

108TH MEETING OF THE BOARD OF DIRECTORS

RECTORS	HELD AT	ON	TIME
UTE BOOK	KARACHI	TUESDAY, 24TH DECEMBER, 1991	11.00 a.m.

A meeting (108th) of the Board of Directors was held on Tuesday, the 24th December, 1991 at 11.00 a.m. in the Principal Office, at Karachi.

2. The following attended the meeting:

- |                            |          |
|----------------------------|----------|
| 1. Mr. Abdul Karim Lodhi,  | Chairman |
| 2. Sayed Muzafar Ali Shah, | Director |
| 3. Mr. Nazier Ahmed Jajvi, | Director |
| 4. Mr. S.Z.H. Jafri,       | Director |
| 5. Mr. M. Hafiz Malik,     | Director |

3. Mr. Iqbal Mueen, Director could not attend the meeting.

4. Mr. Sameeul Hasan, Consulting Actuary attended the meeting on special invitation.

5. Mr. Naseemuddin Ahmad, Secretary to the Board of Directors was present.

6. The following business was transacted:

ITEM NO. 1: CONFIRMATION OF THE LAST MEETING OF THE BOARD OF DIRECTORS.

7. The last meeting (107th) of the Board of Directors, held on 12th December, 1991 were confirmed.

ITEM NO. 2: BUDGET ESTIMATES FOR 1992 AND REVISED BUDGET ESTIMATES FOR 1991.

(Budget & Accounts Division's Memorandum No.26/91 dated 23.12.1991)

8. The Board considered Budget & Accounts Division's Memorandum regarding Budget Estimates 1992 and Revised Budget Estimate 1991 and made the following changes:

i. The Group premium for 1992 be projected at 18% over that of 1991.

ii. The No. of staff and officers projected to be appointed in 1992 should not be mentioned. Only the amount projected for new appointments be mentioned.

iii. A sum of Rs.30.000 million be kept for advertisements in 1992. This includes Rs.12.500 million for communication with the policy-holders.

iv. Postage, telegrams and telephones expenses be kept at Rs.27.093 million in 1992.

v. Conference and meetings budget for 1992 should be kept at Rs.7.406 million.

9. The Revenue Budget approved by the Board after the above amendments is set out in Annexures I to IV.

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CHAIRMAN'S  
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ANNEXURE 'I'

Budget Estimates for 1992 and Revised  
Budget Estimates for 1991

(Rupees in million)

TITLE OF ACCOUNT	<u>INCOME</u>	
	<u>REVISED ESTIMATES 1991</u>	<u>BUDGET ESTIMATES 1992</u>
<b>A. <u>PREMIUM INCOME</u></b>		
<u>First Year Premium</u>		
Pakistan ..	990.000	1237.500
Overseas ..	6.000	11.000
Total =	<u>996.000</u>	<u>1248.500</u>
<u>Renewal Premium Second Year</u>		
Pakistan ..	587.288	693.000
Overseas ..	4.500	5.175
<u>Third Year and Over</u>		
Pakistan ..	2009.041	2336.696
Overseas ..	25.500	29.825
Total Revenue =	<u>2626.329</u>	<u>3064.696</u>
<u>Group Premium</u>		
Pakistan ..	740.300	873.550
Overseas ..	0.090	0.110
Total =	<u>740.390</u>	<u>873.660</u>
Total Premium Income =	<u>4362.719</u>	<u>5186.856</u>
<b>B. <u>OTHER INCOME</u></b>		
Income on Policy Loans ..	112.807	134.257
Dividend income ..	2169.608	2560.831
Rental Income (Gross) ..	111.841	138.685
Miscellaneous & Other Income ..	3.141	3.114
Total other =	<u>2397.397</u>	<u>2836.887</u>
Total Gross Income =	<u>6760.116</u>	<u>8023.743</u>

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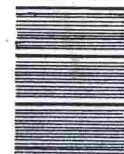
ANNEXURE 'II'

Budget Estimates for 1992 and  
Revised Budget Estimates for 1991

(Rupees in million)

TITLE OF ACCOUNT		CLAIMS	
		REVISED ESTIMATES 1991	BUDGET ESTIMATES 1992
<u>Death Ckaims</u>			
Pakistan	..	200.310	242.375
Overseas	..	2.050	2.050
		<u>202.360</u>	<u>244.425</u>
<u>Claims Investigations Expenses</u>			
Pakistan	..	0.832	1.211
Group	..	0.100	0.120
		<u>0.932</u>	<u>1.331</u>
<u>Maturity Claims</u>			
Pakistan	..	588.737	647.611
Overseas	..	25.000	26.000
		<u>613.737</u>	<u>673.611</u>
<u>Group Claims</u>			
Pakistan	..	481.200	570.500
Overseas	..	-	-
		<u>481.200</u>	<u>570.500</u>
<u>Group Profit Commission</u>			
Pakistan	..	75.000	100.000
Overseas	..	-	-
		<u>75.000</u>	<u>100.000</u>
Annuities	..	1.354	1.554
Surrenders	..		
Pakistan		268.640	331.425
Overseas	..	19.000	15.000
		<u>287.640</u>	<u>346.425</u>
Bonus to policyholders		<u>2.000</u>	<u>2.000</u>
Total payment to policyholders		1664.223	1939.846

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ANNEXURE 'III'

Commission Expenses Budget  
for the year 1992 and Revised 1991

(Rupees in million)

<u>TITLE OF ACCOUNT</u>	<u>REVISED ESTIMATES 1991</u>	<u>BUDGET ESTIMATES 1992</u>
Agency Commission First Year ..	389.399	488.118
Overriding Commission First Year ..	358.526	449.418
Production Bonus to Area Managers ..	22.906	28.713
Stipend Scheme .. ..	-	-
<u>FIELD PRIZES &amp; AWARDS</u>		
i) First Year Premium ..	8.008	9.463
ii) Renewal Premium ..	-	-
Field Group Insurance .. ..	8.453	9.959
Field Medical Expenses .. ..	16.916	19.918
Field Office Expenses/ Allied Facilities .. ..	50.718	59.754
Total First Year Commission ..	854.926	1065.343
Agency Commission Renewal ..	160.900	188.135
Overriding Commission Renewal ..	55.151	64.356
Total Renewal Commission ..	216.051	252.491
Agency Commission (Group) ..	3.331	3.931
Overriding Commission (Group) ..	0.740	0.874
Prizes & Awards (Group) .. ..	0.339	0.400
Total Group Commission ..	4.410	5.205
Total Commission payments ..	1075.387	1323.039

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ANNEXURE 'IV'

Budget Estimates for 1992 and  
Revised Budget Estimates for 1991

(Rupees in million)

ADMINISTRATIVE EXPENSES

TITLE OF ACCOUNT	REVISED ESTIMATES 1991	PROPOSED ESTIMATES 1992
Salaries .. ..	288.544	320.333
Travelling Expenses .. ..	32.944	40.536
Audit Fees .. ..	1.160	1.130
Medical Fees .. ..	6.367	7.426
Law & Professional charges .. ..	3.291	4.556
Advertisement .. ..	13.647	30.000
Printing & Stationery .. ..	18.045	21.627
Policy Stamps .. ..	7.514	8.610
Staff Welfare .. ..	39.384	45.395
Postage, Telegrams & Phones .. ..	23.821	27.093
Utilities .. ..	17.023	19.955
Entertainment .. ..	3.617	4.069
Bank Charges .. ..	2.840	3.281
Conference & Meetings .. ..	7.406	7.406
Prizes & Awards .. ..	1.160	0.995
Training Expenses .. ..	3.781	4.561
Computer Expenses .. ..	5.552	6.260
Miscellaneous Expenses .. ..	30.728	35.497
Rents (State Life Buildings) .. ..	15.951	18.981
Rents (Other Buildings).. ..	16.595	19.210
Gratuity, Pensions, Provident Fund Contribution .. ..	23.778	24.967
Depreciation Expenses .. ..	37.787	41.745
<b>TOTAL ADMINISTRATIVE EXPENSES =</b>	<b>600.935</b>	<b>693.633</b>

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CAPITAL BUDGET

10. The Board approved Capital Budget for the Zones for 1992 @ 1.25% of FYP for 1991. The Board directed that 25% of the amount released in 1991 may be provisionally released in 1992. The balance be released when figures of FYP for 1991 are available.

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11. The Board also approved the following capital budget:

(Rupees in million)

Purchase of five lifts .. ..	14.000
Purchase of spares and Airconditioning of Gujran- wala and Multan office .. ..	18.000
Miscellaneous and purchase of van etc. .. ..	3.000
Purchase of furniture etc. for various departments of Principal Office .. ..	1.500
Purchase of six Saloon cars .. ..	4.000
	40.500

REAL ESTATE BUDGET

12. The Board directed that capital budget in respect of projects and purchase of plots should be put up to the Board alongwith investment plan.

REAPPROPRIATIONS

13. The Board directed that there should be no reappropriations from and to field related expenses, salaries, petrol, car rental and medical payments.

14. While discussing the budget the following decisions were taken:

It was proposed that the rent of office space in State Life building occupied by State Life's Zones, Sectors and area Offices be increased. The Board directed that B&A and Real Estate Divisions, with the help of Law Division may find out the impact of property tax if the rent is increased. It was decided that if the tax increases because of the increase in rent then no rent should be increased in respect of spaces occupied by Zones and other State Life offices.

15. It was decided that in future minimum qualifications required will be graduation for recruitment of officers and staff in State Life except the 'A' category staff.

16. The Board decided that henceforth when Naib Quasids and Clerks are recruited for Sectors/Sub-Sectors/Area Offices they will be on reimbursement basis only but the recruitment criteria of State Life will be followed.

17. The Board directed the Executive Directors(B&A) and (P&GS) to examine and apprise of the means and ways whereby tax levied as a result of add back on the salary and perquisite of staff and officers is reduced. The report on this subject should be submitted to the Executive Committee/ Board latest by 31st March, 1992.

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18. Mr. Sameeul Hasan, Consulting Actuary suggested that State Life should develop personal relationship with the policyholders by writing letters. It was decided that to start with at least two letters be sent in the year 1992 to make them feel that State Life has personal relationship with them.

19. It was decided that policyholders with large sum assured be invited to the television to express their views on the performance of State Life.

20. Publicity programme through advertisements be spread all over the year and not only be restricted to June and December only.

21. It was decided that in future all publicity of glow signs be handled and decided by respective Zonal Heads.

22. The Board decided that the concised annual report of not more than 4 pages be prepared and nicely printed for mass distribution upto the level of S.O., S.M. of the Corporation. For this purpose an amount of Rs.1,50,000 was approved.

23. The Board expressed concern over the growing medical expenses of staff and officers and requested the Consulting Actuary to prepare and submit his report by 1.3.92 suggesting ways and means to reduce the same.

ITEM NO. 3: RECRUITMENT POLICY - FILLING OF VACANCIES - OFFICERS  
(Personnel & General Services Division's Memorandum No. 27/91 dated 10.12.1991).

24. In the paper it was proposed that the proportional of distribution of vacancies be fixed for promotion and direct recruitment on permanent basis against the vacant vacancies of officers.

25. The Board observed that since the requirement in each category may vary from year to year, therefore it was decided that no proportional distribution of vacancies be fixed on permanent basis, instead it may be decided every year according to the need and requirements of each category that year. The Board further decided that for the year 1992, all Executive Directors may jointly decide and their recommendations be discussed in one of the ensuing Tuesday meetings.

ITEM NO. 4: AMENDMENT IN CLAUSE (b) SUB-RULE(5) OF RULE 63 B OF THE INSURANCE RULES 1958 - CONVEYANCE LOANS TO FIELD WORKERS.  
(Sales & Development Division's Memorandum No.28/91 dated 8.12.1991).

26. The Board approved amendment in clause (b) Sub-Rule (5) of rule 63 B of the Insurance Rules 1958 as per draft at Annexure 'C' of the Memorandum.

ITEM NO. 5: PROGRESS REPORTS OF ORDINARY LIFE AND OVER-SEAS BUSINESS FOR AND UPTO THE MONTH OF NOVEMBER,1991.

27. The Board did not find satisfactory the performance for and upto the month of November 1991 in respect of ordinary life and Overseas business specially the persistency of 56.67% was considered to be still very low. Executive Director(S&D) was directed to write letters to all

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KARACHI	DECEMBER, 24TH DECEMBER, 1991	11.00 a.m.

Zonal Heads whose persistency was less than 55% upto the end of November 1991 asking them to pull up and make extra efforts so that they must achieve the required targeted persistency. The Chairman directed the Executive Director(S&D) that he has to make extra-ordinary efforts specially to increase the new business so as to achieve the targeted figure.

28. During the discussion the Chairman directed that all promotions of officers and staff including those of Area Managers for the year 1992 must be finalised latest by the first week of April 1992. To achieve this all Executive Directors should start working right from the beginning of the year 1992 and discuss their progress in this respect in every Tuesday meeting commencing from first Tuesday of February, 1992.

ITEM NO. 6: PROGRESS REPORT OF GROUP INSURANCE BUSINESS FOR THE MONTH OF NOVEMBER, 1991.

29. Executive Director(G&P) explained the salient feature of the progress report.

30. The Board appreciated an increase of 61.66% on premium income for the month of November, 1991 and 16.47% on year-to-date basis. Persistency of the Division as a whole has increased from 97.56% to 98.55%.

31. Executive Director(G&P) assured the Board that the Division will Insha-Allah achieve the targets set for the year 1991. The Board while appreciating the business progress hoped that the Division will be able to further improve its performance by the end of the year.

ANY OTHER MATTER.

32. Executive Director(PHS) discussed the issue regarding the extension in closing date for collection of renewal premium for the year 1991 upto 31st January, 1992.

33. The Board observed that since the issue has already been discussed with field workers and agreed that the last date be extended upto 31st January, 1992, therefore, the Board decided that the period for credit of the renewal premium collection for the year 1991 will be counted from 1st January, 1991 to 31st December 1991 plus premium due in 1991 or before but collected in January 1992, i.e. technically a period of 13 months. It was further decided that the credit on this basis will be given to all S.Rs., S.Os., S.Ms., Area Managers, Sector Heads, Sub-Zones and Zonal Heads of the Corporation.

34. For renewal premium collection for the year 1992 onward shall be counted as left over renewal income of January of that year plus renewal calculated during February to December of that year and the January of the next year calculated as in para 33 above i.e. technically it would be for a period of 12 months.

35. The meeting concluded with a vote of thanks to the Chair.

CHAIRMAN'S  
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CHAIRMAN