

36TH MEETING OF THE BOARD OF DIRECTORS

CTORS	HELD AT	ON	TIME
RE BOOK	Karachi	Tuesday, 25th November 1975	4.00p.m.

The emergency (36th) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on Tuesday, 25th November 1975 at 4.00 p.m. at Karachi.

The following were present:

1. Mr. D.M. Qureshi Chairman
2. Mr. M.G. Hasan
3. Mr. S. Hasan
4. Mr. P. Sequeira
5. Mr. S.A. Walajahi
6. Mr. M. Zulqarnain

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

Mr. M. Sadiq Khan, Secretary-Board was also present.

The following business was transacted:

ITEM I: STUDENTS INSURANCE SCHEME

Mr. P. Sequeira, E.D. (Group & Pensions) informed the Board of the clarifications sought by General Manager, Alpha Insurance Company. It was decided that the file pertaining to Students Insurance Scheme should be passed on to Mr. S.S. Akhtar for his revised suggestions, whereafter the matter will be considered at a meeting in which the General Manager, Alpha Insurance Company would also participate.

ITEM II: PRIZE DISTRIBUTION SCHEME FOR POLICYHOLDERS

The Prize distribution Scheme prepared by the Actuarial Department was considered by the Board. The Scheme aimed at providing some additional incentives to the public to buy new life insurance policies as well as to keep the existing ones up-to-date. It was also likely to result in an increase in the average new premium per policy, the percentage of revivals and the percentage of business on annual mode, reducing administrative expenses per policy.

It was decided to give 62 prizes, as detailed below involving a total amount of Rs.3.09 lacs.

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No. of Prizes	For policies with yearly Premium less than Rs.1500	For policies with yearly premium of Rs.1500 or above.
	Amount of each prize	Amount of each prize
(1)	Rs.30,000	Rs.60,000
(2)	Rs.12,500	Rs.25,000
(3)	Rs. 5,000	Rs.10,000
(4)	Rs. 3,000	Rs. 6,000
(5)	Rs. 2,000	Rs. 4,000
(6)	Rs. 1,000	Rs. 2,000
(10)	Rs. 500	Rs. 1,000

The cost of the prizes would be met out of the normal Publicity Budget of the Corporation.

The policies fulfilling the following conditions will be eligible for the draw:

1. The policy should be on yearly mode basis.
2. The policy should be in force on 31.12.1975 through actual payment of premiums (i.e. not under APL or grace period privilege).

NOTE: In case the premium is paid through cheque the encashment advice must be received in the office before the date of 'Draw'.

3. The existing policyholders paying premiums on other than yearly mode basis will be allowed to change the mode of payment to yearly basis. Such policyholders will also participate in the 'Draw' but subject to condition (2) above.
4. Any lapsed policy if revived will participate in the 'Draw' provided the conditions (1) and (2) above are fulfilled.
5. All policies fulfilling the above conditions irrespective of the amount of premium will participate in the 'Draw'. But policies with yearly premium upto Rs.1,500/- will be entitled to reduced series of prizes.

Mr. Zulqarnain suggested inclusion of one more condition, namely, that the policies eligible for the draw should not have any sort of loans outstanding also. This was agreed to.

The Board also discussed pre-launch Publicity Campaign material both for the Press and Television prepared by the Agency and suggested certain modifications.

The Board approved the Prize Distribution Scheme and the revised Publicity Campaign involving a cost of Rs.3.09 lacs and Rs.3,45,200/- respectively

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It was decided that the Scheme would be in force only for the month of December 1975 and the draw for prizes would be made on 15th February 1975.

ITEM III: INSTALMENT SUPPLEMENTARY CONTRACT

The new plan named 'Instalment Supplementary Contract' prepared by the Actuarial Department was considered by the Board.

Mr. Akhtar explaining the salient features of the contract stated that it was a sort of a rider to be attached to new as well as existing policies issued on or after 1.11.1972, in force for full sum assured. It would be for a term of 12, 15, 18, 21, 27 and 30 yrs with instalment payable every three years excepting the first which would fall due three years after the effective date of contract. The first instalment would be of Rs.150/- for each Rs.1,000/- of the principal sum, whereas subsequent instalment would be of Rs.250/- for each Rs.1,000/- of principal sum. The rider sum should not exceed twice the sum insured of the existing policy to which this contract is attached, but may be any lower amount subject to a minimum of Rs.5,000/-.

This plan will be very attractive for persons requiring income tax rebate since Defence Savings Certificates, etc require investments for full five years, while here the average period of investment will only be eighteen months.

This plan will help in reducing our expense ratio and check the trend of increasing surrender and switching over of existing business.

Since this plan does not build any life funds, it will be marketed only as a rider and not as an independent policy.

The Board approved the 'Instalment Supplementary Contract' plan. The details with regard to the timing of its launch, etc would be decided by E.D. (S&D) in consultation with the Chairman.

ITEM IV: UNETHICAL TRADING OF OLD POLICIES FOR FRESH BUSINESS

The Board considered the memorandum of the Executive Director (PHS), Mr. S.A. Walajahi, on the above subject and expressed its concern and dis-approval of the unethical practices adopted by certain field workers in selling new policies to the policyholders by getting the existing policies surrendered or paid-up. It was agreed that such practices were against the interest of the policyholders as well as the Corporation. In order to discourage the field workers from resorting to such unethical practices, it was decided that commission would not be paid or where the commission has been paid, it shall be recovered, if the new policy has been issued within six months before or after the lapse or surrender or paying up of a pre-existing policy on the same life.

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