

112TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	Karachi	Thursday, 2nd September, 1993	10.00 a.m.

MINUTES OF THE 112TH MEETING OF THE BOARD OF DIRECTORS OF STATE LIFE INSURANCE CORPORATION OF PAKISTAN HELD ON 2ND SEPTEMBER, 1993, AT PRINCIPAL OFFICE, KARACHI. IN PURSUANCE TO NOTICE DATED 25-8-1993

PRESENT:-

1. Mr.Inaamul Haque, Chairman,
2. Mr.Nazier Ahmed Jajvi, Director,
3. Mr.S.Z.H.Jafri, Director,
4. Mr.M.Hafeez Malik, Director,
5. Mr.M.Afzal Mirza, Secretary Board.

ATTENDED BY SPECIAL INVITATION:-

1. Mr.Shamsuddin Solangi, General Manager(P&GS),
2. Mr.S.Gulrez Yazdani, General Manager.

1. The meeting started with the recitation from the Holy Quran.
2. At the outset Chairman thanked Mr.Nazier Ahmed Jajvi who despite his indisposition was attending the meeting.
3. Appreciation was placed on record for devotion to duty and for hard work put in by Mr.M.Afzal Mirza in his capacity as the Secretary of the Board of Directors in addition to his substantive responsibilities. The Chairman also welcomed Mr.S.Gulrez Yazdani, General Manager as the new Secretary of the Board of Directors.

LEAVE OF ABSENCE:-

4. The Secretary informed the Board that Mr.Javed Masud, Additional Secretary, Ministry of Commerce and Director of the Corporation had intimated his inability to attend the 112th meeting of the Board of Directors because of unforeseeable pressing engagements in Islamabad and had sought leave of absence. The leave of absence was granted.

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ITEM No.1 **CONFIRMATION OF THE MINUTES OF THE PREVIOUS (111TH) MEETING OF THE BOARD OF DIRECTORS HELD ON 8TH APRIL, 1993.**

5. The Chairman placed before the Board of Directors minutes of the 111th meeting of the Board held on 8th April, 1993.

6. The Board confirmed the minutes of its last meeting and passed the following resolution:

RESOLVED

"that the minutes of the 111th meeting of the Board of Directors held on 8th April, 1993 be and are hereby confirmed."

ITEM No.2 **NOTING AND CONFIRMATION OF THE MINUTES OF THE FOLLOWING MEETINGS OF THE EXECUTIVE COMMITTEE.**

7. The Board took note and ratified the minutes of the meetings of the Executive Committee mentioned below:

- i) 167th meeting held on 20th April, 1993,
- ii) 168th meeting held on 24th & 28th June, 1993,
- iii) 170th meeting held on 13th July, 1993,
- v) 171st meeting held on 27th July, 1993,
- vi) 172nd meeting held on 3rd August, 1993.

8. The Board, however, before approving minutes of 169th meeting held on the 6th July, 1993, took up for discussion the matter regarding sponsorship arrangement in Saudi Arabia which was discussed in 169th Executive Committee meeting held on 6th July, 1993. The Board examined the issue in detail for possible early conclusion of the arrangement of sponsorship for commencing its Life Insurance operations in Saudi Arabia.

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9. Executive Director(Overseas) appraised the Board of his visit to Saudi Arabia to explore various options as to mode of business and identify the best possible sponsors for collaboration. It was intimated that State Life would need sponsorship arrangements in Saudi Arabia to commence life insurance business there. There were several options for the Corporation to appoint sponsors in Saudi Arabia.

10. One option was to find a suitable sponsor in Saudi Arabia and develop and maintain State Life's own staff and other infrastructural requirements in Jeddah, Riyadh and Dammam/Al-Khubar. Owing to huge cost involved under such an option and because of uncertainty about the volume of business, this option was regarded to be too costly and uncertain in terms of results. This view was based particularly on the past experience of such an arrangement State Life had in Jeddah some years ago.

11. Another option for State Life, it was noted, was to appoint a Saudi sponsor as Chief Agent of the Corporation for certain number of years initially with provision for automatic extension on fulfillment of certain agreed conditions including business targets. This option was expected to save the huge initial cost of the setting up offices and installing Pakistani personnel in Saudi Arabia. As the cost could be agreed to be paid as a percentage of business income generated from the territory, it would be paid mainly from the income generated from Saudi Arabia.

12. Under this option, State Life was to locate sponsors with experience of life insurance marketing and management in the Kingdom. Initial discussions were held with Saudi United Insurance Company Limited, Bahrain who also operated in Saudi Arabia. But it was found that they dealt with only in general insurance and had no practical experience of marketing life insurance in the Kingdom, they did not have many Pakistani immigrants working for them on the marketing and management side so as to be suitable for State Life's target clientele of Pakistani community.

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13. The Board was informed by the Executive Director(Overseas) that the four big business groups in Saudi Arabia; Dabbagh Group, Adham Group, Bugshan Group and Sindhi Group have set up a new sponsoring company namely, Marketing and Commercial Agencies Company Ltd. (MCA) which showed interest to act as Chief Agent and sponsor for State Life Insurance Corporation. One of the members of the sponsoring company, namely, Dabbagh Group had been engaged in life insurance marketing and management over the past several years.

14. This Group owned 51% shareholding in Credit & Commercial Insurance Company (Saudi) Limited and was acquiring the balance 49% shares to make CCI (Saudi) Ltd. a hundred per cent Saudi owned company. They had Pakistani sales force working with them who were acquainted and well-versed among the Pakistani community in the Kingdom.

15. The proposed sponsors, M/s.MCA Ltd would provide visa facilities, field workers and office assistance. The Corporation would not be having its own employees for operations in Saudi Arabia.

16. The Board noted that exercise to select sponsors was undertaken in an objective manner and all possible options were looked into.M/s. MCA offered the most cost effective and qualitatively best possible collaboration. The Board accordingly agreed to finalize Agreement of Collaboration with M/s. MCA Ltd., as Saudi Sponsors and Chief Agency to commence operations in Saudi Arabia.

17. It was also decided to inform Ministry of Commerce regarding the decision of the Board. The Ministry was kept informed about the issue in the past also.

18. The Board noted and ratified the minutes of the 169th Executive Committee meeting.

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RESOLVED

"that minutes of 169th meeting of the Executive Committee be ratified."

"that M/s. Marketing and Commercial Agencies Co., Ltd., are the best possible option for State Life Insurance for appointing as its Sponsors and Chief Agents for Saudi Arabia."

"that ED(Overseas) may conduct consultations with M/s. MCA Ltd., to finalize and resolve the outstanding issues."

"Ministry of Commerce be kept informed of all the developments on the issue of appointment of Sponsors and Chief Agents."

ITEM No.3 **IMPLEMENTATION REPORT OF THE DECISION TAKEN IN THE PREVIOUS MEETING OF THE BOARD OF DIRECTORS.**

19. The report submitted by Secretary on the decisions taken in its previous meetings of the Board of Directors was noted with some observations. The 'Persistency Committee Report' which was discussed and approved for implementation in meeting held on 15th June, 1993 came under review. It was agreed that ED(PHS) should vigorously further follow up the matter.

20. Reserve Repo (purchase and re-sale agreement) of the FIBs held by State Life Insurance Corporation was also touched upon.

21. The Board observed that the decision regarding examination of pros and cons of State Life being a financial institution needs to be further examined and followed up.

22. The decisions taken in the 111th meeting regarding operations of the Corporation in U.K. were re-called and it was felt that an elaborate paper covering every facet of operations in U.K. be prepared and placed before the Board at the earliest.

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ITEM No.4 CONSIDERATIONS OF TERMS AND
CONDITIONS OF CONSULTING ACTUARY
[ED (Actuarial) Memorandum No.6(112)/93
dated 8.7.93]

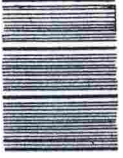
23. The memorandum submitted by ED(Actuarial) recommending enhancement in retainership fee of Mr.Sameeul Hasan, Consulting Actuary was considered by the Board. Chairman and Executive Director(Actuarial) apprised the Board of the back ground of the case. It was stressed that retaining Mr.Hasan exclusively as the Consulting Actuary was indeed imperative particularly at this juncture when the life insurance sector is likely to be opened to the foreign companies. Mr.Hasan, it was intimated, on assurance given to him about adequate compensation did not apply to become Consulting Actuary of the Postal Life. In view of the position explained in the memorandum and in the Board's meeting it was decided to revise upward the fee payable to Mr.Sami-ul-Hasan as the Consulting Actuary to Rs.55,000/= P.M. for a period of three years. It was decided to do so with effect from 1.2.1993, the date from which the Corporation came to be seized of the matter.

24. The Chairman informed the Board of the concern of the Minister for Commerce about non-introduction of innovative plans. Hope was expressed that all concerned including the Consulting Actuary would pay attention on priority basis to this aspect.

25. The Board also approved payment of the fee @ Rs.17,500/= per day to Consulting Actuary for travel abroad for State Life Insurance Corporation instead of the existing fluid rates. It was further decided that this rate should be valid for three years i.e. from 1st February, 1993 to 31st January, 1996.

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26. The Board accordingly:

RESOLVED:

"to pay Rs.55,000/= P.M. as fee to Mr.Sami-ul-Hasan as the Consulting Actuary of the Corporation with effect from 1st February, 1993 upto 31st January, 1996."

"to allow payment of Rs.17,500/= per day to the Consulting Actuary when he travels abroad, in addition to other traveling expenses allowed to the Corporation's Executive Directors."

ITEM No.5

UPGRADATION OF EXECUTIVE OFFICER'S CADRE TO A.M.'S CADRE AND REVISION OF CERTAIN ALLOWANCES TO OFFICERS
[GM(P&GS)'s memorandum No.7(112)/93 dated 12.8.93]

27. The Board was informed that as a result of increase in salary and allowances etc., as agreed with C.B.A. many anomalies had arisen in respect of pay and allowances of officers. This had compounded the hardship faced by officers due to steep rise in cost of living. The decision of the Government on revision of Pay Scale of the Officer was still awaited as the matter was being considered by the Pay Committee. In the meanwhile, however, there were cogent reasons and ample justification for revision of certain benefits to officers as well as to remove anomalies. These did not fall within the purview of the Pay Committee.

28. The Board after deliberating upon the memorandum alongwith the recommendations of the Committee constituted to examine the issues Resolved as under:

(as per original minutes)

[Handwritten Signature]

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RESOLVED:

1. HOUSE RENT CEILING.

Officers on transfer from one station to another would be entitled to House Rent Ceiling equivalent to house rent allowance admissible by allowing payment in the name of the owner of the house. An advance equivalent to rent upto 2 years, to the owner of the house would be payable, later on payment would be made on monthly basis.

2. CONVEYANCE ALLOWANCE

"Conveyance Allowance of officers be increased from Rs.300/= to Rs.400/= p.m. with effect from 1.9.1993."

3. CAR MAINTENANCE ALLOWANCE

"Car Maintenance Allowance be increased as under with effect from 1.9.1993:

	Existing	Revised Approved.
Assistant Manager	Rs.360/= p.m.	Rs.432/= p.m.
Deputy Manager	Rs.425/= p.m.	Rs.510/= p.m.
Manager	Rs.525/= p.m.	Rs.630/= p.m."

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<p>4. <u>LATE SITTING ALLOWANCE</u></p> <p>"Late sitting charges of the officers proposed in the memorandum was approved with effect from the date of notification:</p> <p>A: Increase by 20%</p> <p>B: Increase in Refreshment expenses for at least 2 hours late sitting from Rs.25/= to Rs.40/=</p> <p>C: Increase in Meal Expenses for late sitting of at least 4 hours from Rs.60/= to Rs.80/="</p> <p>5. <u>EXECUTIVE OFFICERS CADRE</u></p> <p>"Decided to further examine the financial and other implications of the proposal made in the memorandum and that the issue be placed before the next Executive Committee meeting for further consideration."</p> <p>6. <u>CONFINEMENT OF FEMALE OFFICER/WIFE OF AN OFFICER</u></p> <p>"Confinement charges to female officer/wife of an officer be increased from Rs.750/= to Rs.1,000/= with effect from 1.9.1993"</p> <p>7. <u>COMPULSORY GROUP INSURANCE</u></p> <p>"Compulsory Group Insurance coverage be increased from Rs.75,000/= to Rs.1,50,000/= with effect from 1.9.1993 as proposed in the memorandum."</p>			

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8. LONG SERVICE AWARDS

"Long service awards be given on superannuation, death or on completion of at least 20 years service on or after 1.1.1993 in form of certificate and a gift worth Rs.1,500/="

9. ENTERTAINMENT ALLOWANCE AND COST OF NEWSPAPERS

"Increase by 20% of the existing Entertainment Allowance and cost of Newspaper to Officers as under with effect from 1.9.1993:"

ENTERTAINMENT ALLOWANCE

	EXISTING	REVISED/ APPROVED
G.M.	Rs.900/=	Rs.1080/=
DGM	Rs.850/=	Rs.1020/=
AGM	Rs.650/=	Rs. 780/=
Manager	Rs.520/=	Rs. 624/=
Deputy Manager	Rs.455/=	Rs. 546/=
Assistant Manager	Rs.360/=	Rs. 432/=
Executive Officer	Rs.350/=	Rs. 420/=

COST OF NEWSPAPERS

G.M	Rs.350/=	Rs.420/=
DGM	Rs.320/=	Rs.384/=
AGM	Rs.260/=	Rs.312/=
Manager	Rs.220/=	Rs.264/=
Deputy Manager	Rs.190/=	Rs.228/=
Assistant Manager	Rs.160/=	Rs.192/=
Executive Officer	Rs.150/=	Rs.180/=

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ITEM No.6 **PROMOTION OF DEPUTY MANAGERS TO THE GRADE OF MANAGERS AND MANAGERS TO ASSISTANT GENERAL MANAGERS.**
[GM(P&GS)'s Memorandum No.8(112)/93 dated 18.8.93]

29. The Board considered the memorandum alongwith the minutes of the Selection Board's meeting and after discussion approved the promotions of Managers to the post of Assistant General Managers and of Deputy Managers to the post of Managers as recommended by the Selection Board. The promotion order will take effect for the purpose of reckoning seniority/earning grade increment from 28.6.1993. The Salary in the grade will be fixed from the date the promotee assumes the charge.

RESOLVED

"The Board resolved that following promotions be made: *as per original minutes*

MANAGERS TO ASSISTANT GENERAL MANAGERS

- | | |
|----------------------------|-----------------------|
| 1. Mr.Sufian Hashmi, | Claim, K.Z. |
| 2. Mr.Ahmed Hassan, | S&D, P.O. |
| 3. Mr.Nazar Sajjad Hanfi, | IA&E, K.Z. |
| 4. Mr.M.Ilyas Mehdi Naqvi, | G&P(S) |
| 5. Mr.Zahoorul Haq Butt, | G&P(N) |
| 6. Mr.S.H.Tiramzi, | R.Y.Khan Sub-Zone |
| 7. Mr.Safeer H.Sabzwari, | P&GS, P.O. |
| 8. Mr.S.I.H.Rizvi, | Zonal Head, Sukkur |
| 9. Mr.Sajjad Malik, | Sector Head, Lahore |
| 10. Mr.S.W.H.Jafry, | Mirpurkhas, Sub Zone. |

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DEPUTY MANAGERS TO THE POST OF MANAGERS

1. Mrs. Janet Naqvi , PHS, G&P(S)
2. Mr. M. Taufiq Baig, Dev. (G&P) (S)
3. Mr. Tauqir Zaidi, C.D, P.O.
4. Mr. M. Fazil Latif, HRD, M.Z.
5. Mr. Ali Akber, HRD, F.Z.
6. Mr. Yahya Gul Muhammad, B&A K.Z.
7. Mr. Zafarullah, Commission, L.Z.
8. Mr. Mubashir Hassan, PHS, M.Z.
9. Mr. Ishaq Jawed, B&A, L.Z.
10. Mr. S. Rehmat Ali, IA&E, F.Z.
11. Raja Zahoor Ahmed, IA&E, M.Z.

ITEM No. 7 **CREATION OF ADDITIONAL POSTS OF AGM(DEV.) IN SOME OF THE ZONES.**
[GM(P&GS)'s Memorandum No.9(112)/93 dated 26.8.93]

30. Mr. M. Hafiz Malik, ED(S&D) explained to the Board of Directors the need of effective supervision and of generating business of the far flung areas. The Board agreed to the proposals submitted in the memorandum submitted by the GM(P&GS) and after taking into consideration points made by ED(S&D) approved the creation of 4(four) additional posts of AGMs and six new posts of Manager Developments:

RESOLVED

"The Board agreed to create the following new posts: *as per original minutes*

"ASSISTANT GENERAL MANAGER(4) FOUR"

1. LAHORE 1(One) post- to promote business as a Special case for 6 month.
2. RAWALPINDI 1(One) post - to establish a branch office at Muzafarabad.
3. GUJRANWALA 1(One) post - To establish a branch office at Gujrat.
4. PESHAWAR 1(One) post - To regularise the existing arrangements.

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MANAGER DEVELOPMENT (6)SIX

1. FAISALABAD 1(One) additional post
2. MULTAN 4(Four);2(Two) for regularising existing promotions and 2(two) additional posts.
3. QUETTA 1(One) post to regularise the existing"

ITEM No.8 AMENDMENT IN S.R.O.309(K)/70 AMENDED TO DATE IN CONNECTION WITH SHORT TERM INVESTMENT ON BEHALF OF BANKS' CUSTOMERS AGAINST THAT BANKS' GUARANTEED.

[ED(Investment)'s Memorandum No.10(112)/93 dated 30.8.93]

The memorandum was withdrawn for further consideration.

RESOLVED

"The matter be first discussed in Executive Committee."

ITEM No.9 REVISION OF BUDGET 1993 DUE TO INCREASE IN EMOLUMENTS OF THE UNIONIZED STAFF.

[GM(B&A)'s Memorandum No.11(112)/93 dated 30.8.93]

31. The Board took note of the agreement between the management and State Life Employees Federation under the provisions of Industrial Relations Ordinance 1969 under which pay and allowances of the unionized employees were revised w.e.f. 1.1.1991. No provisions were made in the budget for 1993 for the agreement with CBA. The Board approved the additional budget of Rs.43.570 million to meet the obligations arising out of the Agreement.

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RESOLVED

"that Budget for 1993 be increased by Rs.43.570"million"

OTHER MATTER WITH PERMISSION OF THE CHAIR

Increase in 1993 budget - Training

32. The memorandum submitted by the GM(B&A) was considered by the Board and it was agreed to approve the additional amount of Rs.1.2 million in the 1993 budget under the heading "TRAINING" so as to meet the expenses of special training programs to be organized by HRD Division in 1993, these courses were not envisaged in the budget requirements for 1993.

RESOLVED

"To increase the budget under the head 'Training' by Rs.1.2 million."

33. There being no other matter for consideration the meeting ended with a vote of thanks to the Chair.

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Imam Khan
CHAIRMAN

14/9/93