

## 33RD MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Wednesday, 20th August 1975	10.00 A.M.

The emergency (33rd) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Wednesday the 20th Aug.'75 at 10.00 A.M. in the Board Room of the Corporation at Karachi.

The following Directors were present:

Mr. Riaz Ahmad Naik ..... Chairman  
 Mr. M.G. Hasan  
 Mr. Samee-ul-Hasan  
 Mr. D.M. Quraishi  
 Mr. P. Sequeira  
 Mr. S.A. Walajahi  
 Mr. M. Zulqarnain

Mr. S.S. Akhtar, Consulting Actuary, attended by invitation.

Mr. Nisar Hussain, AGM(Admn.) and Mr. M. Sadiq Khan, Secretary-Board were also present.

The following business was transacted :

ITEM I: CONFIRMATION OF THE MINUTES OF THE 32ND BOARD MEETING HELD ON TUESDAY, THE 1ST JULY, 1975.

The Board took up for consideration Mr.P. Sequeira's note dated 10th July 1975 submitted by him as per leave granted to him in terms of Para 2, Item V of Board's above minutes dated 1st July 1975, which was as follows:

"Minute of Mr.P.Sequeira, Director

With the permission of the Chairman and approval of the Board of Directors at the meeting held on 1st July 1975 for which I am thankful, I have signed the Accounts of the Corporation for the year ended 31st December 1974, subject to the following reservations/observations agreed to be recorded by the Board :-

Re: 556 Ilaco Shares previously held by Enemy Nationals.

1. I refer to my minute dated 4th November 1974 in this connection which was incorporated in Resolution No.7 under Item II of the minutes of the meeting of the Board of Directors held on 8th/9th October 1974 in relation to the Accounts for the period ended 31st December 1973 and with reference to Clause 6 of the Auditors' Report thereon.
2. I note that clause 6 of the Auditors' Report in relation to the Accounts for the year ended 31st December 1974 has now been qualified by the inclusion of the words "with the exception of shares of a book value of Rs.1,03,880." This has partly met my last objection contained in my minute referred to in para. 1 above. Therefore, I re-state and re-affirm the reservations/observations and factual position expressed by

## 33RD MEETING OF THE BOARD OF DIRECTORS

STORS	HELD AT	ON	TIME
BOOK	Karachi	Wednesday, 20th August 1975	10.00 A.M

me in respect of the said item of Rs. 1,03,880 and/or the 556 Ilaco shares previously held by Enemy Nationals as already minuted and recorded by me in my minute dated 4th November 1974 in relation to the Accounts for the period ended 31st December 1973, referred to in para. 1 above.

3. As the Corporation have filed an application under Articles 22 read with 39 of the L.I.N.O. 1972 in Suit No.3-B of 1974 in the Insurance Appellate Tribunal, Karachi in respect of the said same matter and in which I have been given due leave and permission to appear as one of the Respondents, without prejudice to my position as Director, I abstain from making further comments. I am grateful to the Chairman for the consideration shown."

2. It was observed that whereas paras. 1 and 2 of the above note conform to the subject matter discussed by the Board at its last meeting, the contents of para.3, in so far as they relate to Mr. Sequeira's position as a Director of the Corporation, were not within the jurisdiction of the Board. It was for the Federal Govt. to decide whether his position as Director of the Corporation was prejudiced or not.

3. After thorough discussion, the Board agreed to allow inclusion of Mr. Sequeira's note in the minutes, subject to the following reservations :

" In regard to para.3 of the note submitted by Mr. Sequeira regarding the suit filed by the Corporation in which Mr. Sequeira had been made a respondent, the Board noted the position explained by Mr. Sequeira but was of the view that only the Federal Government could decide whether his position as a Director of the Corporation was prejudiced or not."

4. Subject to the above, the minutes of the 32nd meeting of the Board held on Tuesday, the 1st July 1975 were confirmed.

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

The Board confirmed the following resolutions already approved by circulation regarding :

- i) APPLICATION OF PUNJAB ROAD TRANSPORT BOARD FOR DEBENTURE FINANCING.

" State Life may agree to subscribe Rs.50 lacs each to the 2 debenture issues of Rs.10 crores and Rs.12 crores on the following terms and conditions :

1. Interest @ 2½% above the Bank Rate, payable half-yearly.

CHAIRMAN'S INITIALS



## 33RD MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Wednesday, 20th August 1975	10.00 A.M

2. Penal Interest @ 2% over and above the interest rate stipulated in (1) above on all sums remaining unpaid on due dates.
3. Security to be a continuing guarantee of the Government of Punjab and in addition, a first floating charge on the present and future movable and immovable assets and properties of the PRTB, its undertaking and hypothecation of buses.
4. Repayment to be in ten half-yearly instalments after a grace period of one year.
5. The PRTB to furnish informations on its operations as and when required by State Life.
6. Any other terms and conditions that State Life may prescribe.

ii) COMMITMENT CHARGE ON THE DEBENTURE LOANS TO THE SARHAD DEVELOPMENT AUTHORITY.

The Executive Committee of the Board of Directors at its meeting held on October 24, 1973 had approved a debenture loan of Rs.25 lac to the Sarhad Development Authority (SDA) to enable it to implement a project for construction of a sugar mill at Khazana in the NWFP. Among other terms and conditions of the loan, it was also stipulated that the borrower would pay commitment fee at the rate of 1½% per annum payable quarterly on the principal sums remaining undisbursed from time to time, commencing after 30 days from the date of sanction, that is, November 23, 1973. The debentures loan is a part of the SDA's overall debenture issue of Rs.3.70 crore placed with the consortium of financial institutions led by ICP. As leader of the Consortium, ICP had imposed a condition that the disbursement of the funds against debenture loan commitments would be allowed only after the Government's allocation towards equity was full utilised in the implementation of the project. Following a representation from the Sarhad Development Authority for the condonation of the commitment charges for the period during which draw down of funds was not possible, ICP has decided to levy commitment charge from December 31, 1974 on its loan to the SDA. The State Life has been requested through the ICP to amend on the same basis the condition of our proposed debenture loan pertaining to commitment charge.

2. In view of the position explained above, the Board is requested to allow the Sarhad Development Authority to pay commitment charge on our debenture loan with effect from December 31, 1974 instead of from November 23, 1973, as stipulated earlier.

iii) GRANT OF GENERAL POWER OF ATTORNEY IN FAVOUR OF MR.S.A. WALAJAHI, GENERAL MANAGER 'B' BEEMA UNIT.

"RESOLVED -

- i) That the General Power of Attorney granted to Mr.S.F. Alam through a Board resolution in 1973, stands revoked; and
- ii) That a General Power of Attorney be granted to Mr.S.A. Walajahi as the General Manager of 'B' Beema Unit.

CHAIRMAN'S  
INITIALS

## 33RD MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	Karachi	Wednesday, 20th August 1975	10.00 AM

And that Mr. Riaz Ahmed Naik, Chairman of the Corporation and Mr.D.M. Quraishi, 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 Ahmed Naik, Chairman of the Corporation and Mr.D.M. Quraishi, 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 13.8.1973 vide item XII (7) of minutes).

ITEM III: TO CONSIDER AND APPROVE RE-ORGANISATION OF STATE LIFE INSURANCE CORPORATION AND ALLIED ISSUES.

The Chairman stated that as members of the Board would recall, Government had set up an Economy Committee for the purpose of evaluating the working of the Corporation and suggesting, inter-alia, measures to bring about overall economy in the expenditure. The Committee submitted its report to the Federal Government and made certain recommendations, including the one pertaining to the abolition of three Beema Units. The Government had approved the abolition of three Beema Units and it was now for the Board to integrate the three Units. The Board discussed the matter at length and decided that:-

- (1) Government decision to abolish the three Beema Units be implemented as soon as possible.
- (2) Simultaneously, steps be taken to make consequential and other necessary amendments in the General and Service Regulations with the prior approval of the Government.
- (3) Proposals be made to the Government for carrying out amendments in law, if necessary and for modifying the relevant notifications.
- (4) Five Zonal offices be set up, one each at Karachi, Hyderabad, Lahore, Rawalpindi and Peshawar. Each Zonal office will report direct to and be under the control of the Principal Office.
- (5) Data Processing be centralized at Karachi and necessary steps should be taken to implement this as soon as possible.
- (6) New Business be integrated with effect from 1st October 1975.
- (7) Renewal Business be integrated preferably from 1st January 1976.

CHAIRMAN'S  
INITIALS



## 33RD MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Wednesday, 20th August 1975	10.00 A.M.

2. It was proposed that to expedite the implementation of above decisions, a high-powered Committee at senior level of the Board, be constituted to work out the details and lay down a time schedule for completion of various jobs. The Board, therefore, decided to appoint a Committee of the following Directors for this purpose;

1. Mr. S. Hasan (Convenor)
2. Mr. M.G. Hasan
3. Mr. P. Sequeira
4. Mr. S.A. Walajahi
5. Mr. M. Zulqarnain

3. The Board also desired that Mr.S.S. Akhtar, Consulting Actuary, be associated with the work of the Committee relating to the New Business integration.

4. The terms of reference of the Committee will be as under:

- (a) To prepare organisational charts for the Principal Office and the Zones with explanatory notes.
- (b) To finalize recommendation for appointment of Zonal Heads and AGMs including an AGM for Overseas Division and a Manager for Dubai.
- (c) To determine territorial jurisdiction of various Zones and regions.
- (d) To decide on the location of other offices of the Corporation, their nomenclature and functions.
- (e) To decide on the posting of Managers and Dy.Managers.
- (f) To appoint sub-committees for working out technical and other details of integration.
- (g) To take decisions on any other related matter which the Committee may consider necessary.

5. The Committee was directed to finalize its recommendations with speed and submit its report to the Chairman as early as possible so that there is no delay in the implementation of the integration scheme by 1st October 1975. Final report will be placed before the Board by the Chairman at his convenience.

ITEM IV: ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR

- (1) Amendment to Insurance Rules 1958 - Revised Field Structure

Mr. S.A. Walajahi informed the Board that necessary amendments to Insurance Rules 1958 relating to Revised Field Structure had been published in the Gazette of Pakistan, vide Notification No.SRO-830(1)/75 dated 25th July 1975. He pointed out that termination of the appointments of the Field Workers, in terms of Memorandum of understanding reached with the Field Workers in December 1974 had been withheld pending implementation of the new rules in toto. He said that State Life should take immediate action regarding grant of conveyance loans which would go a long way in fulfilling the genuine needs of the field workers and would also enable the Corporation to enforce the provisions of the memorandum of understanding regarding

## 33RD MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
TE BOOK	Karachi	Wednesday, 20th August 1975	10.00 AM

the termination of appointments for non-fulfilment of prescribed quota and failure to complete the requirement of training.

The Board, after due consideration, decided as follows:

Termination: Letters of termination should be issued, giving one month's notice beginning 1st September 1975 and ending 30th September 1975, to those field workers who had failed to fulfil their production quota for the year 1974, in terms of Memorandum of understanding reached with the field workers in December 1974 - as per drafts supplied to the Units earlier by the Principal Office. It was, however, agreed that termination letters should not be issued to those field workers who had completed their annual quotas for 1975 by 30th June 1975. In cases where annual quotas for 1975 have not been completed by the end of June 1975 termination letters should be issued immediately, but such letters could be withdrawn subsequently if the General Managers were satisfied that the field worker concerned had completed his/her annual quota for 1975 by 31st August 1975.

Conveyance loans: The Units should, in the first instance, invite applications for such loans, at Zonal levels in accordance with the procedure laid down for the purpose. After scrutiny, the total no. of applications and the amount of funds required should be intimated to the Principal Office. On receipt of this information, the Principal Office will make appropriate allocation of funds among the Units/Zones.

(2) Appointment of Auditors

A point was raised about the appointment of auditors. It was reported to the Board that the Corporation had so far availed itself of the services of 6 auditors for auditing the accounts of the Principal Office and 3 Beema Units for the years 1973 and 1974. It was felt that the auditing of accounts was quite an important matter and efforts should be made to avoid any un-due emphasis on economy in this respect at the cost of quality, which may ultimately affect the interests of the Corporation. The remuneration of the auditors should be reasonable and commensurate with the amount of labour involved, and the auditors should maintain the quality of work. It was noted that with the abolition and integration of Units, the Corporation may not need six auditors. In future only four auditors would be enough to cope with the work. It was, therefore, decided that Government approval for appointment of auditors and determination of their fees should be obtained in right earnest so that the audit work might start as soon as possible.

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

*Confirmed subject to  
observations in today's  
meeting. Riashad  
14/9/75*

*Riashad*  
Chairman

CHAIRMAN'S  
INITIALS