

111TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	KARACHI	Thursday, 8th April, 1993	10.00 a.m.

The 111th meeting of the Board of Directors was held on Thursday, 8th April, 1993 at 10.00 a.m. in the Board Room at Principal Office of the Corporation at Karachi in pursuance of notice dated 30th March, 1993.

2. The following attended:

1. Sheikh Inaamul Haque, .. Chairman
2. Mr. Iqbal Mueen, .. Director
3. Sayed Muzafar Ali Shah, .. Director
4. Mr. Nazier Ahmed Jajvi, .. Director
5. Mr. S.Z.H. Jafri, .. Director

3. Mr. M. Hafiz Malik, Director, was granted leave of absence.

4. At the outset, on suggestion of Mr. Iqbal Mueen it was decided that the Board meeting should be held with rotation of venue and preferably once in every two months.

5. Before taking up the regular agenda the Chairman briefed the Board on development of life business and Sayed Muzafar Ali Shah gave figures of group business.

6. Thereafter the agenda was taken up and the following business was transacted.

ITEM NO. 1: CONFIRMATION OF THE MINUTES OF THE LAST (110TH) MEETING OF THE BOARD OF DIRECTORS, HELD ON 28TH DECEMBER, 1992.

7. The minutes of the above meeting were confirmed.

ITEM NO. 2: TO NOTE AND RATIFY THE MINUTES OF THE FOLLOWING MEETINGS:

- i) 165TH MEETING OF THE EXECUTIVE COMMITTEE HELD ON 19TH AND 21ST JANUARY, 1993.
- ii) 166TH MEETING OF THE EXECUTIVE COMMITTEE HELD ON 3RD MARCH, 1993.

8. The minutes of the above meetings were noted and ratified.

ITEM NO. 3: IMPLEMENTATION REPORT OF THE DECISIONS TAKEN IN THE PREVIOUS BOARD'S MEETINGS.

9. While going through the implementation report submitted by the Secretary to the Board of Directors, it was reiterated that increase in salaries and bonus should be linked with productivity and the start be made with officers first and later, keeping in view the experience, the scheme be applied to the unionised staff.

10. Considering that the persistency was a very important part of life insurance business, the Board directed that the Persistency Committee's report must be submitted at the next meeting of the Board positively.

Action: Convenor, Persistency
Committee(GM - KZ)

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ITEM NO. 4: CONFIRMATION OF THE DECISION ALREADY TAKEN THROUGH CIRCULATION ON "REVERSE REPO (PURCHASE AND RESALE AGREEMENT) OF THE FEDERAL INVESTMENT BONDS HELD BY STATE LIFE AGAINST SHORT TERM INVESTMENT ON BEHALF OF BANK'S CUSTOMERS AGAINST THAT BANK'S GUARANTEE. Executive Director(Inv)'s Memorandum dated 25.1.93.

11. Mr. Nazier Ahmed Jajvi explained the scheme in detail. He mentioned that it was not an approved investment, and was being partly made from surplus funds. He further informed about the objection of State Bank conveyed to Habib Bank in this regard mainly because State Life was not treated as a Financial Institution. The efforts made by Mr. Nazier Ahmed Jajvi for this innovative and profitable mode of investment were appreciated by the Board. It was decided to examine the pros and cons of getting State Life accepted as a Financial Institution. It was resolved to persuade State Bank not to discriminate against State Life in this connection.

ITEM NO. 5: CONFIRMATION OF THE RESOLUTION ALREADY PASSED THROUGH CIRCULATION ON THE EVENT OF DEMISE OF MIAN KHURSHID ALAM OF STATE LIFE IN U.K.

12. The above resolution passed through circulation was confirmed expressing a sense of grief and sympathy for the bereaved family.

13. On Mr. Iqbal Mueen's suggestion it was also resolved to urgently examine the affairs of London Office, its feasibility and reorganise it for effective functioning.

ITEM NO. 6: CONFIRMATION OF THE DECISION ALREADY TAKEN THROUGH CIRCULATION REGARDING PAYMENT OF BONUS TO OFFICERS OF STATE LIFE. General Manager(P&GS)'s Memorandum dated 22.2.1993.

14. General Manager(P&GS) - Mr. Shamsuddin Solangi explained the reasons and details of the decision.

15. Mr. Iqbal Mueen observed that it should be checked if approval of the Ministry was also required. The Chairman advised that post facto approval might be obtained from the Ministry explaining the reasons for the lapse.

Action: GM(P&GS)

ITEM NO. 7: REFUND OF 5% PAY DEDUCTED IN RESPECT OF RENTAL CEILING ENTITLEMENT - MR. S.A.M. JAFRI, ASSTT.GENERAL MANAGER. General Manager(P&GS)'s Memorandum No.1(111)/93 dated 28.3.1993.

16. The Board observed that it should have been rejected at the lower level and not put upto the Board.

17. Sayed Muzafar Ali Shah suggested that because of increase in house rent allowance the rental ceiling should be reviewed.

Action: GM(P&GS)

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ITEM NO. 8: EFFECTIVE DATE OF PROMOTION OF OFFICERS - 1993.
General Manager(P&GS)'s Memorandum No.2(111)/93
dated 4.3.1993.

18. General Manager(P&GS) explained the background of the problem and informed that the facility was available to unionised staff through an agreement.

19. The Board approved the change in date in this case but felt that this was not a proper practice. It was, therefore, advised that promotions should be finalised well in time to avoid such situations in the future.

Action: GM(P&GS)

ITEM NO. 9: C A P I T A L B U D G E T - 1993.
General Manager(Finance)'s Memorandum No.3(111)/93
dated 28.3.1993.

20. Mr. S.Z.H. Jafri explained the different items of expenditure.

21. It was observed by the Chairman that it should have formed a part of the total budget. It was explained by Mr. Jafri that delayed requirements submitted by different Divisions delayed the preparation of Capital Budget. The Board advised for preparation of the Capital Budget at the appropriate time in future.

22. The Board also reviewed the overall changes in the life insurance business and observed that putting up best appearance and projection of a good image were needed to compete against private sector insurance companies. Therefore, there should be no restrictions placed on such genuine operational requirements.

23. Mr. Nazair Ahmed Jajvi observed that the capital budgetary proposals should be properly explained and justified. In order to achieve better budgeting and control it was also advised to study the budgeting practices of other Corporations, Private Sector organisations especially Multinational.

24. The capital budget amounting to Rs.29.601 million was approved by the Board, as spelled out in the memorandum as under:

a)	Group and Pensions, Lahore	..	Rs. 1.601 million
b)	Group and Pensions, Karachi	..	Rs. 1.000 million
c)	Karachi Zone	..	Rs. 2.500 million
d)	Quetta Zone	..	Rs. 1.500 million
e)	New Branches etc.	..	Rs. 5.000 million
f)	Purchase of Motor Vehicles	..	Rs. 3.000 million
g)	Cash and PHS Counters	..	Rs.15.000 million

Total Rs.29.601 million

25. It was further decided that the actual proposal with details of genuine estimates of capital expenditure should be put upto the Executive Committee for clearance at the appropriate time.

Action: GM(Finance)

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ITEM NO.10: CONFIRMATION OF THE DECISION ALREADY TAKEN THROUGH CIRCULATION REGARDING REDCO TEXTILES LTD.- REQUEST TO SUBSCRIBE TO THE PUBLIC ISSUE OF ORDINARY SHARES TO THE EXTENT OF RS.20 MILLION ON MARCH 31, 1993.
Executive Director(Inv)'s Memorandum dated 22.3.1993.

26. The Chairman explained the background of the decision and highlighted the fact that composite textile units had great potential of growth. The Board reiterated its decision to subscribe Rs.20 million towards the share issue of REDCO Textile. The Board decided that subscription to new issues must be generally avoided. In the case of Cotton Spinning Units such subscription should not be made in line with established policy.

Action: ED(Inv)
AGM(Inv)

ITEM NO.11: UPGRADATION OF CERTAIN POSTS IN G&P DIVISION.
Executive Director(G&P's Memorandum No.4(111)/93
dated 31.3.1993.

27. The above memorandum submitted by the Executive Director(G&P) was deliberated upon. Sayed Muzafar Ali Shah, Executive Director(G&P) explained the growth of Group and Pension business and the competition from Private Sector. He expressed confidence in future increase in business, thereby justifying the need for upgradation and creation of posts. He also reiterated that the creation and upgradation of posts for new business development projects does not come under the purview of ban on new recruitment.

28. The Board directed that economy measures advised by the Government should be studied carefully in the context of creation of posts. In view of the fact that upgradation/creation of these posts was required to implement business development projects, the Board approved in principle the upgradation of the following posts as recommended in the above memorandum:

1. The post of Manager(Development) at Karachi be upgraded to the post of AGM(Development).
2. One Sector Head at Karachi be upgraded from Deputy Manager(Development) to Manager(Dev).

29. Further, the Board being competent to create new post, also approved creation of new post of Assistant General Manager(Development) at Lahore.

30. The Board also directed that in future such (personnel matters) items be routed through P&GS Division.

Action: ED(G&P)
GM(P&GS)

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<p>ITEM NO.12: AIRCONDITIONING OF NEW OFFICE PREMISES OF GROUP & PENSIONS, NORTH ZONE AT 15-A, DAVIS ROAD, LAHORE. Executive Director(G&P's Memorandum No.5(111)/93 dated 30.9.1993.</p> <p>31. The Board considered the above memorandum and approved the air-conditioning of new office premises of Group & Pensions at 15-A, Davis Road, Lahore as requested in the Memorandum at a cost not exceeding Rs.860,000/-.</p> <p style="text-align: right;">Action: GM(RE)</p> <p><u>ANY OTHER MATTER WITH THE PERMISSION OF CHAIR</u></p> <p>1) <u>BUSINESS PROGRESS REPORT FOR AND UPTO MARCH, 1993.</u></p> <p>32. Mr. S.Z.H. Jafri presented the business progress report of life business. The Board expressed its serious concern about the low and falling rate of second year persistency. In view of negative business figures of Gujranwala Zone, the Board advised to convey its concern to Zonal Head. Gujranwala. The Board expressed its satisfaction on the performance of the Quetta and Rawalpindi Zones and directed its appreciation to be conveyed to the Zonal Heads concerned for their commendable results.</p> <p>33. Mr. Iqbal Mueen expressed his desire to have the business reports regularly and to review the same in every Board meeting. It was decided to keep on monitoring the performance of each Zone and to convey the observations and expressions of the Board to the Zonal Heads and others concerned for guidance and compliance.</p> <p style="text-align: right;">Action: ED(S&D) DGM(S&D)</p> <p>ii) <u>OVERSEAS BUSINESS PROGRESS REPORT FOR AND UPTO FEBRUARY, 1993.</u></p> <p>34. <u>U.K. BUSINESS:</u> Mr. Iqbal Mueen observed that either we should do the business whole heartedly or wind up operation with U.K.</p> <p>36. It was decided to have a feasibility study done by an actuary preferably one who is U.K. based giving him a deadline of six months to submit his report. It was also desired that all decisions germane to our operations in U.K. should be made with utmost speed.</p> <p style="text-align: right;">Action: ED(Overseas)</p> <p>37. <u>U.A.E. BUSINESS:</u> Business operations in U.A.E. were appreciated and it was decided to convey the Board's appreciation to the Incharge U.A.E. operations.</p> <p>38. <u>KUWAIT BUSINESS:</u> Operations in Kuwait were viewed with concern. Executive Director(Overseas) was advised to study the situation on his visit.</p> <p>39. It was also desired to write a letter to Kuwant Office expressing the Board's concern.</p> <p style="text-align: right;">Action: ED(Overseas)</p>			


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iii) CONVEYANCE LOAN TO FIELD WORKERS
Executive Director(S&D)'s Memorandum.

40. The Board considered the above memorandum presented by the Executive Director(S&D) and approved the amendment in clause(b) of Sub-Rule(5) of Rule-63-B of the Insurance Rule, 1958 as proposed in the memorandum and produced below:

"For the letters and figures 'Rs.10,000' and 'Rs.40,000/-' the letter and figures 'Rs.30,000/-' and Rs.1,00,000/-' respectively be substituted."

iv) LETTER FROM GOVERNOR SINDH - SLB-10.

41. The Chairman put up to the Board a letter dated 5th April, 1993 received by him from Governor Sindh expressing his desire to take over the State Life Building No.10 for the purpose of extension of the Sindh Governor House.

42. The Board deliberated in depth upon the subject. It was noted that State Life Building No.10 was being used as a temporary lodging for the State Life officers who were not able to get accommodation in the city particularly those who came under transfer from upcountry. However, it was decided quite some time ago that the premises should not be used as a dwelling place and instead be utilized, owing to its special architectural attributes and location, for a worthwhile and befitting purpose. Consequently the officers were asked to vacate the building. Out of the five officers three had already vacated the premises and the remaining two were expected to leave within a few months.

43. After carefully examining the various possible uses of these premises it was decided more than a year ago to use these as a training centre. Necessary repairs and modifications and restoration work were accordingly carried out. Assistance of the Swiss Reinsurance was sought to streamline the Corporation's human resource development programme. Thereafter the State Life had been using this building as a training centre for more than one year. It was also noted that our library had been also relocated in this building. Further, it was proposed to establish in these premises a gallery of paintings/photographs relating to evolution of architecture in the sub-continent.

44. The Board also noted that a few years back we had received very lucrative offers for the sale of these premises. But the Corporation decided not to part with it to prevent its conversion into a commercial property. The State Life being committed to preserve this historical building in its original shape and retain it for its use, chose to deny itself substantial capital gains.

45. The Board, in view of the position stated above, was of the unanimous view that the Corporation may convey regrets to part with this building.

46. There being no other matter for consideration the meeting concluded with mutual thanks to the participants.

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