

42ND MEETING OF THE BOARD OF DIRECTORS

HELD AT

ON

TIME

Karachi

October 21, 22 and 23, 1976

3.00PM

The 42nd meeting of the Board of Directors of State Life Insurance Corporation of Pakistan was held on October 21, 22 and 23, 1976, at Karachi.

The following were present:

Mr. D.M. Quraishi	Chairman
Mr. M.G. Hasan	Director
Mr. Samee-ul-Hasan	Director
Mr. P. Sequeira	Director
Mr. S.A. Walajahi	Director

Mr. Nazier Ahmad Jajvi, Assistant General Manager (Investment) and Mr. A.S.M. Khan, Manager (Admn) were also present.

The following business was transacted:-

ITEM NO. I. Confirmation of the Minutes of the 40th and 41st Meeting of the Board held on 8/15th May and 7th July, 1976 respectively at Karachi.

The Minutes of the 40th and 41st Meetings of the Board held on 8/15th May and 7th July, 1976 respectively at Karachi were confirmed.

ITEM NO. II. To receive and note the Minutes of the 5th and 6th Executive Committee Meetings held on 19th June, 1976 and 13th September, 1976 respectively, at Karachi.

The Board received and noted the Minutes of the 5th and 6th Meetings of the Executive Committee of State Life's Board of Directors held on 19th June 1976 and 13th September, 1976 respectively at Karachi.

ITEM NO. III. Re: Approval of the 1975 Accounts of State Life.

The Accounts of the Corporation for the year ended 31st December, 1975 and the Balance Sheet as on that date together with the Auditors Report, were placed before the Board by the Executive Director (F&A) for consideration. The following comments/decisions were made by the Board on the accounts:

- (1) The Board expressed satisfaction on the significant economy achieved during the year in management expenses despite inflation. The Board particularly noted that renewal expense ratio had taken a downward trend for the first time since nationalisation. The Board expressed the hope that efforts to achieve economy consistent with efficiency, will continue to be made in future. The Board, however, expressed great concern on the fall in FYP income and alarming increase in surrenders and directed the Executive Director (S&D) to take immediate corrective measures.

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<p>(2) Mr. P. Sequeira drew attention to the Insurance Appellate Tribunal's decision rejecting State Life's claim in respect of ILACO shares of the book value of Rs.1,03,880/- and requested the Board to take note of the decision with reference to para 6 of the Auditor's Report in respect of which he was permitted to have his minutes recorded (Annex - I). The Board noted the factual position without prejudice to State Life's right to go in appeal or resort to any other judicial remedy.</p> <p>(3) The Board directed that the work of preparing Assets Register to match the physical inventory of all furniture, fixture, office equipment and vehicles, etc. should be speeded up. Mr. M.G. Hasan informed the Board that the work was in hand and would, Inshallah, be completed by the end of this year.</p> <p>(4) The Board expressed concern on the significant increase in the estimated liability of outstanding claims as on 31.12.1975 as compared to last year and directed that the pace of claims settlement should be expedited. Mr. Wdajahi informed the Board that the position was likely to improve in 1976.</p> <p>(5) The Board also expressed great concern on the increase in suspense account under the head 'Premiums and other Deposits' by about Rs.29 lac in 1975 over the figures of 1974. The Chairman desired that a systematic effort should be made to freeze the increase and to clear the outstanding suspense as quickly as possible. Mr. S.A. Walajahi informed the Board that Mr. S.M. Najmuddin, Manager(PHS), had been appointed to head a team of 8 PHS Officers to clear the suspense. The Board decided that Asstt:General Manager(Accounts), Chief, Internal Audit, and Mr. Najmuddin should coordinate and assess the staff requirements of this team and if more staff was required, the Executive Director(F&A) would arrange this additional staff. The Board directed that the team should work under the direct supervision and control of Mr. Majeeduddin Khan, Chief, Internal Audit and submit Monthly Progress Report to Chairman through the ED(F&A) under advice to ED(PHS).</p> <p>(6) The Board directed that detailed statements of 'loans on personal security' amounting to Rs.4.33 lac and 'other loans' amounting to Rs.5.35 lac be prepared. If the loans are doubtful of recovery, sufficient provision should be made in the accounts.</p> <p>(7) The Board noted that there has been very insignificant movement in the recovery of Agents' Balances. Mr. M.G. Hasan informed the Board that these balances mostly related to EFU component of pre-nationalisation days. The recovery was slow because the debts were unsecured and many of the debtors were not traceable.</p>			

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- The recovery instalments were so small that the progress was bound to be negligible. The balances were also linked with our pending claims before the Insurance Appellate Tribunal. The Board directed ED(F&A) to analyse the balances and place a report before the Board for consideration at its next meeting.
- (8) The Chairman expressed his concern over the very slow pace of recovery of the dues of the Corporation. The interest, dividends and rents outstanding had shown substantial increase. He directed the AGM(Inv) to prepare a detailed study of the Corporation's dues. If the increase was due to weak follow up, he should streamline the follow up procedure and take urgent measures to recover the dues. He should also keep a close watch on the progress of recovery and see that there is no let up in the drive.
- (9) The Chairman advised the ED(F&A) to streamline the procedure for the recovery of loans from field workers and introduce a reporting system through which he may be able to keep watch on the recoveries made by the Zonal Accountants.
- (10) The Chairman explained that the fixed deposits had shown increase over the last year due to conversion of certain low income-yielding securities under the buy-back arrangements with the high interest-carrying bank deposits as well as deposits placed in banks by way of quid pro quo for certain loan facilities provided by banks to our staff and field workers. The investment in fixed deposits was in excess of 10% statutory maximum limit. On account of this the Corporation's investments had slightly fallen short of Section 27 requirements. Mr. Samee-ul-Hasan suggested that the Corporation should increase its investment in the GTDRs. The Chairman observed that the Corporation was religiously following the policy of diverting 80% of all new funds and all maturing cash deposits to the GTDRs. Although this reduced the return on the life fund, it was in line with the directives given by the Government.
- (11) The Board agreed that the adverse cash flow position of the Corporation on account of fall in the first year premium income, alarming increase in surrenders and policy claims should be brought to the notice of the Government.
- (12) The fall in business, indicated that Managers and Deputy Managers engaged on development work had not proved effective in promoting sales. The Board directed that performance of Managers and Deputy Managers in the Sales & Development be regularly reviewed. The EDs(S&D) should report to the Board at its next meeting what steps they had taken to reorganise, strengthen and streamline the Sales and Development Department.

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(13) Mr. M.G. Hasan pointed out that there was over 24.2% increase in the closing cash in hand as shown in the Balance Sheet, the figure being Rs.2,31,65,337/- as against Rs.1,86,49,190/- as shown in 1974. He observed that these figures create the impression that we had no policy with regard to our cash requirements. As a matter of fact the bulk of the cash in hand consisted of cheques under collection since we were issuing FPRs against cheques and considerable business was done in the month of December. He, therefore, suggested that we should show cheques under collection separately so that there is no misunderstanding about our cash position. The Board directed that the matter should be discussed with the auditors and if they had no objection, the cheques should be shown separately.

After discussion, the Board approved the 1975 Accounts and passed the following resolution:

RESOLUTION

"Resolved that:

- a) Pending the final determination of the amounts realizable, the following further provision be made in the 1975 Annual Accounts in respect of balances in the books of the Corporation:-
 - i) For Bad and Doubtful :
Debts. Rs.25,68,134
 - ii) For Staff Gratuity Rs.19,72,267 in
addition to Rs.37,71,300
already made in the
previous years.
- b) Recoveries of certain outstanding amounts under the head 'Loans on Mortgages' for which provision had been made in the last year's accounts, be written back to the extent of Rs.8,19,479.
- c) To bring the book value of quoted and other investments in line with their market value, the excess provision of Rs.1,42,87,522 be written back;
- d) The amount of compensation payable under Article 39 of the Life Insurance (Nationalisation) Order, 1972 to the insurers whose life insurance business has been nationalised and vested in the Corporation, is not properly chargeable to the Life Fund. Therefore, the entire amount of compensation (Rs.1,12,00,000/-) written off in the two preceding years and charged to the Life Fund, be written back and included in this year's income;

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<p>c) an amount of Rs.26,88,566 be appropriated from the Life Fund towards the Federal Government's share of surplus under Article 31 of the Life Insurance(Nationalisation) Order, 1972;</p> <p>f) the third accounts of the Corporation incorporating the above stated provisions and charges for the year 1975, initialled by Messrs. A.F. Ferguson & Co. and Messrs. Ford, Rhodes, Robson Morrow, Chartered Accountants and placed before the Board be and are hereby approved and Chairman and Directors present may affix their signatures to the accounts.</p> <p>g) A copy of the approved accounts together with Directors' Report be forwarded to Federal Government after the Auditors have affixed their full signatures to the Accounts."</p>			
<p>After the passage of the above Resolution by the Board, the Balance Sheet, and the Revenue Accounts together with certificates appended thereto, the notes to the Accounts and Form "AA", were duly signed by the Chairman and the Directors present.</p>			
<p><u>ITEM NO. IV.</u> To consider appeal of Sayed Khurshid Alam, Deputy Manager(Training), Peshawar, against <u>his dismissal from State Life service.</u></p>			
<p>The Board considered the appeal for reinstatement of Sayed Khurshid Alam, Deputy Manager(Training), Peshawar, who has been dismissed, and decided to appoint a Committee consisting of the following, to look into the appeal and to make recommendations to the Board at its next meeting:-</p>			
<p style="text-align: center;">Mr. D.M. Quraishi Chairman Mr. P. Sequeira Director Mr. Samee-ul-Hasan Director</p>			
<p><u>ITEM NO. V.</u> To consider for approval incentive bonus for <u>1976 for Area Managers on reduced emoluments.</u></p>			
<p>The Board was informed that the Area Managers in 'A' category who had been retained on reduced emoluments by virtue of having completed 70% of their quota in 1975, had represented against payment of incentive bonus @ 1½% of FYP w.e.f. 1.1.1976 on completion of full quota on the plea that while they were required to complete Rs.7 lac FYP during 1976, their rate of incentive bonus was identical to the one prescribed for Area Managers in 'B' category. They had pointed out that since their emoluments had already been reduced due to non-fulfilment of their annual quota in 1975, they should be kept at par with the Area Managers in 'A' category in so far as the rate of incentive bonus was concerned i.e.@ 2% of FYP in 1976.</p>			
<p>2. The Board felt that the demand was justified and therefore, decided that the Area Managers in 'A' category who completed their full quota during 1976, inspite of last year's deficit, are entitled to receive incentive bonus @ 2% out of which 1½% is payable since 1.1.1976 and the balance ½% on completion of full</p>			

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quota during the year. The Zonal Heads will ensure that before the difference in bonus rates is released, necessary adjustments in recoveries will be made in respect of outstanding debits, etc.

ITEM NO. VI. To consider the contracts of appointment of Col.N.A. Ansari(Rtd.) and Mr.Majeed Uddin Khan.

The Board confirmed the contracts of appointment of Col. N.A.Ansari(Rtd.) as Dy.General Manager(Administration) and Mr. Majeed Uddin Khan as Dy.General Manager, Internal Audit Department.

ITEM NO. VII. Ex-gratia payment to office bearers of Employees' Federation.

The Board approved ex-gratia payment to the office bearers of the Employees' Federation who visited Karachi from the up-country to take part in the negotiations following the expiry of agreement on 31st December 1975 and also for explaining their case to the Wage Commission for Insurance Employees. The Board also authorised the ED(F&A) to make ex-gratia payment to those office bearers of the Federation whose names could not be included in the Memorandum prepared by the ED(F&A) for the purpose and whose period of stay in Karachi was treated as leave without pay.

ITEM NO.VIII. To consider declaration of Special Non-recurring Reversionary Capital Gains Bonus to the Policy-holders @ Re.1/- per thousand sum assured.

The Board considered Chairman's proposal based on a report by the consulting actuaries for a Special Non-recurring Reversionary Capital Gains Bonus at the rate of Re.1/- per thousand sum insured to all "with Profits" Pakistan Rupee policies in force for the full sum assured as at 31st December, 1976 on the basis of Capital gains of Rs.26.72 lacs realised during the year 1976. The Chairman clarified that this bonus would form part of the statutory bonus distribution as at 31st December 1976, but the Actuaries would have no objection if State Life decided to make an earlier announcement of its intention in clear and unambiguous terms.

2. The Board felt that the declaration of bonus in the later months of the year would give a definite business advantage. The Board accepted the proposal in principle but decided that the announcement should be carefully drafted so that no impression is created that the bonus is in any way connected with terminal bonus announced by some insurers in the pre-nationalisation days out of unrealised book appreciation in investments. The Board further decided that the date of declaration of the bonus would be left to the Chairman.

ITEM NO. IX. Proposal to act as Chief Agent for the sale of houses intended to be constructed by Pakistan Management Corporation at Islamabad for Pakistanis living abroad.

The Board was informed that Pakistan Management Corporation Limited(PMC) promoted by Mr. Latif Ebrahim Jamal and others, had initiated a scheme for construction of houses in Islamabad,

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Lahore, Lyallpur and Karachi by Pakistani's living abroad and a proposal had been received that State Life should act as Chief Agent for booking of these houses and also take over the sub-agents appointed by the PMC at a commission of 1%. The State Life had informed the PMC that it would be willing to act as sole agents of the PMC for UK, other European countries and Middle East at a commission of 5%. The PMC had replied that it would not be possible for them to pay commission in excess of 1½% for their first project in Islamabad due to the fact that only a commission of 1½% had been built into the proposed cost of the houses. However, the PMC had agreed to reserve a chief agency commission of 5% for all their future schemes in Lahore, Lyallpur and Karachi.

2. The Board was informed that the State Life could spend the income so earned on development of its overseas business. The scheme would also act as an extra aid to the selling of life insurance. Further, the State Life would be able to provide housing loans to the buyers of houses and arrange repayment by way of endowment life policies. Where financing was arranged through HBFC and/or commercial banks, the borrowers would be required to take out Mortgage Protection Policies from State Life.

3. The Board considered the proposal at great length in the course of which several questions were raised about the economics of the scheme, status of the agents and payment of commission to them, legal relationship between the parties. etc. The Board finally decided that a letter of intent be issued to the PMC and directed Mr. S.A. Walajahi to study the proposal in depth, obtain full information and thus furnish a report to the Chairman, particularly on aspects involving UK laws, including the terms settled by PMC with its sub-agents and their impact on State Life. Subject to this the Board approved the proposal on the following terms and conditions:

- i) The Chief Agency Commission would be 1½% of the total cost of the house payable in lumpsum immediately after the acceptance of an application by Pakistan Management Corporation Limited in respect of the Islamabad project. The commission would be 5% of the total cost of the house in respect of the projects proposed to be set up in Karachi, Lahore and Lyallpur. In case of escalation in cost of house the balance of commission would be paid to State Life immediately after the last instalment is received from the buyer.
- ii) State Life will take over the sub-agencies already appointed by Pakistan Management Corporation Limited to whom we will pay sub-agency commission out of our chief agency commission upto a maximum of 1% of the cost of a house in respect of the Islamabad project. Sub-agency commission in respect of the other proposed schemes would be negotiated by State Life with the sub-agents.
- iii) From the date we agree to act as Chief Agents, Pakistan Management Corporation Limited will cease to appoint any fresh sub-agencies and all appointments, terminations etc. in respect of sub-agents will be made by the State Life.

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- iv) The State Life will separately and independently examine each request for a loan, endowment life policy strictly on merits and it shall be made clear that the mere canvassing and booking of orders for the houses by State Life would not guarantee that the prospective house owner would be allowed loan facility or sold mortgage protection insurance.
- v) State Life will lay down from time to time the terms and conditions of loan relating to the amount, rate of interest, schedule of repayment, security etc, keeping in view the provisions of Insurance Law and the policies framed from time to time by the Corporation.
- vi) Expenses on publicity, postage, travelling, stationery and other office expenses for introducing the scheme, canvassing orders and booking of house will be borne entirely by State Life out of their Chief Agency Commission.

The Board also approved a token participation of Rs.5,000/- in the equity of the Pakistan Management Corporation Limited.

ITEM NO. X. (i) Inv-47/76: Enhancement of rent of the premises occupied by IDBP.

The Board considered a note which indicated that the Industrial Development Bank of Pakistan (IDBP) were occupying a space of over 43,009 sq. feet in the State Life Building No.2 On the expiry of the 3-year lease on January 14, 1976, the State Life had offered the IDBP to renew the lease for a further period of 3 years at enhanced rental of Rs.24.89 lac per annum including the service charges (previous rental being Rs.13.13 lac). Unwilling to accept this increase, the IDBP had requested for review. After negotiations it was decided to make a reduction of 50 paise per sq. foot exclusive of service charges. In other words, the revised rental amounted to Rs.22.31 lac including the service charges. The Managing Director of the IDBP stated that the Board of Directors of the IDBP considered the increase as "quite high and unjustified". He had, however, offered to take the matter again to the Board for reconsideration if the State Life were agreeable to grant further 'reasonable concession'.

2. The Board decided that in view of increase in maintenance costs, it would not be possible for State Life to give any further concession in the rent as requested by the IDBP. The Board authorised the Chairman to renew the lease if the IDBP accepted the revised rent as proposed by the Chairman and in the process point out to them that State Life had already made a big concession by agreeing to continue their tenancy even though the premises was needed by State Life for its own requirements following the integration of Beema Units and the decision to consolidate all State Life offices in one building as a measure of economy and efficient control.

3. The Board further decided that the Law Department should examine the status of all State Life Buildings as to the applicability or otherwise of the West Pakistan Urban Rent Restrictions Ordinance, 1959. If this Ordinance was not applicable to State

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<p>Life Buildings constructed after a certain date specified in the Ordinance, then our negotiating position with the IDBP will be strengthened. If necessary, the Law Department will also consult our senior Legal Advisor in this connection.</p> <p><u>ITEM NO. X. (ii) Inv-48/76: Approval of sub-underwriting commitment of the public portion of the right shares being issued by KESC.</u></p> <p>The Board was informed that the matter of State Life's participation as sub-underwriter in the public portion of the right issue of the KESC to the extent of Rs.6.4 lac shares of Rs.10/- each had been referred to and approved by the Executive Committee subject to the decision being ratified by the Board of Directors at its next meeting. Although the Executive Committee was not authorised to approve this investment, the matter was referred to the Committee in view of its urgency. The case was accordingly being put up for confirmation of the Board.</p> <p>2. The Board was further informed that the letter of commitment in respect of the sub-underwriting arrangement had already been issued. However, in the meanwhile the management and control of the KESC had been transferred by the Federal Government to the Provincial Government. The Provincial Government and its agencies namely, KDA, KMC owed over Rs.2 crore to the KESC and the agencies of the Federal Government owed another about Rs.3 crore.</p> <p>3. In view of State Life's already large commitment in the KESC's equity capital, the Board decided that State Life may go slow in the matter and, if possible, refrain from participation in the sub-underwriting of KESC's right issue of share capital.</p> <p><u>ITEM NO. X. (iii) Inv-49/76: Re: Extension of bridging loan facility to Moonlite(Pak)Ltd., against debenture purchase commitment made by the State Life.</u></p> <p>The Board was informed that the Executive Committee had approved the underwriting of the rights issue of convertible debentures of Moonlite(Pak)Ltd., to the extent of Rs.5 lac. The Company had approached the State Life to provide bridging finance facility against its underwriting commitment for the interim period pending issue of rights debentures. The bridging advance would be covered by the same security as had been stipulated by the Executive Committee for the debentures, namely, first mortgage on fixed assets and a floating charge on current assets of the company.</p> <p>2. The Board approved the provision of bridging loan advance facility to the extent of Rs.5 lac against State Life's commitment of the rights issue of convertible debentures of Moonlite(Pak)Ltd. on the usual terms and conditions.</p> <p><u>ITEM NO. X. (iv) Inv-50/76: Re: Revision of terms of financing of Regal Ceramics Limited.</u></p> <p>The Board was requested to recall the financing arrangement approved by it in respect of Mansoor Textile Mills Ltd., debenture issue. Under the arrangement State Life had subscribed to the debentures of Mansoor Textile Ltd., to the extent of Rs.10 lac</p>		

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and subsequently renounced the debenture allotment letter in favour of Habib Bank Limited. Simultaneously with the delivery of the renounced letter of allotment, Habib Bank issued in favour of State Life, Deposit Growth Certificate equal to the cost of debentures and other receivables from Mansoor Textile. In addition to the interest @ 11.75% per annum on the Deposit Growth Certificate, State Life received a discounting commission @ 1.25% per annum (in advance for 7 years) to provide an effective yield of slightly over 13% per annum on its investment for a period of 7 years.

2. The Board was informed that that was a novel arrangement and beneficial to State Life. However, such arrangements were going to further disturb the State Life's investment in fixed deposits which were already in excess of the 10% maximum statutory limit. Nevertheless, the amounts were likely to be few and far between and small in overall quantum.

3. The Board approved the provision of a debenture loan of Rs.8 lac to Regal Ceramics Limited under the new arrangement, on the following revised terms and conditions:-

- a) State Life together with other financial institutions will be signatory to the debenture loan agreement.
- b) Regal Ceramics Limited will issue State Life an Allotment Letter in respect of debentures of the face value of Rs.8 lac.
- c) On a request by the sponsors, State Life will disburse the funds against its debenture purchase commitment of Rs.8 lac through United Bank Limited on receipt of letter of allotment.
- d) Simultaneously, United Bank Limited will make a request for the purchase of debentures from State Life against payment of a discounting commission equivalent to the differential of the coupon rate on the debentures (13%) and the compound rate of return offered on cumulative deposit growth certificates (11.75%) viz 1.25% per annum over the term of debentures.
- e) State Life will place in cumulative growth certificate an amount equal to the face value of debentures, project examination fee, commitment fee, and discounting commission for maturity similar to that of the proposed debentures.
- f) There will not be linkage between the debentures and the cumulative deposit certificate.
- g) State Life will withdraw the funds deposited together with interest from the bank at the time of maturity of the deposit.

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<p>4. The Board further decided that in all such cases where State Life agreed to provide debenture loan against bank guarantee and it was not possible for the borrowers to arrange the requisite bank guarantee, the Chairman should decide the provision of finances under the aforesaid arrangement without making a reference to the Board.</p>		
<p>(v) <u>Inv-51/76</u> - <u>Right Issue of Shares of ICP.</u></p>		
<p>The Board was informed that the Investment Corporation of Pakistan (ICP) intended to raise its paid up capital by issuing right shares in the proportion of 1:1 to the shareholders and had accordingly offered to State Life to subscribe to 1,14,500 ordinary shares of Rs.100 each amounting to Rs.1,14,500 at par value by October 20, 1976. The Board noted that the earlier investment inherited by State Life in the equity capital of ICP had yielded little return and the future prospects of any reasonable income did not appear to be encouraging owing mainly to (i) the continuance of huge subsidy by ICP to the mutual funds in the form of diversion of sound and dividend yielding scrips from ICP portfolio to the portfolios of mutual funds for maintaining high rates of dividends to the fundholders, (ii) the restrictions placed by the Government on the distribution of profits until retained earnings of ICP do not equal the amount of interest on government loans invested by the Corporation in companies located in Bangladesh, (iii) mounting defaults on bridging loans, buy-back investments and debenture loans and (iv) persistent erosion in ICP's portfolio on account of prolonged spell of bearishness on the stock market.</p>		
<p>2. In view of the above adverse factors, the Board decided not to exercise the option for subscription to the 1,14,500 right shares of Rs.100 each offered by ICP. The Board further decided that the matter should be formally brought to the notice of the Ministry of Commerce.</p>		
<p>(vi) <u>Inv-52/76</u> - <u>Re: Application of Gul Ahmed Textile Mills Ltd., for a debenture loan.</u></p>		
<p>The Board was informed that Gul Ahmed Textile Mills Ltd., Karachi, had applied to State Life for purchase of its convertible debentures of the nominal value of Rs.1 crore out of the total debenture issue of Rs.2 crore. The proceeds of the debentures were proposed to be utilised to meet a portion of the local currency cost of the company's project for expansion, balancing and modernisation of its cloth finishing facilities located at Karachi. The operating performance of the company had been satisfactory in the past. The projections of sales and profits indicated that the operating and the financial position would be sustained at satisfactory levels in the coming years. The internal generation of cash was expected to be sufficient to allow dividend distribution and debt servicing.</p>		
<p>2. The debentures offered by the company would qualify as 'approved investment' for purposes of Insurance Act, 1938.</p>		
<p>3. The Board, therefore, approved the State Life's subscription to the convertible debenture issue of Gul Ahmed Textile Mills Ltd. to the extent of Rs.1 crore on the following terms and conditions:-</p>		

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- 1) Project examination and professional assistance fee @ $\frac{1}{2}\%$ of the nominal amount of debentures to be taken up by State Life.
- 2) Commitment charge @ $1\frac{1}{2}\%$ per annum payable quarterly on the principal amount of debentures remaining undisbursed from time to time, commencing after 30 days from the date of sanction letter following approval by the State Life's Board of Directors.
- 3) Interest @ $3\frac{1}{2}\%$ above the Bank Rate, payable half-yearly.
- 4) Additional interest @ 2% over and above the rate of interest specified at (3) above on all sums remaining unpaid on due dates.
- 5) State Life will have the option to convert 20% of its debenture loan into ordinary shares at par value any time, during the currency of the loan in accordance with the rules approved by the Controller of Capital Issues.
- 6) Security to be first mortgage on all present and future fixed assets and a floating charge on current assets of the company.
- 7) Redemption to be in twelve half-yearly instalments after a grace period of two years.
- 8) Prior to the disbursement of the debenture loan:
 - a) the company to furnish evidence that commitments have been received from other institution(s) for the balance amount of debentures (Rs. one crore).
 - b) the company to produce consent order of the Controller of Capital Issues for issue of debentures.
 - c) the company to appoint Trustee to the debenture Trust Deed with the prior approval of State Life.
- 9) The State Life's commitment for the debenture loan will remain valid for one year from the date of sanction by its Board.
- 10) The company to furnish quarterly report on the implementation of its project and information on its operations as and when required by State Life.
- 11) Such other terms and conditions as State Life may prescribe.

(vii) Inv-53/76 - Re: Application of Amanat Leather Industries Ltd., for a debenture loan of Rs.8 lac.

The Board was informed that Amanat Leather Industries Ltd., had requested State Life for an additional debenture loan of Rs.8 lac to meet the cost of overruns of its project. State Life



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had already participated in the Company's previous debenture issue to the extent of Rs.5 lac. The debenture subscribed by State Life earlier were backed by a bank guarantee.

2. The State Life had required the company to arrange bank guarantee for the additional debenture loan of Rs.8 lac also. While the company had earlier indicated its willingness to arrange a bank guarantee, it had later informed State Life that it was not possible for them to arrange a bank guarantee in view of a policy decision taken by the Pakistan Banking Council not to provide guarantee to secure the debenture loan proposed to be arranged by the State Life. In view of this situation, it was proposed that State Life consider providing an additional debenture loan of Rs.8 lac to Amanat Leather Industries Ltd., on arrangements similar to those agreed in respect of Mansoor Textile Mills Ltd., and Regal Ceramics Ltd. The Board approved the provision of additional debenture loan of Rs.8 lac to Amanat Leather Industries Ltd., on the following terms and conditions:-

- a) State Life together with other financial institutions will be signatory to the debenture loan agreement.
- b) Amanat Leather Industries Ltd. will issue State Life an Allotment Letter in respect of debentures of the face value of Rs.8 lac.
- c) On a request by the sponsors, State Life will disburse the funds against its debenture purchase commitment of Rs.8 lac through a Bank on receipt of letter of allotment.
- d) Simultaneously, the bank will make a request for the purchase of debentures from State Life against payment of a discounting commission equivalent to the differential of the coupon rate on the debentures (13%) and the compound rate of return offered on cumulative deposit growth certificates (11.75%) viz 1.25% per annum over the term of debentures.
- e) State Life will place in cumulative growth certificate an amount equal to the face value of debentures, project examination fee, commitment fee, and discounting commission for maturity similar to that of the proposed debentures.
- f) There will not be linkage between the debentures and the cumulative deposit certificate.
- g) State Life will withdraw the funds deposited together with interest from the bank at the bank at the time of maturity of the deposit.

ITEM NO. XI.Power of Attorney to the Zonal Heads

The Board approved the form of the General Power of Attorney as proposed by the Executive Director (F&A) and annexed to these Minutes (Annex II) and directed that the General Power of Attorney should in future, be granted to the

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officers of the Corporation on their appointment/designation as Zonal Head. In this connection the Board passed the following resolution:-

RESOLUTION

"Resolved

1. That the officers of the Corporation appointed/ designated as Zonal Heads from time to time may be granted a General Power of Attorney in form and substance placed before us and annexed herewith which is hereby approved;
2. That the Chairman and the Executive Director(Admn) of the Corporation may, from time to time, execute on behalf of the Corporation the said General Power of Attorney and have the common seal of the Corporation affixed thereto in their presence."

"Further resolved that in sub-delegating any authority in respect of State Life Employees, the Zonal Heads will follow the direction of the Chairman and/or of the Executive Director(Administration) of the Corporation, which he may issue from time to time regarding the nature and scope of powers to be so delegated.

ITEM NO. XII. To consider ex-gratia payment under Group Policy issued to Dawood Group of Industries.

The Board discussed the reference received from the Cabinet Division for consideration of ex-gratia payment to Mst. Bibi Khela whose husband was a security guard in Karnaphuli Paper Mills, Chittagong and was killed during the disturbances in former East Pakistan. Briefly the fact are that Dawood Group of Industries had taken group insurance policies with their Central Life Insurance Company for a period of 3 years with effect from 14th November 1970. The first yearly premium of Rs.51,846.50 was paid on 16.11.1970. The second year's premium became due on 14th November, 1971. A cheque for Rs.59,242.75 was received on 31.12.1971 by the erstwhile insurer together with a letter wherein it had been stated that the names of the remaining employees proposed to be covered under the group policy would be forwarded in due course. The excess premium of Rs.10,912.50 was kept in "suspense" with the Central Insurance which after nationalisation, continued to remain in the "suspense" account of State Life. A list containing the names of 126 new employees of Dawood Industries Ltd., Chittagong, was received by the Trustee, Central Insurance Company on 3rd April, 1972. No action was, however, taken on the basis of that letter as the 126 new employees at Chittagong were stationed in the territory which had been occupied by the "enemy" and could not be covered under the group insurance cover by Central Insurance at that time. In December 1973, Dawood Group of Industries lodged 4 claims for an aggregate amount of Rs.60,000 on the lives of 4 security guards posted at Karnaphuli Paper Mills, Chittagong. The claims were repudiated by State Life as the employees of Karnaphuli Paper were not covered. Moreover, as per the policy conditions,

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Karnaphuli Paper Mills were obliged to inform Central Insurance Company about the eligibility of each of the employees within 31 days after becoming eligible which was also not done by the Mill management.

2. One of the claimants, Mst. Bibi Khela approached the Cabinet Division with a request to help her in getting her claim settled. The Cabinet Division moved the matter through the Director, Labour, Sind. The matter was explained to the entire satisfaction of the Director, Labour, Sind as well as the Cabinet Division.

3. The Cabinet Division has now approached State Life for reconsideration of the case on compassionate grounds and settlement on ex-gratia basis as the deceased sacrificed his life in the defence of Pakistan.

4. The Board while fully appreciating the underlying intentions for an ex-gratia settlement felt that a deviation from the legal stand already taken after careful consideration would apart from not being confined to the instant case alone, force the Corporation to consider similar circumstances and also possibly invite requests from others.

5. The Board, therefore, regretfully came to the conclusion that any ex-gratia payment to Mst. Bibi Khela in the circumstances was not desirable and accordingly declined the request of the claimant for ex-gratia payment.

ITEM NO. XIII. Budget Performance for six months ended June 30, 1976 and supplementary grant for 1976.

The Board considered the note from the Executive Director (F&A) showing the variances on the income and expenditure figures for the first six months of 1976 as compared with the budgeted figures and the corresponding figures for the first six months of 1975. The Board noted that these variances in the budget estimates for 1976 were due to incomplete data and inability of the Zones to present correctly their income and expenditure projections for 1976 arising out of the integration of the 3 Beema Units. Although the overall position of the Corporation in regard to expenditure for the period ended June 30, 1976 was well within the budget, there were some heads of expenses which showed an increase over the budget provisions for 6 months on a proportionate basis. Among these were salaries and allowances (Rs.2.50 lac), staff welfare (Rs.2.53 lac), rest and recreation allowance (Rs.4.88 lac) and motor-car expenses (Rs.3.79 lac) etc. There were also other heads of expenditure where the excess expenses in one Zone were set off against lower expenses under the same heads in other Zones or the Principal Office. It was noted that the expenses on salaries and allowances and staff welfare showed an increase compared to the budgeted figures for 1976 as they were apparently based on inadequate data at the time the budget for 1976 was prepared. The expenses in the second half of 1976 on these accounts were expected to show a downward trend due to staff transfers to EOBI and resignations. It was also observed that rest and recreation allowance for the first six months had been availed by the staff to a greater extent than anticipated and it was hoped that the trend would be arrested in the second half of the year.

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2. Having considered the requirements of the Principal Office and the Zones for the remaining six months in the context of the expenses actually incurred for the first half of 1976, the Board approved an additional grant of Rs.22.50 lac for 1976 as follows:-

Salaries and Allowances	Rs. 8.00 lacs
Rest & Recreation Allowances	Rs. 3.00 lacs
Motor-car expenses	Rs. 7.50 lacs
Medical Fee and Policy	
Stamp Expenses	Rs. 4.00 lacs
	<hr/>
	Rs.22.50 lacs

3. The Board also authorised reallocation of expenses under various heads in the annual budget for 1976 between the Zones and the Principal Office.

ITEM NO. XIV. Revision of T.A. and D.A. Rules.

The Board considered the Memorandum of the Executive Director (Finance & Administration) stating that the present TA/DA Rules of the Corporation, framed in 1973 but based mostly on pre-1973 Government TA/DA Rules had become out of date due to considerable rise in hotel charges. This was impeding the development activity and posing serious problems. The Government had already revised its TA/DA Rules and now a Government servant gets a reasonable amount of TA/DA than a State Life officer. In addition, a Government servant is entitled to stay in a Guest House at a nominal rent of Rs.3/- per day. In the case of State Life, the DGMs and AGMs are allowed an allowance of Rs.40/- per day or actual boarding and lodging expenses in a single room of an appropriate hotel with the previous approval of the Chairman or the Executive Director(Admn). As against this, an employee of Grade 12 to 15 is only eligible to payment of an allowance of Rs.35/- per day which is totally unrealistic and wholly inadequate for him to meet the expenses of his stay even in a modest hotel. This anomaly is creating dissatisfaction among the employees and forcing them to be out-of-pocket while on official tours.

2. It was conceded that daily allowance as defined in the Service Regulations is meant to cover the actual expenses incurred by an employee on tour and is not to be a source of profit but the limit fixed was too inadequate having regard to the high cost of boarding and lodging particularly in big cities. The Chairman and the Executive Director(Admn) had originally discretion to allow reimbursement of actual expenses to Area Managers, AGMs and DGMs. The discretion in respect of Area Managers was no longer there in view of the fact that the whole scheme of the Area Managers was under review. However, the fact remains that an Area Manager is equal in grade to that of a Deputy Manager. If an Area Manager could be authorised to claim reimbursement of actual boarding and lodging expenses, why not a Manager or a Dy.Manager. The position is obviously anomalous.

3. The Board decided that a survey of boarding and lodging expenses should be carried out in all important cities in respect of various hotels. Based on this survey, limits should be fixed



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for different categories of officers for reimbursement of actual boarding and lodging expenses incurred by them while on official tour. The maximum limits may be reviewed from time to time with changes in the hotel rates at various stations. The Chairman and the ED(F&A) may use their discretion to allow reimbursement of expenses actually incurred by employees while on official tours subject to any maximum limits that they may like to fix in this behalf. Meanwhile, the Chairman may advise the Government of the steps being taken to meet the situation pending revision of the Corporation's New TA/DA Rules.

ITEM NO. XV. Claim of Mr. S.M.A. Shah, Zonal Head, Peshawar in respect of O/R commission, bonus and certain other payments.

The Board considered a representation from Mr. S.M.A. Shah addressed to Minister of Commerce for settlement of his outstanding claims relating to pre-nationalisation period.

2. The Board noted that his claims consisted of the following amounts:-

A) On account of O/R commission and Incentive Bonus	... Rs. 38,403.80
B) On account of payments drawn and debited to his account but not actually received by him.	... Rs. 15,275.00
	Total Rs. 53,678.80
Less: Amounts recoverable on account of O/R commission, interest and Bonus Accounts.	Rs. 7,531.99
	Rs. 46,146.81
Less: Amount paid by the former 'C' Units.	Rs. 10,000.00
	Rs. 36,146.81

2. The Board noted that the above figures were arrived at by Mr. Jamiluddin, then Internal Auditor of 'C' Beema Unit, in February 1974 following his examination of accounts and records in Rawalpindi Zonal Office with the assistance of Mr. Shah himself and Mr. Mufti, the then Zonal Accountant. The Board also noted that the above claims had been scrutinised by a Standing Committee appointed by the then General Manager of 'C' Beema Unit for the purpose of determining the claims of field executives, relating to the pre-nationalisation period.

3. The former General Manager of 'C' Beema Unit informed Mr. S.M.A. Shah under legal advice that while his claim for Rs.15,275/- on account of payments purportedly drawn and debited to his account but not actually received by him needed further support by way of photostats of documents, etc., his claim to the extent of Rs.18,180/34 was barred by limitation and the net amount payable to him was Rs.12,822/47 only. Out of this, an amount of Rs.10,000/- had already been paid to him and the balance of

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Rs.2,822/47 would be paid to him after clearance by the Principal Office.

The Board discussed the matter at length and felt that as the authenticity and correctness of Mr. Shah's claim for Rs.53,678.80 had not been disputed, but rather confirmed by responsible officers, Corporation should not adopt a purely legal approach to the problem by invoking limitation. He had earned these amounts and we should not withhold the payment on the ground of limitation. The question of limitation is also not clear as the Minutes prepared by Mr. Jamiluddin had been signed by all the three officers including Mr. Shah and thus a commitment had been made that the amount would be paid to him. Under the law, limitation revives from the date the debt is re-acknowledged. The Board, therefore, decided to accept Mr. Shah's claims as determined in toto as detailed in the Minutes prepared by Mr. Jamiluddin. The Board directed that payment to Mr. Shah should be made subject to adjustment of any advance that he may have drawn and the dues recoverable from him. Mr. Shah should give an undertaking that he has no claim against State Life in respect of claims made by him before the Special Standing Committee.

ITEM NO. XVI. Salary Savings Scheme.

The Board took up consideration of the Salary Savings Scheme. Mr. Samee-ul-Hasan observed that the Salary Savings Scheme had a great potential for the State Life. In India, over 22% of the business of LIC was written through this scheme.

2. The Board approved the introduction of the Salary Savings Scheme drawn up by the Actuarial Department as a new addition to the existing plans of insurance.

ITEM NO. XVII. Stipendary Scheme for the full time Sales Representatives.

The Board considered the Memorandum of ED(S&D) South dated 19.10.1976 and approved the following amendments to the existing Stipend Scheme for full time Sales Representatives:

- (a) Stipendary Sales Representatives may be inducted into the Scheme after completion of one week's training prescribed for other agents and after passing the required test.
- (b) The Stipendary Sales Representatives should undertake in writing to successfully complete training of 3 to 5 weeks duration within 6 months of his induction into the Stipend Scheme.
- (c) The payment of stipend will continue during the period of training (other than during the course of one week's initial training which is a requirement of his induction into the Scheme) provided he fulfils conditions G&I of the Scheme relating to the production of minimum first year premium income and Work Programme.

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2. Pending the full review of the Stipend Scheme in consultation with the proposed Field Consultative Committee, as envisaged in Chairman's Circular dated 26.5.1976, the Board decided to defer the decision in regard to proposal made in Para 5 of the said memorandum (Annex III).

ITEM NO. XVIII. Introduction of a New Plan of Insurance.

The Board approved in principle the introduction of a new Plan of Insurance as described in the annexure to the memorandum dated 19.10.1976 submitted by ED(S&D) South & Overseas subject to such modifications as may be finally agreed by the Consulting Actuaries as a result of consultations with the Zonal Heads and the Field Workers.

ITEM NO. XIX. Regularisation of appointment of Mr. Nisarul Imam and Mr. Abdul Aziz Arain as Area Managers 'A' Category.

The Board considered the memorandum dated 21.10.1976 by Executive Director(S&D) South and Overseas and approved the regularisation of the appointments of Mr. Nisarul Imam and Mr. Abdul Aziz Arain as Area Managers in category 'A' w.e.f. 1.10.1975, as recommended by him.

ITEM NO. XX. Any other item with the permission of the Chair

A) Rural Insurance Project at Sahiwal.

The Board noted that the continuation of the Rural Insurance Pilot Project at Sahiwal was initially for a period of one year and decided to formalise its continuance until 31.12.76.

2. The Board decided that before 31.12.1976 a complete reappraisal of the said project in the context of rural insurance generally should be undertaken in order to decide the future course of action in regard to the same and other projects, if any.

3. The Board further decided that the entire matter regarding the services of Mr. Tahawar Ali Khan, Project Manager and others associated with the pilot project should be discussed between the ED(F&A) and ED(S&D) North and their proposals should be placed before the Chairman for his early consideration and decision in the matter.

B) Scheme of Incentives to the Actuarial Students under Rule 8 of the Service Regulations.

The Board was informed that in order to attract and retain qualified staff in the category of actuarial students, it was necessary to provide built-in incentives to those employees who passed Actuarial subjects, under Rule 8 of the Service Regulations. The Board was of the view that since the matter encompassed the employees in other departments requiring professional qualifications, the matter be studied on an overall basis. The matter was, therefore, deferred.

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2. The Board authorised the appointment of one Assistant Manager and four Junior Officers in the Actuarial Department. The Board approved the appointment of one of these Junior Officers under Regulation 48, Mr. Amin Karachiwala, who is a British National, residing in Pakistan and who has applied for Pakistani Nationality.

C) i) Review of Performance of Area Managers for first half of 1976.

ii) Additional Incentives to Area Managers.

The Board considered the recommendations regarding the Area Managers contained in the minutes (Annex IV) of the Joint Meeting held on 8th/9th September 1976 of the EDs(S&D) with their Deputy General Managers, attached with the memorandum dated 26.10.1976 submitted by E.D.(S&D) South and Overseas and approved the recommendations of the joint meeting except the one relating to promotion of Area Managers from 'B' category to 'A' category on completion of the FYP of Rs.7 lacs.

D) Incentive Bonuses to 'B' Category Area Managers and their promotion as Area Managers in category 'A'.

The Memorandum dated 20.10.1976 from ED(S&D)South and Overseas were considered by the Board. The Board approved the proposal to increase the rate of incentive bonus from 1.5% to 2% of FYP to an Area Manager in 'B' category who in 1976 or thereafter completes the quota applicable to the 'A' category Area Manager.

2. As regards the recommendation for promoting a 'B' category Area Manager to the position of 'A' category Area Manager, the Board decided to refer the matter to a sub-committee consisting of M/s P. Sequeira, S.A. Walajahi and S. Hasan to examine this and any other proposal concerned with providing additional incentives to Area Managers in both 'A' and 'B' category.

E) Re: Amendment to Rule 39-C of the Insurance Rules.

The Board was informed that difficulties were being faced by the field force with regard to the operation of the amendment to Rule 39-C requiring an Employer of Agents to introduce atleast 4 Agents completing 3000 FYP each, in a calendar year before he becomes entitled to 50% overriding commission on the business completed by him as an Agent. It was pointed out that huge debits had arisen resulting from payments without strict compliance with this provision. Keeping in view the suggestions received from the field workers, the practical difficulties involved and the interests of the Corporation in regard to business development, the Board decided to recommend to the Government that Rule 39-C of the Insurance Rules be amended to cater for the following:-

"i) 25% business credit to the Employers of Agents should be allowed as per the original 39-C before amendment i.e. unconditionally and

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<p>ii) For the balance of 25% credit, Rule 30-C as it now stands may be made applicable."</p>		
<p>F) <u>Peshawar Convention 1977.</u></p>		
<p>The Board was informed that the decision to hold All Pakistan Convention at Peshawar in 1977 was communicated by the ED(S&D) to all the Zonal Heads in June 1976, who in turn announced the condition of eligibility for the Convention to the members of the field organisation. The Board was requested to:</p>		
<p>i) approve the dates of holding of All Pakistan Convention towards the 2nd or 3rd week of March, 1977 at Hotel Intercontinental, Peshawar.</p>		
<p>ii) Approve the budget of approximately Rs.7.50 lac and</p>		
<p>iii) Authorise the two E.Ds(S&D) to formulate the detailed rules and regulations of the Convention in consultation with the Convention Committee.</p>		
<p>iv) Authorise the two E.Ds(S&D) to implement the decision of the Board and to incur such essential preliminary expenditure not exceeding Rs.2 lacs as may be considered necessary by them in the current year.</p>		
<p>The matter was discussed at length and the Board felt that it was a good idea to hold a Convention and its announcement had already made an impact on business development. It was hoped that about 350 persons would qualify and considering the difficulties in the way of providing accommodation to the delegates and the economics of the Convention generally as arrived at by a Special Committee which was deputed to visit Peshawar, there appeared to be no alternative but to arrange the Convention to be held in Hotel Intercontinental and for all the delegates who qualify to be lodged in the same hotel. Further, the Chairman could approach the Pakistan Services Ltd. for further concessional rates. Mr. M.G. Hasan, ED(F&A) was of the opinion that the venue should be changed as the Hotel Intercontinental was a five star hotel and State Life's employees were precluded from availing themselves of the facility of five star hotels. If necessary, he would be in favour of holding the Convention elsewhere than in Peshawar. The other members, however, felt that it was not possible now to consider changing the venue firstly, because it had already been announced to the field and secondly, because it was desirable to project State Life's keenness to pay the attention to less developed areas. The members also observed that various other organisations held Conferences and Conventions in the Intercontinental Hotels, the most recent being the tri-partite labour moot held in Rawalpindi. Moreover, it was the workers who are to be provided hotel accommodation and they are not employees of the Corporation. As far as State Life's Directors and other officers were concerned, it was reiterated that none of them would stay in the Intercontinental Hotel.</p>		
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The Board, therefore, approved the holding of the Convention in Peshawar in or about March, 1977 in terms of paras (i) to (iv) above and authorised the two E.Ds(S&D) to make the necessary arrangements for holding the Convention in Hotel Intercontinenta 1 and for housing the delegates in the said hotel and incur such preliminary expenses as may be necessary, avoiding all waste and extravagance. The Chairman observed that he would mention this fact to the Ministry of Commerce and to the Minister in one of his communications.

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

K. L. S.
CHAIRMAN

*Confirmed
17/3/77.*

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ANNEX - INOTE OF MR. P. SEQUEIRA, DIRECTOR

With reference to the Statements of Accounts for 1975 presented to the Board for signature at the meeting on 21st October, 1976, I record with the permission of the Chairman and Board - for which I am grateful - my observations/reservations and/or factual position relating to 556 enemy shares of erstwhile ILACO and/or the amount of Rs.1,03,880 subject to which I have signed the said Accounts:

- 1) In view, inter alia, of the continued appearance of the note (Clause 6 of Auditors' Report) prefixed to the Accounts, I re-affirm and re-state the position relating to the above as per my minutes dated 4.11.1974 and 10.7.1975 pertaining to the Corporation's Accounts for the period ending 31.12.1973 and 31.12.1974 respectively as again applying to the accounts as at 31.12.1975.
- 2) I also state for the information of the Board that the Honourable Insurance Appellate Tribunal have, in their judgement dated 28.9.1976, dismissed the application 3-B of State Life.

October 26, 1976.

ANNEX - IIGeneral Power of Attorney

This General Power of Attorney is executed at Karachi this _____ year day of _____ in the year _____ by the State Life Insurance Corporation of Pakistan, constituted under the Life Insurance (Nationalisation) Order 1972, having its Principal Office at State Life Building No.2, Wallace Road, off I.I.Chundrigar Road, Karachi, (hereinafter referred to as the "Corporation" which expression shall unless excluded by or repugnant to the context be deemed to mean and include its successor-in-interest and assigns) in favour of Mr. _____, (religion), adult, appointed as a Zonal Head of the Corporation, hereinafter referred to as the "Attorney".

WHEREAS for the purpose of facilitating transactions of the business of the Corporation and ensuring speedy and efficient conduct of its affairs, it is expedient to appoint the said Mr. _____ the attorney abovenamed as the Corporation's General Attorney:

AND WHEREAS the Board has further resolved that the Chairman and a Director of the Corporation are authorised to execute these presents in favour of the Attorney:

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KNOW ALL MEN BY THESE PRESENTS that the State Life Insurance Corporation of Pakistan, Principals abovenamed, do hereby nominate, constitute and appoint Mr. _____, that the attorney abovenamed to be the Corporation's true and lawful Attorney, and for its name and on its behalf and for its benefit and use to do the following acts, deeds and things that is to say:

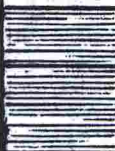
1. To open any current-account in the name of the Corporation in a bank and to draw, endorse negotiate by signing all cheques, documents alongwith another authorised signatory, and to withdraw the said accounts or any of them and from time to time, issue instructions in that behalf.
2. To conduct, institute, and defend on behalf of the Corporation all suits, appeals, applications and execution proceedings by or against the Corporation or to which the Corporation is or may become a party in any court or Tribunal and to do all acts ancillary or incidental to such conduct, institution or defence.
3. For all and any of the abovesaid purposes or relating there to or arising there-fore and in matters and things it may be deemed expedient or be of interest to the Corporation, to appoint Vakils, advocates, attorneys, solicitors, pleaders and other lawyers or advisors and to sign all Vakalatnamas, warrants of attorneys and other papers or documents required in their behalf.
4. To appear before the Registrar or Sub-Registrar of Assurances or any other officer having authority to register deeds in Pakistan and to present for registration, admit execution and complete registration in due form of law of all documents executed on behalf of the Corporation or the Attorney under the authority of these presents and/or the authority of the resolution of the Board of Directors, and to do all deeds matters and things for completing registration there of in due form of law.
5. From time to time substitute and appoint one or more attorney or attorneys under him for all or any of the aforesaid purposes, matters or things and at his pleasure to displace, revoke or remove such substitute or substitutes as the attorney shall see occasion or think fit.
6. And generally to perform and execute all and every and any other acts and deeds, matters and things which shall be necessary and expedient in or about the premises fully and effectually.

And all and whatever the said attorney shall and may lawfully do or cause to be done in or about the premises, the Corporation for itself, its successors-in-interest and assigns do hereby covenant to ratify and confirm.

IN WITNESS whereof the Chairman of the Corporation and a Director there of have set and subscribed their hands on the day, month and year first above written.

.....

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The common seal of State Life Insurance Corporation of Pakistan has hereunto been affixed in the presence of

For and on behalf of
STATE LIFE INSURANCE CORPORATION OF PAKISTAN

1. _____
(Name)

Chairman

2. _____
(Name)

Director

ANNEX - III

Incentive Bonuses to 'B' Category Area Managers and their promotion as Area Managers in category 'A'

The Memorandum dated 20.10.1976 from E.D.(S&D) South and Overseas were considered by the Board. The Board approved the proposal to increase the rate of incentive bonus from 1.5% to 2% of FYP to an Area Manager in 'B' category who in 1976 or thereafter completes the quota applicable to the 'A' category Area Manager.

As regard to the recommendation for promoting a 'B' category Area Manager to the position of 'A' category Area Manager the Board decided to refer the matter to a sub-committee consisting of M/s. P. Sequeira, S.A. Walajahi & S. Hasan to examine this and any other proposal concerned with providing additional incentives to Area Managers in both 'A' and 'B' category.

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ANNEX - IVAREA MANAGERSa) Performance review as at 30.6.1976

On the basis of the figures furnished by the Zones the following Area Managers in category 'A' and 'B' did not complete 40% of their quota:

	Name	Quota	FYP on 30.6.76	Percentage completion
Peshawar	Mr. G.G. Khan	5.25 lac	1,51,331	28.80
Rawalpindi	Mr. Wallayat Khan	7.00 lac	2,41,000	34.43
Lahore	Mr. M.A.Majeed (Bahawalnagar)	5.25 lac	87,040	16.58
	Mr. Hasan Bilal	4.00 lac	1,41,410	35.35
Hyderabad	Mr. M.R. Shan	7.00 lac	2,71,445	38.78

- b) The Zonal Heads are to verify and confirm the correct figures which should be net of all dis-honoured cheques and cheques deposited in the banks but not encashed as of date.
- c) There will be no termination as a result of this half-yearly review for shortfall of business but reductions in the existing emoluments will be effected from 1st July, 1976 in direct proportion to the shortfall of business viz. 40% of the annual quota spread over a period of 6 months ending December 1976.
- d) Those Area Managers whose existing emoluments have been thus reduced and complete 100% of their annual quota by 31st December, will be refunded the amount so deducted.
- e) The meeting unanimously recommended for adoption that there should be no reduction in emoluments in cases of:
- (1) Mr. M. Wallayat Khan who was incapacitated and hospitalised for almost 3 months due to very severe illness for which he has still to go regularly to Peshawar for treatment and is still unable to devote his full energies to the field.
 - (2) Mr. M.R. Shan who has completed 38.8% of his quota i.e. more than 95% of the half-yearly quota and who reportedly worked without a car for 3-4 months.

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- f) The Area Managers who have completed 100% of their annual quota net of all cheques dishonoured or uncashed should be released full incentive bonus at the rate of 2% or 1½% for categories 'A' and 'B' respectively with the approval of the Board.
- g) All Area Managers whether they have completed their half yearly quotas or not should be informed in writing that it is incumbent upon them to work on economic lines and that at the end of the year 1976 while reviewing the performance standards due note will be taken of whether they have operated or not within the direct procurement cost ceiling of 7% inclusive of incentive bonus and that steps will be taken to effect proportionate reduction in emoluments for failure to keep within this limitation.
- h) Zonal Heads should review with the Area Managers concerned the question of office expenses to ensure that they do not exceed the ceiling of 5% laid down by the Principal Office. Those who are exceeding the ceiling should be clearly told to try and bring down these costs by 31st December 1976 as this requirement will be strictly enforced from 1.1.1977. Zonal Heads should continue their control and vigilance over this matter as heretofore. It was also decided to recommend the adoption of this stipulation in the performance standard of 1977.
- j) Zonal Heads should write and remind all Area Managers of the stipulation of the ceiling of 5% + 2% incentive bonus as direct procurement cost and they should ensure that steps are taken to keep this ceiling, failing which proportionate penalties will be applied from 1.1.1977. In this connection it was decided to recommend for adoption that while penalties are being imposed for unfavourable cost factor both in regard to office expenses and direct cost, suitable incentive should be provided w.e.f.1.1.1977, in respect of those Area Managers who not only complete their FYP quota but also effect savings under office expenses and/or direct cost. The following was recommended:
- i) An Area Manager in category 'A' who completes double his quota and maintains his direct procurement cost within 3-4% in a calendar year inclusive of incentive bonus, should be provided with an air-conditioned office i.e. 180 sq.ft. in size (applicable to Managers) - duly carpetted with furniture and equipment the total cost of which should not exceed 1% of the excess over his quota of 7 lac FYP.

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ii) An Area Manager in category 'B' who completes not less than 7 lac FYP and whose direct procurement cost does not exceed 5% in a calendar year should be promoted as Area Manager in category 'A'.

NOTE: Clauses (i) and (ii) will be applicable in the same manner to less developed territories in relation to their reduced quotas and no additional weightage will be allowed.

iii) The list of all less developed territories should be reviewed as on 31.12.1976 while prescribing the performance standards for 1977 on the basis of actual experience of the last 3 years.

k) After reviewing the statistics of business performance of the direct field and indirect field in Karachi and Lahore Zones it was evident that the field supervised by the Area Managers directly produced far higher growth rate in new business than the field which operated directly under the Zones. In this view of the matter the Meeting came to the conclusion that the present Area Managers were performing a useful role and should be continued as a category as heretofore. If necessary, re-arrangements within the existing numbers can be made.

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CHAIRMAN'S INITIALS

