

23RD MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Lahore	Monday, the 5th November, 1973	11 AM

The 23rd meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Monday and Tuesday, the 5th and 6th November, 1973 respectively at Lahore, in pursuance of notice dated 27th October, 1973.

The following Directors were present:

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

Mr. S.A. Zahid, Consulting Actuary, attended on the 5th November by invitation. Mr. M. Sadiq Khan was also present.

The following business was transacted:-

ITEM I: CONFIRMATION OF THE MINUTES OF THE 22ND MEETING OF THE BOARD HELD ON SATURDAY, THE 13TH OCTOBER, 1973 AT KARACHI.

The minutes of the 22nd meeting of the Board held on Saturday, the 13th October, 1973 were considered and the following observations/amendments were made.

- (1) Cash Flow: 'A' Beema Unit supplied the necessary information. It was observed that one of the reasons for the discrepancy between the amount expected to be received in the Principal Office and that actually transferred from the 'A' Beema Unit could be that the Unit had not received funds from its collection accounts at Banks.

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The Board desired that it should be ensured that the funds are regularly remitted from the collection accounts to the Central accounts of the Unit and from the latter to the Principal Office/account as per instructions. Any non-compliance of these instructions by banks should be reported to the Principal Office for charging penal interest from them. Further there should be regular reconciliation between the Unit accounts office and the Banks.

(2) Pro-rata production bonus to Agents who worked for less than full calendar year

In this connection, a question was raised whether an agent recruited in mid-term, would become entitled to production bonus on a prorata basis. It was decided, that Mr. Walajahi would bring up a paper on the subject for the Board's consideration.

(3) Item III(a): Provisional payment of Production bonus:

It was reported that the revised scheme for provisional payment of production bonus in the year 1973 had already been announced and implemented.

The General Manager 'C' Beema Unit confirmed that the accounts would be adjusted at the end of the year as per decision of the Board.

(4) Item III(b): Area Managers pay scale

It was observed that the General Managers, should review the total cost and overall performance of Area Managers supported by statistical data, in order to fix their emoluments in 1974 on an equitable basis.

(5) Item III(c): Purchase of cars by field officials:

The Board was informed that as per its decision, the draft of the hire-purchase arrangement proposed to be made by the 'A' Beema Unit with the banks for the purchase of cars by its field officials had been vetted by the Legal Deptt. of the Principal Office and returned to 'A' Beema Unit for necessary action.

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It was decided that if the other Units liked, they could also make similar arrangements. It was agreed that a copy of the draft arrangement, as vetted by the Principal Office, would be supplied to the other Units also.

(6) Item VII(ii): Policy Loans

In the second para, the clause was revised to read as follows:-

"1. A loan agreement on Rs.5/- Stamp paper instead of Ad Valorem Stamp bond may be executed".

(7) Item VIII: Special Pays:

In view of the fact that in the case of other Deputy General Managers a special pay of Rs.350/- p.m. had been approved, the amount of Special Pay mentioned against Mian Abdul Qadir, Deputy General Manager was changed to Rs.350/- p.m.

(8) Item IX: In para (2) Residential telephones, at the end of item (i), the words "exclusive of line rent" were added.

(9) Item XVI - 1(b): Transfer of cars within the Corporation:

The General Manager, 'C' Beema Unit pointed out that his Unit had already transferred a number of cars to the Principal Office on market value. It was confirmed that in respect of transactions already completed, the previous decision of the Board would hold good.

Subject to the above observations/amendments the minutes of the 22nd meeting of the Board of Directors were confirmed.

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<p>ITEM II: <u>TO NOTE MINUTES OF FIRST MEETING OF THE EXECUTIVE COMMITTEE HELD ON WEDNESDAY, THE 24TH OCTOBER 1973, AT LAHORE.</u></p>			
<p>The Board went through the minutes of the First meeting of the Executive Committee held on Wednesday, the 24th October, 1973 at Lahore and made the following observations:</p>			
<p>(1) <u>Item I: Disposal of X-Ray and ECG Machines:</u></p>			
<p>The Board while endorsing the decision of the Executive Committee for the disposal of the X-Ray and ECG machines emphasised that the machines should be disposed of through advertisements in the press at the best available price.</p>			
<p>(2) <u>Medical expenses of staff.</u></p>			
<p>The medical scheme as at present should be watched further and status-quo should be maintained till the end of 1973. There-after it may be reviewed if necessary in the light of the experience gained.</p>			
<p>ITEM III: <u>TO CONSIDER STEPS FOR IMPROVING SERVICE TO THE POLICYHOLDERS AND TO REVIEW THE PROGRESS REGARDING SYSTEMS AND PROCEDURES.</u></p>			
<p>The Board considered the note prepared by Mr. Samee-ul-Hasan and discussed the question of improving the efficiency and output of the staff. It was felt that one of the reasons for the slackness in the system was apparently a feeling of lack of commitment that had somehow or other crept in among the staff after nationalisation. It was necessary that this feeling should be checked and an atmosphere deterring inefficiency and encouraging good work should be created. A study should also be carried out of the rights of the management vis-a-viz the duties and responsibilities of the staff and all cases of indiscipline and inefficiency should be dealt with judiciously in accordance with the Regulations.</p>			
<p>It was decided that a Committee consisting of 3 General Managers and Mr. A.A. Toor should draw up a code of discipline for consideration of the Board.</p>			
<p>It was also decided that papers should be prepared on the following subjects by the persons mentioned against each.</p>			
<p>(a) <u>Goal setting:-</u> Mr. S.A. Zahid</p> <p>(b) <u>Job design:-</u> Three General Managers. They should draw up job design in consultation with their officers. Suggestions should be invited for improving the working of the office.</p> <p>(c) <u>Training and communication:-</u> Mr. S.A. Walajahi. He should suggest a scheme for ensuring communication all along the line, making provision for meetings/discussions between the officers and staff both vertically and horizontally.</p> <p>(d) <u>Office methods:-</u> Three General Managers in consultation with Mr. Samee-ul-Hasan.</p>			

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(2) Systems and Procedures Sub-Committee.

The Board considered the proposal of Mr. Samee-ul-Hasan for a full time Sub-Committee for Systems and Procedures. The General Managers felt that the members proposed to be drawn from the data processing could not be spared full time. However, they could be made available for one full week in a month. The Board accordingly approved the constitution of the Systems and Procedures Sub-Committee as follows:-

1. Mr. C.M. Anwar, Actuary - Whole time member & Convener
2. Mr. M. Hanif - Whole time member
3. Mr. Sibghatullah - Part time member
4. Mr. S.Z.H. Jafri - -do-
5. Mr. Azmatullah Khan - -do-

The part time members M/s Sibghatullah, Jafri and Azmatullah to be made available by the General Managers concerned to the Sub-Committee for one full week in a month.

The General Manager 'A' Beema Unit pointed out that Mr.C.M. Anwar would have to go to Karachi very frequently which would mean considerable burden of travel expenses on 'A' Unit. It was decided that the TA/DA expenses of Mr. Anwar should be shared by all the three Units for the period he is engaged on the Sub-Committee.

It was also decided that in order to assist in the work of the Sub-Committee, Habib Bank should be requested to spare on a wholetime basis the services of Mr. Haroon who has been associated with the computerisation of Life Insurance in Pakistan.

(3) Inspection Teams:

The question of inspection team was reconsidered in the light of the experience gained. It was felt that it was necessary to evolve a system both at the Principal Office and the Units to keep a constant vigil on the officers and staff. It was accordingly decided that the General Managers should come up with the proposals at the end of 1973 for setting up Inspection Teams within their Units for the year 1974.

ITEM IV: TO REVIEW THE RENEWAL PREMIUM FIGURES:

The Board reviewed the renewal premium figures of the three Units upto August 1973 and felt concerned at the fall in the case of 'A' & 'B' Beema Units. It was observed that the fall could not be attributed to reduction of premium rates. The reduction was only 4% on an average and over half of the policyholder had exercised the option to retain the old premium rates. As such not more than 2% of the fall could be ascribed to the reduction in premium rates.

It was felt that as the fall had occurred only in 'A' and 'B' Beema Units which had considerable problems of integration, it had apparently to do something with the integration. It was pointed out that the figures appearing in the accounts of 'A' & 'B' Beema Units were not truly indicative of the actual amount of premium received because considerable amount of premium was lying in

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suspense accounts pending adjustment. In some cases the premium had been received without full particulars of the policy as a result of which it had to be placed in suspense account pending receipt of full particulars. In some other cases premium had been received short and placed in suspense account pending receipt of full amount of premium.

The Board desired that concerted efforts should be made to clear the suspense accounts and to streamline the Unit accounts, For the purposes of clearance of suspense accounts, Special Cells should be created in the Units. In the case of suspense balances lying unadjusted for more than 3 years, lump sum transfers may be made from the suspense to the premium collection account. It should also be ensured that all the money received in the banks is advised to the Unit Offices and is properly accounted for.

Steps should also be taken to determine how much money was lying with the banks and for how long after May, 1973.

ITEM V: TO REVIEW UNDERWRITING REQUIREMENTS.

The Board deferred consideration of this item pending further study to be made by the General Managers on the basis of proforma to be supplied by Mr. Samee-ul-Hasan. It was desired that the Study should be completed by 31st December, 1973.

It was also desired that General Managers should come up with recommendations to have lesser but more qualified and well reputed doctors.

After this the meeting adjourned to meet again.

6TH NOVEMBER, 1973

The meeting was reconvened on Tuesday, the 6th November, 1973 at 10.00 P.M. All the members were present except Mr.M.Zulqarnain who had to stay away at Sahiwal in connection with the Rural Insurance Project. He was, therefore, granted leave of absence.

The following business was transacted:

ITEM VI: TO CONSIDER NOTE BY MR. SAMEE-UL-HASAN REGARDING REVIVAL REQUIREMENTS.

The Board considered the note prepared by Mr. Samee-ul-Hasan and approved the following procedure in respect of new contracts:

- (1) Premium paid after grace days but within 3 months of the due date.

Revive without insisting on late fee or health declaration.

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- (2) Premium paid more than 3 months but within 6 months of the due date.

Revive on payment of late fee and declaration of health.

- (3) Premium paid more than 6 months but within 9 months of the due date.

Revive on payment of late fee and submission of short medical report.

It was decided that the short medical report form would be designed by Mr. Walajahi.

- (4) Premium paid more than 9 months after the due date.

Revive on payment of late fee and submission of full medical report.

- Notes:
- (i) Late fee wherever applicable will be at the rate of 8% per annum.
 - (ii) Short medical or full medical will be on the insured party's cost.
 - (iii) On existing contract, the policy or prospectus conditions are to be followed if these are more lenient than the above. For example, if policy stipulates rate of late fee lower than 8%, the policy rate is to be charged.
 - (iv) If the case was accepted non-medically, revival should also be considered on completion of non-medical declaration plus field workers' confidential report as per new proposal, instead of short medical or full medical. But if the life insured has bought another policy in the meantime thereby increasing the total sum beyond the current non-medical or full medical at insured party's cost will be required even if the case was originally non-medical, unless the medical evidence for the new case is recent, in which case the underwriting rules may be referred to.
 - (v) The Corporation would reserve the right to call for any further medical evidence at insured party's cost in individual cases.

ITEM VII: TO CONSIDER A REQUEST FROM SALES OFFICERS AND SALES MANAGERS FOR RENEWAL COMPENSATION FOR SERVICING POLICIES OF DEAD AGENCIES.

The Board considered the note on the subject and appointed a Committee consisting of one representative each from the 3 Units and the Principal Office to study the matter in the light of the Life Insurance Nationalisation Order vis-a-viz the Insurance Act and to suggest changes if any considered necessary. The representatives from the Units would be nominated by the General Managers and the Principal Office would be represented by Mr. S.M. Mahboob, Manager Law Deptt.

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<p>ITEM VIII: <u>COMMENTS ON LICENSING SYSTEM SOUGHT BY MINISTRY OF COMMERCE.</u></p>			
<p>The Board considered the memorandum submitted by Mr.S.A.Walajahi regarding comments sought by the Ministry of Commerce in regard to the enforcement of Section 42 and 42A of the Insurance Amendment Act 1970. It was decided that a communication be addressed to the Ministry of Commerce stating that Insurance Amendment Act was framed before nationalisation. Since then the circumstances had changed and some provisions of the Act had already been implemented in the new Agency System. Therefore it was not advisable, at this stage, to enforce the provision regarding the new Licensing System for Agents and Employers of Agents, as envisaged in the Act. State Life should, after thorough examination, propose certain comprehensive amendments in the light of the Nationalisation Order in due course.</p>			
<p>ITEM IX: <u>TO CONSIDER A JOINT PAPER BY MR. P. SEQUEIRA AND MR. M.S.JANJUA REGARDING PERSONAL BUSINESS BY STAFF.</u></p>			
<p>The Board deferred the consideration of this item.</p>			
<p>ITEM X: <u>TO CONSIDER A PAPER SUBMITTED BY MR. M.S. JANJUA REGARDING AMENDMENT IN THE STATE LIFE EMPLOYEES (SERVICE) REGULATIONS 1973 AND INCENTIVE AND AWARDS.</u></p>			
<p>It was decided that the question of making any amendments in the State Life Employees (Service) Regulations should be referred to the Committee constituted under Item VII above. In making its recommendations the Committee should also invite suggestions from all Directors.</p>			
<p><u>For incentive and awards,</u> the Board appointed a Committee consisting of Mr. S.A. Walajahi, Mr. A.A. Toor, Mr. D.M.Quraishi and Mr. S.A. Zahid to make recommendations for both the office staff and field force. Mr. Walajahi would act as the Convener of the Committee.</p>			
<p>ITEM XI: <u>CONSIDERATION OF THE PROBLEMS OF SALARIED FIELD OFFICERS ALLOWED TO CONTINUE ON SALARY BASIS.</u></p>			
<p>The Board considered the problems of salaried field officers allowed to continue on salary basis and studied the list of such officers submitted by the General Manager 'A' Beema Unit. The General Manager, 'A' Beema Unit informed that out of this list of 43 persons, a number of officers who did not fulfil the standard upto 30th September, 1973 had been eliminated. Thus from 1st October 1973, their number had been substantially reduced. He further informed that the cases of those remaining in the list would also be reviewed by 31st December, 1973 and they would be brought back to over-riding basis, in accordance with the Board's decision.</p>			
<p>ITEM XII: <u>REIMBURSEMENT OF PETROL AND OTHER RUNNING EXPENSES TO ASSTT:MANAGERS AND JUNIOR OFFICERS ENGAGED ON DEVELOPMENT WORK.</u></p>			
<p>The Board did not approve of the proposal to grant any fixed Conveyance Allowance besides that already admissible under the Regulations to Asstt:Managers and Junior Officers engaged on development work. It was pointed out that the General Manager</p>			

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<p>could exercise their powers to reimburse transportation expenses in individual cases, in accordance with the Regulations.</p>		
<p>ITEM XIII: <u>TO CONSIDER A PROPOSAL TO PRINT A CALENDAR FOR STATE LIFE FOR THE YEAR 1974.</u></p>		
<p>The Board did not approve of this proposal.</p>		
<p>ITEM XIV: <u>ANY OTHER MATTER:</u></p>		
<p>(1) <u>Monthly premium payments through Bankers Orders:</u></p>		
<p>Mr. Samee-ul-Hasan informed that a circular on the subject had already been prepared and was under issue. The Board, therefore, did not consider the matter any further.</p>		
<p>(2) <u>Area Managers' Quota:</u></p>		
<p>The Board deferred consideration of this item in view of its earlier decision to review the entire question of Area Managers' performance at the end of the year.</p>		
<p>(3) <u>Points raised by Mr. Janjua.</u></p>		
<p>(a) <u>Appointment of Sales representatives under stipend scheme for 'A' Beema Unit.</u></p>		
<p>The Board approved of the proposal of Mr. M.S. Janjua to allow him to appoint additional 100 Sales Representatives under the Stipend Scheme on the existing terms and conditions.</p>		
<p>(b) <u>Payment of commission to field officials under training.</u></p>		
<p>Mr. M.S. Janjua suggested that in order to encourage production the field officials under training might also be allowed to procure business and paid a certain percentage of the commission (say 70%). Mr. S.A. Walajahi felt that this would dilute the training scheme and would reduce the incentive for completing the training. The matter was deferred pending further consideration by the Board.</p>		
<p>(c) <u>State Life Policy regarding payment of Arrears of Insurance Premium by POWS.</u></p>		
<p>The Board was informed that policies of POWS and people stranded in East Pakistan were not allowed to lapse because of non-payment of premium in accordance with an earlier decision of the Board. However, with the exchange of prisoners and repatriation of civilians the policyholders coming back to Pakistan would be required to pay arrears of premium for the year 1971, 1972 and 1973. As the payment of these arrears in lump sum might amount to hardship, they should be allowed to pay the arrears in instalments without any extra charges.</p>		

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The Board decided that POWS and people stranded in East Pakistan should be allowed to pay arrears of premium in instalments not extending beyond 3 years.

- (d) To consider the recommendations of the Review Committees for grading/pay fixation of senior officials of Data Processing, Personnel and Accounts Deptts.

The Board considered the recommendation of the above Review Committees. It was felt since some of the persons recommended by the Committees for appointment as Asstt:General Manager had not been considered suitable for this post by the original Selection Committee, it might not be correct to grade these persons as Asstt:General Manager, without reference to the original Selection Committees. It was accordingly decided that these cases be referred to the original Selection Committee for senior posts.

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

Confirmed subject to reservations and comments made in to-day's meeting.



Chairman.

15/2/74

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