

18TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Saturday, the 23rd June 1973	9.15 AM

An emergent (18th) meeting of the Board of Directors of the State Life Insurance Corporation of Pakistan was held on Saturday, the 23rd June 1973 at 9.15 A.M. in the Board Room of the Corporation at Karachi, in pursuance of notice dated 21st June, 1973.

Mr. P. Sequeira was elected unanimously to preside over the meeting.

The following members were present:

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

Mr. S.S. Akhtar and Mr. S.A. Zahid attended by 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 17TH MEETING OF THE BOARD OF DIRECTORS OF STATE LIFE INSURANCE CORPORATION HELD ON TUESDAY, THE 12TH JUNE, 1973.

The minutes of the 17th meeting of the Board of Directors of State Life Insurance Corporation held on Tuesday the 12th June, 1973 were confirmed subject to the following amendments and observations:

Under item VI - regarding remuneration of M/s S.S. Akhtar & S.A. Zahid in (a) the word 'Allowance' was added after the word 'House Rent'.

Under item IX(2) - Provision of cars to Area Managers.

The 2nd para was replaced by the following:-

"It was observed that in respect of Area Managers whose income during the year 1972 was less than Rs.35,000 as per item XIV(3) of the minutes of the 15th Board meeting dated 14th May, 1973, the matter needed fuller examination. It was, therefore, necessary that a paper giving full facts of the case should be prepared for the consideration of the Board."

Mr. M.S. Janjua was requested to prepare the desired paper and to bring it up to the Board.

2. Legal opinion about confirmation of minutes.

The Board was informed that legal opinion on whether or not the minutes of Board's meetings were required to be confirmed had been received. The opinion stated that "in order to remove any challenge or ambiguity, minutes should as a matter of practice be confirmed at the next succeeding meeting."

The Board noted this opinion for necessary compliance.

18TH MEETING OF THE BOARD OF DIRECTORS

CTORS	HELD AT	ON	TIME
TE BOOK	Karachi	Saturday, the 23rd June, 1973	9.15 AM

ITEM NO. II: TO CONSIDER AND APPROVE 'EMPLOYEES OLD AGE PENSION SCHEME' OF PROVINCIAL GOVERNMENTS.

The Chairman explained the urgency of finalising the Employees Old Age Pension Scheme prepared by a Committee appointed by the Board in this behalf. He said that the Social Securities Institution had also been trying to get this business but the Sind Government were considering the scheme offered by the State Life in preference to the one offered by the Social Securities Institution. This had been mainly due to the timely approach made by the representatives of the State Life to the Government of Sind. The Labour Secretary, Sind indicated his intention to introduce the scheme w.e.f. 1st July, 1973. Necessary draft Regulations had been prepared and sent to the Legal Adviser for vetting. The Regulations were expected to be received back by Monday, the 25th June, 1973. The outlines of the scheme should be approved formally by the Board and a letter be written to the Labour Secretary, Government of Sind intimating him of the Board's approval and stating that the draft Regulations would be submitted to him by Monday, the 25th June, 1973.

The Board approved the draft of the letter to be sent to the Labour Secretary, Sind Government and its being signed by Mr. M.S. Janjua, Director who will personally hand it over to the Labour Secretary.

Thereafter the Board considered and approved the salient features of the Scheme as outlined in the minutes of the Committee meeting held in Lahore on 21.6.73 with Mr. M.S. Janjua as Convenor. The following observations were made and adopted:

- (i) The Committee should continue to deal with this matter as an interim measure. M/s S.S. Akhtar and D.M. Quraishi should also be coopted on this Committee.
- (ii) Two Centres, one at Lahore and the other at Karachi be set up immediately. The Centre at Karachi be headed by Mr. S.A. Walajahi and that at Lahore by Mr. M.S. Janjua both in their capacity as Directors, State Life. Each centre may have a staff strength upto 15 persons.
As far as possible the staff should be taken from within the system.
- (iii) At the suggestion of Mr. S.A. Zahid, it was decided that Mr. C.M. Anwer, Actuary, would assist Mr. Janjua in managing the Lahore Centre instead of Mr. S.M.K. Rezavi proposed by Mr. Janjua. In regard to Karachi Centre, it was noted that Mr. Mazharuddin and Mr. Mobin Ahmed would assist Mr. Walajahi.
- (iv) No commission should be paid on this business, for the time being. The matter should however be examined further in the context of the Scheme to be finally prepared.
- (v) Mr. D.M. Quraishi and Mr. S.A. Walajahi should explore with the Banks the possibility of collection of premia and payment of Pensions through the Banks.

CHAIRMAN'S
INITIALS

18TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Saturday, the 23rd June, 1973	9.15 AM

- (vi) Since the Scheme of the Sind Government was to be launched immediately, Mr. Zahid suggested that as an interim measure, a list (in duplicate) of employees to be covered should be asked for from each employer. One copy of each of the lists should be retained by the State Life and the other returned to the employer, duly signed.
- (vii) There was a demand unofficially from the Provinces for investing the funds of the scheme within the Province concerned. For the time being no mention should be made in the draft agreement regarding the manner of investment so that State Life exercises freedom of action in this behalf.
- (viii) For facility of accounting and as an interim measure separate accounts should be maintained for each Province.

ITEM NO. III: TO CONSIDER AND APPROVE CENTRAL GOVERNMENT EMPLOYEES GROUP INSURANCE SCHEME.

Mr. S.A. Zahid stated that the State Life had quoted a rate of Rs.4.32 per mille. But the Government had suggested a reduction to Rs.4.20 per mille. He was reluctant to certify a rate less than Rs.4.32 per mille in the absence of sufficient data. He explained that the additional amount at risk in the event the rate was lowered to Rs.4.20 was Rs.60,000/00.

The Board discussed the matter at length keeping in view the following factors:

- a) That a rate of Rs.3.60 per mille had already been quoted on which the Central Government could have bound the Corporation, but did not do so, giving an opportunity to State Life to re-consider the matter.
- b) That the earlier rate quoted was based on adverse experience of 1971 and it was felt that the current experience would be better.
- c) That the additional risk involved would amount to Rs.60,000 maximum but the chances were that the business may be profitable and in any case it was proposed to provide cover for one year only at the end of which the position would be reviewed.

Mr. M.S. Janjua pointed out the urgency of a decision as the Department concerned was expected to meet early the following week to finalise the matter. All the members of the Board, except Mr. Samee-ul-Hasan, agreed that State Life should accede to the request of the Central Government and reduce the earlier quotation to Rs.4.20 per mille for one year's cover at the end of which the position should be reviewed. Mr. Samee-ul-Hasan did not agree with the decision on a matter of principle as it was not in conformity with the actuarial advice tendered.

Mr. Alam pointed out that certain inquiries for pension scheme had been received by him but he had not been able to quote a rate because the Actuaries had not provided him with any quotations. The Consulting Actuaries invited attention to the minutes of the previous Board meeting whereby they were required to report to the Board any matter of clash of interest in case they were asked to undertake any actuarial work by any outside organisation. Mr. S.A. Zahid pointed out that in respect of those

18th MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
TE BOOK	Karachi	Saturday, the 23rd June 1973	9.15 AM

enquiries which were referred to him for quotations there was a clash of interest as some of these enquiries related to his clients. This matter was thoroughly discussed, and as an interim measure it was decided that all references made so far by the Units to the Actuaries for Pension Scheme would be attended to by Mr. S.A. Zahid for 'A' & 'B' Beema Units and by Mr.S.S. Akhtar for 'C' Beema Unit and this matter would again be discussed with the Chairman on his return from abroad.

It was also suggested that State Life may accept consultancy work as Trustees and charge appropriate fees for its services. It was felt that this matter should be examined in detail before any decision was taken in this regard.

It was observed that there was acute shortage of Actuarial talent for Pension Scheme business and it was recommended that some of the junior actuaries, already working in the State Life, be trained for this class of business by their senior colleagues.

DRAFT PROVIDENT FUND REGULATIONS:

The Board was informed that the Draft Provident Fund Regulations had been vetted by the Legal Adviser and circulated to the Directors. It was decided that the Directors should give their comments to Mr. Toor by the 26th June 1973. In order to avoid any further delay the final draft as amended, in light of comments of the Directors, should be got approved by circulation.

ITEM NO. IV: GRATUITY ORDER:

The draft Gratuity Order was discussed and the following observations were made:

1) It was necessary to define the word "Employee" because the existing definition of "employee" precluded certain classes of persons who did not fall within the definition of the word under the State Life Employees (Service) Regulations but who were entitled to Gratuity under the terms of their previous appointment with insurers. It was decided that the word "employee" should be redefined to include such persons as were entitled to Gratuity under the terms of their appointment as at 31st October 1972 and whom the Board may for reasons to be recorded in writing approve as "Employees" for the purposes of the Order.

2) The existing definition of "Service" was required to be further elaborated to indicate that transfers made from 18th March, 1972 to 31st October, 1972 (by virtue of appointment as Trustees or otherwise) would not amount to break in service. It should however, be clarified that transfers made prior to 18th March, 1972 from one company to another shall be deemed to constitute a break in service.

3) Employees who die before completing 5 years service should also be entitled to Gratuity and for this purpose, a provision should be made to the effect that employees who may die before completing 5 years of service shall be deemed to have completed 5 years service for the purposes of the Order.

4) The Order was silent as to whom the payment would be made in the event of death. This point should also be clarified in consultation with the Legal Adviser to avoid any complication.

CHAIRMAN'S
INITIALS

18TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Saturday, the 23rd June, 1973	9.15 AM

It was decided that the Gratuity Order should be revised and finalised by a Committee comprising Mr. A.A. Toor, Mr. Samee-ul-Hasan and Mr. S.S. Akhtar in consultation with the Legal Adviser in light of the above observations so that it may be announced quickly.

ITEM NO. V: INVESTMENT:

The Board took up for consideration the Memoranda presented by Executive Director (Investment) regarding the investments. The following decisions were taken:

(1) Amendment in the terms of Punjab Road Transport Board Debentures:

At its meeting held on 24th March 1973 the Board approved the participation of State Life in the debenture issue of Punjab Road Transport Board at an interest rate "of 2% above the bank rate with a minimum of 8% per annum". Later, the Punjab Road Transport Board informed that in the consent issued by the Controller of Capital Issues the rate of interest was de-linked from the bank rate and fixed at 8% per annum. They, therefore, sought State Life's approval to the amendment in the interest rate. The Board approved the proposal and passed the following resolution:-

"Whereas the Board of Directors of State Life Insurance Corporation of Pakistan in its meeting held on March 24, 1973, had resolved under item XIII(5)(i) to approve the participation of State Life in the proposed debenture issue of Punjab Road Transport Board at an interest rate of 2% above the bank rate with a minimum of 8% per annum.

AND WHEREAS the Controller of Capital Issues in his letter No. R-28 CCI(11)/73 dated 31.5.1973 had given consent to issue debentures "at an interest rate of 8% per annum (fixed) instead of 2% above the bank rate".

AND WHEREAS in order to bring the rate of interest in conformity with the consent order, it was expedient to amend the resolution dated 24.3.1973.

NOW THEREFORE it is hereby Resolved.

The clause (a) of Item XIII(5)(i) be amended to read as under:

"Rate of interest will be 8% per annum (fixed) and shall be payable on the 30th day of June and 30th day of December in each year".

(2) Sanction for Additional Funds for converting the Workshop area into Offices at the State Life Building No. 3 on Kutichery Road, Karachi.

The Board considered the Memorandum by the Executive Director (Investment) to convert ground and first floor of State Life Building No. 3 on Kutichery Road, originally meant for Workshop, into Offices and approved the following changes:-

"1. Provision of false ceiling to cover the unplastered surface and conduit pipe for electrification, additional fans and light fixtures.

18TH MEETING OF THE BOARD OF DIRECTORS

STORS	HELD AT	ON	TIME
E BOOK	Karachi	Saturday, the 23rd June, 1973	9.15AM

2. Mosaic floor to replace the existing cement floor with provision for telephones rossets.

The Board also approved the total cost of the above alterations at an estimated amount of Rs.4.2 lacs (Rupees four lacs and twenty thousands only).

(3) Sale of ICP shares at par value:

The Executive Director (Investment) informed the Board that the Managing Director ICP had requested that State Life may sell ICP shares numbering 5 each at par value of Rs.100/- to Mr. Aminullah, Managing Director, National Development Finance Corporation and Mr. Irshad Ahmad, Managing Director, National Engineering Corporation, to enable them to be nominated by the Government on the Board of Directors of I.C.P. Since ICP shares are not yielding any dividend, and the State Life owns 1,15,500 shares of the value of Rs.1,15,50,000, the Board approved the sale of a maximum of 1000 shares at par to Messrs Aminullah and Irshad Ahmad.

ITEM NO. VI: ANY OTHER ITEM

(1) Group Insurance for Staff:

It was decided that Group Insurance Schemes for the office and field staff should be prepared by a Committee consisting of the following members, in consultation with the Legal Adviser keeping in view the suggestion to establish a separate Trust with which State Life could contract to comply with the law.

1. Mr. S.A. Walajahi (Convenor)
2. Mr. A.A. Toor
3. Mr. D.M. Quraishi

It was further decided that pending the preparation of the Group Insurance schemes, the scale of benefits as provided by the former E.F.U. be adopted as an interim measure in the case of staff. Claims, if any, should also be settled on the same basis.

(2) Mr. M.S. Janjua raised the following points which were considered and decided upon as follows:

(i) Household effects in possession of Officers of the Corporation

It was pointed out that some of the Directors and Officers of State Life were in possession of certain articles of furniture etc. provided to them by the previous management to which they were no longer entitled under their present terms and conditions of appointment. The matter, therefore, needed consideration of the Board as to their disposal etc.

It was decided that ALPHA Insurance Company should be asked to assess the value of household effects of Officers, other than the Directors. The Officers concerned should then be asked to buy these articles of furniture, etc. at the assessed value and make payment either in lump sum or in instalments spread over a period not exceeding 3 years.

CHAIRMAN'S INITIALS

18TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Saturday, the 23rd June, 1973	9.15 AM

(ii) Club Subscriptions:

A question was raised as to the date from which the payment of Club subscriptions be disallowed to employees, as per decision of the last Board meeting dated 12th June, 1973.

It was decided that the decision to discontinue payment of Club subscriptions should take effect from the date the officers concerned had been placed and allowed pay under the State Life Regulations.

.....

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

*Confirmed subject to amendments
made at this meeting.*

Rajwani
9-7-73

Rajwani
Chairman 9/7/73

CHAIRMAN'S
INITIALS

