.ft. and for the Area Office of 'B' category Area Manager within 500 sq.ft. with a monthly rent ceiling of Rs, 1,500/= and Rs.1,000/= respectively.

59. As per decision of Executive Committee in its 214th Meeting held on 3th July, 1996, Zonal Heads are authorize to sanction monthly rent to hire Area Office premises upto Rs.2,000/= per month according to the entitlement of the Area Manager under the existing rules. Where it is necessary to hire a premises on monthly rental exceeding Rs.2,000/= and upto Rs.3,000/= p.m., approval of Regional Chief will be required and where it is necessary to acquire an office premises at monthly rental of more than Rs.3,000/= p.m., the case will be referred to Marketing Division through Regional Chief for approval of competent authority.

60. To acquire proper Area Offices premises in above ceiling in present market condition, especially in commercial areas is almost impossible by the Zones and Regions. Due to laid-down procedure, Regions forward almost all the cases of hiring of Area Office premises on monthly rent exceeding Rs.3,000/= to the Marketing Division for approval of the competent authority. The said system creates unnecessary delay in processing to hire Area Office premises and also affects on the business performance of the concerned Area Managers.

61. Due to difficulties faced by the Regions and Zones, Marketing Division feels that we may enhance the authority of the Officials as under to sanction hiring of Area Office premises in deserving cases to accommodate Area Managers, so they may perform in better environment, as follows:

	Existing Authority	Proposed Authority
Zonal Heads	Rs.2,000/= p.m.	Rs.5,000/= p.m.
Regional Chiefs	Rs.3,000/= p.m.	Rs.10,000/= p.m.
Divisional Head (Marketing)	Rs.10,000/= p.m.	Rs.25,000/= p.m.
Executive Director (Marketing)	More than Rs.10,000/= p.m.	More than Rs.25,000/= p.m.

62. However, Zonal Heads & Regional Chiefs will exercise their authority to sanction Area Office premises with due care in special circumstances where Area Office is not available within previous rental ceilings and Area Manager is also performing satisfactory.

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63. The above arrangement will not have any additional financial impact as the same is the transfer of delegation of authority from Marketing Division to Zones and Regions for smooth and quick disposal of the cases of our front line offices.

RESOLVED :
" that the Committee agreed to the proposal and recommended it for approval to the Board of Directors with the amendment that the approving authority for annual enhancement in rent as admissible by law, 10% per annum or 25% after 3 years, in existing agreement may remain the same till the time a new agreement is signed for acquiring new space with new terms and conditions, for which approving authority would be as per proposal submitted by the Division."

Item No. 13: REVISION IN REIMBURSEMENT OF STAFF SALARY FOR AREA MANAGERS

64. The GM (Marketing) presented the subject Memo. As per existing system, based on the business performance of preceding Year, Area Managers are entitled to receive subsidy on salaries of staff engaged by them for performing their day to day office work. The said subsidy was last revised by the Executive Committee in its 214th Meeting held on 3rd July 1996.

65. As per existing slabs, maximum limit for subsidy of staff engaged by the Area Managers on completion of First Year Premium of Rs.1.00 crore or more is Rs.17,400/= p.m.
The limit can be increased by 50% on completion of specific Renewal Premium. Thus, the total maximum entitlement can reach to Rs.26,100/= p.m. under this head.

66. The Representatives of Area Managers have been constantly requesting for enhancement in the existing entitlement as the last increase was made in 1996 and since then, prices of commodities and cost of living have been massively increased. They have also stated that in the said limit, they can't afford to hire more than 2 (Two) staff members and due to non-availability of experienced staff, they face great difficulties in managing their huge portfolio.

67. As the last enhancement was made in 1996, therefore, Marketing Division feels that we may consider the request of Representative of Area Managers for increase in staff subsidy so they may perform their duties with more enthusiasm without any hurdle in their routine office work. It is pertinent to note during last five years, we have enhanced 125% in subsidy of staff engaged by the field personnel.

68. It is also stated that as per their appointment letter, Area Managers are required to operate within overall total cost of 10% (Direct & Indirect), which includes all the expenses incurred by the Area Managers during the Year including salaries, perks, office expenses, etc. In case, the total cost exceeds by 10%, excess amount after applying approved adjusted cost formula is recoverable from the concerned Area Manager.

69. In view of the above, it is suggested that we may consider the request of Area Managers' Representatives for enhancement in subsidy on salaries of staff engaged by them from 50% to 100%, based on the business performance of preceding year. However, there would be a very nominal increase for those Area Managers who will not complete annual FYP quota of their respective category. These Area Managers will be allowed only one Clerk and one Naib Quasid with a total monthly ceiling of Rs.3,375/= instead of existing Rs.2,700/=. The detailed comparison of existing v/s proposed FYP slab and entitlement.

70. As per F&A information, Rs.18.50 crore in 2013 and Rs.17.14 crore in 2014 were paid to the Area Managers towards subsidy on salary of staff engaged by the Area Managers. Although, on the proposed enhancement, there is no additional financial impact directly as the increase would also be a part of their operating cost and in case of total operating cost exceeds by 10%, excess amount will be recovered from the concerned Area Manager, while indirectly, the estimated additional financial impact of the proposed enhancement would be around Rs.10.00 crore.

RESOLVED :
"that the Committee agreed to the proposal and recommended it for approval to the Board of Directors."

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MINUTES OF 241ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	20TH OCTOBER, 2015	

Item No. 14: REVISION IN BUDGET FOR LOAN AND ADVANCES TO EMPLOYEES, AGENTS AND EMPLOYERS OF AGENTS

71. The E.D. (P&GS) presented the above memo. Prior to promulgation of Insurance Ordinance, 2000, the budget for loans and advances to employees, agents and employers of agents was linked to Life Fund under the provisions of Insurance Act, 1938. The budget was used to revise each year on the basis of previous financial result. Loans/advances were disbursed under certain Policies/SOPs made by P&GS Division in respect of employees (staff, officers and Area Managers) while the loans and advances to Agents and Employers' of Agents are regulated through directives issued by Marketing Division. The terms and conditions are also laid down in the Delegation of Financial Powers.

72. These rules, regulations, policies/SOPs, as amended from time to time, are still in vogue. However, the provisions of Insurance Ordinance, 2000 and Insurance Rules, 2002 restricted insurers to disburse loans and advances from Shareholders Fund.

73. In order to implement the relevant sections of the Insurance Ordinance, 2000 and Insurance Rules, 2002, Shareholders' Fund was created and a sum of Rs.200 million was allocated for this purpose in the year 2001 with approval of BoD. It was slightly higher than 50% of the paid up capital of Rs.350 million.

74. Later on, whenever paid up capital was increased the budget for loans and advances was also increased in the same proportion i.e. 50% of the paid up capital of SLIC. The detail is as under:

Year	Paid up Capital	Budget Allocated
2001	Rs.350 million	Rs.200 million
2003	Rs.900 million	Rs.450 million
2010	Rs.1,100 million	Rs.550 million

75. The budget quantum has always been found short for fulfilling the requirements of employees due to increase in salaries and promotions, which proportionately increases their entitlement of loan.

76. Moreover, officers & staff recruited in or after 2010 have also become entitled to some categories of loans and advances. Moreover new divisions, regions and zones have been created and number of staff has increased. Since the entire budget has already exhausted and replenished amount is so petty that only few employees can be entertained in some of the small categories of loan. Hence, requirement of new Divisions, Regions and Zones, created after 2010, cannot be met for which the requests have been pouring in.

77. The remedy, for fulfilling the requirements of employees and field workers of loan and advances, is to increase the budget for loans and advances. The Authorized and Paid up capital of the Corporation was revised to Rs.4,000 million and Rs.3,000 million respectively and was incorporated in the books of SLIC in year 2014. However, proposal for revision of the budget limit for loans & advances was not made earlier.

78. In view of above situation, the matter was placed before the Management Executive Committee. The committee, after considering all aspects of the issue, decided to request the Human Resource Committee to recommend to Board of Directors for enhancement of budget limit of loan and advances @ 50% of the paid up capital, raising it from Rs.550 million to Rs.1,500 million.

79. In the past, the ratio of distribution of loan amongst officers (including area managers), staff and field workers, on the basis of their strength, was as under:

Staff	Officers (including Area Managers)	Field Workers
41%	38%	21%

80. Maintaining the above ratio, distribution of total budget amongst three categories of loanees and percentage allocation of budget under different heads within the share amount are proposed as under:

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Budget allocation for each category of Loanees

Details	Unionized staff	Officers	Field Workers
% share of total budget of Rs.1500 Mn	41%	38%	21%
Share of budgetary amount	Rs.615 Million	Rs.570 Million	Rs.315 Million

Percentage share of budget within the allocated amount for each category

	Proposed % share			Overall Ratio	
Details	Staff	Officers	Field	Proposed	Existing
Two Months' Salary Advance/Emergency Advance	25.0%	25.0%	35.0%	27.2%	32.2%
House Rent Advance/Ceiling	10.0%	5.0%	-	5.9%	5.6%
Conveyance Loan	25.0%	20.0%	65.0%	31.5%	21.0%
Loan under Car Policy:					
- Area Managers/ Development Executives	-	7.0%	-	2.7%	5.3%
- Other Officers	-	3.0%	-	1.1%	2.4%
House Building Loan	40%	40.0%	-	31.6%	33.5%

81. While revising the ratio, the quantum of budget for interest-bearing loan has been increased while the non-interest bearing loans for officers and staff has been reduced. In case of field workers, budget for Eid/Emergency Advance and conveyance loan is proposed to be increased so that the entire budget for field workers may be allocated to them.

82. On the basis of yardsticks mentioned in para 9 to 11above, the entire budget of Rs.1,500 million is proposed to be distributed among 3 categories of loan seekers:

Proposed Distribution of Budget

(Rs. In Millions)

Heads of Loans/Advances	Unionized staff	Officers	Field Workers	Total
Two Months' Salary Advance/Emergency Advance	154	143	111	408
House Rent Advance/Ceiling	61	28	-	89
Conveyance Loan	154	114	204	472
Loan under Car Policy:				
- Area Managers/Development Executives	-	40	-	40
- Other Officers	-	17	-	17
House Building Loan	246	228	-	474
Total:	615	570	315	1,500

83. Since almost 73% of the loans/advances will be interest bearing, the shareholder fund will get good and risk free income from investment of amount into loans and advances to employees and field workers.

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RESOLVED :

" that the Committee agreed to the proposal and recommended it for approval to the Board of Directors."

Item No. 15: REVISED FLMI SCHEME

84. The E.D.(P&GS) presented the above memo. The incentive schemes for acquiring Insurance Education i.e. FLMI (Fellow of Life Management Insurance) and ACII and FCII (Associate/Fellow of Chartered Insurance Institute) were introduced in 1988. The following incentives were allowed to those who qualify these exams:

i. Employee passing FLMI exam

a) Assistant Manager on clearing seven papers
b) Deputy Manager on clearing 10 papers

ii. Employee passing ACII and FCII exams

a) Assistant Manager on passing ACII
b) Deputy Manager on passing FCII

85. The FLMI was abolished in 1996 and revived scheme was introduced in 1998. The following incentives were allowed to those who qualify these exams:

i. Entry test was introduced for appearing.
ii. One step up promotion only to 33% of top qualifiers upto A.M.
iii. Deputy Managers and Managers will be allowed only one step promotion if they fall within 50% of strength in their respective category otherwise 3 special increments will be allowed in their own grade.
iv. Two special increments will be allowed to AGM DGM & GMs immediately on passing FLMI.
v. Qualification allowance was reduced from Rs. 1500 to Rs. 1200 will be given only top 33% of qualifiers.

86. The Human Resource Committee of Board of Directors in its 14th meeting held on 26-05-2015 directed to submit a revised attractive FLMI scheme with a view to encourage more employees and management may consider increments (s) instead of promotion, and also rationalize bench mark for performance in FLMI qualifying exam. The BoD in its 239th meeting ratified the recommendations of HRC.

87. A revised FLMI scheme has been designed, which is enclosed for consideration of the Human Resource Committee and to give recommendations to the Board for final decision.

REVISED FLMI SCHEME – 2015

1. **Eligibility to appear in FLMI exam:**

a. All confirmed permanent employees of State life
b. At least graduate

2. **Consideration in Fee/Books:**

a. At the time of registration, for each course/paper, full fee will be paid by student through Training Division for enrollment.
b. Full fee will be reimbursed only after passing the enrolled paper.
c. Books are now part of examination fee and available on-line. LOMA allowed all enrolled students to download & print the books.
d. Books not available on-line will be purchased and provided by Training Division.
e. Reimbursement of cost of books/photocopies will not be allowed.

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3. **Incentive on completion of FLMI**

   a. Five advance Increments will be allowed upto Assistant Manager after completion of 10 papers of FLMI.
   b. Four advance Increments will be allowed from Deputy Manager to General Managers after completion of 10 papers of FLMI.
   c. One time cash award of Rs. 50,000/- on completion FLMI exam.

4. **Allowances:**

   a. The FLMI allowance of Rs. 3000/- p.m. after acquiring FLMI qualification.
   b. The FLMI allowance of Rs. 250/- p.m. after passing each paper.
   c. The allowances mentioned above will be equally applicable to old FLMI qualifiers too.

5. **LOMA's other professional Insurance Programs:**

LOMA offer following courses along with FLMI for specialization in a particular Field of Life Insurance.

a. List of Specialized courses

ACS ®	Associate, Customer Service ™
AAPA™	Association, Annuity Products and Administration ™
AFSI®	Association, Financial Service Institute ™
AIAA ™	Associate, Insurer Agency Administration®
AIAF ™	Associate, Insurance Accounting & Finance ™ [1]
AIRC ™	Associate, Insurance Regulatory Compliance ®
ARA ™	Associate, Reinsurance Administration ™
FFSI®	Fellow, Financial Services Institute ™
PCS ®	Professional, Customer Service ® [2]
	Any Other Specialized courses offered by LOMA.

b. Eligibility for Admission for Specialization /Advance courses offered by LOMA :

a. Must be a graduate
b. Already completed FLMI.
c. For each course/paper, full fee will be paid by student through Training Division for enrollment.
d. Full fee will be reimbursed only after passing the enrolled paper.
e. Books not available on-line will be purchased and provided by Training Division.
f. Cost of Books & Photocopy will not be allowed.
g. An eligible student can complete as many LOMA courses as he/she like.
h. Once enrolled in any of these advance courses, student must complete that course before attempting in a new course.

c. Benefits for advance courses:

a. An allowance of Rs. 1000/- per month will be awarded after completion of each specialized course, which will be paid alongwith FLMI allowance.

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6. **Examination System:**

LOMA offers two options for exam enrollment:

a. Paper exams — typically administered twice yearly on specified examination dates
b. Computerized/I*STAR : Online enrollment via LOMANET, Internet-based education administration system

At present, we are using **Paper exam system**, it is proposed that we may switch to **computerized exam system and develop the exam centers in selected cities** with the help of IT Division.

RESOLVED :
" that the Committee agreed to proposal of revised FLMI Scheme. However, the allowance of passing each paper for FLMI is recommended @ Rs.500/- instead of proposed Rs.250/-. The FLMI allowance is also enhanced to Rs.5,000/- p.m. after acquiring FLMI qualification as already proposed in item of 'Rationalization of Qualification Allowance'. "

ANY OTHER ITEM :(i) HIRING OF COMMUNITY CONSULTANT&
(ii) HIRING OF COMMUNICATION CONSULTANT

88. The ED (P&GS) presented this Memo. State Life Insurance Corporation (SLIC) of Pakistan is implementing the Social Health Protection Insurance Initiative Project of Government of Khyber Pakhtunkhwa (KP) with the financial assistance of the KFW to support and scale-up social health insurance interventions to improve health status of people living below the poverty line in four district, namely Mardan, Malakand, Kohat and Chitral in KP.
89. Under the scheme 22% of the selected district population who are living Below-the-Poverty-Line will be provided health insurance to avoid catastrophic health expenses due to serious illness or injury and rest the of 28% of population of designated districts will be provided health insurance through marketing the similar kind of products.
90. State Life does not have in house expertise in the field of Communication and community mobilization. As State Life's core business has been life insurance, it has strong experience in managing life insurance operations. Social health insurance is a unique business, unlike other insurance lines and therefore, it requires expertise in the field of communication and community. Both interventions are considered critical for the successful implementation of Social Health Insurance Protection Initiative of KP.
91. For effective communication and mobilization of population for covering the target population under this program, State life intends to hire the services of Communication and Community Consultants as per TORs (F/"A") & (F/"B") respectively.

Term of Reference (TOR) For
Hiring of Communication Consultant

1. Background of the Program: State Life Insurance Corporation of Pakistan through its Health & Accident Insurance Division is implementing the Social Health Protection Initiative Project of Government of Khyber Pakhtunkhwa (KP) with the financial assistance of the KfW to support and scale-up social health insurance interventions to improve health status of people living the poverty line in four districts namely Mardan, Malakand, Kohat and Chitral in KP.

2. The Program provides cash-and-paperwork-free hospitalization facility, including overnight stays and day surgeries and treatments not normally provided as part of out-patient care in smaller clinics. It also provides reimbursements for travel expenses only for maternity hospitalization. The scheme's first five-year target is, to provide inpatient health insurance to 22 % of the selected district population who are living below the poverty line. The program has a goal to provide a similar health insurance coverage to an additional 28% of population through a "wider enrolment" campaign.

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3. Under this Program, SLIC intends to procure the services of Communication Consultant having relevant qualification/experience on contract basis initially for a period of one year with possibility of extension under the Program as per detail given below:

Scope of Work

Communication Consultant will carry out the following assignments in close coordination with Divisional Head (HI).

First phase of the communication process: **Communication Strategy Design** which may be a broad or detailed plan that involves:

- Preparing appropriate messages to mobilize support and address the right concerns
- Finding the cost effective mix of channels to reach audiences.
- Creating communication capacity to implement the process in consistent with the local culture
- Designing mechanisms for monitoring and evaluation (Qualitative and Quantitative)

Phase two of the process is: Communication Strategy Implementation:

This involves using the appropriate tools to implement the activities specified in the design of the communication strategy and procure the bulk of the communication activities such as:

- Training and capacity building and development of SOPs
- Production of radio and TV ads, programs, interviews and etc
- Purchasing of air time on radio and/or TV
- Production of posters
- Production of brochures
- Production of web pages
- Design/develop/implement community mobilization activities such as workshops, theater performances, arranging medical camps and conferences
- Close liaison with internal and external stakeholders

Phase three of the process is Communication Monitoring and Evaluation,

This involves:

- Carrying out public opinion tracking studies
- Qualitative program and evaluations

The communication activities described in the various stages of the communication process can be organized and executed in a variety of ways, depending on local capabilities, experience in similar activities, timing requirements, and available budget.

Qualification, Experience and Key Skills required:

- Degree in public relations, mass communication or related discipline
- At least 7 years of experience of managing communications Programs within a project environment
- Extensive experience of conceptualizing and developing communication materials and key messages.
- Experienced in developing communication materials for large-scale campaigns targeting diversity of audience. Highly creative and participatory in approach.
- Experience in working with local people and community organizations.
- Experience of project planning, managing workloads and evaluation of communication activities
- Knowledge of how to develop and revise strategic communication activities
- Experience of managing high profile public campaigns, including media liaison
- Experience of working with and managing external contractors
- Strong copywriting skills, a grasp of the key elements of effective visual design and the management of publications
- Excellent team work skills, interpersonal skills, including speaking and making presentations.
- Excellent computing skills including MS Word, Power point etc.
- The experience in international development organization will be an added advantage.

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Salary Package: Market based pay package commensurate with qualification and experience.

Term of Reference (TOR) For
Hiring of Community Consultant

1. Background of the Program: State Life Insurance Corporation of Pakistan through its Health & Accident Insurance Division is implementing the Social Health Protection Initiative Project of Government of Khyber Pakhtunkhwa (KP) with the financial assistance of the KfW to support and scale-up social health insurance interventions to improve health status of people living the poverty line in four district, namely Mardan, Malakand, Kohat and Chitral in KP.

2. The program provides cash-and-paperwork-free hospitalization facility, including overnight stays and day surgeries and treatments not normally provided as part of out-patient care in smaller clinics. It also provides reimbursements for travel expenses only for maternity hospitalization. The scheme's first five-year target is, to provide 22 % of the selected district population who are living Below-the-Poverty-Line with health insurance to avoid catastrophic health expenses due to serious illness or injury and rest of 28% of population of designated districts through marketing to have enough health insurance coverage to avoid the catastrophic health expenses.

3. Under this program, SLIC intends to procure the services of Community Consultant having relevant qualification/experience on contract basis initially for a period of one year with possibility of extension under the program as per detail given below:

4. **Specific task to be completed:**
   - Develop a community development strategy that builds upon the stakeholder engagement.
   - Identify key local "champions," required to implement program objectives.
   - Building upon community development plans, organize stakeholder mobilization meetings and workshops to help from community interests groups in four (4) district's communities
   - Help integrate into community interest group for development of social health insurance, including health education, etc.
   - Facilitate monthly meetings of interest groups to support their activities.
   - Coordinate the collection and interpretation of community mobilization best practice and other social data and make them available to community interest groups to enrich their efforts.
   - Develop a monitoring and evaluation plan for community development activities.
   - Document the community development for use by program and sponsors.
   - Related activities and assistance that may reasonably be required.

   The community activities described in the various stages of the community process can be organized and executed in a variety of ways, depending on local capabilities, experience in similar activities, timing requirements and available budget.

5. **Expected Deliverables**

   In close coordination with the Divisional Head (H&AI), communication consultant and health insurance consultant, the community mobilization specialist will develop mobilization models that are implemented at the community level and documented for broader use in Social Health Insurance program.

6. **Qualification, Experience and Key Skills required:**

   Master's Degree or equivalent in Social Sciences, Community Development, Development Studies, Community Health or other development-related fields

7. **Experience:**

   At least 7 years of experience in the development of integrated strategies for community mobilization in rural areas in Pakistan, preferably in Khyber Pakhtunkhwa.

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Strong academic and proven practical knowledge in the field of community mobilization and engagement approaches and programming.

8. **Key Skills:**

Demonstrated track record of success in achieving community mobilization and engagement.

- Extensive experience working in rural areas in Pakistan, preferably in Khyber Pakhtunkhwa.
- Strong analytical and inter-personal skills.
- Excellent reporting and presentation skills.
- Willingness to travel in rural area of KP.
- Fluency in both written and spoken English and Urdu.
- Experience in the usage of computers and office software packages (MS Word, Excel)

9. **Salary Package:** Market based pay package commensurate with qualification and experience.

RESOLVED :
" that the Committee was informed that due to the requirement of proposal for PM Health Scheme, the proposal of hiring above two positions of Communication Consultant and Community Consultant were sent to MOC for obtaining permission to advertise /hire. The MOC allowed to advertise the post of Communication Consultant and advised SLIC to obtained approval of HRC/BoD for processing the case of Community Consultant. The matter was considered by HRC and it recommended the appointment of both Consultants. However, the committee advised to take steps for transparent and merit based recruitment process, in line with requisite qualification/ experience of the candidates as well as requirement of PM Health Scheme.

Any other item (iii) HEALTH INSURANCE DIVISION HUMAN RESOURCE REQUIREMENT.

92. The ED (P&GS) presented the memo. On September 16, 2015, the Health Division of State Life has succeeded in winning the bid of Prime Minister National Health Insurance Programme - a mega social health insurance scheme. The scheme will provide inpatient hospitalization benefits to approximately three million families (15 million lives) of poorest segment of society in twenty three districts of Pakistan for three years. State Life has been contracted with the total administration of the program, including: enrolment, empanelment, communication, care management, claim adjudication, information technology support, reporting, and monitoring & evaluation.

93. The health division is also implementing the Social Health Protection (SHP) Initiative by KP government. This scheme will provide inpatient hospitalization benefits to 100,000 households in four districts of Khyber Pakhtunkhwa. State Life will provide the full scope of administration services to launch and run the program for five years. Under the agreement, State Life is also responsible to develop and market health insurance products to at least an additional 28% population of the four designated districts of KP.

94. The health division has devised an organizational structure for Health Division and developed a detailed HR Plan necessary for effective implementation of both schemes.

95. The revised proposed staff strength of regular employees and the proposed contractual staff strength to be hired.

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Revised Proposed Regular Staff Strength

Regular Employees					
Designation	**Divisional Office**	**Project Office**	**4* Provincial Offices**	**District Offices**	**Total**
Officers					
General Manager	1	-	-	-	1
Dy, General Manager	1	1	-	-	2
Assistant General Manager	3	2	8	-	13
Manager	1	2	8	-	11
Deputy Manager	6	-	-	-	6
Assistant Manager	14	-	-	-	14
Executive Officer	-	-	-	-	-
Subtotal	26	5	16	-	47
Staff					
Superintendent	-	-	-	-	-
Personal Secretary	-	-	-	-	-
Stenographer	-	-	-	-	-
Asst. Superintendent	-	-	-	-	-
Sr. Office Assistant	10	-	-	-	10
Office Assistant	5	-	-	-	5
Typist/Steno	-	-	-	-	-
Sub Total	10	-	-	-	15
Staff					
Sr. Qasid	-	-	-	-	-
Sr. Record Sorter	1	-	-	-	1
Driver	2	-	-	-	2
Qasid	-	-	-	-	-
Record Sorter	-		-	-	-
NaibQasid	7	-	-	-	7
Sub Total	10	-	-	-	10
Grand Total	51	5	16	-	72

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DIRECTORS	HELD AT	ON	TIME
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Revised Proposed Contractual Staff Strength

Contractual Employees					
Designation	**Divisional Office**	**Project Office**	**Provincial Offices**	**District Offices**	**Total**
Officers					
General Manager	-	-	-	-	-
Dy, General Manager	-	-	-	-	-
Assistant General Manager	-	-	-	-	-
Manager	-	-	-	-	-
Deputy Manager	4	3	12	60	79
Assistant Manager	-	7	24	-	31
Executive Officer	-	2	8	-	10
Subtotal	4	12	44	60	120
Staff					
Superintendent	-	-	-	-	-
Personal Secretary	-	-	-	-	-
Stenographer	-	-	-	-	-
Asst. Superintendent	-	-	-	-	-
Sr. Office Assistant	-	-	-	80	80
Typist/P.C. Operator	-	-	-	-	-
Sub Total	-	-	-	80	80
Staff					
Sr. Qasid	-	-	-	-	-
Sr. Record Sorter	-	-	-	-	-
Driver	-	3	8	-	11
Qasid	-	-	-	-	-
Record Sorter	-		-	-	-
NaibQasid	-	4	12	27	43
Sub Total	-	7	20	27	54
Grand Total	4	19	64	167	254

RESOLVED:
"the Committee agreed to the proposal of enhancing staff strength of Health Insurance Division to 72 employees against the regular post. Moreover, for PM Health Scheme, the contractual employment of proposed 254 employees is also recommended with the direction to employ them in phased manner, keeping in view the time to time requirement and in no case these employees be confirmed/absorbed against regular strength of SLIC during or after the completion of PM Health Scheme Project. "

Aliya H. Khan
Sd/-
(Dr. Aliya Hashmi Khan)
Chairperson (HRC)

DATED: 13-10-2015

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ANNEXURE-B1

MINUTES OF 54th MEETING OF BOARD AUDIT COMMITTEE HELD ON 31st AUGUST, 2015

The 54th meeting of Board Audit Committee of State Life Insurance Corporation of Pakistan was held on 31st August, 2015 in the Board Room, 3rd Floor, State Life Building No. 9, Dr. Ziauddin Ahmed Road, Karachi at 1100 hours.

Following members attended the meeting:

Mr. Saeed Ahmed Chaman	Member / Chairman
Mr. Saad Amanullah Khan	Member
Mr. Naved Arif	Member
Mr. Azhar Ali Chaudhry	Member (attended the meeting through video conferencing)
Mr. Shafqaat Ahmed	Member
Mr. Muhammad Sohaib Usmani	Non-Member/Secretary

Following officers also attended the meeting:

Mr. Muhammad Rashid	Divisional Head (F&A), CFO
Mr. Muhammad Ali	Divisional Head (I.T)
Mr. Attauallah A. Rasheed	Divisional Head (Investment)
Mr. Mohsin Abbass	Divisional Head (Marketing)

The Board Audit Committee deliberated upon the following items:

Agenda Item 1: To approve minutes of 53rd BAC Meeting

The minutes of the 53rd BAC meeting held on 25th May, 2015 were placed before the Committee and the same were unanimously confirmed and approved.

Agenda Item 2: To Review the Progress on Implementation of 53rd BAC Meeting

a. Refund of Premium of State Life Field Workers Federation of Pakistan

It was apprised that a Committee was constituted by P&GS Division vide order dated 1st February, 2013 for processing the formation of Field Workers Welfare Trust. The Divisional Head (Marketing) informed the Committee, the subject matter is in process, the trust deed has been finalized and moved for execution with the approval of Chairperson and the matter will be finalized as soon as the trust deed is registered. Accordingly, the profit commission will be disbursed to the said Trust.

BAC noted the status and directed for an early settlement.

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b. **To Consider and approve TOR on GAP analysis report / Audit Manual**

The Divisional Head (IA&C) informed the Committee that as directed by the BAC, a letter was written to PPRA authorities for seeking clarification for binding of hiring 'A' rated Company for preparation of Internal Audit Manual in terms of the directives of SECP.

The PPRA Authorities vide their letter dated 23rd August, 2013 clarified that the instruction of SECP regarding eligibility of an audit firm for preparation of Audit Manual is not applicable in this case.

The BAC desired that the internal Audit Manual may be prepared internally. It was apprised to the committee that due to shortage of skilled manpower it is difficult to develop the Audit Manual internally.

The BAC has directed that since the business of State Life is unique and specific in nature, therefore, it would be appropriate that the Manual may be developed internally and if any outside resource is required, the services may be hired / obtained and after finalization, the same be got vetted from some consultant / Audit firm.

The BAC further advised that the guidance for preparation of Manual can also be sought from the office of AGPR.

c. **List of outstanding Government Audit Paras**

The BAC in its 52nd meeting held on 6th March, 2015 directed F&A division for submission of list of outstanding Government Audit Paras.

The Divisional Head (F&A), CFO submitted the desired information to BAC.

The BAC after deliberations directed the Divisional Head (F&A) to submit its report in tabulation form showing year-wise detail and status of each para in next meeting.

d. **Unlisted and delisted equity shares impairment**

The Divisional Head (Investment) informed that a meeting with the authorities of SECP is scheduled along with Chairperson regarding equity shares of unlisted / delisted companies.

The BAC directed that the information of top ten (10) such companies be emailed to all BAC members in tabulation forms with all details and information regarding rest of the companies be submitted to the next meeting of Board Investment Committee.

e. **Subsidiary record of held to maturity investments and discrepancies in the PIB**

The Divisional Head (Investment) briefed that there is a difference of Rs.5 billion between the report generated through new system (IPAMS) and old system. He further informed that they are still relying on the old system and reports generated

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through old system were provided to the statutory Auditors for verification. He appreciated that BAC in its 52nd meeting directed the Divisional Head (IT) that a third party independent evaluation shall be carried out for validation of ERP system to resolve this issue.

Whereas, the Divisional Head (IT) informed the BAC that the problems in the module (IPAMS) has been identified by the vendor and gave assurance to the BAC that the problems will be resolved within 15 days by the vendor and need of third party independent evaluation will not be required.

The BAC, however, directed that the issue should be resolved by 15th September, 2015 and outcome shall be informed to all BAC members through email and if it's not resolved then third party independent evaluation for validation of ERP system shall be carried out immediately.

f. **Un-reconciled subsidiary balances**

It was informed that since no record of these old balances are available and concerned officials have already made all the efforts to trace the records, but they failed to reconcile subsidiary balances with general ledger due to non-availability of record. Therefore, these old balances may be written off in terms of the write off / back policy of the Corporation, duly approved by the BoD.

The BAC directed to submit a detailed presentation showing account wise subsidiary balances along with the aging of the said balances.

Review of the progress of the implementation of the remaining items could not be deliberated due to paucity of time.

AGENDA ITEM 3: To Examine the Final Accounts of 2nd Quarter ending 30th June, 2015 and give its recommendations to the BoD

The Divisional Head (F&A), CFO has presented the Accounts for the 2nd Quarter ending 30th June, 2015 to the BAC. While reviewing the accounts for 2nd Quarter, 2015 BAC noticed variance in Individual Life (IL) Business of 19.3% from Budget 2015 i.e., actual FYP was less than the budget of 2nd Quarter, 2015. BAC also pointed out the declining trend in First Year Premium (FYP) as well as market share of SLIC.

The Divisional Head (Marketing) explained that shortfall of FYP was due to flood in some Regions. He also apprised the BAC that SECP imposed a new condition of minimum qualification of intermediate for appointment of Sales Representative (SR), whereas, approximately 70% of SRs belong to rural areas. He further informed that the matter has already been taken up with the authorities of SECP and is being perused vigorously.

The Divisional Head (F&A), CFO further informed the BAC that the deadline for submission of Accounts for 2nd Quarter to SECP will end by today and sufficient time is not available to furnish the Accounts to BoD. Therefore, to meet the deadline, permission may be granted to submit the Accounts to SECP and same will be placed before BoD in next meeting for consideration.

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The BAC also desired to know the status regarding the publishing of Accounts for the year 2012, 2013 and 2014. It was informed that the Accounts for the year 2012 are published. Whereas, Accounts for the year 2013 are expected to be published by this week and accounts for the year 2014 will be published by the end of this month. It was further apprised that the delay is on the part of publisher due to errors / editing in final draft of accounts, which needs to be corrected before publishing.

The BAC showed their concern regarding the declining trend in IL Business / SLIC share of overall Market of Life Insurance and directed the Divisional Head (Marketing) to redesign the marketing strategy keeping in view the present technologies, need of market to achieve the business targets. Further, it shall also be ensured that State Life may not lose its share from market. The BAC further directed Divisional Head(Marketing) to submit business plan of next 5 years in the next meeting of BoD. The BAC also advised that a similar presentation may also be submitted by Bancassurance and Group and Pension Divisions in the next meeting of BoD.

The BAC after detailed discussion recommended the Accounts to BoD for approval and allowed to furnish the Accounts to SECP and has directed that a soft Copy of the Accounts be emailed to all the Members of BoD for perusal.

The Committee also showed concern about the delay in publishing the Accounts.

AGENDA ITEM 4: Enhancement of Scope of Internal Audit Activities

The Divisional Head (IA&C) submitted the papers before the BAC along-with a presentation regarding the proposal for enhancement of Scope of Internal Audit. It was apprised to the Committee that from a long time, Statutory Auditors are pointing out in their letter to Management to enhance the Scope of Internal Audit and the activities that are not yet covered under present scope of Internal Audit shall be brought in the ambit of Audit.

It was suggested that since the present scope of Audit was defined in the year 1987, therefore, there is dire need that the scope of Internal Audit shall be enhanced at this stage.

It was explained that almost 85% payments of the Corporation pertain to third parties, therefore, it would not be appropriate to abolish the Pre-Audit Activities and due to shortage of manpower it is not possible to conduct post audit of the remaining transactions simultaneously with the existing staff strength. Further, at present there is no representation of IA&C at Regional Level and it became almost impossible to handle all the 42 Stations from one location. Therefore, there is acute need that Audit offices shall be established at Regions, they shall also be assigned the duties of Post-Audit Activities along with managing pre-Audit matters of the Zones of their Region.

It was briefed that to start Post Audit activity, additional 18 officers and 23 staff members as per chart given below are required :

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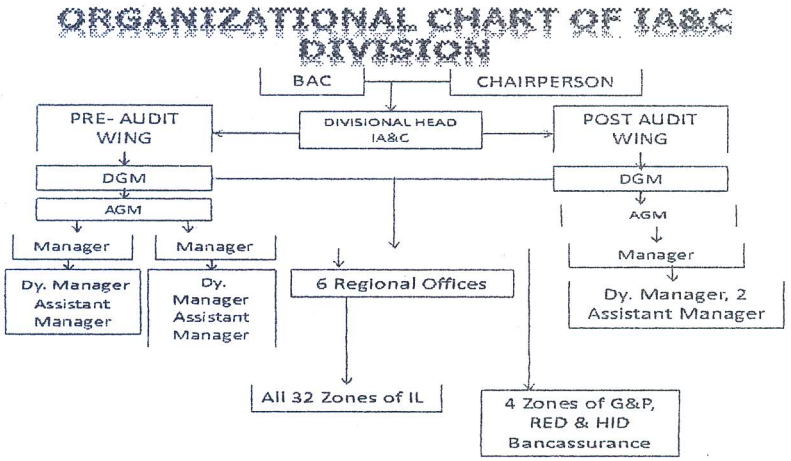
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Principal Office	1	1	1	1	2	2	1	2	11
Northern Region		1		1		1	1	1	5
Central Region		1		1		1	1	1	5
Multan Region		1		1		1	1	1	5
Southern Region		1			1	1	1	1	5
Hyderabad Region		1		1		1	1	1	5
Faisalabad Region		1			1	1	1	1	5
Total	1	7	1	5	4	8	7	8	41

In addition to above, 10 officers for the six (6) newly created Zones are also required for pre-auditing of payments at Zones.

The Organizational chart of the IA&C Division will be as under:



The Committee members were surprised to note that post Audit activities are not being carried out on regular basis in Corporation and showed their concerns. The Committee further emphasized that Internal Audit plays a vital role in an organization for implementation of policies of the Management and perform independently. The internal Audit Division is directly reportable to the Board Audit Committee. However, for administration purpose internal audit is under the control of Head of the Institution.

The BAC strongly recommended the proposal presented by IA&C to BoD for approval of additional manpower and Regional setup of IA&C, enabling the Audit Division to initiate post Audit activity on regular basis. The Committee further directed the management to immediately arrange the requisite manpower on priority. The BAC, however, directed that the Audit Plan for next year shall be submitted in the forthcoming meeting as well.

CHAIRMAN'S INITIALS

AGENDA ITEM 5: Review of IT project implementation

The Divisional Head (IT) briefed the Committee regarding the implementation of (Enterprise Recourse Planning) ERP. It was informed to the Committee that ~~Chairperson has very kindly provide a time slot to IT Division to explain importance~~

of ERP in forthcoming State Life Convention. Further, the process of hiring of IT Professionals is expected to be finalized soon and aptitude test is being conducted at the moment. The hiring process is expected to be finalized by the end of this month and 8 IT professionals will be appointed.

The Committee also noticed the delay in payments to the vendor. It was explained that since no major milestone is being achieved by the vendor therefore payment was not released from last two years. Further there are some internal disputes regarding the vendor's proprietorship therefore due to the aforementioned reasons, they have not yet submitted invoices / bill to the Corporation.

Moreover, since the Corporation had signed agreement with M/s. Sydat Hyder Morshid, therefore, as opined by legal division, payment to any vender/person other than M/s. Sydat Hyder Morshid will not release / absolve the Corporation from its liabilities. Therefore, M/s. Sydat Hyder Morshid has to first resolve their own problems before claiming payment from Corporation and also have to show progress in implementation of ERP as well.

The Committee has asked the Divisional Head (IT) to apprise clearly if there is any progress in implementation from its last progress report. The Divisional Head (IT) informed that there is no significant achievement as yet.

The BAC expressed their dis-satisfaction in delay in implementation of ERP system and directed the Divisional Head(IT) to furnish progress report to BAC on monthly basis and if there is no change from previous report then it shall be reported as "NO CHANGE" rather sending repeated reports. Further the report shall be in tabulation form showing project-wise details with date of commencement of the project alongwith project- wise achievement by IT Division. It was further directed that the report should be based on facts, transparent and in understandable format with realistic targets. BAC reiterated that ERP shall be implemented without further delay.

AGENDA ITEM 6: Revision in Financial Power(s) in Cart of Delegation of Financial Powers

Since the relevant Papers were received to the BAC only one day prior to the scheduled date of meeting, therefore, the Committee has unanimously agreed to defer the matter till next meeting.

AGENDA ITEM 7: Disclosure of Related party transaction

The Divisional Head (F&A), CFO presented the papers to the BAC and submitted that in accordance with International Accounting Standard 24 (IAS-24), an entity is required to disclose related party transactions. SLIC has to comply with IAS-24 and required to report the related party's transactions in its annual financial statement(s). Though, SLIC, in compliance with the requirement of IAS-24, is disclosing related party transactions. However, there was no specific Policy / SOPs for identification and disclosure of related party transactions. Therefore, SOPs have been developed and submitted for consideration and approval.

The BAC after due deliberations recommended the same to BoD for approval.

CHAIRMAN'S INITIALS

AGENDA ITEM 8: Cash Management System (CMS)

The Collection of SLIC has been increasing day by day. The Renewal Premium Collection and Fresh Premium Collection of SLIC were Rs.45 Billion and Rs.15 Billion respectively in 2014. Such amount was being collected through 126 Cash Collection Centers. Due to such a Heavy Collection amount and workload it almost become impossible to handle the collection through these Counters and Chances of frauds and mishaps are increasing with the increasing trend of collection.

It was further apprised that the number of collection centers are very small in comparison with the quantum of collection. Moreover, recent modern techniques of Cash Management, demands SLIC to adopt new technologies:

- To meet competitive environment to capture the Market Share.
- For provision of services to the policyholders of SLIC at his/her doorstep.
- Will help to improve business through adoption of latest techniques of Cash Management.
- For provision of better service to the Policy holder
- To minimize in Cash dealings to avoid any expected fraud.

It was also informed that as opined by Legal Affair Division, permission of SECP is also required before implementation and signing the contract with a Bank, any other institution for provision of service.

BAC was, therefore, requested to grant permission for the implementation of Cash Management, separately or in combinations of Banks/Branch-less banking (easy paisa), Mobi cash etc.) / Credit Card / Debit Card / ATM / Direct Deposit/ any other modern technique emerged in due course of time.

The BAC appreciated the proposal and agreed in principle. The BAC, however, directed the Divisional Head (F&A) to initiate the process and submit the Proposals with report of Cost Benefit analysis, Compatibility with IT System to be integrated with Bank IT System, availability of required infrastructure at Corporation.

The Committee recommended the proposal to BoD for consideration and approval. However, it was further advised that it would be initiated in consultation with IT Division.

AGENDA ITEM 9: Appointment of Statutory Auditors fpr Audit of Accounts for the year 2015

CHAIRMAN'S INITIALS

The Divisional Head (F&A), CFO submitted the papers before BAC and apprised that the Board of Directors in 237th meeting held on 29th December, 2014 approved the appointment of following firms of Chartered Accountants for audit of accounts of the Corporation for the year 2014:

Name of Firm	FEE, CHARGES & TAXES				Number of Audit years completed
	Professional service charges		Sind Sales Tax @ 5%	Total	
	Audit Fee	Out of Pocket Expenses			
4. M/s. Riaz Ahmad & Co.	990,000	200,000	49,500	1,239,500	1
5. M/s. BDO Ibrahim & Co.	990,000	200,000	49,500	1,239,500	2
6. M/s. Nabeel Al-Saie (For Gulf Business)	AED 40,000	AED 10,000	-	AED 50,000	1

The above stated audit firms were selected by an in-house committee after processing in the light of PPRA, following instructions of SECP and obtaining concurrence from Auditor General of Pakistan.

As per standing instructions of SECP, normally an audit firm is to be allowed to complete audit of the accounts for a term of five years provided their professional services have been found satisfactory. However, office of the Auditor General requires that their concurrence should be obtained for each year.

Since the services of these audit firms have been found satisfactory, SLIC will retain all three firms for the year 2015. However, they have demanded for increase in their fee. The renewal of appointment with modification/ revision in fee does not entail SLIC to float the tender through PPRA because the PPRA authorities vide letter No. F.No.8(11)DD-1.PPRA/80 dated 8.1.2011 have given their verdict that since the policy of Govt. had been followed by SLIC for appointment of auditors, therefore, SLIC should approach same departments for requisite clarification. Therefore, in this case the BoD is competent to revise fee and after obtaining concurrence from the Auditor General of Pakistan, the appointment can be made.

All three audit firms have agreed to continue to be the statutory auditors for the year 2015. Their consents have been obtained. However, all of them have requested for increase of remuneration as under:

Name of Audit Firm	**Request**	**Justification given by auditors**
d) M/s. Riaz Ahmad & Co.	Audit fee to be increased by 20% and out of pocket expenses Rs.500,000	Applicability of ISA-600 has become mandatory which increases the work volume and inflationary trends
e) M/s. BDO Ibrahim & Co.	Audit fee to be increased by 20% and out of pocket expenses Rs.500,000	Applicability of ISA-600 has become mandatory which increases the work volume.
Name of Audit Firm	**Request**	**Justification given by auditors**
f) M/s. Nabeel Al-Saie (For Gulf Business)	10% increase in audit fee	Increase in cost of living due to withdrawal of subsidy on fuel and increase in volume of work due to new insurance regulations.

After adding their request to the existing fee/out of pocket expenses, the revised audit fee, out of pocket expenses and Sindh Sales Tax would be as under:

Firm's Name	Professional service charges								Increase
	Existing				Proposed				
	Audit Fee	Out of pocket expenses	Sindh Sales Tax @ 5%	Total	Audit Fee	Out of pocket expenses	Sindh Sales Tax @ 6%	Total	
a) M/s. Riaz Ahmad & Co.	990,000	200,000	49,500	1,239,500	1,188,000	500,000	71,280	1,759,280	519,780
b) M/s. BDO Ibrahim & Co	990,000	200,000	49,500	1,239,500	1,188,000	500,000	71,280	1,759,280	519,780
Total	**1,980,000**	**400,000**	**99,000**	**2,479,000**	**2,376,000**	**1,000,000**	**142,560**	**3,518,560**	**1039560**
c) M/s. Nabeel Al-Saie (For Gulf Zone)	40,000 AED	10,000 AED		50,000 AED	44,000 AED	10,000 AED		54,000 AED	4,000 AED

CHAIRMAN'S INITIALS

MINUTES OF 241ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	20TH OCTOBER, 2015	

The increase in Audit Fee requested by audit firms (for Pakistan Business) is on the quite higher side. However, it is proposed that out of pocket expenses may be increased to the level of the year 2012 and earlier. In 2012, out of pocket expenses to each firm was Rs.500,000/- while the audit fee was same. For Gulf Zone, the out of pocket expenses may be increased by 20% i.e., AED 2,000/-. After incorporation of this proposal, the fee/out of pocket expenses would be as under:

Firm's Name	Professional service charges								Increase
	Existing				Proposed				
	Audit Fee	Out of pocket expenses	Sindh Sales Tax @ 5%	Total	Audit Fee	Out of pocket expenses	Sindh Sales Tax @ 6%	Total	
a) M/s. Riaz Ahmad & Co.	990,000	200,000	49,500	1,239,500	990,000	500,000	59,400	1,549,400	309,900
b) M/s. BDO Ibrahim & Co	990,000	200,000	49,500	1,239,500	990,000	500,000	59,400	1,549,400	309,900
Total:	**1,980,000**	**400,000**	**99,000**	**2,479,000**	**1,980,000**	**1,000,000**	**118,800**	**3,098,800**	**619,800**
f) M/s. Nabeel Al-Saie (For Gulf Zone)	40,000 AED	10,000 AED		50,000 AED	40,000 AED	12,000 AED		52,000 AED	2,000 AED

Submitted for consideration of appointment of statutory auditors for audit of SLIC's Accounts – 2015 and revision in audit fee/out of pocket expenses as stated above.

The BAC after due deliberations recommended the above proposal of Divisional Head (F&A), CFO for approval of BoD.

The meeting ended with vote of thanks to and by the Chair.

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

KARACHI
3rd September, 2015

CHAIRMAN'S INITIALS

ANNEXURE-B2

MINUTES OF 55th MEETING OF BOARD AUDIT COMMITTEE HELD ON 29th SEPTEMBER, 2015

The 55th meeting of Board Audit Committee (BAC) of State Life Insurance Corporation of Pakistan was held on 29th September, 2015 in the Board Room, 3rd Floor, State Life Building No. 9, Dr. Ziauddin Ahmed Road, Karachi at 1100 hours.

Following members attended the meeting:

Mr. Saeed Ahmed Chaman	Member / Chairman
Mr. Shafqaat Ahmed	Member
Mr. Naved Arif	Member
Mr. Muhammad Sohaib Usmani	Non-Member / Secretary

Leave of Absence

Leave of absence was granted to the following members:

Mr. Saad Amanullah Khan	Member
Mr. Azher Ali Chaudry	Member

Following officers also attended the meeting:

Mr. M. Izqar Khan	Executive Director (F&A)
Mr. Muhammad Rashid	Divisional Head (F&A), CFO

The Board Audit Committee deliberated upon the following items:

AGENDA ITEM NO.1: To confirm and approve minutes of 54th BAC Meeting

The minutes of the 54th BAC meeting held on 31st August, 2015 were placed before the Committee and the same were unanimously confirmed and approved.

AGENDA ITEM NO.4: Revision in Guidelines and Chart of Delegation of Financial Powers

Keeping in view the importance and sensitivity of captioned Agenda Item, it was decided to bring the said item on top of the Agenda and rest of the items will be considered later.

Executive Director (F&A) briefed the proposed changes in Guidelines and Chart of Delegation of Financial Powers through a power point presentation.

It was apprized that last revision in Guidelines and Chart of Delegation of financial powers was made in the year 2000 except Real Estate division, which was last revised in the year 2008. With the passage of time the business of the Corporation has been increased manifolds and accordingly the workload of the divisions / departments has been increased. It was informed that due to non-revision of delegated financial powers, most of the payments of nominal amounts require approval of higher authorities, which not only cause delay in payments but also create unenviable situation for handling day to day affairs. Therefore, at this stage there is dire need for revision in Guidelines and Chart of Delegation of financial powers.

CHAIRMAN'S INITIALS

It was further informed that the nomenclature of divisions was updated and guidelines were re-arranged and numbered in proposed chart of delegation of financial powers. Similarly, the financial powers delegated to the authorities of Bancassurance and Health Insurance Division / Zones are also incorporated.

It is also proposed that ED (F&A) may be authorized to allow removing of any ambiguity, flaws, spelling mistakes, grammatical mistakes or any confusion / duplicate entry of text, if observed at later stage.

It was further apprized that in existing chart, powers were also delegated to Executive Committee of BoD. However, now the Executive Committee (EC) does not exist and all powers are being used by next hierarchy i.e BoD. It is, therefore, proposed that the word "Executive Committee" may be removed from revised guidelines and Chart and the power delegated to EC shall be referred back to BoD.

The BAC after detailed deliberations recommended the following changes in proposal for revision in guidelines and chart of delegation of financial powers.

General Guideline # 3

It is proposed that in case of Commission payments both cheque signatories will be from F&A Department / Division.

The BAC inquired that why the commission is not being credited directly to the Bank account of field workers instead of paying through cheques, this will not only facilitate the field workers for an early payment but also save the cost of manpower etc. and will also minimize the chances of error.

ED (F&A) requested the Committee that since a large number of field force is involved, therefore, it would be appropriate that before making any change in present commission payment procedure, they shall be taken on board.

It was further apprized that since field workers are also allowed to draw advance against First Premium Receipt (FPR), therefore, crediting commission directly to the Bank account could create embarrassment among the field force.

The BAC, however, directed that initially the advance against FPR shall be paid through cheque(s) and rest of the payments of commission to the field workers shall be credited directly to Bank Account of the field worker(s). Further an advice regarding the payment transferred to Bank Account shall also be issued to the concerned by the Zone.

General Guideline # 11.3

It was informed that guidelines/ SOP's for transfer of surplus fund from collection account to Principal office is also developed and incorporated in the proposal.

The BAC emphasized that in present era, there should be a centralized accounting system for payment and receipts and all payments shall be made from a centralized Bank Account. The BAC further stressed upon that the core objective of the proposal should be to minimize the hierarchy instead of increasing the levels that will create hurdle in smooth functioning of the Corporation.

It was informed that efforts are being made to remove hurdles / ambiguities for processing of payments. The abrupt change in accounting procedures from decentralized to centralized Bank Accounts operation would lead to create reconciliation problem. However, the aspect of payments from a centralized account is being taken in to consideration in the proposal of Cash Management System that is in the process for approval of BoD.

After detailed discussion, the BAC recommended the proposal and suggested that the aspect of payments and receipts through a centralized bank account shall be made part of the proposal of Cash Management System.

Moreover, the BAC directed to make the slides of the presentation as part of the agenda papers of 55th BAC meeting and a copy of the same be sent to all the members of BAC.

Specific Guideline # 14.2 Debenture / TFC's etc.

The BAC recommended the proposal and directed that all such proposals for purchase of Bonds/ TFC's shall be routed through Board Investment Committee to the BoD for approval.

Specific Guideline # 14.3 Placement of Funds with Banks

The BAC directed that all the placement of funds shall be in accordance with the approved investment Policy and in case of any deviation from the policy the matter shall be placed before BoD for approval. However, the Chairman shall be authorized to place funds upto 500 million. Placement of funds exceeding Rs.500 million shall be referred to BoD through circulation for approval.

CHAIRMAN'S INITIALS

Specific Guideline # 15.2 Capital Expenditures

The BAC has directed that under this guideline, only those items are covered for approval / purchasing that were incorporated in the budget proposal for that year and the budget for those items was already approved by BoD. Any item that was not incorporated in budget proposal will be termed as "UNBUDGETED ITEM" and shall be referred to BoD for approval.

Specific Guideline # 23.1 Refund of Suspense/Premium (New Business)

Account Code 568-576 - Suspense Refund

The captioned Guideline shall be revised as follows:

Existing		Revised	
Dept. Head	Above 25,000	Dept. Head	Above 40.000
Manager	Upto 25,000	Manager	Upto 40,000
Deputy Manager	Upto 10,000	Deputy Manager	Upto 15,000
Assistant Manager	Upto 5,000	Asstt: Manager	Upto 7,500

Specific Guideline # 50 Car Insurance

The captioned Guideline shall be deleted.

Specific Guideline # 57 Account Code 862-869 - Casual advertisement

Principal Office:
The captioned Guideline shall be revised as follows:

Existing		Revised	
		Chairman	Above 100,000
ED	Above 10,000	ED (Marketing)	Upto 100,000
DH	Upto 10,000	DH (Marketing)	Upto 20,000
Region/Zone:			
RC/ZH	Upto 5,000	RC/ZH	Upto 10,000

Specific Guideline # 59 Account Code 871 – Photostat

The captioned Guideline shall be revised as follows:

These expenses are normally incurred by P&GS Department as per rates approved by CPC/RPC/ZPC.

Existing		Revised	
DH	Upto 2,000	DH/ZH/RC	Upto 7,500
DGM/AGM/Dept. Head	Upto 1,000	DGM/AGM/Dept. Head	Upto 4,000
Manager	Upto 500	Manager	Upto 2,000
DM	Upto 200	DM	Upto 1,000

DELEGATION OF FINANCIAL POWERS OF REAL ESTATE DIVISION

Guideline # 1.2 Capital Expenditure

The BAC has directed that under this guideline, only those items are covered for approval / purchasing that were already incorporated in the budget proposal for that year and the budget for those items were already approved by BoD. Any item that was not incorporated in budget proposal will be termed as "UNBUDGETED ITEM" and shall be referred to BoD for approval.

The BAC appreciated the efforts of F&A Division and recommended the proposal for revision in Guidelines and Chart of Delegation of Financial powers with the aforementioned changes/ amendments to BoD for approval.

CHAIRMAN'S INITIALS

MINUTES OF 241ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
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AGENDA ITEM NO.2: To Review the progress on implementation of 54th BAC decisions

- LIST OF OUTSTANDING GOVERNMENT OF AUDIT PARAS

ED (F&A) apprized the BAC regarding the outstanding Audit Paras.

The BAC after obtaining some information and clarifications directed that all efforts shall be made to get these Audit Paras resolved / settled on priority.

AGENDA ITEM NO.3: To Review IT Project implementation

Due to paucity of time the agenda item was deferred

AGENDA ITEM NO.5: Un-reconciled subsidiary balances

Due to paucity of time the agenda item was deferred

The meeting ended with vote of thanks to and by the Chair.

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

KARACHI
5th October, 2015

CHAIRMAN'S INITIALS

ANNEXURE-C1

4TH MEETING OF BOARD INVESTMENT COMMITTEE

1. In pursuance of notice dated 15th September 2015, 4th meeting of Investment Committee of the Board was held on Monday 29th September, 2015 at 09:30 a.m. in the Board Room, State Life, Principal Office, at Karachi.

2. The meeting was attended by the following Directors/Members and officers of the Corporation:

1. Mr. Shafqaat Ahmed	**Director/Chairman**
2. Mr. Naved Arif	**Director/Member**
3. Mr. Saeed Ahmed	**Director/Member**
4. Dr. Aliya Hashmi Khan	**Director/Member**
5. Mr. Jamil Anwar	**Executive Director (Investment)**
6. Mr. Attaullah A. Rasheed	**Non-member/ Secretary**

3. The meeting was in quorum. Mr. Saad Amanullah was granted leave of absence. Chairman welcomed the participants to the 4th meeting of the Investment Committee of the Board. The meeting was started with the recitation of Holy Quran.

4. Thereafter, the following business was transacted.

Item no.1
Confirmation of minutes of 3rd meeting of Investment Committee of the Board held on 3rd August 2015

5. The Committee members read & confirmed the minutes of 3rd meeting of Investment Committee of the Board held on 3rd August 2015.

Item no.2
Compliance on the decisions taken in 3rd meeting of Investment Committee of the Board held on 3rd August 2015

6. The compliance report was submitted by DH (Inv.)/Secretary on the decisions taken in 3rd meeting of Investment Committee of the Board held on 3rd August 2015. The Committee expressed satisfaction on the compliance report.

7. It was advised that DH (Inv.) to submit details to explore the reasons behind the issue of non-filing the claim of the shares of LTV with the Liquidator at the time when the Company went into liquidation.

CHAIRMAN'S INITIALS

MINUTES OF 241ST MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	20TH OCTOBER, 2015	

Item no. 3
Job Description of Officers and Staff of Investment Division

8. DH (Investment) apprised the Committee that as per Organogram of Investment Division, total strength of 24 employees comprised of 13 officers and 11 staff which includes 03 Peons and 01 Record Sorter. The approved strength as of 30th November 2011 consists of 13 Officers and 12 Staff members.

9. The main activities along with staff allocation are given as follows:

   1. Money Market & Fixed Income, (02 Officers and 02 Staff)
   2. Capital Market & Trading/Research, (02 Officers and 03 Staff)
   3. Operations, Settlement & Corporate Affairs, (02 Officers and 02 Staff)
   4. Finance & Accounts, (05 Officers and 02 Staff)

10. DH (Inv.) explained that the current investment scenario requires multi-dimensional working such as Foreign Portfolio Management, active participation in Capital Markets and exploring new investment opportunities in order to maximize investment income.

11. The tasks mentioned in Job Descriptions (JDs) are those which are currently being carried out by respective officers and staff and these are prepared first time in Investment Division. The increasing size of Investment Portfolio necessitates appropriate training of existing investment team and induction of professionals to further strengthen the Division. Mr. Naved Arif suggested that SOP for investment should be aligned with the JDs to formulate internal control system for better performance.

12. Mr. Shafqaat Ahmed opined that currently, there is no active participation being noted in capital market. The sale of oil sector scripts was not made despite of more than forty-five percent decline in share prices of this sector. DH (Inv.) explained that State Life follows buy and hold strategy with objective of maximizing dividend income, reserves and ALM policy. The sale of scripts is made to bridge anticipated deficit in policyholders' bonus or under portfolio cleansing strategy after processing through Management Investment Committee. To strengthen equity section with skilled staff will definitely increase quality of work and output which ultimately enables MIC to take prompt and rational decisions.

CHAIRMAN'S INITIALS

13. Mr. Saeed Ahmed suggested that proper training and continuous development program may enhance the skills of existing team of the Division. Job specific trainings should be arranged which can help in improving quality of work and achieving strategic goals. DH (Inv.) explained that training, workshop and selected certifications from IBA, LUMS, ICAP, ICMAP and ICM will definitely improve the performance. Dr. Aliya Hashmi Khan opined that in many organizations, training and certification initiatives have been taken and in some cases, have even been funded by international donor agencies but no significant change in output and performance has been witnessed. She also expressed that academic qualifications and general training does not suffice in imparting the required skill and knowledge for understanding investment functions and stressed for specific on-job-training programs at reputed brokerage houses or other relevant investment institutions.

14. Mr. Shafqaat Ahmed stated that the qualified professionals may not take interest to join State Life due to lower package as compared to private sectors. DH (Inv.) replied that advertisement should be tailored with professionals and specific qualification along with defined experiences. Committee observed that recruitment of required staff may be revisited and specific training and courses to existing employees should be initiated.

Resolved that:

15. ***"Existing employees of Investment Division should undertake appropriate trainings, workshops and other professional development programs from recognized institutions primarily aimed to enhance skill and knowledge relating to capital market, money market, risk management and alike for their efficiency improvement. The proposed training programs will be consulted with Dr. Aliya Hashmi Khan prior to final approval from Chairperson."***

Item no. 4
Approval of addendum in Investment Policy 2003

16. The memo submitted by DH (Inv.) containing addendum to the Investment Policy 2003. It was apprised that Investment Policy 2003 remained successful over the period of time due to which MIC suggested slight changes in three areas i.e. PIBs, Equities and Bank Deposits. Since 2003, Investment Portfolio increased from Rs.74 billion to Rs.493 billion as of now. Mr. Shafqaat Ahmed clarified that to revise the existing investment policy is the requirement of time

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considering major changes in macroeconomic environment over the period, increase in size of the investment portfolio, current capital market dynamics and investment magnitude. It will provide guidelines to invest rationally and operate smoothly. Due to lower Discount Rates, the fixed income portfolio will yield lower return on its re-investments as such need to enhance investment income, which may be achieved through active participation in capital market. Moreover, additional income can be generated by realizing capital gains available in equities portfolio.

17. DH(Inv.) explained that the core concept of investment policy 2003 revolves around the following objectives:

- Maintaining portfolio compliant to the SECP regulations as admissible assets
- Keeping the overall financial risk of the investment portfolio at minimum levels
- Maximum security of the policyholders money
- Asset Liabilities Matching (ALM) Strategy
- Persistent return on investment to match the bonus to policyholders
- Creating reserves which are to be utilized when required to maintain the bonus

18. Mr. Saeed Ahmed expressed that an addendum to be incorporated in existing policy is quite insufficient and stressed that revised investment policy is to be developed which should be objective oriented by optimization of return compared with recognized market indices. Dr. Aliya Hashmi Khan endorsed that numeric changes highlighted in given addendum may not be sufficient to incorporate in existing Investment Policy 2003, it requires concepts and main objective of investment policy. We are experiencing significantly changed macroeconomic environment, so the entire concept may be emphasized in new investment policy. DH (Inv.) explained that initially, Investment Division prepared detailed version of investment policy along with objective, concepts and numeric changes draft of which has been placed in the meeting file with the permission of the Chair. The said draft policy was earlier submitted to MIC for deliberation and onward submission to ICB, however, it could not get through. Mr. Shafqaat Ahmed endorsed that its Board's functions to provide vision and policy in this regard whereas, MIC which comprised by senior management, primarily focus on execution of policies approved by the Board.

CHAIRMAN'S INITIALS

19. Mr. Naved Arif advised that detailed draft version of investment policy 2015 be confined with further improvements making it more objective in approach such as optimization of returns with some recognized market indices taken as benchmark. Mr. Saeed Ahmed opined that detailed draft version with executive summary to be deliberated in next meeting as single point agenda.

Resolved that:

20. *''Revised and improved version of detailed investment policy to be submitted in next meeting of Investment Committee of Board.''*

Item no. 5
Review of Investment Portfolio of the Corporation as at August 31st 2015

21. DH(Inv.) apprised the Committee that book value of investment portfolio net of provisions was Rs. 459,792 million as at December 31st 2014 which has increased to Rs. 493,377 million as at August 31st 2015. This reflects an increase of Rs. 33,585 million i.e 7.30% over the period ended August 31st 2015.

22. The distribution of Investment Portfolio as on December 31st 2013, 2014 and August 31st 2015 is given below:

(Rs. In million)

Type of Investments	Investment Portfolio 31.12.2013	%	Investment Portfolio 31.12.2014	%	Investment Portfolio 31.08.2015 (Un-audited)	%
Govt. Securities	297,941	76.23	374,370	81.37	400,317	81.10
Corporate debts	1,243	0.32	934	0.20	868	0.18
Equities	29,987	7.67	29,822	6.48	31,911	6.46
Bank Deposits	25,611	6.55	10,714	2.33	19,347	3.92
Investment Property	2,991	0.76	2,955	0.64	2,940	0.60
Loans to Policy Holders	33,100	8.47	41,303	8.98	38,250	7.74
TOTAL	390,873	100.00	460,098	100.00	493,633	100.00

23. Market value of the Investment Portfolio as at August 31st 2015 was estimated at Rs. 609,485 million carrying an unrealized gain of Rs. 115,852 million over its cost which is around 23% higher which was mainly due to assets comprising PIBs, Equities and Real Estate. The total investments in Government Securities and debts amounted to Rs. 400,317 million which constitutes 81.10% of the total portfolio. Since

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January to August 2015, the Corporation had purchased PIBs worth Rs.48,087 million at a cost of Rs.51,147 million from auctions conducted by State Bank of Pakistan. State Life purchased equities with book value of Rs.2,195.716 million for the period under review and sold shares with book value of Rs.189.608 million for Rs.373.984 million.

24. State Life earned Rs.50,703 million on its investment portfolio excluding unrealized gain on investment for the period ended December 31st 2014 as compared to Rs.50,933 million earned during the same period of the previous year. The investment income earned up to August 31st 2015 was Rs. 38,041 million earning yield of 12.49% on its portfolio.

25. Mr.Shafqaat Ahmed enquired about the return of equity portfolio as compared to KSE return. DH (Inv.) replied that dividend income and unrealized gain of our equity portfolio has exceeded KSE return. Mr. Shafqaat Ahmed advised to submit details of KSE return versus our equity portfolio since 2003 till to date.

Resolved that:

26. *"Investment Portfolio as on 31st August 2015 is recommended to the Board for its review."*

Further resolved that:

27. *"Comparative report be prepared narrating KSE return with Corporation's equity portfolio on annualized basis since 2003 and submitted in the next meeting of Investment Committee of the Board."*

Item no. 6:
Reconstitution of Management Investment Committee

28. The memo submitted by DH (Inv.) was deliberated. The Committee was apprised that as a consequence of transfer of Mr. Aijaz Ali Khan, E.D. (F&A/P&GS), and Mr. Muhammad Izqar Khan, E.D. (HID/Banc assurance) was given the charge of E.D. (F&A) while he was already member of Management Investment Committee. Therefore, Mr. Muhammad Rashid, G.M. (F&A) was co-opted as member. The current Management Investment Committee (MIC) consists of following officers of the Corporation:

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1. Mr. Jamil Anwar	E.D (Inv/RED/LAD/PHS)	Convener
2. Mr. Muhammad Izqar Khan	E.D. (F&A/HID/Banc Assurance)	Member
3. Mr. Muhammad Rashid	G.M. (F&A)	Member
4. Mr. Attaullah A. Rasheed	G.M. (Inv)	Member
5. Mr. Faisal Mumtaz	G.M. (Actuarial)	Member
6. Mr. Atif Saeed Rana	A.G.M. (Inv)	Member
7. Mr. Abu Ahmed	Off. AGM (Inv)	Member/Secretary

29. The Committee expressed satisfaction on the existing composition of Management Investment Committee.

Resolved that:

30. *"Reconstitution of Management Investment Committee is recommended to Board for its concurrence:*

1. Mr. Jamil Anwar	E.D (Inv/RED/LAD/PHS)	Convener
2. Mr. Muhammad Izqar Khan	E.D. (F&A/HID/Banc Assurance)	Member
3. Mr. Muhammad Rashid	G.M. (F&A)	Member
4. Mr. Attaullah A. Rasheed	G.M. (Inv)	Member
5. Mr. Faisal Mumtaz	G.M. (Actuarial)	Member
6. Mr. Atif Saeed Rana	A.G.M. (Inv)	Member
7. Mr. Abu Ahmed	Off. AGM (Inv)	Member/Secretary"

Item no. 7:
Presentation on Alpha Insurance by MD:

31. The matter was deferred to next meeting due to paucity of time.

Item no. 8:
Any other matter with the permission of Chair

Item no. 8(a):
Building Partnership with the Securities and Exchange Commission of Pakistan (SECP)'s Investor Education Initiatives

32. DH (Inv.) explained the memo submitted to the Committee that SECP is creating a fund under the title of "Jamapunji Endowment Fund" with the financial support of institutions for the Investors Education Program to be managed and organized by the governing board consisting of contributing institutions. SECP recognizes investor education and awareness as a critical pillar for building investor confidence and their protection. The program provides for a structured and long term approach for education and awareness of general public about capital markets, insurance and corporate sector.

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33. SECP approached State Life for appropriate support to collaborate and partner in creation of the Fund and execution of the Jamapunji activities. This will entail valuable cost effective benefits and an opportunity to position State Life as an industry advocate of corporate social responsibility.

34. Considering the nobility of the purpose and a chance to promote the Corporation's image as a socially responsible organization, the Committee Members considered appropriate contributing to the fund and principally agreed that State Life to contribute to the fund with the approval of the Board.

Resolved that:

35. *"State Life to participate in the 'Jamapunji Endowment Fund' to support the initiative taken by SECP for investor education in various class of society. The amount of contribution is to be decided by the Chairperson, State Life with the approval of the Board."*

Item no. 8(b):
Offer for sale of =60mn= shares of UBL under Block Deal

36. The memo submitted by DH (Investment) was deliberated. It was apprised to the Committee that Intermarket Securities (Pvt) Ltd approached State Life for the block deal of =60 million= shares of UBL. These shares are being sold by a US based Fund named as 'Franklin Templeton'. As informed by Intermarket Securities (Pvt) Ltd, the fund has sold around =10 million= shares in the market and now holding =50 million= or below quantities with them.

37. Management Investment Committee considered the proposal at Market price less 12.5%. Currently, State Life holds =3.116 million= shares at an average price of Rs.124.46 per share. The total amount invested stood at Rs.387.906 million. Mr. Shafqaat Ahmed opined that the purchase price net of 12.5% discount on market price of Rs. 153 per share will be around Rs.134 which is considered to be very attractive. He enquired about the total funds required to acquire the block deal. DH (Investment) replied that total Investment will be around Rs.6.7 billion based on the share price of Rs.134 with quantity of =50 million= shares which may be varied once the block deal is finally executed at the market rate net of 12.5% discount on the date of transaction.

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38. DH (Investment) informed the Committee that Investment Policy limits State Life to have exposure in one company up to Rs. 5 billion. Due to current exposure in UBL i.e. Rs.387 million, the remaining cushion is around Rs.4.613 billion which enables Corporation to acquire =34 million= shares approximately. Mr. Shafqaat Ahmed said that the Board may give relaxation of that clause considering the offer as good investment opportunity. DH (Investment) further informed the Committee that current funds available for investment is around Rs.1.00 billion which enables the Corporation to acquire =7 million= shares approximately. Mr. Shafqaat Ahmed viewed that discount of 12.5% may not be available on such small quantity.

39. Mr. Saeed Ahmed stated that in December 2015, State Life will receive huge cash inflow from zones and Investment Income; therefore, this block deal may be financed through banks. He enquired about the dividend yield of UBL at Rs.134 per share. DH (Investment) replied that the dividend yield comes around 9% approximately. Mr. Saeed Ahmed expressed that it is viable to finance said investment by arranging running finance facility from banks for three months till the availability of entire funds to retire the debt. DH (Investment) informed the Committee that State Life never invested on credit finance, it would be very first transaction for purchase of shares executed through running finance from banks by pledging PIBs and proposed that offer may be staggered up to 03 months with inflow of funds. Mr. Saeed Ahmed and Mr. Naved Arif viewed that till such time quantity may not remain available. Keeping in view the urgency in the matter, Mr. Shafqaat Ahmed said that with the consent of Chairperson State Life, approval may be sought from Board of Directors through Circular Resolution.

Resolved that:

40. ***"State Life may go for purchase of =50 million= shares of UBL at price net of 12.5% discount on market price. The waiver is recommend for the clause 7.1(b) of Investment policy 2003 'Maximum investment exposure in any one company or companies of one group to Rs.5 billion'. The approval from Board of Director may be sought through Circular Resolution."***

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Further Resolved that:

41. *"Financing arrangement be made through banks by availing Running Finance Facility and pledging PIBs as security from the period till the funds are replenished and repaid fully with immediate monthly payments as per the inflow of funds."*

42. Meeting ended with a vote of thanks to the Chair.

Minuted by

Sd/-
Secretary

Approved by

Sd/-
Chairman

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ANNEXURE-C2

MINUTES OF 5TH MEETING OF BOARD INVESTMENT COMMITTEE

1. In pursuance of notice issued dated 8th October 2015, the 5th meeting of Investment Committee of the Board was held on Tuesday 13th October, 2015 at 12:00 noon in the Board Room, State Life, Principal Office, at Karachi.
2. The meeting was attended by the following Directors/Members and officers of the Corporation:

Mr. Shafqaat Ahmed	**Director/Chairman**
Mr. Naved Arif	**Director/Member**
Mr. Saeed Ahmed	**Director/Member**
Dr. Aliya Hashmi Khan	**Director/Member**
Mr. Muhammad Izqar Khan	**Executive Director (Inv.)**
Mr. Attaullah A. Rasheed	**DH (Inv.)/ Secretary**

3. The meeting was in quorum. Mr. Saad Amanullah was granted leave of absence. Mr. Abu Ahmed, Oftg. AGM (Inv.) also attended the meeting. Chairman welcomed the participants to the 5th meeting of the Investment Committee of the Board. The meeting was started with the recitation of Holy Quran.
4. Thereafter, the following business was transacted.

Item no.1
Confirmation of minutes of 4th meeting of Investment Committee of the Board held 29th September 2015

5. The committee members read the minutes of 4th meeting of Investment Committee of the Board held 29th September 2015. Mr. Saeed Ahmed proposed following changes in the minutes which were unanimously agreed and the minutes were confirmed:

- At para no. 11 of the minutes, it is to be added that **"It was noted that similar type of job descriptions were made which contain details of what respective staff is doing rather than what they are supposed to do".**

- At para no. 12 of the minutes it is to be added **that "It was noted that sale of oil sector scripts was not made when prices were high".**

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- At para no. 26 of the minutes, the word **"recommended"** be substituted with the word **"submitted."**

Item no.2
Compliance on the decisions taken in 4th meeting of Investment Committee of the Board held on 29th September 2015

6. The compliance report was submitted by DH (Inv.)/Secretary on the decisions taken in the 4th meeting of Investment Committee of the Board held on 29th September 2015. The Committee expressed satisfaction on the compliance report with the following deliberations:

- Mr. Shafqaat Ahmed advised that compliance report should contain only "outstanding matters" so that Committee may be updated accordingly.

- In view of the report submitted by DH (Inv.) regarding non-filing the claim of the shares of LTV with the Liquidator in 2005 when the company went into liquidation. It was decided that the matter stands closed as no loss was suffered by the Corporation. However, Investment Division should be more vigilant in future to protect the interest of the Corporation.

- DH (Inv.) presented the report showing comparison of State Life equity portfolio return compared with KSE 100 index return since 2003. The Committee noted that the return on State Life portfolio is much higher than the KSE return. Mr. Saeed Ahmed noted that the calculation of return of State Life includes dividend income, capital gains and unrealized capital appreciation on annualized basis which may not be the case with KSE return where dividend is adjusted in prices. The Committee advised to revisit the calculation with due consultation of other institutions regarding the method of calculation of such return and submit in the next meeting.

- Regarding purchase of UBL shares under block deal, DH (Investment) apprised the Committee that following the principal approval of Investment Committee of the Board in its 4th meeting held on 29th September 2015, Investment Division sought mark-up rate to finance the said transaction where UBL offered lowest rate of 3 month KIBOR plus 50 bps i.e. 7.09%. Moreover, the broker i.e Intermarket Securities Ltd proposed to charge Rs.9,600,000/= for 50 million shares of UBL at standard commission rates however, the

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Broker was advised to charge Rs.750,000/= only at minimum slab as per approved commission rates. Later on, the broker agreed to charge Rs.4,500,000/= for entire transaction. Subsequently, Investment Division submitted the matter for financial concurrence in 96th meeting of Management Investment Committee held on 8th October 2015. The Management Investment Committee resolved as follow:

- *"As per the implications of financing the said Block Deal, the Committee suggested not to conduct such transaction due to presence of the issue of admissibility of assets in accordance with the clause 32(2)(L) of Insurance Ordinance 2000. State Life may go for block deal up to the available fund provided that 12.5% is given by seller subject to the approval of the Board."*

- DH (Inv.) submitted revised copy of said MIC minutes to the Committee Members. Mr. Faisal Mumtaz, DH (Actuarial) was invited, where he was asked about the issues for financing shares of UBL block deal. DH(Actuarial) explained that due to pledging of PIBs worth Rs.7.5 billion for availing running finance facility of Rs.6 billion, the pledged PIBs will become inadmissible under section 32(2)L of Insurance Ordinance 2000 which will eventually affect the bonus for policyholders. Mr. Shafqaat Ahmed said that State Life may opt different options for pledging asset like 40 % shares and 60% PIBs. Mr. Saeed Ahmed opined that State Life will receive huge cash flow from premium collections as well due to year end closing in December 2015. It was believed that State Life would be able to repay entire credit amount by that time and in such case, none of asset may be remain inadmissible. Mr. Shafqaat Ahmed further clarified that the proposal initially brought by DH (Inv.) and ED (Inv.), where it was recommended to buy shares of UBL under block deal for Rs. 1 billion as availability funds. However, it was ICB's decision to acquire entire block deal through running finance. Mr. Saeed Ahmed opined that inadmissibility issue raised by MIC was manageable and Corporation might be able to avail lucrative opportunity. ED (Inv.) briefed that State Life always followed the methodology of keeping risk at minimum while investment in stock market carries risk and that financing such investment will add further risk in manifold, the Corporation has never been bought any shares since nationalization under financing facility due to risk involved in capital market. The committee after detailed deliberations decided that in view of recommendations of MIC, State Life may not purchase the shares of UBL under block deal.

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Item no. 3
Review and approval of Investment Policy 2015:

7. G.M. (Inv) briefed members of the Investment Committee of the Board about scope, objective and rationale behind writing Investment Policy 2015. Mr. Shafqaat Ahmed stated that both the Policy statement and Return Objective needs to be broadened in order to address the issue of higher investment income and growth in policyholders' reserve. G.M. (Inv) apprised members that the issue of incremental income has been taken care of by incorporating the same in form of additional return for growth in reserves.

8. Mr. Shafqaat Ahmed was of the view that even the present policy lacks in proposing strategies for share trading to capitalize opportunities linked to fall and rise of Index. Mr. Saeed Ahmed was of the view that Investment Policy 2015 still appears conservative. Dr. Aliya Hashmi Khan advised that Investment Division should check the Investment Policy and Annual Report of other life insurance companies in private sectors as their investment policies are pro-active in approach and aggressive in stance. The policy should be re-written bearing investment objective not merely confined to liability management of the Corporation G.M. (Inv) proposed for hiring consultant to write new investment policy for the Corporation. Dr. Aliya Hashmi Khan stated that there is no need to hire the consultant for this purpose and expressed confidence that the Investment Division under the guidance of Investment Committee of the Board would write comprehensive investment policy covering all the aspects needed as policy guidance to the Management to execute day to day investments activities accordingly.

9. E.D. (Inv) assured the committee of reviewing the Investment Policy and presents it again to committee for consideration in line with their expectations. Chairman of the Committee was kind enough to offer services of his bank in this respect. GM (Inv.) and his team would visit the investment team of Albaraka Bank for discussion/consultation on investment policy.

10. In order to dispel misconceptions on scope, objective and strategies of Investment Policy 2015, Officiating AGM (Inv) stated that both the issue of competitive return and growth in policyholders reserve has been addressed in the Return Objective without compromising on asset-liability matching. He drew attention of members to the fact that life insurance companies in private sector offers unit linked policies, thereby; their liability is limited to NAV of the life fund. Further to this, as viability of unit linked policies entirely dependent upon

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continual growth in NAV of the fund, which is basically a return to policyholders; therefore, they are left with no option but to be aggressive in taking exposure in equity investment. This is also reflected by portfolio composition with over exposure in equity. Contrary to this life insurance policy of State Life is conventional, thereby, is fixed in nature. As a result, State Life under fiduciary obligation is compelled to define its investment strategy for securing of management of insurable liabilities first then ensuring of organic growth in policy reserve. Therefore, State Life focuses on maintaining bonus rates on policies on sustainable basis and meeting of its policy obligation upon maturity of the same. The difference in nature of liabilities is responsible for adopting altogether a different approach in managing investment by companies in the same industry but with life insurance products fixed and variable liabilities.

11. G.M. (Inv) assured members that Investment Division is aware of increasing competition in life insurance business and attempt has been made to respond to this by generating incremental investment income through value trading. It was pointed out to members that capacity for incremental investment income in form of capital gains has been taken care of by proposing increased exposure in equity from currently 6.9% to 15% and subsequently by reducing exposure in fixed income security from currently 82% to 72.5% respectively.

Resolved that:

12. ***"Revised Investment Policy based on proactive approach, primarily addressing the growth objective in Policyholders reserve and incremental income instead of merely confined to liability management of the Corporation, to be submitted for consideration of the Investment Committee of the Board."***

Item no. 4
Reconstitution of Management Investment Committee

13. The memo submitted by DH Inv.) was deliberated. The Committee was apprised that, initially, Management Investment Committee was comprised of following officers of the Corporation:

1. Mr. Jamil Anwar, E.D. (Inv/RED/LAD/PHS)/	Convener
2. Mr. Muhammad Izqar Khan,E.D. (F&A/HID/Banca)	Member
3. Mr. Muhammad Rashid,G.M. (F&A)	Member
4. Mr. Attaullah A. Rasheed, G.M. (Inv)	Member
5. Mr. Faisal Mumtaz, G.M. (Actuarial)	Member
6. Mr. Atif Saeed Rana, A.G.M. (Inv)	Member
7. Mr. Abu Ahmed,Off. AGM (Inv)	Member/Secretary

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14. After the notification of assigning the Portfolio of Investment Division to Mr. Muhammad Izqar Khan, vide Office Order no. P&GS/PO/354/2015, the Management Investment Committee has been reconstituted as under:

1.	Muhammad Izqar Khan,E.D.(INV/HID/Banccassurance)	Convener
2.	Jamil Anwar, E.D.(RE/PHS/Law)	Member
3.	Muhammad Rashid, G.M. (F & A)	Member
4.	Attaullah A. Rasheed, D.H. (Inv),	Member
5.	Faisal Mumtaz, GM (Act),	Member
6.	Atif Saeed Rana, AGM (Inv),	Member
7.	Abu Ahmed, Off. A.G.M.(Inv),	Secretary/Member

15. Committee noted the composition of Management Investment Committee.

Resolved that:

16. ***''Reconstitution of Management Investment Committee consisting of the followings officers duly approved by Chairperson is recommended to Board for its concurrence:***

1.	Muhammad Izqar Khan, E.D. (INV/HID/Banccassurance)	Convener
2.	Jamil Anwar, E.D.(RE/PHS/Law)	Member
3.	Muhammad Rashid, G.M. (F & A)	Member
4.	Attaullah A. Rasheed, D.H. (Inv),	Member
5.	Faisal Mumtaz, GM (Act),	Member
6.	Atif Saeed Rana, AGM (Inv),	Member
7.	Abu Ahmed, Off. A.G.M.(Inv),	Secretary/Member

17. Meeting ended with a vote of thanks to the Chair.

Minuted by

Sd/-
Secretary

Approved by

Sd/-
Chairman

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ANNEXURE-D

MINUTES OF 2ND MEETING OF REAL ESTATE COMITTEE

The 2nd meeting of the Real Estate Committee of the Board of Directors of State Life Insurance Corporation of Pakistan was held on 31st August 2015 at 09:30 am in the Board Room, State Life Building No.9, Principal Office, Karachi.

2. The following attended the meeting:

i.	Mr. Saad Amanullah	Chairman/Director
ii.	Mr. Saeed Chaman	Member/Director
iii.	Mr. Naved Arif	Member/Director
iv.	Mr. Shafqaat Ahmed	Member/Director
v.	Mr. Riaz Ahmed Shaikh	Secretary REC
vi.	Mr. Jamil Anwar	Non- Member / ED (RE) *(Attended REC Meeting on special invitation)*

Dr. Aliya Hashmi Khan was granted leave of absence

Item (01) CONFIRMATION OF MINUTES OF 1st MEETING OF THE REAL ESTATE COMMITTEE HELD ON 25.05.2015

3. The minutes of the 1st meeting of the Real Estate Committee of the Board held on 25.05.2015 was placed before the Committee.

4. Mr. Saad Amanullah, Chairman proposed and Mr. Naved Arif, Director seconded the minutes of 1st meeting of the Real Estate Committee.

5. Accordingly, it was resolved as under:

RESOLVED

"that the minutes of 1st meeting of the Real Estate Committee held on 25.05.2015 be and are hereby approved and confirmed."

Item (02) IMPLEMENTATION/COMPLIANCE REPORTS OF 1st MEETING OF REAL ESTATE COMMITTEE HELD ON 25.05.2015

6. Implementation Report of 1st meeting of the Real Estate Committee held on 25.05.2015 placed before the Committee, which was noted with the following observations and directives:

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- **Item No 1** **Terms of Reference of Real Estate Committee**

Resolve/directives on the item: 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 and 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.

In compliance with the directives of REC following presented before the 2nd meeting of REC:

1. Revised TORs.
2. The data of tenancy.
3. Recovery data.
4. Litigation data.
5. Comparative Analysis of investment.

RESOLVED

"that the Committee approved the revised TORs and recommended it to BoD for approval. On the data presented regarding tenancy, recovery and litigation, the committee directed Divisional Head (RE) to present a comprehensive proposal with different strategies for renting out the vacant commercial space. Moreover, the details of property in litigation be listed out separately along with reasoning and representatives from legal side would be called to discuss the progress of litigations in next meeting. The Committee appreciated the comparative financial details highlighting the returns on investments and advised to suggest incentives for RED officials if they rent out the space on market rates i.e. 10% of value. This may be included in comprehensive proposal. The ageing of outstanding rent be done."

- **Item No. 2** **UP-GRADATION OF FIRE DETECTION SYSTEM COMPRISING OF PANEL FIRE ALARM SYSTEM IN STATE LIFE BUILDINGS.**

Directives on the item: It was resolved that data for 100% commercial buildings be obtained and presented in a one page template. TORs / SOPs be got approved at the level

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of Executive Director / Divisional Head. It should be ensured that fire escapes / stairs in existing buildings are clear of without any obstructions.

The following progress on the above directives of REC was appraised:

1. Data regarding fire equipments were presented
2. TORs for hiring consultants for survey and design have been approved.
3. Confirmation regarding clearance of fire escapes has been received from all building in-charges.
4. Tender advertisement shall be published in newspaper on 31-08-2015.

RESOLVED

"that the committee appreciated the efforts taken in addressing this matter and directed Divisional Head (RE) that the minimum requirement of placing the fire extinguishers in every commercial building be ensured. Furthermore, the process of hiring the services of consultant be completed in time."

- **Item No 3 STATE LIFE BUILDING # 12, ABDULLAH HAROON ROAD, KARACHI DAC DECISION (02-04-2014)**

Directives on the item: Real Estate to appoint a panel of prominent valuators 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.

The REC was informed the following:

1. Criteria, TORs and advertisement (draft) presented.
2. Letter sent to PPRA regarding procedure to be followed for sale of Hashoo centre. In response to letter to PPRA for selling out of property they informed on telephone that they have no such procedure for selling transaction properties.

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RESOLVED

"that the Committee directed to go ahead with the process of selection for hiring the service of valuator for all commercial buildings including building 12. It was also directed to explore different avenues for renting out the space even the parking space only, which can be contracted easily. Regarding disposal of property, the committee advised that the Finance Division Rules 2006 may be checked. Marks in Evaluation criteria be reassigned and Registration with Pakistan Banking Association (PBA) or from the reputed the organization be included"

- **Item No 4 REPLACEMENT OF AIR CONDITIONING SYSTEM AND LIFTS AT STATE LIFE BUILDING # 9, (PO) KARACHI**

Directives on the item: 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 31-08-2015. Design and tender processing by consultant shall be completed by 30-11-2015.

The REC was informed the following:

1. Pre-qualification of consultants has been approved.
2. TORs have been approved.
3. Pre-qualified consultants were served TOR's and bids open 18-08-2015.
4. Bid has been approved in favor of M/s. International Consultants and result is sent to PPRA for placement on website dated 25/08/2015.
5. M/s. International Consultants will be awarded contract of design if no grievance is received during evaluation period.

RESOLVED

"that the committee advised to expedite the process and complete it as per the deadline of 30-11-2015"

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- **Item No 5** **TEMPLATE**

Directives on the item: The template for projects State Life Tower – Islamabad, Rahim Yar Khan, Sialkot and Sargodha was presented. Time lines for all the projects were decided and the Project Manager from M/s. NESPAK were advised to ensure compliance with the deadlines.

Updated projects progress at item # 7.

- **Item No 6** **TENANCY DETAILS & REVENUE**

Directives on the item: 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 and net income at Rs.124 million. Total rentable area of State Life Commercial Buildings is 2.72 sft whereas occupancy is 80%.

It was advised that a detailed template be submitted in next meeting which would include:

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.

i) Encroachment.
ii) Litigation.
iii) Mutation.
iv) Status of maintenance (when last painted, etc.)
v) Occupancy.

The following presented before the REC:

1. Explanation of 20% non-occupancy list of building with significant non-occupancy with reasons thereof presented.

2. Details of Encroachment, Litigation and Mutation presented

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3. Status of maintenance for the last 05 years Occupancy presented

RESOLVED

"that the committee noted the reasons of non-occupancy and advised to include different prepositions in the comprehensive proposal with different strategies for renting. Regarding litigation, mutation of properties, it was directed that complete details be presented in next meeting. Regarding maintenance of buildings, it was advised that expenditure on maintenance be enhanced and details of works to be carried out in the commercial buildings be put up for consideration of committee. Focus should be made on buildings which have high vacancy."

- **Item No 7 UPDATE ON ON-GOING AND PLANNED PROJECTS STATE LIFE TOWER- ISLAMABAD**

Directives on the item: It was resolved that RED may complete all the formalities regarding award of HVAC / Fire Fighting tenders by 31-07-2015. These works shall be completed upto 31-12-2016, as agreed with the contractor.

Compliance of the directives of REC:

1. The tender for HVAC was invited, technical bid opened, upon scrutiny by consultant and HVAC section, some PPRA/PEC issues were detected which need clarification from PPRA / PEC. Matter is therefore referred to PPRA / PEC for clarification on 22-07-2015. This case is submitted to REC as separate memo.

2. Tender for firefighting work has been floated and technical bids were opened on 25-08-2015. Technical scrutiny of bids is under process by consultant M/s. International Consultant.

RESOLVED

"that the committee noted the position explained by the secretary REC and allowed to discuss it as separate item presented through Memo"

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STATE LIFE BUILDING – RAHIM YAR KHAN

M/s. NESPAK shall resolve the issues relates to map/ plans and get its approval from TMA by 31-07-2015, RED may after wards float the tender on priority and complete the formalities e.g. DDWP approval, invitations, award upto 31-12-2015.

Following compliance submitted to the REC:

1. Revisions suggested by TMA Rahim Yar Khan were incorporated in the tender documents and plans/drawings. And the same has also been resubmitted to them for necessary approval.
2. A demand note of Rs.911,868/- was released to the TMA Rahimyarkhan for according the approval of Building Plans / Drawings.
3. After getting approval, tender for the job will be floated immediately.

RESOLVED

"that the committee appreciated the progress and advised to follow the deadlines"

STATE LIFE BUILDING – SIALKOT

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 31-07-2015. RED may afterwards proceed for calling at tenders and complete the process within 4 to 5 months upto 31-12-2015 after completing all codal formalities e.g. DDWP approval, invitation, award etc., upto 31-12-2015.

Following compliance submitted to the REC:

1. Architectural drawings of the project submitted in the office of TMA at Sialkot for approval.
2. M/s. NESPAK has submitted the "submission drawings" which were sent to Incharge (RE) Lahore

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within 15 days.

RESOLVED

"that the committee showed satisfaction on the progress and advised to follow the deadlines"

STATE LIFE BUILDING- SARGODHA

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 Sargodha by 30-11-2015. RED may afterwards proceed for calling of tenders and complete the process within 4 to 5 months after all codal formalities e.g. DDWP approval invitation, award etc. upto 30-12-2015.

Following compliance submitted to the REC:

1. Concept drawings of the building were approved by REC.
2. M/s. NESPAK has completed the detail design of project.
3. Draft tender documents will be submitted within 02 weeks by NESPAK.

RESOLVED

"that the committee mentioned that the progress is slow and needs to be expedited to catch the deadlines"

STATE LIFE BUILDING- BENEZIRABAD

Following compliance submitted to the REC:

1. Pursuing the matter with Revenue Office Benazirabad to confirm about the status of plot whether commercial or not, may be confirmed within a week.

RESOLVED

"that the committee mentioned that the progress is not satisfactory and needs to be expedited"

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Resolve/directives on the item: 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.

RESOLVED

"that the Divisional Head RED noted it for compliance "

Item (03) SUPPLY, INSTALLATION, TESTING & COMMISSIONING OF A/C CHILLERS AND ALLIED WORKS AT STATE LIFE TOWERS, ISLAMABAD

7. The Executive Director (RE) presented the above memorandum that the Board of Directors in its 210th meeting held on 07-04-2010 approved the Budget of State Life Tower Project at Rs. 1272 Million out of which an amount of Rs. 179 Million was for SUPPLY, INSTALLATION, TESTING & COMMISSIONING OF A/C CHILLERS AND ALLIED WORKS AT STATE LIFE TOWERS, ISLAMABAD.

8. The approval for relevant tender process was accorded by Worthy Chairman dated 07-12-2011.

9. The relevant advertisement for tender of SUPPLY, INSTALLATION, TESTING & COMMISSIONING OF A/C CHILLERS AND ALLIED WORKS AT STATE LIFE TOWERS, ISLAMABAD was published in Two (02) national dailies viz. Business Recorder & Jang dated 05-10-2012.

10. Owing to Non-availability of Board of Directors (BOD) and constrain of bid validity the case could not be approved, consequently above tender was scrapped on 17-11-2013.

11. Subsequently, tender for SUPPLY, INSTALLATION, TESTING & COMMISSIONING OF A/C CHILLERS AND ALLIED WORKS AT STATE LIFE TOWERS, ISLAMABAD was split up on the advice of Consultant into three parts and case was approved 11-03-2014. The tender was published accordingly on 15-05-2014. However, this tender was also scrapped on 12-02-2015 due to contradiction with rule # 9 of PPRA rules 2004, on recommendation/ observation of REFC held on 30-12-2014 with approval of Worthy Chairperson.

12. Currently, the tender for entire job - as stated at subject was advertised on PPRA website with ref # TS244467E & published in national dailies on 30-05-2015. Following three firms participated in the bid,

a) M/s Greaves Air conditioning (Pvt.) Ltd
b) M/s DWP Technologies (Pvt.) Ltd
c) M/s Freezol International (Pvt.) Ltd

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13. The documents of above three firms were handed over to Consultant (M/s International Consultant) for scrutiny & recommendations. The Consultant in his report disqualified M/s Freezol International (Pvt.) Ltd & advised for opening of Financial Bid of remaining two bidders (Annex-A). Upon further scrutiny by the section the remaining two firms were also found without valid P.E.C registration certificate which is a mandatory requirement of tender process. The details are summarized in following table;

Sr. #.	Name of the Firm	Anomalies
01.	M/s Greaves Air conditioning (Pvt.) Lt	Firm is not registered in P.E.C rather submitted the P.E.C certificate with name M/s. Greaves Pakistan (Pvt.) Ltd.
02.	M/s. DWP Technologies (Pvt.) Ltd	Firm is not registered with P.E.C rather submitted the P.E.C Certificate with name M/s. Digital World Pakistan (Pvt.) Ltd.
03.	M/s Freezol International (Pvt.) Ltd	Firm is not authorized agent of equipment however its sister concern M/s. Nucon has dealership. Moreover its fan coil units do not fulfill AHRI certification

14. In order to reach a conclusion the matter was referred to PPRA & P.E.C for clarification. The replies received from PPRA & PEC are annexed as Annex – B & C. Since no firm was meeting the criteria in totality, the matter is placed before REC for consideration of some options are as under:

i. Scrap this tender process & re-advertise the same while relaxing post-qualification criteria. However registration with Pakistan Engineering Council will remain mandatory. This process will add at-least 03 months to the process.

ii. Delete the work of air-conditioning to its entirety, make the building Non-A.C. This will pave the way for finishing works to start.

RESOLVED

"that the committee noted that the building would remain centrally air conditioned. However, in order to resolve the matter, it was advised that, since the process of tendering for HVAC has already taken long and also keeping in view the replies of PEC and PPRA and nature of requirements, all the technically evaluated bidders would be given final 7 days to complete the requirements/clarify the anomalies. Those who complete the requirements within the stipulated time, would be eligible for opening of Financial Bid (which is already received in sealed envelopes)"

Sd/-

Mr. Saad Amanullah
(Chairman)

Dated: 22/9/2015

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ANNEXURE-E

SOPs for Disclosures of Related Party Transactions

1. Related party transactions are the transactions, disclosed in the annual accounts of SLIC due to:

   i) Common directorship
   ii) Transactions with Subsidiary
   iii) Transaction with Associates (whose 20% share or more is owned by SLIC)
   iv) Governed by/controlled by common body

2. In order to determine related party transactions under point (i) – (Common Directorship), SOPs are recommended as under:

   a) Proforma A (Flag – A) duly signed and stamped by all Executive Director / any other Key Officer nominated as Director in other companies will be taken upon his nomination as Director in other companies.

   b) Proforma B (Flag – B) duly signed and stamped by all Executive Director / any other Key Officer nominated as Director in other companies will be taken on each 31st December.

   c) Upon the appointment of new director, Proforma – C (Flag–"C") will be taken from directors duly signed and stamped by him.

   d) On each December 31, Proforma – D (Flag–"D") will be taken from all directors duly signed and stamped by them.

   e) After 31st December of each year, Proforma "A" & "B" will be completed by Investment Division and send to F&A Division the details of related party transactions by virtue of directorship of EDs and key officers of the Corporation on the Board of other companies. Proforma "C" & "D" will be sent to Investment Division through Company Secretary alongwith his inputs (if any) and Investment Division will send the details of related party transactions by virtue of common directorship to F&A Division.

   f) F&A Division will seek the information in relation with parties/companies mentioned in Proformas "A","B","C" and "D" from the following Divisions:

      - Real Estate
      - Personnel & General Services
      - Group & Pension
      - Health Insurance
      - Policyholders Service

3. Transactions with subsidiary and associate will be disclosed by Investment Division on each 31st December through Proforma – E (Flag-"E").

4. SLIC and many other entities are governed by Federal Govt. IAS-24 requires to disclose the transactions by entities governed by common body. However, IAS-24 also allows exemption from such disclosure. SLIC prefers to opt exemption clause of IAS-24 under this section of disclosure.

CHAIRMAN'S INITIALS

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Profroma - A

(To be submitted by Executive Directors / Key Officers of SLIC at the time of nomination as Director in other companies)

Related Party Disclosure (Common Directorship)

Name of Executive Director/Key Officer of SLIC ... _____

CNIC No. ... _____

Date of nomination as Director in other companies. ... _____

Directorship (within meaning of Companies Ordinance, 1984) with any other companies ... (1) _____ (2) _____ (3) _____

(other companies names)

Particulars of directorship in the other companies are described below:

			To be filled by Investment Division				
S. No	Name of Company	Date of Nomination as Director	No. of Shares held by SLIC	Face value of share in Rupees	Holding in the company by SLIC (%)	Quantum of Transaction Rs.	Nature of Transaction
1.							
2.							
3.							

Particulars of directorship of spouse/son/daughter

				To be filled by Investment Division				
S. No	Name of Company	directorship of spouse/son/ daughter	Date of Nomination as Director	No. of Shares held by SLIC	Face value of share in Rupees	Holding in the company by SLIC (%)	Quantum of Transaction Rs.	Nature of Transaction
1.								
2.								
3.								

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Signature of Executive Director/ Key Officer of SLIC Nominated as Director in other Companies

Dated:_____

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Profroma - B

(To be submitted by Executive Directors / Key Officers of SLIC as on 31st December each year)

Related Party Disclosure (Common Directorship)

Name of Executive Director/Key Officer of SLIC ...

CNIC No. ...

Date of nomination as Director in other companies. ...

Directorship (within meaning of Companies Ordinance, 1984) with any other companies ... (1) (2) (3)

(other companies names)

Particulars of directorship in the other companies are described below:

			To be filled by Investment Division					
S. No	Name of Company	Date of Nomination as Director	No. of Shares held by SLIC	Face value of share in Rupees	Holding in the company by SLIC (%)	Dividend received during the year	Quantum of Transaction Rs.	Nature of Transactio
1.								
2.								
3.								

Particulars of directorship of spouse/son/daughter

				To be filled by Investment Division					
S. No	Name of Company	directorship of spouse/son/ daughter	Date of Nomination as Director	No. of Shares held by SLIC	Face value of share in Rupees	Holding in the company by SLIC (%)	Dividend received during the year	Quantum of Transaction Rs.	Nature of Transactio
1.									
2.									
3.									

Signature of Executive Director/ Key Officer of SLIC Nominated as Director in other Companies

Dated:_____

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Profroma - C

(To be submitted by Directors at the time of appointment)

Related Party Disclosure (Common Directorship)

Name of Director ... _____

CNIC No. ... _____

Date of appointment in SLIC ... _____

Directorship (within meaning of Companies Ordinance, 1984) with any other companies ... (1) _____

(2) _____

(other companies names) (3) _____

Particulars of directorship in the other companies are described below:

				To be filled by Investment Division			
S. No	Name of Company	Date of Appointment as Director	No. of Shares held	Face value of share in Rupees	Holding in the company (%)	Quantum of Transaction Rs.	Nature of Transaction
1.							
2.							
3.							

Particulars of directorship of spouse/son/daughter

					To be filled by Investment Division			
S. No	Name of Company	directorship of spouse/son/ daughter	Date of Appointment as Director	No. of Shares held	Face value of share in Rupees	Holding in the company (%)	Quantum of Transaction Rs.	Nature of Transaction
1.								
2.								
3.								

Dated:_____ Signature of Director:_____

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Profroma - D

(To be submitted by Directors as on 31st December each year)

Related Party Disclosure (Common Directorship)

Name of Director ... _____

CNIC No. ... _____

Date of appointment in SLIC ... _____

Directorship (within meaning of Companies Ordinance, 1984) with any other companies ... (1) _____
(2) _____
(3) _____

(other companies names)

Particulars of directorship in the other companies are described below:

					To be filled by Investment Division			
S. No	Name of Company	Date of Appointment as Director	No. of Shares held	Dividend received during the year	Face value of share in Rupees	Holding in the company (%)	Quantum of Transaction Rs.	Nature o Transactio
1.								
2.								
3.								

Particulars of directorship of spouse/son/daughter

						To be filled by Investment Division			
S. No	Name of Company	directorship of spouse/son/ daughter	Date of Appointment as Director	No. of Shares held	Dividend received during the year	Face value of share in Rupees	Holding in the company (%)	Quantum of Transaction Rs.	Nature transac
1.									
2.									
3.									

Dated:_____ Signature of Director:_____

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Profroma - E

Related Party Disclosure
Subsidiaries/Associates

As on 31st December, _____

S. No	Name of Company	Quantum of Transaction Rupees	Nature of Transactions	Holding in the company by SLIC (%)	Dividend received during the year
1.					
2.					
3.					
4.					
5.					
6.					

Dated: _____

_____
Divisional Head
Investment

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