

14TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Saturday, the 28th April 1973	11.30 A.M.

The 14th meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Saturday the 28th April, 1973 at 11.30 A.M. in the Board Room of the Corporation at Karachi, in pursuance of notice dated 17th April 1973.

The following members were present:-

1. Mr. H.U. Beg, SQA, PTS.	Chairman
2. Mr. S.F. Alam	Member
3. Mr. Samee-ul-Hasan	Member
4. Mr. M.S. Janjua	Member
5. Mr. D.M. Quraishi, TQA.	Member
6. Mr. P. Sequeira	Member
7. Mr. A.A. Toor, PA&AS.	Member
8. Mr. S.A. Walajahi	Member
9. Mr. M. Zulqarnain	Member

Mr. S.S. Akhtar & Mr. S. Aftab Ahmad attended by special invitation.

Mr. Nisar Husain and Mr. M. Sadiq Khan were also present.

The following business was transacted:-

ITEM NO. I: CONFIRMATION OF THE MINUTES OF THE 13TH BOARD MEETING HELD ON SATURDAY, THE 14TH APRIL, 1973 AT 10 A.M. AT KARACHI.

The minutes of the 13th meeting of the Board held on Saturday the 14th April, 1973 were confirmed.

Progress on various decisions taken in the last Board Meeting was reported as follows:-

Item II(i): The Board was informed that the legal position regarding the formation of Advisory Council for Field Force had been examined and it had been found that the constitution of the Advisory Council was discretionary and not mandatory.

Item III: The post of Chief Engineer(Maintenance) had been advertised and the last date for receipt of applications was 27th April, 1973.

Item V(2): The owner of the Rest House at Abbotabad had agreed to the termination of the lease before the date of expiry.

Item VIII(1): - Any other Item: The dispute with Mr. D.B. Avari was being pursued in the High Court and letters had also been written to the Government and the Lahore Improvement Trust.

ITEM NO. II: TO CONSIDER AND APPROVE THE STATE LIFE OBJECTIVE.

The Board considered the recommendation of the Committee appointed by the Chairman for the above purpose and approved the following as the objective of the State Life.

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"To maximise the surplus consistent with the condition that the bonus paying capacity of the surplus does not fall below that capable of yielding the current interim rates of bonus of the State Life".

The Board also adopted the following as the contributing factors to the attainment of the above objective:-

(a) By the Units

1. First year premium income (favourable)
2. Second year premium income (")
3. Renewal premium income (")
4. Expenses (unfavourable)
5. Death Claims (")

(b) By the Principal Office

1. Investment income (favourable)
2. Expenses (unfavourable)

It was noted that "the most important original function of the Principal Office was investment of funds generated by the Units. The natural objective would be to maximise the yield on invested funds, subject to the condition of safety of capital".

It was further decided that a circular explaining the State Life objective and the contributing factors should be prepared by the Committee in consultation with the three General Managers for the guidance of all concerned. It was also agreed that a Five Year Plan should be drawn up for the State Life and the Executive Director (Investment) should carry out the necessary exercise in this behalf and put up a note to the Board.

ITEM NO. III: TO CONSIDER AND APPROVE THE STAFF STRENGTH OF THE ACCOUNTS DEPARTMENT OF THE PRINCIPAL OFFICE:

ITEM NO. IV: TO CONSIDER AND APPROVE THE STAFF REQUIREMENTS OF THE INVESTMENT DEPARTMENT:

The Board decided to defer consideration of the above two items, pending a scrutiny to be made by Mr. S.S. Akhtar, of the staff requirements of various departments of the Principal Office. It was desired that while doing so, he may also define the limits of expenditure for the Principal Office and its allocation between the various departments. It was decided that till such scrutiny was completed no fresh recruitment of staff in the Principal Office should be made. The Executive Director (Investment) observed that he had certain very urgent tasks to be attended to like the billing for rents which brooked no delay and for which staff was immediately needed. It was agreed that in the case of Investment Department the emergent requirements may be met by borrowing suitable persons from the Units.

ITEM NO. V: EXTENSION OF MEDICAL BENEFITS TO FIELD STAFF:

The Board considered the report submitted by a Committee consisting of Mr. S.A. Walajahi and Mr. M. Zulqarnain for medical benefits to the field staff. After thorough discussion it was decided that the proposed benefits be provided through an

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Insurance Scheme. A Committee consisting of the following was constituted to draw up the insurance scheme.

1. Mr. Samee-ul-Hasan
2. Mr. P. Sequeira
3. Mr. S.A. Walajahi (Convener)
4. Dr. Manji
5. Dr. Khaliluddin Khan

The Committee was given the following guide lines for the purpose.

1. 50% of the cost of the insured scheme to be borne by the State Life.
2. The Scheme to be applicable to those Sales Managers and Sales Officers who have earned a First Year Agency Commission of at least 20,000 and Rs.6,000 respectively.
3. For this purpose the production figures for the period 1st January 1972 to 31st March 1973 should be taken as the criterion.
4. The insurance would be taken with the Alpha Insurance Company with necessary reinsurance with the Pakistan Insurance Corporation.

The Committee was requested to submit its final report for consideration in the next Board meeting.

ITEM NO. VI: TO CONSIDER A REQUEST BY CERTAIN FIELD OFFICERS OF 'B' BEEMA UNIT FOR REPAYMENT OF THEIR PROVIDENT FUND BALANCES:

This item was considered and it was found that since this particular problem concerned the 'B' Beema Unit only it should be settled by the General Manager 'B' Beema Unit in consultation with Mr. Toor.

ITEM NO. VII: TO CONSIDER STATE LIFE MEMBERSHIP OF LIFE INSURANCE AGENCY MANAGEMENT ASSOCIATION:

It was decided that the State Life should become a member of the Life Insurance Agency Management Association of America. It was further decided that the membership be acquired by the Principal Office and the literature received should be distributed among the Units. Extra copies should also be obtained for circulation among the Units.

ITEM NO. VIII: TO CONSIDER GRATUITOUS PAYMENT TO THE FAMILY OF MR. S.S.H. RIZVI, FIELD OFFICER, ERSTWHILE PRUDENTIAL, FORMERLY POSTED IN EAST PAKISTAN, NOW UNDER DETENTION IN INDIA:

a) The Board approved the continuation of the payment of a monthly allowance of Rs.300/- to the family of Mr.S.S.H.Rizvi, Field Officer, erstwhile Prudential, now under detention in India.

b) The Board also approved the grant of loan by 'C' Beema Unit to Mr. Md. Nasiruddin, a field worker of that Unit, stranded in Kathmandu, to enable him to meet his and his family's travel expenses to Karachi, after obtaining proper sureties. This loan would be interest free.

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c) Continuing Payments to Widow of Late Field Officer Mr. F.U. Siddiqui of the Former E.F.U.(Life):

The Board considered the letter from the 'C' Beema Unit dated 28th April 1973 and approved the grant of widow's pension amounting to Rs.800/- per month to Mrs. Sirajunnisa, wife of late Mr. F.U. Siddiqui. The consensus in the Board was that this was a legitimate commitment made by the previous management and, as such should be honoured by the Corporation.

ITEM NO. IX: TO CONSIDER AND APPROVE THE SUBSIDISATION OF EXAMINATION FEES AND COST OF TEXT BOOKS OF CERTAIN PROFESSIONAL INSTITUTES:

The Board approved the subsidisation by the Corporation of the examination fees and cost of text books of the following professional institutes for the employees of the Corporation.

1. The Institute of Actuaries
2. The Chartered Insurance Institute
3. The American College of Life Underwriters, which gives the CLU Diploma.
4. The LOMA, which gives the FLMI Diploma
5. The LIAMA, which gives a Diploma in Agency Management and other subjects.

The basis of subsidy would be as follows:

1. Examination Fees: In the first instance, half the fees should be paid. The remaining half would be paid on passing.
2. Books: Half the cost should be paid by the Corporation. Where a candidate is unable to raise the remaining half, he might get a loan from the Cooperative Society concerned, repayable in instalments.

The Board also reserved the right not to give the subsidy if it was felt that the candidate was not likely to succeed.

Mr. M.S. Janjua raised the question of extending similar facilities to the Pakistan Institute of Industrial Accountants. It was observed that as there was no working paper available on this organisation, Mr. Janjua should prepare a note justifying these facilities in this case and send it for consideration in the next Board meeting.

ITEM NO. X: ANY OTHER MATTER WITH THE PERMISSION OF THE CHAIR.

(1) Appointment letters of Sales Representatives:

It was decided that the appointment letters as presented to the Board by Mr. Zulqarnain should be examined and finalised by Mr. Samee-ul-Hasan and Mr. Zulqarnain in consultation with the General Managers.

(2) Business Production

The Board took up for consideration a note circulated by Mr. Zulqarnain regarding production figures for the first quarter of 1973. The note

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indicated a substantial fall in new business, compared to the first quarter of 1972. It was explained that the decline was in fact not as high as exhibited by the note and would be reduced considerably by the end of April 1973. There were, however, a number of factors responsible for this decline, the chief among them being the process of integration, which resulted in non-processing of the new proposals received during the first quarter. Efforts were being made to process all the business received before the closing of the books for April 1973. The Chairman emphasized the need and importance for accelerating the process of integration and requested that information about new business completed should reach the Principal Office by 15th of the month at the latest.

(3) Incentive for Area Managers

The Board constituted a Committee of the following to come up with an agreed formula for providing incentives to the Area Managers:

1. Mr. Samee-ul-Hasan
2. Mr. M. Zulqarnain
3. Three General Managers
4. Mr. S. Aftab Ahmad

The Committee was also requested to consider the following matters:-

- (a) Continuation of Agency Offices in 'B' Beema Unit.
- (b) Provision of Offices to Million Dollar producers by 'B' Beema Unit.
- (c) Release to field staff in 'C' Beema Unit
- (d) Transport for Area Managers

(4) Revised Publicity Budget:

Mr. Walajahi explained the salient features of the report of the Committee appointed by the Chairman to demarcate the areas of operation by the Principal Office and the Units and to allocate the Budget among them.

The Chairman observed that the proposed allocation still allowed more funds for news-papers although it was decided in the last meeting that there should be greater allocation for T.V. and Radio in view of the wider impact of these media.

Mr. Toor observed that as a result of curtailment of the budget in the last Board meeting, the Committee had left out an important objective i.e. "the propagation of needs and benefits of Life insurance" and had allocated the entire funds of the Principal Office for image building. He suggested that the curtailment should be shared by all the objectives equitably and no important objective should be left out.

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Mr. Janjua who was a member of the Committee observed that due to preoccupation he had not been able to attend the meeting of the Committee.

It was decided that the Committee should meet again with Mr. Janjua also present and come up with revised recommendations after taking into account the observations made above.

AT THIS STAGE THE CHAIRMAN LEFT AND THE BOARD ELECTED MR. P. SEQUEIRA TO PRESIDE OVER THE REST OF THE MEETING.

The following business was transacted:

(5) Maintenance of Official Residence of the Chairman

The Board was informed that the official residence of the Chairman, State Life was at 11 Tipu Sultan Road, Karachi. This house had been originally taken on lease for him by the ICP when he was the Managing Director ICP. The lease which was still current, provided that the lessor would be responsible for white washing and colouring the outer walls of the premises every alternate year. The lessee was responsible for the internal white washing and colouring etc. In addition, the lessee was responsible for keeping the fittings and fixtures in working order and for maintaining the premises including the lawns and hedges. In accordance with these terms the ICP undertook to attend to minor repairs for which the landlord was not responsible and had sanctioned a Chowkidar and a mali at the house.

*Revised
14.5.73*

It was decided that the State Life should adopt the same lease agreement and undertake the same arrangements as the ICP had undertaken in respect of the above house.

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The meeting then ended with a vote of thanks to the Chair.

*Confirmed
14/5*

[Signature]
CHAIRMAN

CHAIRMAN'S INITIALS

