

113RD MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	Karachi	Monday, 20th September, 1993	11.00 a.m.

MINUTES OF THE 113TH MEETING OF THE BOARD OF DIRECTORS OF STATE LIFE INSURANCE CORPORATION OF PAKISTAN HELD ON 20TH SEPTEMBER, 1993, AT PRINCIPAL OFFICE, KARACHI IN PURSUANCE TO NOTICE DATED 7.9.1993.

PRESENT:

1. Mr. Inaamul Haque, Chairman,
2. Mr. S. Z. H. Jafri, Director,
3. Mr. M. Hafeez Malik, Director,
4. Mr. S. Gulrez Yazdani, Secretary Board.

ATTENDED BY SPECIAL INVITATION:

1. Mr. Shamsuddin Solangi, General Manager (P&GS),
2. Mr. Muhammad Latif, General Manager (B&A),
3. Mr. M. Mazharuddin, General Manager (Actuarial),

1. The meeting commenced with the recitation from the Holy Quran.

LEAVE OF ABSENCE:

2. The Secretary informed the Board that Mr. Javed Masud, Additional Secretary, Ministry of Commerce/Director of the Corporation had intimated his inability to attend the 113th meeting of the Board because of unforeseeable pressing engagements in Islamabad and had sought leave of absence. The requested leave of absence was granted.

ITEM NO. 1 CONFIRMATION OF THE MINUTES OF THE PREVIOUS (112TH) MEETING OF THE BOARD OF DIRECTORS HELD ON 2ND SEPTEMBER, 1993.

3. The Chairman placed before the Board for its confirmation minutes of the 112th meeting of the Board held on 2nd September, 1993.

4. It was pointed out that the resolution under agenda Item No. 4 regarding retainership of Mr. Samiul Hassan as Consultant Actuary should be amended to read "appointment of M/s. Akhtar Hassan & Co. as the Consulting Actuary" instead of Mr. Samiul Hassan.

JH

CHAIRMAN
INITIALS



113RD MEETING OF THE BOARD OF DIRECTRS

HELD AT	ON	TIME
Karachi	Monday, 20th Sept., 1993	11.00 a.m.

5. It was pointed out that though one issue was discussed and decided in the 112th meeting but decision thereon had not been recorded in the minutes. The decision under reference related to possible grant of accelerated promotion of Mr. Nasir Javed Khan, Manager (Development) G&P as per commitment of the previous Chairman. The Board after detailed discussion felt that out of turn promotion may be counter productive and administratively improper. Therefore, it decided to allow special pay of Rs.200/- per month to Mr. Nasir Jawed Khan as recognition of his exceptional performance and services.

Action: GM(G&P)

6. The Board agreed to the above amendments, additions and confirmed the minutes of the last Board meeting subject to above additions and passed the following resolution

RESOLVED

"that subject to above amendment and addition the minutes of the 112th meeting of the Board of Directors meeting held on 2nd September 1993 be and are hereby confirmed."

ITEM NO.2 IMPLEMENTATION REPORT OF DECISIONS TAKEN IN THE PREVIOUS BOARDS MEETING

7. The Secretary Board of Directors presented the implementation position of the decisions taken by the Board in its previous (112th) meeting. The implementation position submitted by the Secretary related only to the decisions taken by the Board of Directors in its 112th meeting held on 2nd September, 1993.

8. Taking note of the implementation position submitted to the Board of Directors it was felt that the previous decisions taken by the Board in its earlier meetings also needed to be followed up and advised that a report be prepared indicating the implementation position of the decisions taken by the Board after 1.1.1993. Subsequently previous decisions of the Board of Directors, implementation of which were still outstanding, may also be looked in to and Board be informed about the same.

Action: Secretary(Board)

CHAIRMAN'S INITIALS



113RD MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	Karachi	Monday, 20th September, 1993	11.00 a.m.

ITEM NO. 3: APPROVAL OF STATE LIFE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 1992.

Executive Director (Finance)'s Memorandum dated 15th Sept. 1993.

9. E.D.(Fin) presented before the Board the resume of Corporations Annual Accounts for the year ended 31st December 1992. E.D.(Finance) informed that from the gross income of the Corporation from all sources increased by 16.2% in 1992 over 1991 as against 19.4% in 1991 over 1990. Thus, there has been a slight decrease in the rate of growth over the previous year. The Board took special note of reduced rate of increase in the renewal premium income which increased by 10.1% in 1992 and considered it as unsatisfactory. The Board felt that the recommendations of the Persistency Committee which have been accepted should be implemented, expressing its concern the Board advised a follow-up.

10. The gross rental income increased by 30.9% in 1992 as against decrease of 4.8% in 1991. The Board appreciated the performance of Real Estate Division.

11. Discussing the 'payments' a special concern was expressed on surrenders which increased by 29.27% in 1992. The Board was informed by General Manager(B&A) that surrenders indicated in the annual accounts are not necessarily total surrenders but at times replacement of policies. The Board observed that a system is required to be developed to check and follow up surrenders. Noting that at present there is no system of accountability for surrenders, the Board felt that Zonal Heads should also be involved and advised to hold meetings every month to check surrenders. It was agreed that surrenders be given due importance and significance while evaluating performance of Sector/Zonal Heads and should be recorded in ACRs so as to be taken into consideration at the time of promotions.

12. E.D. (S&D) and E.D.(PHS) were requested to develop a formula to this effect which after necessary notice be enforced. Board felt that Zonal Heads may also be required to send a monthly report to the Chairman which should reflect the net position i.e. first year premium minus surrenders and lapses.

JH

CHAIRMAN'S INITIALS



113RD MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Monday, 20th Sept., 1993	11.00 a.m.

13. Administrative expenses increased by 11.5% in 1992 against 18.2% in 1991. The Board expressed satisfaction on the fact that the rate of growth of expenses in 1992 was less than that of preceding year and that these had remained at reasonable levels. The only substantive increase was in field office expenses which was attributed to increase in; (i) maintenance ; (ii) cost of furnishing, and (iii) rates of utilities/telephone etc.

14. After detailed discussion on proposal made by Mr. Hafeez Malik E.D. (S&D) seconded by Mr. S.Z.H. Jafri E.D. (PHS) the following resolution was passed by the Board.

RESOLVED

(i) "that the annual accounts for the year ended 31st December 1992 alongwith annexed notes be and are hereby approved.

(ii) Write off of Rs.2.500 million pertaining to interest receivable on debenture loan to Sindh Road Transport Corporation is also approved."

(iii) "that Law Department look into the possibility of initiating legal proceedings to recover the amount of Rs. 2.500 million from SRTC."

Action: GM(B&A) &
AGM(Law)

ITEM NO. 4 **APPOINTMENT OF AUDITORS FOR AUDITING ACCOUNTS OF STATE LIFE INSURANCE CORPORATION OF PAKISTAN FOR THE YEAR 1993.**
General Manager(B&A)'s Memorandum dated 20.9.1993

15. The panel of auditors of the Corporation once appointed normally continues for a period of five years. The current year is the last of the 5 years cycle of the existing panel of auditors of the Corporation. However, the Board is required to reappoint the auditors on an annual basis.

JH.

CHAIRMAN'S
INITIALS



113RD MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	Karachi	Monday, 20th September, 1993	11.00 a.m.

16. M/s. A.F. Ferguson & Co.; one of the three auditors, have now requested that their audit fee may be revised from 350,000/- to 500,000/-. The two (2) other auditors have not as yet given their consent to audit the Corporation 1993 annual accounts. Discussing the issue the Board expressed satisfaction on the performance of auditors and approved the reappointment of auditors for auditing 1993 annual accounts of the Corporation, the Board resolved as under:

RESOLVED

"that the panel of the following firms of Chartered Accountants/Auditors may be reappointed as auditors for auditing 1993 annual accounts of the Corporation for the remuneration mentioned against each.

1. M/s. A.F. Ferguson & Co. 400,000/-
2. M/s. Ford Rhodes Robson Morrow 150,000/-
3. M/s. S.M. Masood & Co., 150,000/-

Action: GM(B&A)

ITEM NO. 5 REGULARISATION OF POSTS OF DEPUTY GENERAL MANAGERS/STAFF

General Manager(P&GS)'s Memorandum dated 19.9.93.

17. At present, 14 Deputy General Managers are working in the Principal Office and Zones of the Corporation. Presently 22 Deputy General Managers are working against the 13 sanctioned posts i.e. 9 Deputy General Managers are working without the corresponding post of Deputy General Manager. To regularise their incumbency technical formal approval was requested for 9 posts of Deputy General Managers.

18. For implementation of agreement 1991-92 with the CBA the Corporation was to upgrade 138 posts of Senior Office Assistant to that of Superintendent and 10 posts of MN-2 to MN-3 grade, upon completion of 12 & 15 years of service in the cadre. Such upgradations are desirable in view of industrial peace as these were


 CHAIRMAN'S INITIALS


113RD MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Monday, 20th Sept., 1993	11.00 a.m.

integral part of the Agreement and require formal approval of the Board.

The Board considered the matter in detail and it resolved as under:

RESOLVED

(i) "that the 9 posts of Deputy General Managers which have been effectively in existence and against which officers are already working be and are hereby regularised."

(ii) "128 posts of Senior Office Assistant be and are upgraded as Superintendent."

(iii) "10 maintenance staff members post be upgraded from MN-2 to MN-3"

ITEM NO.6

MOVE OVER OF OFFICERS OF STATE LIFE

General Manager(P&GS)'s Memorandum dated 19.9.1993

19. Sixteen(16) officers, in the grade of Deputy Managers (Seven) and Managers (Nine) have reached the maximum of their pay scales as on 1.1.1992. Fifteen(15) of these officers, DMs Six(6) and Managers Nine(9) meet all the required qualifications for move over into the next pay scale as laid down in the Circular No.P&GS/P.O/2/88 dated 4.1.1988. The Board after taking into account the performance/rating of the officers approved their move-over into next pay scale.

20. One Deputy Manager (i.e. Mr. Syed M. Ali Zaidi) was not allowed move-over because his ACR for the year 1990 had a rating of 45 i.e. less than the required 50 marks.

CHAIRMAN'S
INITIALS



113RD MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	Karachi	Monday, 20th September, 1993	11.00 a.m.

21. Approving the move-over of fifteen officers Board resolved as under:

RESOLVED

"Fifteen (15) Officers, DMs(6), Managers(9) who meet all the requirements are allowed moveover into next higher pay scale"

Action: GM(P&GS)

ITEM NO.7

BONUS DECLARATION AND ACTUARIAL VALUATION 1992.
General Manager(Act.)'s Memorandum dated 19.9.1993

22 A detailed presentation of the 1992 Actuarial valuation was made to the Board by the General Manager(Actuarial). In his

presentation General Manager(Actuarial) appreciated the domestic operations of the Corporation, however, overseas operations were considered as expensive.

23. The bonus recommendations made for 1992 are:

Bonus recommendation for Pakistan Rupee Business

I. WHOLE LIFE AND ENDOWMENTS

For Whole Life and Endowments with profits policies in force for the full sum assured:

a) Reversionary bonuses per thousand sum insured per annum

	<u>1991</u>	<u>and</u>	<u>1992</u>
	For		From
	First		6th
	Five		Policy
	Policy		Year
	<u>Years</u>		<u>Onwards</u>
<u>Whole Life</u>	Rs. 52		Rs. 74

CHAIRMAN'S
INITIALS



113RD MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Monday, 20th Sept., 1993	11.00 a.m.

Endowments

20 years and over	Rs. 44	Rs. 66
15 to 19 years inclusive	Rs. 31	Rs. 53
14 years and less	Rs. 16	Rs. 38

b) Terminal and Special Terminal Bonuses have been maintained at previous level.

II. ANTICIPATED ENDOWMENTS

For with profits Anticipated Endowments/Three Stage/Three Payment policies of whatever type in force for the full sum insured:

a) Reversionary bonuses for 1991 and 1992 will be at the following rates:

Reversionary bonuses per thousand sum insured per annum.

1991 and 1992

For	From
First	6th
Five	Policy
Policy	Year
<u>Years</u>	<u>Onward</u>

20 years and over	Rs. 31	Rs. 36
15 to 19 years inclusive	Rs. 21	Rs. 26
14 years and less	Rs. 15	Rs. 20

b) They will not get Terminal bonuses.

CHAIRMAN'S
INITIALS



24

113RD MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	Karachi	Monday, 20th September, 1993	11.00 a.m.

c) Special Reversionary Bonus will remain at previous level.

Period between Survival Benefit due date and maturity date	Special Reversionary Bonus per Rs 1,000 Survival Benefit	Period between Survival Benefit due date and maturity date	Special Reversionary bonus per Rs 1,000 Survival Benefit
20 years	Rs 3,165	9 years	Rs 1,005
18	Rs 2,765	8	Rs 845
16	Rs 2,350	7	Rs 695
14	Rs 1,940	6	Rs 555
12	Rs 1,545	5	Rs 420
10	Rs 1,175	4	Rs 300

d) Interim bonuses on death and maturity claims will be allowed till the next valuation, at the rates as mentioned in (a) above.

III. FAMILY INCOME BENEFITS WHERE POLICYHOLDER HAS DIED

Family Income Benefit to heirs or nominees of deceased policy holders will be increased from 1st January 1994, under with profits policies, as follows :

<u>Year of Life Insured's death</u>	<u>Increase</u>
1991 or earlier	15.0%
1992	7.5%

Note: The percentage increase will be allowed on the "actual present benefit including any increase of 15% or 7.5% made on 1st January 1992".

IV. EAST WEST MUTUAL ETC

Policies issued by the East West Mutual, Grand Mutual, I.G.I., Pakistan Mutual, Standard and Union Insurance, former East Pakistani companies and LIC will get the not get Terminal or Special Terminal Bonuses.


 CHAIRMAN'S INITIALS


113RD MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Monday, 20th Sept., 1993	11.00 a.m.

C. Bonus Recommendation - Foreign Currency Policies

I. U.K. Policies expressed in Pound Sterling :

Reversionary bonus rates per thousand sum assured per annum:

	<u>1991 & 1992</u>
<u>Whole Life</u>	37
<u>Endowments:</u>	
20 years and over	32
15 to 19 years inclusive	21
14 years and less	12
PLUS Persistency bonuses from the 6th policy year onwards	4

II. Policies expressed in US Dollar and Dirham :

(a) Policies expressed in Dirhams:

Reversionary bonuses per thousand sum insured per annum

	1990	1991	<u>1992</u>
<u>Whole Life</u>		Dh 36	
<u>Endowments</u>			
20 years and over		Dh 30	
15 to 19 years inclusive		Dh 21	
14 years and less		Dh 14	

SH.

CHAIRMAN'S
INITIALS



113RD MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	Karachi	Monday, 20th September, 1993	11.00 a.m.

Anticipated Endowments

20 years and over	Dh 26
15 to 19 years inclusive	Dh 18
14 years and less	Dh 14

PLUS Persistency bonuses from
the 6th policy year onwards Dh 3

b) Policies expressed in Dollars:

Reversionary bonuses per thousand sum insured
per annum

1990
1991
1992

Whole Life \$ 35

Endowments

20 years and over	\$ 28
15 to 19 years inclusive	\$ 20
14 years and less	\$ 13

Anticipated Endowments

20 years and over	\$ 24
15 to 19 years inclusive	\$ 17
14 years and less	\$ 13

PLUS Persistency bonuses from
the 6th policy year onwards \$ 3

24. A new benefit is being extended to with profit policies which have been and are in force for 5 complete policy years or more. Under such policies if the life insured undergoes major surgery during the intervaluation period 1st January 1993 to 31st December 1994 on account of a specified dread disease, the corporation would pay 50% of the survival benefit, subject to a maximum payment of Rs.50,000/-.

JH

CHAIRMAN'S
INITIALS



113RD MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Monday, 20th Sept., 1993	11.00 a.m.

25. The Actuarial valuation indicates that the Corporation is in a sound financial position, investment performance of the Corporation in Pak Rupee port-folio is satisfactory whereas investment in UAE, Dollar port-folio needs improvement. However, there is a need to take steps to arrest the deteriorating position of persistency.

26. The Board after detailed deliberations adopted the Actuarial valuation 1992, expressed appreciation of the work undertaken by GM(Actuarial) and resolved as.

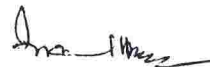
RESOLVED

"that the Actuarial valuation for the year 1992 be and are hereby adopted."

Action: GM(Actuarial)

ITEM NO.8 ANY OTHER MATTER

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


(CHAIRMAN)

CHAIRMAN'S
INITIALS

