

## 30TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Wednesday, the 19th Feb. 1975	10.00 AM

The 30th meeting of the Board of Directors of State Life Insurance Corporation of Pakistan, was held on Wednesday, the 19th February 1975 at 10.00 A.M. in the Board Room of the Corporation at Karachi.

The following Directors were present:

1. Mr. Riaz Ahmed Naik - Chairman
2. Mr. S.F. Alam
3. Mr. Samee-ul-Hasan
4. Mr. D.M. Quraishi
5. Mr. P. Sequeira
6. Mr. S.A. Walajahi
7. Mr. M. Zulqarnain

Mr. Nisar Hussain, Asstt:General Manager(Admin.) and Mr. M. Sadiq Khan, Secretary-Board, were also present.

The following business was transacted:

ITEM I: CONFIRMATION OF THE MINUTES OF THE 27TH, 28TH AND 29TH BOARD MEETINGS.

The minutes of the 27th, 28th and 29th Board meetings held on 5th/6th August and 8th/9th October 1974 and 30th January 1975 respectively were confirmed.

ITEM II: TO CONFIRM THE FOLLOWING, ALREADY APPROVED BY CIRCULATION.

The Board confirmed the following Resolutions, already approved by circulation re:

(i) Hyesons Sugar Mills - Debentures dated 22.10.74

"RESOLVED THAT the proposed underwriting of debentures of the nominal amount of Rs.25,00,000/- of Hyesons Sugar Mills Limited be taken up against an Allotment Letter duly issued by Hyesons Sugar Mills Limited.

Further Resolved that the completion of formalities and the issuance of debentures in due form of law within a specified period of time be guaranteed by a scheduled Bank."

(ii) Resolution re: Review of the Area Managers Performance dated 26.10.74.

WHEREAS the Board is required to determine the performance standards of the Area Managers from time to time; and

WHEREAS the Board is also required to prescribe measures including but not limited to reduction, curtailment or withdrawal of their emoluments or perquisites or all such measures together which may be taken by the General Managers in respect

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of Area Managers whose performance fall short of the prescribed performance standards;

IT IS HEREBY RESOLVED, in supersession of all previous decisions/resolutions on the subject, that -

I. AREA MANAGERS APPOINTED IN 1973 ON OLD BASIS.

- (a) Area Managers who have not completed even 30% of their annual quota for 1974 by 30th September 1974, should be terminated w.e.f. 1st November 1974, on payment of 3 months pay in lieu of notice.
- (b) Area Managers who have completed atleast 30% but less than 40% of their annual quota for 1974 by 30th September 1974 should be given 3 months termination notice without assigning any reason to be effective 1st November 1974. The notice should be sent by registered A.D. post or delivered personally against receipt before 1st November 1974. The emoluments, benefits, facilities etc. being drawn by them as at 30th September 1974 will be continued till 31st December 1974 as of which date their performance will be reviewed and action taken in accordance with the decision contained in para (d) below.

Provided that if during the notice period any Area Manager works against the interest of the Corporation, the General Manager in his discretion may dispense with his services by paying him dues for the residue of the notice period under Regulation 22 of the State Life Employees (Service) Regulations 1973.

- (c) Area Managers who complete atleast 40% of their annual quota for 1974 by 30th September 1974 will continue on the existing terms and conditions till 31st December 1974 as of which date their performance will be reviewed and action taken in accordance with the decision contained in para (d) below.
- (d) (i) Area Managers who complete 100% of their 1974 quota by 31st December 1974 will continue to work on the original basis.
- (ii) Area Managers who complete atleast 75% but less than 100% of their annual quota for 1974 by 31st December, 1974 will continue on existing basis but their emoluments, benefits, facilities would be reduced in direct proportion to the shortfall in their quota.
- (iii) Area Managers who complete atleast 40% but less than 75% of their annual quota for 1974 by 31st December 1974 should, for all purposes, viz. terms & conditions including quota, emoluments, benefits, facilities etc. be brought at par with effect from 1.1.1975 with those appointed under the new scheme in 1974.

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(iv) Area Managers who have not completed even 40% of their annual quota for the year 1974 by 31st December, 1974, should be terminated immediately after the close of books on payment of 3 months pay in lieu of notice.

## II. AREA MANAGERS APPOINTED IN 1974 ON OLD BASIS.

(a) Area Managers who have not completed even 30% of the quota fixed for them as at 30th September 1974 by the end of that period, should be terminated w.e.f. 1st November 1974 on payment of 3 months pay in lieu of notice.

(b) Area Managers who have completed atleast 30% but less than 40% of the quota fixed for them as at 30th September 1974 by the end of that period will be given 3 months notice without assigning any reason to be effective 1st November 1974. The notice should be sent by registered A.D. post or delivered personally against receipt before 1st November 1974. The emoluments, benefits, facilities etc. being drawn by them as at 30.9.74 will continue till 31st December 1974 as of which date their performance will be reviewed and action taken in accordance with the decision contained in para (d) below.

Provided that if during the notice period any Area Manager works against the interest of the Corporation, the General Manager may, in his discretion, dispense with his services by paying him dues for the residue of the notice period under Regulation 22 of the State Life Employees (Service) Regulations 1973.

(c) Area Managers who have completed atleast 40% of the quota fixed for them as at 30th September 1974 by the end of that period will continue on the existing terms and conditions till 31st December 1974 as of which date their performance will be reviewed and action taken in accordance with the decision contained in para (d) below.

(d) (i) Area Managers who complete 100% of their quota for the year 1974 by 31st December 1974 will be continued on the original basis.

(ii) Area Managers who complete atleast 75% but less than 100% of their quota for 1974 by 31st December 1974 will continue on the original basis but their emoluments, benefits, facilities, etc. will be reduced in direct proportion to the shortfall in their quota.

(iii) Area Managers who complete atleast 40% but less than 75% of their quota for 1974 by 31st December 1974 will be brought at par w.e.f. 1.1.1975 for all purposes, with those Area Managers who were appointed in 1974 on the new basis.

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- (i) Area Managers who have not completed even 40% of their quota for 1974 by 31st December 1974, should be terminated immediately after the close of books on payment of 3 months pay in lieu of notice.

III. AREA MANAGERS APPOINTED IN 1974 ON NEW BASIS.

- (a) Area Managers who have not completed even 30% of the quota fixed for them as at 30th September 1974 by the end of that period, should be terminated w.e.f. 1.11.1974 on payment of 3 months pay in lieu of notice.
- (b) Area Managers who have completed more than 30% but less than 40% of the quota fixed for them as at 30th September 1974 by the end of that period should be given 3 months termination notice without assigning any reason to be effective 1st November 1974. The notice should be sent by registered A.D. post or delivered personally against receipt before 1st November 1974. The emoluments, benefits, facilities etc. being drawn by them as at 30th September 1974 will continue till 31st December 1974 as of which date their performance will be reviewed and action taken in accordance with the decision contained in para (d) below.

Provided that if during the notice period any Area Manager works against the interest of the Corporation, the General Manager in his discretion, may dispense with his services by paying him dues for the residue of the notice period under Regulation 22 of the State Life Employees (Service) Regulations 1973.

- (c) Area Managers who have completed atleast 40% of the quota fixed for them as at 30th September 1974 will continue on the existing terms and conditions till 31st December 1974 as of which date their performance will be reviewed and action taken in accordance with the decision contained in para (d) below.
- (d) (i) Area Managers who complete 100% of their quota for 1974 by 31st December 1974 will be continued on original terms and conditions.
- (ii) Area Managers who complete atleast 40% but less than 100% of their quota for the year 1974 by 31st December, 1974 will continue on the original basis but their emoluments, benefits, facilities, etc. will be reduced in direct proportion to the shortfall in their quota.
- (iii) Area Managers who have not completed even 40% of their quota for the year 1974 by 31st December 1974 will be terminated immediately after the close of books on payment of 3 months pay in lieu of notice.

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NOTE

1. 'Pay' means the amount to be drawn monthly by an employee as pay fixed for him in a pay scale or otherwise and includes special pay and any other emoluments classed as pay but does not include allowances.
2. All the aforesaid decisions are without prejudice to any decision which may be taken as a result of the review of field structure in regard to the future of Area Managers category.

IV. APPOINTMENT AND PROMOTIONS.

No Beema Unit should fill in the vacancy arising from the termination or reversion of an Area Manager from old basis to new basis. Similarly no Area Manager who has been terminated should be appointed on the permanent staff of the Corporation in any grade."

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- iii) Nomination of Mr. Nazier Ahmad Jajvi to attend the Annual General Meeting of Investment Corporation of Pakistan.

"RESOLVED That Mr. Nazier Ahmad Jajvi, an official of State Life Insurance Corporation of Pakistan, a registered shareholder of the Investment Corporation of Pakistan (herein called the 'Corporation') holding 1.15 lac shares, is hereby authorised as our representative to attend and vote for us and on our behalf at the Eighth Annual General Meeting of the Corporation to be held at National Bank of Pakistan Building (Fifth Floor), I.I. Chundrigar Road, Karachi on the Eighteenth day of November, 1974 and any adjournment thereof.

Further Resolved that a true copy of this resolution be sent to ICP."

- iv) Request of State Heavy Engineering and Machine Tool Corporation for waiver of the commitment charge on the debenture loan proposed to be advanced by State Life.

The Board acceded to the SHE & MTC's request for waiver of the commitment charge on the debenture loan of Rs.75 lacs proposed to be extended by State Life, which amounts to approximately Rs.75,000 for the 8 months ending 31st December 1974, to the extent of 50% of the amount payable by the SHE & MTC.

- v) Revised Field Structure for Agents and Employer of Agents.

At the suggestion of Mr. Samee-ul-Hasan, in the penultimate para of Note to the Board, in the first

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sentence, after the words, date and comma "beginning 25.11.74", the following sub-clause, was added:

"following the previous discussions within the Review Committee itself recorded in the relevant minutes".

Subject to the above addition, the Board confirmed its Resolution as under:-

"Resolved That the Board of Directors of State Life Insurance Corporation of Pakistan is pleased to approve, subject to the approval of the Federal Government, the revised Field Structure and the Medical Scheme for SOs/SMs as formulated by State Life and enumerated in the \*enclosure to this Resolution, in consultation with and in full and final satisfaction of all the matters placed by the representatives of the field workers throughout Pakistan."

\*Annexure  
'A' & 'B'.

- vi) Grant of General Power of Attorney in favour of General Manager, 'A' Beema Unit.

RESOLVED:

- i) That the General Power of Attorney granted to Mr. M.S. Janjua through a Board resolution in 1973, stands cancelled; and
- ii) that a General Power of Attorney be granted to Mr. M. Zulqarnain as the General Manager of 'A' Beema Unit.

And that Mr. Riaz Ahmad Naik, Chairman of the Corporation and Mr. Samee-ul-Hasan, a Director of the Corporation sign and execute the said General Power of Attorney. Also resolved that the Common Seal of State Life Insurance Corporation of Pakistan be affixed on the said General Power of Attorney in the presence of Mr. Riaz Ahmad Naik, Chairman of the Corporation and Mr. Samee-ul-Hasan, Director of the Corporation.

FURTHER RESOLVED that in delegating his authority in respect of State Life Employees (Service) Regulations, 1973 as referred in Clauses 15, 16, 17 and 18 of the General Power of Attorney, the General Manager will follow the directions of the Chairman, as issued from time to time such as in respect of the nature and scope of the Powers to be delegated, and in respect of the class or classes of officers to whom such authority should be delegated."

(Draft General Power of Attorney as already approved by the Board in its 20th meeting held on 13.8.73 vide item XII(7) of minutes).

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vii) Donation to the Prime Minister's Earthquake Relief Fund

RESOLVED: that in order to participate in the National effort to alleviate the sufferings and misery caused by the recent unprecedented earthquake in the Swat and Hazara districts, the Board of Directors of State Life Insurance Corporation of Pakistan hereby approve of a donation of Rs.50,000/- to the Prime Minister's Earthquake Relief Fund."

ITEM III: TO RECEIVE AND NOTE THE MINUTES OF THE 3RD EXECUTIVE COMMITTEE MEETING HELD ON MONDAY, THE 20TH JANUARY 1975 AT KARACHI.

The Board received and noted the minutes of the 3rd Executive Committee meeting held on Monday the 20th January 1975 at Karachi.

ITEM IV: TO CONSIDER TRIAL BALANCE FOR FIRST 9 MONTHS OF 1974.

ITEM V: TO CONSIDER AND APPROVE BUDGET FOR THE YEAR 1975.

ITEM VII: TO CONSIDER AND APPROVE PUBLICITY BUDGET FOR 1975.

The Board took up the consideration of the Budget for the year 1975, and the trial balance for the first 9 months of 1974.

The Board noted that the trial balance for the period ended 30.9.74 revealed a renewal expense ratio of 28%. The results for remaining 3 months were not expected to bring about any appreciable change in the situation, which at best may reduce the difference by 1%, thus bringing it down to 27%. This was considered to be on the high side viewed in the light of the statutory ratio of 15%.

Mr. S. Hasan reported that in the absence of Mr. S.A. Zahid, Consulting Actuary, he had undertaken certain investigations into the bonus earning power of the new and existing business. While the investigations were still under way, preliminary results indicated that it would be difficult to maintain even the present rate of bonus at the current renewal expense ratio. Further, he said that the projected rate of 15% growth in new business in 1975 would be inadequate to offset the effect of inflation on our expenses. The solution of the problem, therefore, lay in making concerted efforts to (i) cut down expenses which do not directly and immediately contribute to the expansion in business, and (ii) increase the rate of growth at a rate faster than projected in the budget for 1975.

It was observed that it would be difficult to maintain the present growth rate owing to the severe competition by other savings media whose rate of return are highly attractive. To meet this situation, it was suggested that renewed efforts should be made to request the Government to restore investment allowance for life insurance, apart from any other corrective measures which the Corporation must adopt to effect economy in expense.

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In view of the above, the Board deferred consideration of Budget, pending further scrutiny and examination with a view to achieving economy in expenditure and exploring new avenues of business for the attainment of higher rate of business growth.

The Board decided that a detailed exercise for substantial reduction in expenditure in all non-productive areas be carried out for the Units and the Principal Office and recommendations submitted to the Chairman by 26.2.1975.

ITEM VI: NOTES FROM MR. SAMEE-UL-HASAN REGARDING:

(i) Reconstitution of Systems and Computerisation Committee.

The Board reconstituted the Systems and Computerisation Committee as under:-

1. Mr. S. Hasan (Convener)
2. Mr. Ch.M. Anwar, AGM, 'A' Beema Unit
3. Mr. S.Z.H. Jafferri, AGM, 'B' Beema Unit
4. Mr. M. Sibghatullah, AGM, 'C' Beema Unit
5. Mr. N.C. Bhamani, AGM, 'A' Beema Unit,  
Central Office, Karachi.
6. Mr. E.A. Jafri, C.M., 'C' Beema Unit, Karachi.

It was decided that TA/DA expenses of Mr. Ch.M. Anwar in connection with the Committee should be shared by all the three Units.

(ii) Comparison of Flash Progress Report with Accounts.

Mr. S. Hasan pointed out that the flash progress report normally overstates the true position of business vis-a-vis the Accounts. The General Managers stated that some difference was inevitable because information about realisation of cheques, etc. was received late from the banks. It was observed that dishonoured cheques could be adjusted every month or at whatever point the correct information is received to narrow down the difference as far as possible.

It was decided that, in future, whenever discrepancy comes to notice it should be reported to the Principal Office to correct the flash reports.

(iii) Consumption of Tobacco - to approach Government to ban cigarette advertising on Radio & TV.

The Board noted the contents of the Paper submitted on the subject.

(iv) 5 day-week for State Life Offices in Karachi only

The Board did not approve the suggestion.

ITEM VII: PUBLICITY BUDGET FOR 1975.

This item was considered and disposed of alongwith items IV & V.

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**ITEM VIII: TO REVIEW BOARD'S EARLIER DECISION REG: DISPOSAL OF CARS TO OFFICERS IN POSSESSION OF OFFICIAL VEHICLES, ALTHOUGH NO LONGER ENTITLED TO THIS FACILITY.**

The Chairman invited the attention of the Board to the instructions issued by the Government from time to time for effecting overall economy in expenditure. Recently when approached for the grant of permits for new cars, Government advised State Life to keep the expense under transport & Conveyance to the barest minimum as its financial position did not allow any additional expenditure without a full justification. While the Corporation's case for additional vehicles might be substantiated on grounds of keeping the field force mobile in the interest of new business, the decision to sell cars to officers at book value, without first satisfying our own requirements appeared a contradiction in terms. Therefore, not only this but a whole question of entitlement of official cars, drivers and ceiling on petrol consumption to various categories of officers needed to be reviewed with the object of devising a rational policy relating to official vehicles. Such a review was all the more necessary particularly because, as a Life Insurance Organisation, we were expected to operate within certain expense limits prescribed by law. However, experience showed that expenses were mounting and had registered an increase especially under this head. There was thus a strong need to control expenses on vehicles. After due consideration, the Board took the following decisions:-

- (1) No further cars be disposed at book value or market value unless considered absolutely necessary on grounds of high maintenance costs and petrol consumption.
- (2) Status quo be maintained in cases where offers for sale of cars had already been made by the Corporation and accepted by the officers in pursuance of earlier decision of the Board.
- (3) Before finalising the transaction under (2) above, the General Managers should ensure that the conditions laid down in the Board's Resolution dated 5th/6th August 1974, for disposal of cars to officers, particularly the one relating to 'Valid Authority', are fully complied.

**ITEM IX: TO CONSIDER AND APPROVE EXTENSION IN THE TENURE OF OFFICE OF RESIDENT REPRESENTATIVE AT ISLAMABAD.**

The Board decided to extend the tenure of the office of Resident Representative at Islamabad for a further period of one year upto 31.12.1975. The position may be again reviewed at the end of 1975, among other things, in the light of Real Estate Projects expected to gather momentum at Rawalpindi and Islamabad by that time.

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ITEM X: REQUEST FROM MR. MOHD SADIQ RAJPUT, PRESIDENT STATE LIFE FEDERATION SEEKING PERMISSION TO PROVIDE FREE LEGAL ADVICE ON LABOUR MATTERS TO POOR WORKERS.

After due consideration, the Board declined the request of Mr. Mohd Sadiq Rajput of 'A' Beema Unit, Karachi (President, State Life Insurance Employees Federation of Pakistan) seeking permission to provide free legal advice on labour matters to workers of other Organisations by appearing before the Conciliation and Adjudication machinery of the Government.

ITEM XI: RECONSTITUTION OF THE EXECUTIVE COMMITTEE.

The Board deferred consideration of this item for the time being.

ITEM XII: TO CONSIDER NOMINATION FOR ELECTION OF MR. SAMEE-UL-HASAN EXECUTIVE DIRECTOR ON PIC'S BOARD OF DIRECTORS IN PLACE OF MR. A.A. TOOR.

The Board approved the nomination of Mr. Samee-ul-Hasan for election as Director on the Board of Directors of Pakistan Insurance Corporation in the vacancy caused by the departure of Mr. A.A. Toor, on long leave ex-Pakistan and passed the following resolution.

"RESOLVED THAT Mr. Samee-ul-Hasan, Executive Director, State Life Insurance Corporation of Pakistan, be and is hereby nominated for election as Director on the Board of Directors of Pakistan Insurance Corporation in place of Mr. Arshad Ali Toor."

"FURTHER RESOLVED that a true copy of this resolution with State Life common seal affixed thereon be sent to the Pakistan Insurance Corporation."

ITEM XIII: TO CONSIDER A NOTE FROM MR. M. ZULQARNAIN, REGARDING STATISTICAL INFORMATION ON VARIOUS OPERATIONAL FACTORS.

The Board considered the note on the above subject. Mr. Samee-ul-Hasan informed that the Systems Committee had already circulated a proforma on the subject for information and comments to all the three Units. Whereas 'A' and 'C' Beema Units had sent in their comments, they were still awaited from 'B' Beema Unit.

It was decided to refer Mr. Zulqarnain's note on the above subject to the Systems and Computerisation Committee which was already seized with the matter.

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ITEM XIV: (i) TO CONSIDER AND APPROVE PETITION OF MR. MOHD UMAR KHAN FATHER OF CAPT. MOHD SIKANDAR KHAN IN RESPECT OF LIFE INSURANCE POLICY NO. 5019159 ('C' UNIT) AMONG OTHERS IN FAVOUR OF CAPT. MOHD SIKANDAR KHAN (SHAHEED).

After due consideration, the Board came to the conclusion that the claims were not admissible since none of the policies were in force when the contingency occurred. It was decided to inform the petitioner accordingly under intimation to the Ministry of Commerce.

(ii) TO CONSIDER AND APPROVE DEATH CLAIM UNDER POLICY NO. B 200764566 ON THE LIFE OF LATE MR. SYED AFTAB HUSSAIN RIZVI.

The Board considered the matter and after taking into consideration all the factors came to the conclusion that the claim was not payable. It was decided to communicate this decision to the claimant accordingly.

(iii) TO CONSIDER AND APPROVE CLAIM UNDER POLICY NO. 517449-MAJOR MOHD ZAREEF MINHAS (DECEASED).

The Board considered the matter in great detail and decided that the claim was not payable. The claimant may be informed accordingly.

ITEM XV: TO CONSIDER AND APPROVE NOTE BY MR. S. AFTAB AHMED REG: PROFESSIONAL SUBSCRIPTIONS AND SUBSIDIZING OF EXAMINATION FEES AND COST OF TEXT BOOKS OF PROFESSIONAL BODIES FOR STATE LIFE EMPLOYEES.

The Board considered the matter and decided that status quo be maintained and the existing benefits should be continued without any additional financial incidence. However, in order to maintain uniformity in interpretation, any point of doubt be referred to the Principal Office for clarification.

ITEM XVI: ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

(1) Note from Mr. S.A. Walajahi - Reg: LIMRA SCHOOL.

The Board considered the proposal submitted by Executive Director (Public Relations & Training) and approved it, in principle, subject to availability of foreign exchange to the tune of Rs.4 lacs through USAID or any other Foreign Assistance Programme.

(2) INVESTMENTS:

(i) PROPOSAL FOR CONSTRUCTION OF A CENTRALLY AIR-CONDITIONED MULTI-STOREYED BUILDING ON THE TWO PLOTS NAMEDLY 'C' AND 'D' SITUATED AT MALL ROAD, RAWALPINDI.

Executive Director (Inv.) placed before the Board his Memorandum No. Inv-2/75 on the above subject.

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The Board was informed that State Life owned four adjoining plots ('A', 'B', 'C' & 'D') on The Mall, Rawalpindi. A centrally air-conditioned nine storeyed building has already been constructed on plot 'B', while it is proposed to construct a multi-storeyed parking lot on plot 'A'.

The Defence Production Board (DPB) has requested State Life to construct a multi-storeyed building on plot 'C' and 'D' and lease it to them for a period of 33 years. The salient features of the arrangement incorporated in a draft agreement are as under:

- i) The Board shall get the plan and design of the proposed building prepared by qualified architects in consultation with State Life.
- ii) The cost of construction of the entire building shall be financed by State Life.
- iii) The air-conditioning plant, all allied equipment and lift shall be imported by the Board. State Life shall advance the cost of the equipment and expenses in that regard. This advance shall be a loan to the Board and shall carry interest at 4% above Bank Rate. The Board shall repay the amount so advanced in the half-yearly instalments commencing after three years the amount is advanced by State Life to the Board. The advance shall be secured by a guarantee by the Federal Government.
- iv) The rent of the building shall be so worked out as to yield a return at the rate of 4% above the Bank Rate prevailing from time to time subject to a minimum of 13% per annum on the total capital cost of the project. The cost of the project shall include the cost of land, the cost of construction of the building and interest during construction @ 4% above Bank Rate subject to a minimum of 13% per annum on such cost of construction incurred from time to time which interest shall be capitalised and the final figure so calculated in the manner aforesaid shall be advised by State Life to the Board.
- v) During the currency of the lease the Board shall pay all taxes, rates, rents, cess and charges levied from time to time.
- vi) The entire maintenance cost of the building shall be borne by the Board.

In addition, the DPB is also negotiating with State Life for financing the construction of residential quarters for the staff, more or less on the lines outlined above. The two projects are expected to absorb Rs.6 crores in the next three years. It was observed that the above arrangements with DPB would break new ground by making a beginning in the field of leasing of properties.

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Mr. S. Hasan observed that for all practical purposes the proposal amounted to granting a 33 year loan at 13%, which was a good proposition. He, however, suggested that the War Risk Insurance Ordinance may be studied with a view to incorporating suitable provisions in that regard in the agreement. He was informed that State Life had been exempted from the War Risk Insurance Ordinance by the Government. However, the suggestion made by him would be examined.

The Board approved, in principle, the financing of residential quarters and the construction of the proposed building on plot 'C' and 'D' on The Mall, Rawalpindi and leasing it to DPB on, inter-alia, the terms and conditions mentioned above. The Board also authorised the Chairman and Executive Director (Inv.) to finalise details with DPB.

(ii) CONSTRUCTION OF A MULTI-STOREYED BUILDING AT MULTAN.

Executive Director(Inv.) placed before the Board his Memorandum No.Inv-3/75 on the above subject.

Executive Director(Inv.) informed that the Board in its 26th meeting had approved the construction of a multi-storeyed building at Multan at a cost of Rs.37 lacs. A notice of pre-qualification of the Contractors was issued on an all-Pakistan basis and only 6 Contractors applied, out of which two namely, M/s Supercons and Builder Associates actually responded. Finally, only one tender of M/s Supercons was received, which on scrutiny finally worked out to Rs.59,02,515/13.

In order to introduce an element of competition, efforts were made to persuade M/s Macdonald Layton and M/s Abdul Latif & Co., for making late tenders, of which only the latter submitted quotations amounting to Rs.64,01,220/29 which were higher than that of Supercons. Detailed negotiations were held with M/s Supercons in association with the consulting Architect, and during scrutiny, most of the rates quoted by them were found to be reasonable.

In order to reduce costs, certain changes were made in specifications by way of abandoning certain items of work and substituting indigenous materials with imported items, which brought down the cost from Rs.59,02,515/13 to Rs.48,54,034/00.

Subsequently the tender was examined by a Committee which recommended the award of work to M/s Supercons, Lahore on the revised basis at a total sum of Rs.48,54,034/00. With the increase in the cost of the project, a corresponding increase of Rs.2,18,431 is anticipated in the architects fee and Rs.2,42,701 on administrative and contingent expenses. This would push-up the overall cost to Rs.53 lacs.

It was pointed out that these estimates did not take into account the future over-runs as a result of increase, if any, in the price of building materials or other statutory benefits to the workers and enhanced costs of transport following the recent enhancement of taxes on petrol. Such increases may push-up the over-all cost from Rs.55 lacs to Rs.60 lacs.







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and authorised the Chairman and Executive Director(Inv.) to nominate such officers and give proxies in favour of the candidates of ICP, NIT, PIC, PICIC, BIM and other government organisations.

iv) CASH REMITTANCES FROM THE THREE UNITS OF STATE LIFE DURING THE YEAR ENDED 31ST DECEMBER 1974.

The Board was informed that the cash flow position from the three Beema Units including Overseas Division for the period ending 31.12.74 showed a total net receipt of Rs.5.61 crores. In the absence of upto-date figures of cash flow from the Units, except for 'C' Unit, this was based on the unreconciled and unaudited figures available at the Principal Office and formed less than 18% of the total premium income of over Rs.32 crore.

According to the revenue accounts of the three Units for the 9 months ending 30.9.74, there was an overall increase of Rs.5 crore in the Life Fund as against cash remittances of Rs.4.88 lac to Principal Office. The difference of Rs.12 lacs was perhaps due to the fact that funds were kept by the Units in 7 days notice accounts and there was a marginal flow of funds between the surpluses of Units and receipts by Principal Office.

Mr. S. Hasan remarked that the relationship of total surpluses to the FYP and total policies sold was only 18%. This meant that the rate of growth in the Life Fund was not adequate. There might also be some delays in remittances, which should be looked into.

It was decided that in view of the urgency and importance of the matter, Executive Director (Inv.) would meet the three General Managers, along with the Chief Accountants, in a meeting to be held on Saturday, the 22nd February 1975 at 11.30 A.M. in the 'B' Beema Unit to sort out this problem, to be followed up by visits to the Units concerned, if considered necessary.

The Board, however, noted that the Overseas Division, though comparatively young, did well and complimented Executive Director(Overseas) on this creditable performance.

v) REVIEW OF INVESTMENT POLICY AND FRESH INVESTMENTS IN THE LIFE FUND PORTFOLIO DURING AUGUST 1, 1974 TO FEBRUARY 10, 1975.

Executive Director(Inv.) placed before the Board his memorandum No.Inv-6/75 on the above subject.

The Board reviewed the investment policy being followed by the Investment department with regard to the Life Fund Portfolio, and noted the net changes in the Life Investment Portfolio in the Field of Government Securities, shares, debentures, GTDRs and deposits with the Commercial banks during the period August 1, 1974 to February 10, 1975 as enumerated in the said memo. The Board further noted that a net decrease of Rs.4.40 crores in the size of portfolios of the Government Securities, resulted in a corresponding net increase of Rs.2.24 lacs in deposits with the banks. It was pointed out that Investments in GTDRs and



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deposits with Commercial banks was being made pending availability of other suitable avenues for investments. The Board also noted the net addition of Rs.34 lacs in the share portfolio.

Mr. S. Hasan enquired as to whether our Investments, as they stood to-day, were completely in conformity with Section 28 of the Insurance Act, especially with regard to deposits with the banks which were inherited by State Life and which was considered a violation of the Act. Executive Director(Inv.) informed that after Nationalisation of Banks, the deposits with them are guaranteed by the Government. Thus they qualified as 'approved security' under the Insurance Act. Similarly GTDRs are Government Security as defined in law and no administrative instructions of the Government could change their character. However, the matter was being referred to the Legal Advisor and the Government to get confirmation of the above interpretation.

The Board noted the interpretation given by Executive Director(Investment) and was satisfied that the investments were in conformity with the Insurance Act.

(3) BANGLIA DESH POLICIES.

Mr. S. Hasan, Executive Director(Overseas) informed the Board that no reliable data was available for valuing East Pakistan policies even as at the end of 1971. The 1973 Accounts of the Corporation showed net assets of Rs.14 crores in Bangladesh. He suggested that as the liabilities of Bangladesh policies were not known, it would not be appropriate to show the assets held in Bangladesh which should be written off through the 1974 Revenue Account.

The Board approved the suggestion that the necessary entry should be carried out in the 1974 accounts in consultation with the Auditors and Consulting Actuary.

(4) AREA MANAGERS

Mr. P. Sequeira, General Manager, 'C' Beema Unit, raised certain additional points arising out of the decisions of the Board Meeting held on 30.1.1975 concerning existing Area Managers and the rehabilitation of those whose services had been terminated. Mr. M. Zulqarnain, General Manager, 'A' Beema Unit, also suggested that a Persistency Clause be incorporated in the Area Managers Appointment Letters. The following decisions were taken by the Board:

A. The performance standards already prescribed for the year 1975 in the Board's Meeting held on 30.1.1975 should incorporate two more performance requirements as under:

- (i) In the case of Area Managers appointed on the old basis, the cost (including all payments made by way of pay, allowances, incentive bonus and all other perquisites including car but excluding the office expenses) should not exceed 7% of the first year premium in any case.

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Note: This requirement is already incorporated in the appointment letters of Area Managers under the New Scheme.

(ii) In the case of Area Managers both on the old basis and under the new scheme, the Persistency Ratio i.e. the second policy year premium collection in the calendar year 1975 divided by the first policy year premium collection in the previous calendar year 1974, should not be less 60%.

B. Area Managers appointed on the old basis or under the new scheme who did not complete 100% of their quota in 1974 and whose remuneration and perquisites had been curtailed with effect from 1.1.1975, will be entitled to a restoration of the cuts imposed on them at the end of 1975, provided they

(i) complete 100% of the annual quota of FYP for 1975

(ii) operate within the cost ceiling of 7% as prescribed in A(i) above and

(iii) achieve the persistency ratio of not less than 60% as prescribed in A(ii) above.

C. The 3 General Managers informed the Board that in the normal course of business the performance of every Area Manager is reviewed monthly, but it was noted that the next review of the performance of Area Managers for the purpose of Regulation No. 4(ii)(c)(2) of the State Life Employees(Service) Regulations will be undertaken as at 30th June 1975 and the results reported to the Chairman by the three General Managers.

Arising out of the above, the Chairman observed that certain representations and complaints were received from the Area Managers whose services had been terminated. He therefore, asked the General Managers to ensure once again that only those Area Managers were terminated who had not fulfilled at least 70% of their quotas. He asked the General Managers to send him certificates to the effect, that the Area Managers had been terminated in accordance with the standard laid down by the Board, after fully satisfying themselves about the accuracy of the business figures. The General Managers may, in turn, obtain similar certificates from their respective Zonal Heads. A serious view would be taken if it was later found that Zonal Heads had certified inaccurate figures without exercising proper care and caution.

D. All Area Managers, whether on old or new basis, who have completed 100% of their quota and are in possession of State Life cars, be offered an option to buy the cars according to the formula already agreed, by the Board in its Resolution dated 30.1.1975 i.e. on book value or market value less Rs.5,000/- whichever is higher. Those who exercise this option should be allowed to buy the cars

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in their use on payment of the full price of the car in one lumpsum. They can then be paid rental for the use of the cars for official work in accordance with the formula approved by the Board in its meeting held on 24.3.1973.

- E. Such Area Managers, whose services have been terminated, and who are offered appointments as either an SM or an SO may be allowed medical facilities for self and family in accordance with the medical scheme approved by the Board for the field staff. For 'eligibility' purposes, 50% of the First Year Premium Income completed by them as Area Managers in 1974, would be taken as the basis for entitlement to medical benefits.
- F. The criteria for promotion of SR and SO, as agreed with the representatives of the Field Workers, should not be relaxed in respect of field workers attached with such Sales Managers/Sales Officers who were working as Area Managers in 1974.

It was also agreed that provisions regarding cost and persistency contained in para A(i) & (ii) above be intimated to the Area Managers, if not already done.

.....

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

*Confirmed subject to amendments in today's meeting.*  
*Riaz Ahmad*  
 14/5/75

*Riaz Ahmad*  
 Chairman

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ANNEXURE 'A'State Life Sales Officers and Sales Managers  
(Medical Attendance) Scheme.

## 1. Short title, commencement and application:

(1) This scheme may be called the State Life Sales Officers and Sales Managers (Medical Attendance) Scheme 1975. It shall be governed by the following rules:

(2) They shall come into force with effect from 1st January, 1975.

(3) They shall apply to the full time bonafide Sales Officers and Sales Managers of the Corporation who fulfil the prescribed business criteria and who fulfil the other conditions of eligibility as mentioned in these rules.

(4) The facilities under these rules shall be admissible at the station of posting of Sales Officers and Sales Managers only.

## 2. Definition.- In these rules unless there is anything repugnant in the subject or context.-

(1) "approved hospital" means a hospital or clinic approved by the Corporation for the treatment of Sales Officers and Sales Managers and their families;

(2) "approved medical store" means a medical store approved by the Corporation for the Sales Officers and Sales Managers;

(3) "authorised medical attendant" means a Medical Officer of a Government or a public hospital or a registered medical practitioner appointed by the Corporation to attend to its Sales Officers and Sales Managers and their families;

(4) "family" means spouse, legitimate children and step-children of a Sales Officer or Sales Manager of the Corporation residing with and wholly dependent upon him;

(5) "medical attendance" means attendance at the clinic of an authorised medical attendant or at an approved hospital or, in case of illness which compels the patient to be confined to his residence, at the residence of the patient, including such methods of examination for the purpose of diagnosis as are available in the said clinic or hospital and such consultation with a specialist or other medical practitioners as the authorised medical attendant certifies to be necessary to such extent and in such manner as the specialist or the medical practitioner may determine;

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- (6) "patient" means a Sales Officer or Sales Manager of the Corporation eligible for medical benefit under the scheme or a member of his family who has fallen ill;
- (7) "treatment" means the use of all medical and surgical facilities available at the approved hospital in which the patient is treated, and includes:-
- (i) the employment of such pathological, surgical, bacteriological, radiological or other methods as are considered necessary by the authorised medical attendant or specialist or the officer-in-charge of an approved hospital;
  - (ii) the supply of such medicines, vaccines, sera or other therapeutic substances as are available in the approved hospitals;
  - (iii) the supply from the approved medical store of such medicines, vaccines, sera or other therapeutic substances not available at the approved hospital as the authorised medical attendant certifies in writing to be essential for the recovery of the patient or for the prevention of serious deterioration in his condition;
  - (iv) such accommodation as ordinarily provided to in-patients in the approved hospital;
  - (v) such nursing as is ordinarily provided to in-patients by the approved hospital;
  - (vi) confinement and maternity treatment of a female married Sales Officer or Sales Manager or the wife of the male Sales Officer or Sales Manager eligible for medical benefit under the scheme.
  - (vii) anti-rabic treatment at a Government hospital; and
  - (viii) specialist treatment in accordance with clause (5); but does not include the following namely:-
    - (a) supply of substances like vitamins, glucose, tonics, processed food, unless prescribed to cure a disease;
    - (b) special nursing;
    - (c) any expenditure representing the cost of diet in a hospital bill, which will be reckoned at 20 per cent of the daily charges of the hospital if not shown separately in the hospital bill;

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- (d) treatment of venereal diseases;
- (e) psycho-analytical treatment;
- (f) cosmetic surgery, plastic surgery or organ transplant;

or

- (g) cost of transportation of the patient or the medical attendant or specialist in connection with medical attendance and treatment;

and

- (h) dental treatment.

### 3. Eligibility.

- (a) The minimum age of entry into this scheme for Sales Officers and Sales Managers will be 18 years and maximum 57 years. Notwithstanding anything contained to the contrary, a Sales Officer or a Sales Manager will cease to be a member of this scheme when he attains the age of 58 years.
- (b) All eligible Sales Officers and Sales Managers will be required to undergo a medical examination at the time of entry or reentry (after ceasing to be a member of the scheme by non fulfilment of business requirement or otherwise) into this scheme to the satisfaction of the Corporation. Thereafter, only those Sales Officers who are promoted as Sales Managers will be required to undergo medical examination to the satisfaction of the Corporation. The decisions regarding the medical fitness of an eligible Sales Officer or a Sales Manager to be included into this Scheme will rest with the General Manager concerned.
- (c) Production Quota of Sales Officer
  - (i) If a Sales Officer completes FYP of Rs.15,000/- in the calendar year 1974 or in a subsequent calendar year he will become entitled to medical attendance and treatment for self only.
  - (ii) If a Sales Officer completes a FYP of Rs.25,000/- in the calendar year 1974 or in a subsequent calendar year he will become entitled to medical attendance and treatment for self and family.
- (d) Sales Manager
  - (i) If a Sales Manager completes a FYP of Rs.50,000/- in the calendar year 1974 or in a subsequent calendar year he will become entitled to medical attendance and treatment for self only.

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- (ii) If a Sales Manager completes a FYP of Rs. 1 lac in the calendar year 1974 or in a subsequent calendar year he will become entitled to medical attendance and treatment for self and family.

Note: Failure to complete the prescribed business quota in a calendar year will make the SO/SM ineligible for medical benefits in the subsequent calendar year.

PART I - ENTITLEMENT4. Free Medical Attendance and Treatment

- (a) A Sales Officer or Sales Manager and their families shall be entitled to free medical attendance and treatment by the authorised medical attendant at the Corporation's expense, subject to the condition that the total expenditure on the attendance and treatment of a Sales Officer or Sales Manager and/or his family shall not exceed the following limit:-
- (i) In the case of a Sales Officer who completes a FYP of Rs.15,000/- in the calendar year 1974 or in any subsequent calendar year will be entitled to treatment for self only subject to a limit of Rs.350/- per annum.
- (ii) If a Sales Officer completes a FYP of Rs.25,000/- in the calendar year 1974 or in any subsequent calendar year will be entitled to medical attendance and treatment for self and family subject to a limit of Rs.500/- per annum.
- (iii) If a Sales Manager completes a FYP of Rs.50,000/- in the calendar year 1974 or in any subsequent calendar year will be entitled to medical attendance and treatment for self only subject to a limit of Rs.500/- per annum.
- (iv) If a Sales Manager completes a FYP of Rs.1 lac in the calendar year 1974 or in any subsequent calendar year will be entitled to medical attendance and treatment for self and family subject to a limit of Rs.700/- per annum.

PROVIDED that the hospitalisation and maternity charges, fees for radiological and pathological examinations and fees charged by the specialist shall not be taken into account in applying the above limits.

5. Medical attendance or treatment at residence.-

If the authorised medical attendant is of the opinion that owing to the absence or remoteness of an approved hospital or

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because of the nature of the illness, the Sales Officer or Sales Manager cannot be removed to an approved hospital without endangering his health, the Sales Officer or Sales Manager may receive medical attendance and treatment at his residence.

6. Hospitalisation.-

- (1) If the authorised medical attendant is of the opinion that it is necessary for a Sales Officer or Sales Manager or his family member wherever applicable to be hospitalised for the treatment of any serious illness or for surgical operation, the Sales Officer or Sales Manager or his family member wherever applicable may be hospitalised in an approved hospital.
- (2) A Sales Officer or Sales Manager or his family member wherever applicable hospitalised under (1) above shall be entitled to hospital accommodation on the following scales, namely :-
  - (i) In the case of a Sales Officer he will be entitled to a Semi-private room upto a maximum rent of Rs.25/- per day.
  - (ii) In the case of a Sales Manager he will be entitled to a Semi-private/private room upto a maximum rent of Rs.30/- per day.

7. Maternity charges.- The Corporation shall bear maternity expenses of a married Sales Officer or the wife of a Sales Officer or a married Sales Manager or the wife of a Sales Manager in an approved hospital subject to a maximum of Rs.350/- in any one case exclusive of room rent.

PROVIDED that if confinement takes place at the residence of a Sales Officer or Sales Manager or at a place other than an approved hospital, the maternity charges shall be borne by the Corporation upto a maximum of Rs.300/- in any one case.

PROVIDED further that maternity charges shall not be borne by the Corporation for more than 3 times during the entire association of a Sales Officer or Sales Manager with the Corporation.

8. Free medical attendance and treatment to family.- The family of a Sales Officer or a Sales Manager of the Corporation shall be entitled to medical attendance and treatment as applicable to the Sales Officer or the Sales Manager subject to the conditions laid down in Rule 4.

9. Charges for extra services.- Charges for services rendered in connection with, but not included in the medical attendance or treatment of a patient, shall be determined by the authorised medical attendant and paid by the patient concerned himself. If any question arises as to whether any service is included in medical attendance or treatment under these regulations, the decision of the Chairman shall be final.





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15. Chairman's powers to issue instructions.- The Chairman may, whenever considered necessary, issue appropriate instructions, not inconsistent with these rules, regarding arrangements for medical attendance and treatment.

ANNEXURE 'B'STATE LIFE INSURANCE CORPORATION OF PAKISTANREVISED FIELD STRUCTURE

Subject to the approval of the Federal Government, the details enumerated hereunder constitute the final conclusions arrived at, in full and final satisfaction of all matters placed by the two Field Committees (including those referred to in their memorandum dated 28th November 1974), and formulated by State Life Insurance Corporation of Pakistan in consultation with and after prolonged discussions with the representative groups of the field workers throughout Pakistan, as represented by the First and reconstituted Field Committees from 25th November, 1974 to 17th December 1974 in connection with the mutually agreed changes to be brought about in the field structure and matters incidental thereto or consequential thereon. This Annexure is to be read with and forms an integral part of the minutes of the final meeting held on 17th December, 1974, presided over by the Chairman, State Life, and as confirmed by both sides.

1. The remuneration of Field Workers will be expressed as percentage of FYP and not as FYAC for all purposes.
2. For the purpose of conversion of FYAC into FYP, the latter will be calculated at  $2\frac{1}{2}$  times of the former
3. The Field Workers contracts will not be based on the Agency Year (12 months) but on calendar year as at present.

SALES REPRESENTATIVES

1. Basic Commission Schedule (for ordinary life policies)

<u>Premium paying term</u> Years	<u>Rate of commission as %age of premium</u>		
	<u>1st year</u>	<u>2nd year</u>	<u>3rd and later years</u>
10 - 14	25%	10%	5%
15 - 19	30%	10%	5%
20 and more	35%	10%	5%

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2. Production Bonus

On reaching Rs. 4,000/- FYP in a calendar year - 2 % of total FYP  
 On reaching Rs. 6,000/- FYP in a calendar year - 2.5%       "  
 On reaching Rs. 8,000/- FYP in a calendar year - 3 %       "  
 On reaching Rs.10,000/- FYP in a calendar year - 3.5%       "

3. Bonus on yearly mode of premium - 1.5% of FYP.

4. Persistency Bonus

No change in the existing schedule of Persistency Bonus will be made, but the Persistency Bonus will be paid as percentage of the second policy year premium instead of the percentage of the agent's commission earned in second policy year in accordance with the following schedule:-

Persistency ratio for calendar year.	Maximum Additional Commission for persistency expressed as percentage of second policy year premium only.
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- |                                  |    |
|----------------------------------|----|
| a) 70% or more but less than 80% | 1% |
| b) 80% or more but less than 90% | 2% |
| c) 90% and over                  | 3% |

Provided that no additional commission for persistency shall be paid where the First Year Premium Income completed during the previous calendar year was less than Rs.6,000/- and provided further that the premium paying period of the policy (excluding Group Insurance & Group Pension Policy) must be 2 years or over.

5. Quota

- i) FYP Rs.3,000/- in a calendar year or proportionate amount, if appointed other than in January.
- ii) If he does not complete 75% of the quota, his appointment will be terminated.
- iii) If he completes more than 75% but less than 90% one year's grace period will be given.
- iv) If at the end of grace period of 12 months, he does not complete 90% of annual quota, his contract will be terminated.
- v) Quota will be reduced by 25% for SRs working in defined less developed areas (including Peshawar).

6. Promotion

SRs will be considered for promotion as SO on completion of

- (a) FYP of Rs.15,000/- annually for 2 years consecutively or on completion of total premium of Rs.30,000/- in 2 years provided his premium in any one year is not less than Rs.10,000/-;

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- (b) 2 years experience as SR in the Corporation. 2 years to be counted from the date immediately preceding the date of promotion.
- (c) Effective promotion date - 1st January of calendar year.
- (d) The above FYP condition to be reduced by 25% for SRs working in defined less developed areas (including Peshawar).

7. Elimination of dummies

An SR existing as on 31.12.1974 who does not attend and pass the prescribed Training Course by 31.7.1975, his contract will be terminated.

8. Training of New Agents

Every new agent must complete the prescribed Training Course and pass the required test within 2 months of his provisional appointment. For 2 months probationary period, full commission will be paid. If he does not attend the training course and pass the test within 2 months, his agency will be terminated. An SO/SM who is also an SR need not have to attend the training course and pass the test prescribed for SRs if he has already attended the course and passed the prescribed test prescribed for SO/SM.

STIPEND SCHEME9. A. ELIGIBILITY OF CANDIDATE

- (a) Candidate must be a matriculate but preference will be given to higher qualifications.
- (b) Candidate must give written commitment to work as a whole time Sales Representative for the State Life.
- (c) A candidate who is a near relative of the Sales Officer/Sales Manager, cannot be attached to the Unit of his near relative. Near relative is defined as parents, spouse, children, brothers and sisters.
- (d) Candidate's minimum age at entry should not be less than 18 years.
- (e) While preference will be given to new entrants existing Sales Representatives who fulfil the above qualifications are also eligible to apply, provided that they have been working as insurance salesmen for a period not exceeding three years as at 1.1.1975.

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	<p>B. <u>RECRUITMENT</u></p> <p>C. <u>SELECTION</u></p> <p>D. <u>TRAINING</u></p> <p>E. <u>DURATION OF STIPEND</u></p> <p>F. <u>QUANTUM OF STIPEND PAYMENT</u></p> <p>G. <u>CONDITIONS OF STIPEND PAYMENT</u></p> <p>H. <u>WHO CAN RECRUIT AND HOW MANY</u></p> <p>I. <u>WORK PROGRAMME</u></p>	<p>Candidates under the Stipend Scheme will be considered only if they are recommended by Sales Officers and Sales Managers who have fulfilled the conditions of minimum First Year Premium as laid down in para 8 below.</p> <p>(a) Preliminary screening will be done by the SO/SM who will ensure that only those candidates who fulfil the required qualifications are recommended for consideration under the scheme</p> <p>(b) After thorough scrutiny of the Application Forms, selected candidates will be called for an interview by a Committee to be appointed by the General Manager.</p> <p>Selected candidates will have to complete the prescribed Training course of 3 to 6 weeks duration and also pass a test.</p> <p>Subject to the conditions laid down in G and I below, the stipend will be paid for a maximum period of 9 months.</p> <p>Stipend will be paid at the following rates:-</p> <p>Rs.250/-p.m. for the first three months Rs.200/-p.m. for the next three months Rs.150/-p.m. for the last three months</p> <p>The minimum First Year Premium Income of the stipendary Sales Representative for payment of stipend will be as under :-</p> <p>1. For the first three months Rs.400/-p.m. 2. For the next three months Rs.600/-p.m. 3. For the last three months Rs.750/-p.m.</p> <p>(a) All Sales Officers who have completed a First Year Premium of Rs.20,000 in 1974 will be eligible to recommend one candidate for appointment as stipendary agent.</p> <p>(b) All Sales Managers who have completed at least First Year Premium income of Rs.75,000/- in 1974(both through direct and indirect units)will be eligible to recommend one candidate for appointment as stipendary agent.</p> <p>Stipendary Sales representatives will be required to maintain daily work schedule in a prescribed note book which will be</p>	<p>CHAIRMAN'S INITIALS</p>



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available for inspection by Sales Officer/Sales Manager and his superior officer whenever required.

J. DATE OF COMMENCEMENT OF THE SCHEME The revised stipend scheme will come into effect from 1.1.1975 in respect of new appointees.

SALES OFFICERS(FOR ORDINARY LIFE POLICIES)

1. O/R Commission will be expressed as percentage of FYP instead of FYAC.
2. Over-Riding Commission Schedule

Upto Rs. 20,000 FYP in a calendar year -	17½%	of Total FYP
Exceeding Rs.20,000 FYP but upto Rs.35,000-	20%	"
Exceeding Rs.35,000 FYP but upto Rs.50,000-	22½%	"
Exceeding Rs.50,000 FYP but upto Rs.75,000-	25%	"
Exceeding Rs.75,000 FYP and over	26%	"

Note:

- (i) Where the premium paying term under the policy is 10 to 14 years inclusive, Over-riding commission rates will be equivalent to 75% of the O/R Commission rates mentioned above.
- (ii) Where the premium paying term under the policy is 15 to 19 years inclusive, O/R Commission rates will be equivalent to 85% of the O/R Commission rates mentioned above.
- (iii) Where the premium paying term is 20 years and above, O/R Commission rates will be the same as mentioned in the above schedule.
- (iv) A Sales Officer's basic O/R Commission rate at the commencement of the year 1975 will be determined on the basis of the FYP (converted from FYAC) completed in 1974 and accordingly fixed at a stage immediately below that which he would draw under the above schedule. In subsequent years, it will continue to be one stage lower than the rate drawn at the close of the previous calendar year.

3. Persistency Bonus:

No change in the existing schedule of Persistency Bonus will be made, but the Persistency Bonus will be paid as percentage of the second policy year premium instead of the percentage of the agent's commission earned in second policy year in accordance with the following schedules:

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Entire Unit Persistency ratio for calendar year	Maximum Additional Commission for persistency expressed as percentage of second policy year premium only.
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- (a) 70% or more but less than 80% 1%
- (b) 80% or more but less than 90% 2%
- (c) 90% and over 3%

Provided that no additional commission for persistency shall be paid where the First Year Premium Income completed during the previous calendar year in the entire Unit was less than Rs.15,000 and provided further that the premium paying period of the policy (excluding Group Insurance and Group Pension) must be 2 years and above.

4. Special Production Bonus

2½% on excess of FYP over previous year, subject to :-

- (i) the minimum increase being 25% over the previous year, (Previous year means 1974 and subsequent calendar years) and
- (ii) previous year's premium being not less than the minimum quota of Rs.15,000.

5. Renewal Over Riding Commission

No change in the existing schedule of Renewal Over Riding Commission will be made but the Renewal Over Riding Commission will be paid as a percentage of the second and later policy year Premium in accordance with the following schedule:

Premium paying period of the policy	On second Policy year premium	On 3rd and later policy year premiums
2 years or more (excluding group & Pension business).	2%	1%

6. Quota

- (i) A Sales Officer will be required to complete FYP of Rs.15,000/- in each calendar year. Failure to complete this quota will result in his appointment to the next lower category in the calendar year immediately following, provided :-
  - a) That a Sales Officer who has not completed even 60% of 1974 quota of Rs.15,000/- will be demoted as an SR or permitted to retire, if applicable under the Act or Rules.

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- b) That a Sales Officer who has completed more than 60% of his 1974 quota of Rs.15,000/- will be given a grace period of 12 months ending 31.12.1975.

Note:- Proviso (a) & (b) is a one-time concession applicable to SOs working as at 31.12.74.

Provided further that the Management in their sole discretion may condone the fulfilment of the above quota requirement if they are satisfied that this was due to circumstances beyond the control of the Sales Officer.

- (ii) Quota will be reduced by 25% for Sales Officer working in defined less developed areas (including Peshawar).
- (iii) For the purpose of completion of a calendar year's quota only (and not for any other purpose), credit to the extent of 10% of the First Year Group Insurance premium will be given.

7. Promotion, SO to be promoted as SM on completion of FYP of Rs.50,000 annually for 2 years consecutively preceding the date of promotion or on completion of Rs.one lac in two years provided his premium in any one year is not less than Rs.40,000

- (ii) 2 years experience as SO of the Corporation
- (iii) The business criteria will be reduced by 25% for persons working in defined less developed areas (including Peshawar).

8. Elimination of dummies

Any SO existing as on 31.12.1974 who has not attended the prescribed training course and passed the required test, unless exempted from appearance in terms of earlier Board decision by 31.7.1975 will be terminated from 1.8.1975. No one will be permitted to work as SO unless he is a full time bonafide field worker. Contracts of all part timers to be terminated as from 1.1.1975.

SALES MANAGERS (ORDINARY LIFE POLICIES)

1. O/R Commission will be expressed as percentage of FYP instead of FYAC.
2. a) O/R Commission on direct Unit will be the same as that of S.O.
- b) O/R Commission on indirect Unit will be as under:-

Upto Rs.50,000	6%	of total FYP
Exceeding Rs.50,000 upto 1 lac	8%	"
Exceeding Rs.1 lac upto 1.5 lac	10%	"
Exceeding Rs.1.5 lac upto 2 lacs	11%	"
Over 2 lacs	12%	"

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- Note:
- (i) Where the premium paying term under the policy is 10 to 14 years inclusive, O/R Commission rates will be equivalent to 75% of the O/R Commission rates mentioned above.
  - (ii) Where the premium paying term under the policy is 15 to 19 years inclusive, O/R Commission rates will be equivalent to 85% of the O/R Commission rates mentioned above.
  - (iii) Where the premium term is 20 years and above, O/R Commission rates will be the same as mentioned in the schedule.
  - (iv) A Sales Manager's basic O/R Commission rates at the commencement of the year 1975 will be determined separately for Direct and Indirect Units on the basis of the FYP (converted from FYAC) completed in 1974 and accordingly fixed at a stage immediately below that which he would draw under the above schedule. In subsequent years, it will continue to be one stage lower than the rate drawn at the close of the previous calendar year.

3. Persistency Bonus

No change in the existing schedule of Persistency Bonus will be made but the Persistency Bonus will be paid as a percentage of second policy year premium instead of as a percentage of agent's commission earned in second policy year, in accordance with the following schedule:-

Type of Policy.	Premium paying period of policy	Entire Unit Persistency ratio for calendar year.	Maximum Additional Commission for persistency expressed as percentage of second policy year premium only.	
			On business of direct Unit.	On business of indirect Unit.
		70% or more but less than 80%	1%	.5%
All types other than Group Ins. & Group Pension.	2 years or more	80% or more but less than 90%	2%	1%
		90% and over	3%	1.5%

Provided that no additional commission for persistency shall be paid where the first year premium income completed during the calendar year in the entire unit was less than Rs.50,000/-.

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4. Special Production Bonus

2½% on the excess FYP over previous calendar year of the direct Unit, and 1½% on the excess FYP over previous calendar year of the indirect Unit, subject to:-

- (i) his having completed the minimum aggregate quota of Rs.50,000 in the previous calendar year and
- (ii) his aggregate increase in FYP in the current year being not less than 25% (Previous year means 1974 and subsequent calendar years).

5. Renewal Over Riding Commission

No change in the existing schedule of Renewal Over Riding Commission will be made but the Renewal Over Riding Commission will be paid as a percentage of the second and later policy year premium instead of as a percentage of Agent's Commission earned in second and later policy year in accordance with the following schedule:

Premium paying period of policy (excluding Group Insurance & Group Pensions).	On business of direct Unit		On business of indirect Unit	
	2nd policy year premium.	3rd & later policy year premium.	2nd policy year premium	3rd and later policy year premium.
2 years or more	2%	1%	1%	.5%

6. Quota

- (i) A Sales Manager will be required to complete FYP of Rs.50,000/- in each calendar year. Failure to complete this quota will result in his appointment to the next lower category in the calendar year immediately following, provided :-
  - (a) That a Sales Manager who has not completed even 60% of his 1974 quota of Rs.50,000/- will be demoted as a Sales Officer or permitted to retire, if applicable under the Act or Rules.
  - (b) That a Sales Manager who has completed more than 60% of his 1974 quota of Rs.50,000/- will be given a grace period of 12 months ending 31.12.1975.

Note: Proviso (a) & (b) is a one-time concession applicable to SMs working as at 31.12.74.

Provided further that the Management in their sole discretion may condone the fulfilment of the above quota requirement if they are satisfied that this was due to circumstances beyond the control of the Sales Manager.

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(ii) Quota will be reduced by 25% for Sales Managers working in defined less developed areas (including Peshawar).

(iii) For the purpose of completion of a calendar year's quota only, (and not for any other purpose) credit to the extent of 10% of the First Year Group Insurance premium will be given.

7. Elimination of dummies

(i) Any SM who has not attended the prescribed training course and passed the required test, unless he has been exempted from appearance in the test in terms of earlier Board decision, by 31.7.1975 will be terminated w.e.f. 1.8.1975.

(ii) No one to work as SM unless he is a full time bonafide field worker.

(iii) Appointment of all part timer SMs to be terminated as from 1.1.1975.

8. O/R Commission credit of Personal business: (Rule 39c)

Rule 39(c) will be appropriately amended to increase the limitation on over-riding commission credit of personal business from 25% to 50% for Employers of Agents, subject to condition of having 4 agents other than himself who fulfil the minimum prescribed quota in a calendar year.

GENERAL

1. CONVEYANCE LOANS:

(a) Scooter/Motor-cycle Advance:

Eligibility:

i) Any one having an income of Rs.9,000 per annum in his own name in a calendar year preceding the date of the request for the grant of the loan, or having First Year Premium income of -

Rs.15,000 (in case of full time bonafide Sales Representative)

Rs.25,000 (in case of Sales Officer)

Rs.50,000 (in case of Sales Manager)

in the calendar year preceding the date of the request for the grant of the loan, will be eligible to apply for a Scooter/motor-cycle advance.

ii) The Corporation would pay a sum not exceeding 2/3rd of the purchase price of the vehicle, subject to a maximum of Rs.6,000, the balance 1/3rd of the purchase price being contributed by the applicant.

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- iii) The Corporation would charge interest @ 75% of a rate 1% above Bank rate applicable at the time of grant of the loan.
- iv) The loan would be repayable in 48 monthly instalments.
- v) The Scooter/Motor-cycle should be mortgaged to the Corporation/Bank.

(b) CAR ADVANCE

- i) Any one having an income of Rs.20,000 per annum in his own name in a calendar year preceding the date of the request for the grant of the loan or having a FYP income of -

Rs.50,000 (in case of full time bonafide  
Sales Representative)

Rs.50,000 (in case of Sales Officer)

Rs.1,00,000 (in case of Sales Manager)

for 2 years consecutively preceding the date of the request for grant of the loan, will be eligible to apply for a car advance.

- ii) The Corporation would pay a sum not exceeding 2/3rd of the purchase price of the vehicle, subject to a maximum of Rs.25,000, the balance of 1/3rd of the purchase price being contributed by the applicant.
- iii) The Corporation would charge interest @ 75% of a rate 1% above Bank rate applicable at the time of grant of the loan.

The eligibility requirements mentioned in sub-clause(i) of (a) and (b) above will be reduced by 25% in case of persons working in defined less developed areas (including Peshawar).

- iv) The loan would be repayable in 48 monthly instalments.
- v) The Car should be mortgaged to the Corporation/Bank

provided that both in the case of Scooter/Motor-cycle and Car advances:

- (a) the total deduction on account of repayment of the instalment of the Scooter/Motor-cycle or Car loan and any other advance/loan should not exceed 30% of his income.
- (b) A person applying for the above advance must have worked with the Corporation for 2 years as Sales Representative/Sales Officer/Sales Manager.
- (c) Overall ceiling of the Corporation for this facility will not exceed Rs.25 lacs at any one time.

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(c) TEMPORARY ADVANCE & LOANS

No change in existing individual limits as provided in Insurance Act, but the maximum overall ceiling for the Corporation to be increased from Rs.2 lacs to Rs.15 lacs.

2. GROUP/PERSONAL ACCIDENT INSURANCE: Same as existing.

3. RETIREMENT

It was agreed that employers of Agents should continue to draw Over-riding Renewal Commission after completing the requirements stipulated in the proviso (a) or (b) or (c) of section 44, but without the qualification of any new business and recruitment requirement for the purpose of Renewal of the certificate and for this purpose section 44 and/or their relevant licensing provision in the Insurance Act and/or Rules be appropriately amended.

4. GROUP INSURANCE & GROUP DEFERRED ANNUITY & GROUP DEPOSIT ADMINISTRATION - COMMISSION AND O/R COMMISSION RATES.

No change in the existing schedules of Commission and Overriding Commission will be made but the commission will be paid as a percentage of first and subsequent Policy years premium instead of percentage of the FYAC.

5. IMPLEMENTATION

The revised Field structure will come into effect from 1.1.1975 in respect of the premiums received on and after 1.1.75 on all policies sold on and after 1.1.1973 except where the text provides otherwise.

The deferred instalment of FYP of 1974 received in 1975 will be entitled to the new Agency Commission and Overriding Commission schedules.

6. ADDITIONAL ONE-TIME PAYMENT FOR DECEMBER 1974 BUSINESS:

a) A Sales Officer who completes a minimum FYP of Rs.3,500 in the month of December 1974 will be entitled to a one-time additional payment at the rate of 2½% of FYP completed in the said month.

b) A Sales Manager who completes a minimum FYP of Rs.8,000 in the month of December 1974 will be entitled to a one-time additional payment of 2½% and 1½% on the direct and indirect unit respectively, of FYP, completed in the said month.

Provided that both the Sales Officer and Sales Manager in order to become entitled to the above, must submit atleast one proposal which results into a policy between 18.12.74 and 31.12.74.

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