



## 43RD MEETING OF THE BOARD OF DIRECTORS

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- ii) Mr. S.A. Walajahi, E.D. (PHS) was requested to report to the Board within one month about the progress made concerning the Board decision for expediting pace of claim settlement. The report should state the position obtaining before the said decision, the steps taken to improve the situation and the present position showing the measure of achievements. The said report should first be circulated among the Directors.
- iii) Similar report should be prepared and circulated by E.D. (PHS) within one month about the progress made in clearing the backlog of suspense and the procedures and controls installed for arresting the increase in suspense account.
- iv) E.D. (S&D) South, was requested to form a Committee headed by Mr. A.E. Ismail to finalise all arrangements including the printing of brochures and other advertising material for launching the new plan of Insurance submitted by the E.D. (S&D) South. It was decided that the new plan should be launched on 1st May 1977.
- v) The note of Manager, Law on the applicability of the West Pakistan Rent Restrictions Ordinance 1959 was considered. It was decided that the Manager, Law should further examine the possibility and implications of including an escalation clause in the lease to provide for an automatic increase in the rent on renewal of the lease.

ITEM NO. 4 - TO APPROVE PAYMENT OF BONUS FOR 1975 TO UNIONISED STAFF ON THE DIRECTION OF WAGE COMMISSION, ALREADY APPROVED BY CIRCULATION.

The note of E.D. (F/A) dated 30.12.1976 was considered, informing that consequent to the decision of the Wage Commission for Insurance Employees appointed by the Government, as notified on 15th November, 1976, bonus to all workers who were in service of the Corporation on 31st December, 1975 had been disbursed at the rate of 1 1/2 months' basic pay on that date. Since at the time of approval of Budget for 1976 the payment of this bonus was not anticipated, and no provision was made in the Budget for 1976, the Board confirmed its ex-post-facto approval to the payment of bonus amounting to approximately Rs.16,50,000/-.

ITEM NO.5 - TO APPROVE NOMINATION OF MR. NAZIER A; JAJVI AGM (INV.) OR MR. RASHID ZAHIR, D.M. (INV) FOR ATTENDING THE 10TH ANNUAL GENERAL MEETING OF ICP.

The Board considered the Chairman's Memorandum dated January 29, 1977 and passed the following resolution:

"RESOLVED that Mr. Nazier Ahmed Jajvi, AGM (Investment) or failing him, Mr. Mohammad Rashid Zahir, Deputy Manager (Investment), officers of State Life Insurance Corporation of Pakistan, a registered shareholder of the Investment Corporation of Pakistan (herein called the Corporation) is hereby authorised as our representative to attend and vote for us and on our behalf at the tenth annual general meeting of the Corporation to be held at the National Bank of Pakistan Building (Fifth floor), I.I.Chundrigar Road, Karachi on the twelfth day of February 1977 and any adjournment thereof."



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will be possible overnight and will be done gradually over a number of years as and when suitable persons are found and subject to the provision being available in the budget or duly sanctioned for additional expenses.) The Board also decided that the posts of Managers and above be deemed to be selections posts.

<u>Grade</u>	<u>Required Strength</u>
DGM	12
AGM	27
Manager	76
Deputy Manager	76
Assistant Manager	196
Junior Officer	194
Superintendent	177
P.A./P.S.	13
Assistant	487
Stenographer	27
Steno-typist	4
Senior Clerk	390
Typist	165
Junior Clerk	348
	<u>2192</u>

In respect of the secretarial services, such as of typists, steno-typists and stenographers and in respect of such other staff anomalies where adjustments are necessary, the Board authorised the Chairman to effect the same, and thereafter advise the Board of the final position which will be deemed to have been approved and ratified by the Board of Directors.

The Board also authorised the Chairman to take necessary steps to put the reorganised scheme into effect.

ITEM NO.7 - TO CONSIDER INCENTIVES AND AWARDS FOR OFFICERS.

The Board considered the E.D. (F/A) Memorandum (No.2/77) dated 9th February, 1977, proposing to introduce a scheme for providing incentives and awards. The Scheme is designed to give proper recognition and encouragement to the qualified and technically proficient persons in the Corporation and to attract such persons to the Corporation.

The Board approved the scheme as outlined below:

- (a) The scheme will be for all existing and future fulltime employees of Grade 11 and above of the Corporation to whom State Life Employees (Service) Regulations 1973 are applicable.
- (b) The incentives will be given to existing employees with effect from 1.4.1977. Future employees who qualify for the incentives will be given the incentives at the time of their employment.



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- (h) The incentive will be known as allowance with prefix of the qualification that entitles an employee for the incentive. Till further orders, the following qualifications are recognised for the purpose of incentives mentioned in table (i):-

<u>Name of the Qualification</u>	<u>Name of the Allowance with abbreviation.</u>
i) F.I.A., F.S.A., F.F.A.	Actuarial Fellowship Allowance (AF Allowance)
ii) A.C.A., F.C.A., C.P.A.	Chartered Accountants Allowance (CA Allowance)
iii) Systems Analysts	Systems Analysts Allowance (SA Allowance)
iv) Computer Programmers	Programmers Allowance (P.Allowance)
v) M.B.A.	M.B.A. Allowance
vi) C.L.U.	Chartered Life Underwriters Allowance (CLU Allowance)
vii) I.C.W.A., A.C.M.A., F.C.M.A.	Cost and Management Accountants Allowance (CMA Allowance)
viii) F.L.M.I.	Life Management Institute Fellowship Allowance (FLMI Allowance)
ix) F.C.I.I.	Chartered Insurance Institute Fellowship Allowance (FCII Allowance)
x) A.C.I.I.	Chartered Insurance Institute Associateship Allowance (ACII Allowance)
xi) Diploma Engineers who have done three years full-time course in civil mechanical or electrical, engineering after Matriculation or after having acquired equivalent recognised qualifications	Diploma Engineers Allowance (DE Allowance)
xii) Graduate Engineers	Graduate Engineers Allowance (GE Allowance)
xiii) Computer Librarian	Computer Librarian Allowance (C.L. Allowance)



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or Fellowship of the Society of Actuaries, Chicago, or Fellowship of the Faculty of Actuaries Edinburgh.

- iii) The scheme will come into force on 1st April, 1977 and will also apply to those officers of Category 'C' and 'D' who are recruited on or after 1st April 1977.
- iv) For exemptions or passes obtained after 1.4.1977, the allowance will become effective from the 1st day of the month following the month in which the results are announced.
- v) The allowance will not form part of pay for the purpose of House Rent Allowance, Provident Fund, Gratuity, fixation of seniority or any other benefit that depends on pay.
- vi) The allowance will automatically stand withdrawn from the date an officer successfully completes all examination requirements for Fellowship and becomes entitled to Actuarial Fellowship Allowance.
- vii) The amount of incentive will be Rs.35/- per month per subject for Intermediate Examination and Rs.50/- per month per subject for Final Examination of the Institute/Society as mentioned in (ii) above.
- viii) The amount of incentive for passes in examinations of other institutes and associations will be notified as and when necessary by the Administration Department in consultation with the Actuaries.
- ix) The total amount of 'ISA' shall not exceed Rs.410/- per month in any one case.
- x) In case the syllabus of any institute, society or association changes and the number of subjects in the Intermediate or Final Examination is increased or reduced, the amount of incentive per month will be readjusted to arrive at a total figure of Rs.410/-
- xi) The Scheme will only apply to regular employees of State Life who are directly governed by State Life Employees (Service) Regulations and not to anybody else.
- xii) Nothing in this scheme shall by itself stand in the way of increments/promotions on usual condition of merit, seniority and fitness.

ITEM NO.9 - TO CONSIDER RELAXATION OF MINIMUM AGE LIMIT IN RESPECT OF 8 EMPLOYEES OF STATE LIFE

The Board considered the E.D. (F/A) Memorandum (No.4/77) dated 20.1.1977 and approved, as proposed, relaxation of the minimum age limit of the following employees, under Regulation 14(2) of the State Life Employees (Service) Regulations 1973.

1. Mr. Mohammad Sarwar, Key-Punch Operator
2. Mr. Manzoor A. Sheikh, Typist

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Memorandum dated 15.3.1977 of Mr. P. Sequeira and Mr. S.A. Walajahi, Executive Directors, Sales & Development regarding the ordinary life insurance business of the Corporation and noted the performance of 1976. The business development strategy for 1977 outlined in the Memorandum was also approved. The Board also considered and approved the following suggestions:-

- i) Adoption of a special procedure to be drawn up by E.D. (PHS) for collecting the second premium either through personalised letters or through vigorous reminders to the field workers as is done for the completion of a new proposal. Mr. S.A. Walajahi was requested to submit a report to the Chairman in this behalf.
- ii) Emphasis on substantial improvement in the completion ratio of non-medical business with the objective in view that in 1978, as a matter of business strategy, all proposals for life insurance, particularly those pertaining to non-medical business, be accompanied by the first premium. In this connection all-out efforts should be made in the form of a campaign, and through training courses and seminars for bringing home the benefits of this arrangement to the field workers.
- iii) The targets for 1978 should be fixed in the 3rd quarter of 1977.
- iv) New business strain on UK business pointed out by Mr. Samee-ul-Hasan be examined by E.D. (Overseas), Mr. Walajahi, in all its implications, and ways and means found to cope with it.

The Board appreciated the performance during the year 1976 of the Karachi Zone and Overseas Division and specially the contribution of the Zonal Head, Karachi and Chief Manager Overseas Division, London.

(b) Group and Pensions business. The Board considered the Memorandum of the E.D. (G&P) dated 16.3.1977, reviewed the performance of the Group and Pension business in 1976, and approved the proposed target for 1977. The Board also appreciated the performance during 1976 of the Group and Pension Department.

ITEM NO.13 - TO REVIEW PERFORMANCE OF AREA MANAGERS

The Board considered and discussed at length the Memorandum dated 16.3.1977 of Mr. P. Sequeira and Mr. S.A. Walajahi, Executive Directors, Sales and Development regarding the performance of Area Managers during 1976, and the fixation of performance standards for 1977.

(a) Performance Review of 1976 business. In regard to the performance of Area Managers in 1976 the following decisions were taken both in respect of developed and less developed areas.

1. Shortfall in quota:

For shortfall in quotas in 1976, proportionate cuts will be imposed in relation to the gross emoluments of 1976, (excluding incentive bonus and office expenses) which amount should be recovered in instalments from the gross emoluments in 1977.

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Explanation: The Board decided that the following definition of "gross emoluments" would be equitable but if difficulty arose in any case, it should be resolved by the E.D. (S&D) with the approval of the Chairman:

- A. No shortfall in quota in 1975: gross emoluments shall mean the emoluments drawn in 1976.
- B. Shortfall in quota in 1975: As a result of the 1975 shortfall a deduction must have been determined to be recovered in 1976. Gross emoluments shall therefore mean the emoluments drawn in 1976 but adding back the said deductions in respect of 1975 shortfall.
- C. In any case the emoluments include all items already prescribed which are subject to cut on account of non-fulfilment of performance standards, but excludes incentive bonus and office expenses. These will be determined by the EDs (S&D) and notified to the Zones.

2. Costs:

No cuts will be imposed on 1976 performance for costs exceeding the prescribed limits whether they be direct costs or office expenses. Recoveries on account of shortfall in quota, as mentioned above, will have to be made.

3. Persistency:

Likewise, for non-fulfilment of persistency standards, no cuts in emoluments will be applied in respect of 1976 performance.

4. The Board, after careful examination, decided that special consideration was warranted in the case of the following 5 Area Managers in view of the distinctive merits of each case.

(1) Mr. M.R. Shan. Hyderabad Zone.

(2) Mr. S.R. Khan. Lahore Zone.

Instead of deducting the full proportionate cut, only 60% of the amount which would have been recovered if the full proportionate amount had been recovered, should be deducted.

(3) Mr. M.A. Majid - Lahore Zone .

(4) Mr. G.G. Khan - Peshawar Zone.

These should be placed in 'B' category of Area Managers with effect from 1.4.1977.

(5) Mr. M. Walayat Khan - Rawalpindi Zone.

Considering him to be a hardship case owing to his state of health, the Board decided that he may be absorbed in the office in the Deputy Manager's grade on terms to be approved by the Chairman.

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(b) Performance Standards for 1977. It was decided that the same criteria as hitherto followed, namely, quota, cost and persistency shall be applied to Area Managers in 1977, subject to the following:

- i) Quotas should be completed @ 15%, 55%, 70% and 100% respectively by the ends of the first, second, third and fourth quarters of 1977. However, in applying these standards, the performance in 1975 and 1976, as also the delayed announcement of these standards shall be kept in view.
- ii) The direct cost of each Area Manager should be maintained within 5% of FYP in respect of costs other than incentive bonus and 2% of FYP in respect of incentive bonus excluding additional incentive bonus (see item 14.) and the office expenses within 5% of the FYP. Exception will be made in case of 'B' category Area Managers for whom the direct costs of each should be maintained within 5% and 1 1/2% respectively. The breakeven point in respect of direct other than incentive expenses based on 1976 actuals shall be communicated in each case.

For less-developed areas, the cost of 5%, will be increased in the same proportion as a reduced quota bears to the full quota of Rs.7 lacs for each Area Manager subject to a maximum of Rs.35,000 per annum, excluding incentive bonus.

- iii) The persistency ratio should not be less than 60% to be determined and communicated to the Area Managers by May 1978 for application of such cuts in emoluments in case of default as may be prescribed.
- iv) Review of the performance in respect of only (i) above should be undertaken as at 30th June 1977, for the purpose of the relevant regulations with a view to imposing penalties for the second half of 1977.
- v) The total withdrawal of the concession in the quotas of less developed areas should be accomplished in three years beginning 1977. The phasing out plan should be drawn up by the Executive Directors (S&D) and placed before the Board. In the meanwhile any realignment, if proposed for 1977 as part of the overall phasing out process should be implemented by the Executive Directors (S&D) with the approval of the Chairman.
- vi) The Executive Directors (S&D) will finalise a schedule for implementing the 'Persistency quotas' and place before the next meeting of the Board.

ITEM NO.14 - TO CONSIDER FACILITIES ETC FOR THE FIELD WORKERS INCLUDING EXECUTIVES DIRECTLY CONCERNED WITH FIELD DEVELOPMENT WORK.

The Board considered Memorandum No.6/77 dated 15th March 1977 presented by Mr. P.Sequeira and Mr. S.A.Walajahi, Executive Directors (S&D)

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regarding facilities etc for the Field Workers including executives directly concerned with field development work. Recommendations of the Executive Directors (S&D) were discussed at length and the following decisions were taken in respect of the Area Managers:

1. The Board noted with satisfaction that the existing Area Managers, after closer supervision of their work and effective control over expenses, had come up to expectations as a category and experience had shown that it was necessary not only to retain this category but also to increase judiciously their number as and when necessary for the development of business subject to the approval of the Board.
2. It was decided to lift the ban on attachment of the unattached field of terminated Area Managers to the existing or future Area Managers, and leave this matter to be dealt with by the Executive Directors (S&D), or with their approval in the best interest of the Corporation. In regard to attachment/detachment of field workers generally, it was decided that a policy decision will be taken in due course in consultation with the FCC when constituted and in the meanwhile the existing practices may continue to be observed.
3. At the 42nd meeting of the Board, it was decided that the additional office facilities as spelt out in Annex IV to the minutes of that meeting, be given if the direct procurement cost of the Area Manager was within 3-4% inclusive of incentive bonus. It was pointed out by the EDs that even an Area Manager who does double his quota cannot operate within this limit. In view of this, it was decided that the additional office facilities be allowed to an Area Manager, if he operates within 3-4% of his direct procurement cost exclusive of incentive bonus. It was further decided that the benefit of this amendment be made applicable to the business completed in 1976. Except as above, there will be no change in other terms and conditions as decided in the 42nd Board Meeting.
4. Telephone at Area Managers Residence:
  - (a) At its 22nd meeting held on 13.10.1973 the Board had authorised the General Managers to sanction telephone at the residence of Area Managers subject to an expense limit of Rs.100 per month exclusive of line rent. It was decided that this authority may now be exercised by the Executive Directors (S&D), directly or through the Zonal Heads, who may sanction telephone to Area Managers who have completed their quotas in the previous calendar year, except those already enjoying this facility.
  - (b) It was further decided that effective January 1, 1977 the benefit of reimbursement of residence telephone expenses upto a maximum of Rs.100/- per month plus line rent shall be converted into a residence telephone allowance which shall be paid to the Area Managers authorised to have a telephone at their residence. The residence telephone allowance shall be Rs.100/- per month plus line rent.

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In addition, at the end of each calendar year, those Area Managers whose total telephone expenses during the calendar year exceeded Rs.1200/- (i.e. twelve times one hundred) plus line rent, shall be reimbursed in lump sum in respect of the above, subject to the following maximum, on production of bills:

<u>FYP during Calendar year</u>	<u>Maximum additional lump sum reimbursement.</u>
i) Less than Rs.10 lac	No additional reimbursement admissible.
ii) At least Rs.10 lac, less than Rs. 15 lacs.	Rs.300/-
iii) Rs.15 lacs and over	Rs.600/-

Provided that:

Payment of lump sum of Rs.300/- or Rs.600/- mentioned above shall be made only if the office expenses of the Area Manager including the monthly telephone allowance of Rs.100/- plus line rent plus the additional reimbursement in question do not exceed 5% of the FYP in that calendar year.

Explanation: In any case and for the purpose of application of cuts due to shortfall in business quotas, the telephone allowance will be deemed to be part of the Area Managers emoluments to be implemented in accordance with the formula prescribed by the Board from time to time.

6. Incentive Bonus: It was decided that in order to provide additional incentive to Area Managers, incentive bonus may be paid on the following scale for the calendar year 1976 and onwards instead of the 2% flat rate.

<u>Category 'A' Area Managers</u> <u>FYP in Calendar Year</u>	<u>Incentive Bonus</u> <u>as percentage of FYP</u>
a) Upto Rs.10 lacs (inclusive)	2%
b) Over Rs.10 lacs and upto Rs.14 lacs	Rs.20,000 + 2 1/2% of excess over Rs.10 lacs
c) Over Rs.14 lacs and upto Rs.21 lacs	Rs.30,000 + 3% of excess over Rs.14 lacs.
d) Over Rs.21 lacs	Rs.51000 + 3 1/2% of excess over Rs.21 lacs

Category 'B' Area Managers  
FYP in Calendar Year.

a) Upto Rs.7 lacs (inclusive)	1 1/2%
b) Over Rs.7 lacs and upto Rs.10 lacs	2%
c) Over Rs.10 lacs	At the corresponding rate applicable to Area Managers in 'A' category.

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In this connection the Board strongly underscored the point that, while it was essential in the interest of business development to provide proper incentives to Area Managers producing large volume of business, the inherent pitfalls resulting from promotions or detachment of field workers attached to their organizational unit and the consequential sharp fall in their incomes should be made abundantly clear to the Area Managers. The Board also made it unambiguously clear that in such a situation requests will not be entertained at any stage for compensating them on such grounds nor will potential loss of incentive bonus be allowed to act as a barrier to promotion of those working under them.

7. Promotion of Category 'B' Area Manager to Category 'A'. It was decided that a 'B' category Area Manager who completes Rs.7 lacs FYP for two consecutive years should be given the option to be placed in category 'A' Area Managers if he so wishes.

The Chairman stressed that whereas concessions and allowances have been given under item No.13 & 14 to different Area Managers in view of the exigencies of business but it should be constantly kept in view that the aggregate cost of procurement of business through the Area Managers as a whole should not exceed in any case 12% of their FYP (i.e. 5% direct cost + 2% incentive + 5% office cost).

The Board deferred consideration of the Executive Directors (S&D) recommendations regarding the allocation of drivers to the Area Managers, and replacement of their cars, and of the proposed incentives/facilities to Managers (Development).

Thereafter the meeting adjourned to meet again on 19.3.1977 at 11.00AM.

The meeting reassembled in the Board Room on 19.3.1977 at 11.00AM.  
The following were present:

- |                       |          |
|-----------------------|----------|
| 1. Mr. D.M. Quraishi  | Chairman |
| 2. Mr. Samee-ul-Hasan |          |
| 3. Mr. P. Sequeira    |          |
| 4. Mr. S.A. Walajahi  |          |
| 5. Mr. M. Zulqarnain  |          |

Mr. S.M. Mahboob, Secretary, Board was also present.

The following business was transacted:-

ITEM NO.15 - TO CONSIDER THE REVISED BUDGET FOR AGENCY CONVENTION, 1977.

The Board considered Memorandum No.7/77 dated 12.3.1977 presented by the Executive Directors (S&D), seeking approval of the revised budget for



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Agency Convention 1977. The Board noted the reasons of the increase in the estimated expense from Rs.7.5 lacs to Rs.16 lacs and considering the necessity of incurring this additional expense, approved the revised budget of Rs.16,00,160 for the Agency Convention 1977 due to be held in Peshawar.

It was decided further that out of the estimated expenditure of Rs.16 lacs, the sum of Rs.10 lacs will be allocated to 1976 through an appropriate provision in the accounts and the balance of Rs.6 lacs or more will be deemed to be an expense incurred in 1977.

The Chairman explained that during discussions with the Field workers, he had pointed out that the dates for holding the Convention had been postponed to the later part of the year. The exact date will be announced at an appropriate time.

ITEM NO.16 - REGARDING INVESTMENTS

- (a) Application of Pakistan Engineering Company Limited for debenture loan of 50 lacs.

The Board considered the Chairman's Memorandum No.8(a)/77 dated January 6, 1977 regarding application of Pakistan Engineering Company Limited for a convertible debenture loan of Rs.50 lacs and approved to subscribe to the said debentures to the extent of Rs.50 lacs on the following terms and conditions:

1. The Federal Light Engineering Corporation Limited to make firm arrangements for repayment of outstanding dues of principal and interest in respect of loans advanced to other FLEC projects namely Northern Foundry and Engineering Works Limited and Nowshera Engineering Company Limited by State Life.
2. Project examination and professional assistance fee @ 1/2% of the nominal value of debentures to be taken up by State Life. The fee will be non-refundable.
3. Commitment charge @ 1 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.
4. Interest @ 3 1/2% above the Bank Rate, payable half-yearly.
5. Additional interest @ 2% over and above the rate of interest specified at (4) above on all sums remaining unpaid on due dates.
6. Security to be first charge on all present and future fixed assets and a floating charge on all current assets of the company.
7. Redemption to be in ten half-yearly instalments commencing July 1, 1978.





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3. Interest @ 4% 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. Security to be first charge on all present and future fixed assets of the company and a floating charge on its current assets.
6. Redemption to be in ten half-yearly instalments commencing from January 1, 1979.
7. Prior to the disbursement of debenture loan:-
  - a) the company to furnish evidence that commitments have been made by other institutions for the balance amount of debentures (Rs.1 crore).
  - b) the company to produce consent order of the Controller of Capital Issues for the issue of debentures.
  - c) the company to appoint Trustee to the debenture issue with the prior approval of State Life.
8. The State Life's commitment for debenture loan will remain valid for one year from the date of sanction by its Board.
9. The company to furnish information on its operations as and when required by State Life.
10. Such other terms and conditions as State Life may prescribe.
  - (c) Application of Pakistan International Airlines Corporation for a debenture loan of Rs.70 lacs.

The Board considered the Chairman's Memorandum No.8(c)/77 dated January 20, 1977 regarding the above and approved to subscribe to the debentures of Pakistan International Airlines Corporation to the extent of Rs.70 lacs on the following terms and conditions, provided that the above loan is an approved investment under the Insurance Act. If it is not an approved investment, then the security should be further backed by a bank guarantee.

1. Project examination and professional assistance fee @ 1/2% of the nominal amount of the debentures to be taken up by State Life. The fee will be non-refundable.
2. Commitment charge @ 1 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.
3. Interest @ 4% above the Bank Rate, payable half-yearly.

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4. Additional interest @ 2% above the rate of interest specified at (3) above on all sums remaining unpaid on due dates.
5. Security to be first mortgage on all present and future fixed assets of the Corporation and a floating charge on its current assets.
6. Redemption to be in ten half-yearly instalments after a grace period of one year.
7. Prior to the disbursement of the debenture loan:
  - a) the Corporation to furnish evidence that commitments have been received from other institutions for the balance amount of debentures (Rs.6.30 crore).
  - b) the Corporation to produce consent order of the Controller of Capital Issues for the issue of debentures.
  - c) the Corporation to appoint Trustees to the debenture Trust Deed with the prior approval of State Life.
8. The State Life's commitment for the debenture loan will remain valid for one year from the date of sanction by its Board.
9. The Corporation to provide quarterly progress report on the implementation of the project and information on its operations as and when required by State Life.
10. Such other terms and conditions as State Life may prescribe.
  - (d) Proposal for Discounting of Corporate Debenture Holdings of the National Insurance Corporation by State Life.

The Board considered the Chairman's Memorandum No.8(d)/77 dated January 29, 1977 regarding the proposal for discounting by State Life of the corporate debenture holdings of the National Insurance Corporation (NIC).

The Chairman stated that State Life has formulated a scheme envisaging discounting by State Life of NIC's long-term investment in debentures. According to this scheme, NIC will be able to improve yield on investments and State Life will be assured of additional income. The salient features of the scheme are:

1. NIC will invest its surplus funds in corporate debentures of 7-8 years term which qualify as 'approved security' or 'approved investment' for State Life in terms of the Insurance Act, 1938 and the Rules made thereunder.
2. As and when the need may arise, NIC will request State Life to discount debentures of specified amount held in its investment portfolio. A notice of at least seven days will be required for the

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discounting of the debentures.

3. State Life will discount only those debentures held by NIC which in addition to being eligible by State Life as 'approved security' or 'approved investment' having regard to the actual position at the time will also fulfil the following conditions:
  - (a) The debentures are a good and acceptable risk in the opinion of State Life.
  - (b) At the time of discounting, the debentures are not in default with regard to payment of interest and/or principal.
4. State Life will charge a guarantee commission at the rate of 1% (one per cent) of the full value of the debentures offered for discounting from the date of commitment to discount until the actual date of discounting or maturity of debenture. The guarantee commission will be paid six monthly on the dates interest falls due on the debentures.
5. The interest accrued on date of discounting, less guarantee commission, will be paid by State Life to NIC upon the receipt of the interest by State Life from the issuer.
6. NIC will bear all costs incidental to the transfer of debentures.

The implementation of the proposed scheme, the Chairman explained, will assure NIC of liquidity and improved return on various investments, from the current 8.5 - 10% to 10.5 - 12% per annum. State Life will gain on two counts. Firstly, on discounting State Life will be able to convert its short term investments into long term ones. Short term investments in Government Treasury Deposits Receipts by State Life have increased enormously in the recent past. Secondly, State Life, besides earning guarantee commission will also improve the nominal yield on the life fund arising from conversion of low yielding short term investments into high yielding long term investments as and when the debentures are discounted with State Life.

The Board considered the proposal and authorised the Chairman to negotiate the transactions on the lines suggested by him in the Memorandum subject to the following safeguards:-

1. In case of increase in the rate of interest at the time of discounting, debentures carrying a fixed rate of interest, should be discounted at a rate which will provide an yield equivalent to the rate of interest prevailing on similar investments at the time of discounting.
2. The total amount committed under this arrangement should not exceed Rs.5 crore of the par value of debentures for the year 1977.
3. It will be advisable to have a separate agreement for each transaction under the scheme.



## 43RD MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	17TH AND 19TH MARCH, 1977	11.00AM

- (f) Purchase of property located at New Queens Road, Karachi, measuring 3306 sq.yds.

The Board considered the Chairman's Memorandum No.8(f)/77 dated March 14, 1977, proposing to purchase a plot of land on New Queens Road, Karachi measuring 3306 sq. yds. The Board agreed to authorise the Chairman to negotiate the purchase of the above plot on the following terms and conditions, and to take necessary steps to finalise the transaction.

1. A price ranging from Rs.400/- to Rs.500/- per sq. yd. may be offered subject to the condition that the plot is fully commercialised by the appropriate authority.
2. The total constructed area allowed on the plot shall not be less than four times the actual plot area.
3. The plot is free from all encumbrances and the seller undertakes to get it commercialised, if not already so, without any expense to State Life.
4. The seller produces to State Life a certificate from the Town Planning or other appropriate authorities to the effect that the said plot or any part thereof is not planned to be requisitioned for widening the New Queens Road/Moulvi Tamizuddin Khan Road.
5. Brokerage may be paid to the Broker at the normal rate.
6. All expenses relating to the transfer and registration to be borne by the State Life.

- (g) Purchase of property No.124, Shahrah-e-Quaid-e-Azam, Lahore.

The Board considered the Chairman's Memorandum No.8(g)/77 dated March 14, 1977 regarding the purchase of property situated at No.124 Shahrah-e-Quaid-e-Azam, Lahore, measuring approximately 28 canals 19 Marlas and 208 sq. feet, presently owned by the American Consulate General, Lahore.

The Board approved to purchase the said property for a lumpsum price of Rs.58 lacs on the following terms and conditions. The Board also authorised the Chairman to negotiate and finalise the transaction. The terms and conditions are:

1. The plot of land should be useable for constructing commercial buildings.
2. Title of the American Consulate General to the property should be good and free from all encumbrances and defects, to the satisfaction of our lawyer.

