

16TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Monday, the 4th June 1973	11.30 A.M.

The 16th meeting of the Board of Directors of the State Life Insurance Corporation of Pakistan was held on Monday, the 4th June, 1973 at 11.30 A.M. in the Board Room of the Corporation at Karachi. The following were present:

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

Mr. M. Sadiq Khan was also present.

The following business was transacted:

ITEM NO. I: CONFIRMATION OF THE MINUTES OF THE 15TH BOARD MEETING HELD ON MONDAY, THE 14TH MAY, 1973 AT KARACHI.

A point was raised whether the minutes of the meetings of the Board were required to be confirmed before action could be taken on them. It was observed that under Regulation 3(9) of the State Life Insurance Corporation (General) Regulations 1972, the minutes of a meeting when signed by the person presiding over the meeting or over the next succeeding meeting, were prima facie evidence of the matter stated therein. As such it was not necessary to wait for the confirmation after the minutes had been approved and signed by the Chairman. It was accordingly decided that in the letter circulating the minutes, it should be indicated that the minutes have been approved by the Chairman so that action thereon may be started immediately.

Another question raised was whether the confirmation was all obligatory because the Regulations did not speak of confirmation except for resolution passed by circulation. A view was expressed that all that was needed was to record the minutes. It was decided that the matter should be sorted out in consultation with the Legal Adviser.

Thereafter action taken on the various items of the minutes was reviewed with the following observations and decisions.

- i) Issue of circular regarding the Corporation's objectives.

It was decided that the objectives statements prepared by the Directors during the recent Seminar on management held from 1st to 3rd June should also be taken into consideration in drafting the circular.

- ii) Staff Requirements.

Mr. Toor informed the Board that the Committee appointed for reviewing and determining the staff requirements of the Principal Office had completed its job and had prepared a draft Budget of the Principal Office on that basis. According to the Committee the total

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expenditure on the Principal Office excluding that on investment, overseas business and Publicity media, should not exceed 1% of the total premium income of the Corporation. The draft Budget prepared by the Committee would be presented to the Board shortly.

iii) Delegation of Powers.

The Board was informed that the plan for the proposed delegation of powers to General Managers was under consideration and would be put up to the Board in due course. However, in the meantime, the General Managers and Executive Director (Administration) may be delegated the powers to relax the maximum age for entry into Corporation's service as it was proving to be an impediment in recruiting suitable persons. The Board approved of this proposal and passed the following resolution:

Resolved that :-

"In exercise of the powers vested in it by Regulation 3 of the State Life Employees (Service) Regulations 1973, the Board of Directors of the State Life Insurance Corporation of Pakistan, are pleased hereby to delegate to the General Managers and the Executive Director (Administration), as the case may be, the powers to relax in suitable cases the maximum age of entry into Corporation's service as per Regulation 14(2) of the State Life Employees (Service) Regulations 1973, for reasons to be recorded in writing."

iv) Appointment letters to Area Managers.

Mr. Zulqarnain reported that the draft appointment letters had been prepared and sent to the General Managers.

Item No. III: Continuation of Agency Offices:

Item No. IV: Releases to Field Staff of 'C' Beema Unit.

The Board was informed that the Committee appointed to go into the above questions had nearly finalised its recommendations, and it would bring up its recommendations to the Board soon.

Item No. VI: Extension of Medical benefits to Field Staff.

Mr. Walajahi informed that the Scheme had been finalised with ALPHA Insurance Co. and the cover would be ready by 1st July, 1973. The Circular was being revised and would be issued in a day or two.

Item No. VII: Grading of 'D' Category Posts.

Mr. Toor reported that about 50% of the work in 'A' Beema Unit and 'C' Beema Unit had been finalised and the remaining work was in hand.

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Item No. XII: Establishment of Libraries:

The Board sanctioned a sum of Rs.30,000 each for the Units, and Rs.30,000 for the Principal Office, for the establishment of libraries and purchase of books therefor.

Item No. XIV(2): Any other item.

Mr. Toor reported that the draft Provident Fund Regulations had been sent to the Legal Advisor for vetting and would be put up to the Board as soon as they are received back.

Thereafter the Minutes of the 15th Meeting of the Board held on Monday, the 14th May, 1973 were confirmed.

ITEM NO. II: PROPOSED BYE-LAWS REGARDING THE FORMATION OF STATE LIFE EMPLOYEES COOPERATIVE SOCIETIES:

The Board approved the draft bye-laws for the Co-operative Societies of State Life employees and field force, as presented by Mr. S.F. Alam, General Manager 'B' Beema Unit and scrutinised by the Committee appointed by the Chairman in this behalf.

It was decided that the General Managers concerned should get the respective Societies registered by 1st July 1973.

ITEM NO. III: INVESTMENT:

The Board then took up for consideration the Memoranda presented by Mr. D.M. Quraishi, Executive Director (Investment) regarding the investments. The following decisions were taken:

- (1) Proposal to subscribe Rs.5 lacs towards the ordinary share capital of National Construction Company (Pakistan) Limited.

The Board was informed that the Government of Pakistan through the Ministry of Finance had proposed that the State Life subscribed Rs.5 lacs towards the ordinary share capital of National Construction Co. (Pakistan) Limited. The authorised capital of the company would be Rs.1 crore and paid-up capital Rs.50 lacs. The paid-up capital of the company was proposed to be subscribed as follows:

Government	Rs. 25 lacs
National Bank	5 "
I.C.P.	5 "
N.I.T.	5 "
P.I.A.	5 "
State Life	5 "
Total	Rs. 50 lacs

The Company would function as Contractors, Architects, Designers and Engineers both in the public and private sectors and would come under the administrative control of the Economic Affairs Division. The shares of the Company were likely to be declared 'approved investment' for State Life under the Insurance Act 1938. Since the Government desired that the Company should be set up without further delay, the Articles and Memorandum of Association of the Company were signed by the Chairman, State Life in his capacity as one of the promoter directors of the

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Company nominated by the Government. The Board endorsed State Life's subscription to the extent of Rs.5 lacs to the share capital of the Company in deference to the wishes of the Government. The Board desired that this investment should be brought to the notice of the Ministry of Commerce.

(2) Purchase and Sale of Securities.

The Board noted the sale of 10,000 shares of Asbestos Cement at an average rate of Rs.13.73 and 10,400 shares of Afsar Textile at an average rate of Rs.13.97 on various dates. It was observed that, in future, the average holding rate of the shares sold out of State Life portfolio should also be indicated.

The Board also noted the purchase of ordinary shares of Dawood Cotton (150 shares @ Rs.19.28), Packages Limited (20,000 shares @ Rs.12.50) and the following Income Tax Bonds, on a yield to maturity of over 7.50% per annum:-

Year of Issue	Face Value	Coupen Rate	Purchase Price	Yield to Maturity
1967	23,700	5%	91.50	7.71%
1968	34,000	5%	89.30	7.54%
1970	3,69,100	5%	86.93	7.75%
1972	41,750	5%	83.52	7.78%
	<u>4,88,650</u>			

(3) Proposal to subscribe Rs.75 lacs to the 8% 10 years Federal Government Guaranteed Debentures of National Shipping Corporation.

The National Shipping Corporation had requested the State Life to participate to the extent of Rs.75 lacs in its proposed 8% - 10 years Federal Government Guaranteed Debentures issue of Rs.7.5 crores. NSC proposed to raise long-term funds amounting to Rs.14.81 crores - Rs.7.5 crores through issue of 8% Government Guaranteed debentures, another 2.5 crores through issue of mortgage debentures and Rs.4.81 crores through issue of Right Shares in the ratio of 1:2.

State Life holds 10, 24, 808 ordinary shares of Rs.10 each of NSC at a book value of Rs.1.76 crores, giving a holding rate of Rs.13.25 per share. State Life would, therefore, be entitled to 5, 12, 40⁴ Right Shares of Rs.10/- each at par value. It is proposed that State Life may decline to exercise its option to subscribe to the Right Issue and should seek to realise the right premium on Right Allotment Letters to the extent the market is able to absorb the letters offered to State Life.

The following institutions had tentatively committed to subscribe the proposed debenture issue of Rs.7.5 crores in the amounts indicated against each:-

	(Rs.in lacs)
State Life	75
Habib Bank	250
National Bank	200

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United Bank	100
Muslim Commercial Bank	75
N.I.T.	25
I.C.P.	25
	<u>750</u>

The NSC's debentures issue will be treated as approved security under the Insurance Act, 1938.

The Board approved an investment of Rs.75 lacs in the NSC's debentures on the following terms and conditions:-

- (1) Interest to be 8% per annum payable semi-annually.
- (2) The debentures to be redeemed in 6 annual instalments commencing 4 years after the date of issue.
- (3) The debentures to be secured as regards principal and interest by a full time repayment guarantee by the Federal Government.
- (4) Proposal to disburse the balance Rs.8 lacs out of a total commitment of Rs.25 lacs made by the EFU towards the Debenture subscription of Avari Hotels Limited.

The Board considered the note submitted by Executive Director (Investment). It was decided to restore debentures financing facility of Rs.8 lacs to the Avari Hotels Ltd. on the following terms and conditions.

1. The rate of interest on the debentures is 10% per annum. Interest is payable semi-annually on 30th of June and 30th September each year.
2. The debentures are secured by a first mortgage and a first floating charge on all the present and future movable or immovable properties and assets of the Company.
3. Debentures are redeemable in sixteen, six monthly instalments commencing from December 30, 1973 and ending on June 30, 1981.

It was further decided that the State Life should exercise its right under the Debenture Loan Agreement to nominate one of its representative as a Director on the Board of Directors of Avari Hotels Ltd.

ITEM NO. IV: TO CONSIDER A NOTE BY EXECUTIVE DIRECTOR (ADMINISTRATION) ON THE BASIS OF HIS MEETINGS WITH THE EMPLOYEES UNIONS DURING HIS RECENT VISIT TO LAHORE.

The following decisions were taken:

1) Building Bonus:

The Board observed that the 'building bonus' given to employees of certain components on the basis of commitments

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made by previous management was a one-time operation and should not have been included in the pay fixation. It was decided that the position should be examined by a Committee consisting of Mr. S.F. Alam, Mr. Samee-ul-Hasan, Mr. Walajahi and Mr. Toor and efforts made to set the mistake right in consultation with the Union representatives.

2) Notional Allowance:

The Board observed that the inclusion of a notional allowance in lieu of medical facilities allowed in kind in 'A' Bema Unit for the purposes of pay fixation was not correct. It was decided that the position should be examined by a Committee consisting of Mr. M.S. Janjua, Mr. Samee-ul-Hasan, Mr. S.A. Walajahi and Mr. A.A. Toor and efforts made to set the mistake right in consultation with the Union representatives.

3) Cash handling allowance:

It was decided that the matter should be examined by a Committee consisting of all the General Managers and Mr. A.A. Toor and the matter brought up to the Board again for necessary consideration.

ITEM NO. V: LOSS OF ONE LIMB COVER - ARMY GROUP.

The Board considered the case of Capt. Muhammad Pervez Malik who had lost a limb on 5th August 1971. It was observed that the accident occurred at a time when the insurance policy was not in force. It was, therefore, not payable since it had been the policy of the Board not to make any ex-gratia payments in similar other cases.

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

Confirmed as amended in today's meeting.

[Signature]
Chairman

[Signature]
12/6/73

CHAIRMAN'S INITIALS

