

## 44TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	9th TO 15TH JUNE, 1977	11.00AM

The 44th meeting of the Board of Directors of State Life Insurance Corporation of Pakistan, called pursuant to the notice dated 25th May, 1977, was held at Karachi on Thursday the 9th June, Friday the 10th June, Saturday the 11th June, Monday the 13th June at 11.00 AM and on Wednesday the 15th June 1977 at 8.00AM.

The following were present:

Mr. D.M. Qureshi	Chairman
Mr. M.G. Hasan	
Mr. Samee-ul-Hasan	
Mr. P. Sequeira	
Mr. S.A. Walajahi	
Mr. M. Zulqarnain	

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

The following business was transacted:

ITEM NO.1                      CONFIRMATION OF THE MINUTES OF THE 43RD MEETING OF THE BOARD HELD ON 17TH AND 19TH MARCH 1977 AT KARACHI.

The minutes of the 43rd meeting of the Board held on 17th and 19th March, 1977 at Karachi were confirmed.

ITEM NO.2                      TO RECEIVE AND NOTE THE MINUTES OF THE 6TH AND 7TH (EMERGENT) MEETING OF THE EXECUTIVE COMMITTEE HELD RESPECTIVELY ON 13.9.1976 AND 29.12.1976 AT KARACHI.

The Board noted the minutes of the 6th meeting, and 7th emergent meeting of the Executive Committee held respectively on 13th September 1976 and 29th December 1976 at Karachi.

ITEM NO;3                      TO NOTE THE SECRETARY'S REPORT ON THE IMPLEMENTATION OF THE DECISIONS OF THE PREVIOUS BOARD MEETINGS

The Secretary read out his report giving the progress in the implementation of decisions taken at the 42nd and 43rd Board meetings. It was noted that on many matters, progress had not been made as expected, for various reasons. The Chairman and other Directors resolved to implement the decisions of the Board promptly. It was agreed that the Secretary should be informed immediately after the required action has been taken. It was noted that memorandums concerning some of the earlier decisions had been brought for consideration at this meeting. Some decisions had already been implemented. On the remaining items, the following observations were made:

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<u>ACTION BY CHAIRMAN</u>			
<u>Decision taken at 43rd meeting held on 19.3.1977 on restructuring and reorganisation scheme:</u>			
<p>The Board observed that the reorganisation had been considerably delayed and it should be accomplished as early as possible.</p>			
<u>ACTION BY MR. M. G. HASAN, E. D. (F/A)</u>			
<u>Decisions taken at 42nd meeting held on 23.10.1976:</u>			
<p>1. <u>concerning preparation of Assets Register in respect of furniture, fixture, office equipment and vehicles.</u></p>			
<p>The E.D. reported that the work had been completed in respect of Lahore and Rawalpindi Zones. Peshawar and Hyderabad Zones hope to complete it soon. Karachi Zone is also working on it. Progress is rather slow at the Principal Office due to insufficient manpower. However, the job is likely to be finalised within two months' time.</p>			
<p>2. <u>Submission of detailed statement of loan on personal securities as appearing in 1975 Balance Sheet, and recommend if loans doubtful of recovery should be written off.</u></p>			
<p>The E.D. stated that the matter would be put up at the next Board Meeting.</p>			
<p>3. (a) <u>To write to the Government regarding TA/DA Rules, and</u> (b) <u>to carry out survey of boarding/lodging expenses in all important cities in respect of various hotels.</u></p>			
<p>The E.D. stated that the job will be accomplished by the end of June 1977.</p>			
<u>ACTION BY M/S. P. SEQUEIRA AND S.A. WALAJAHI, EDs (S&amp;D)</u>			
<u>Decision taken at 43rd meeting held on 19.3.1977.</u>			
<p>1. <u>To finalise and place before the next Board meeting a schedule for implementing the persistency quotas.</u></p>			
<p>EDs (S&amp;D) stated that the proposal with regard to evolving a persistency schedule for Area Managers will be placed before the Board, on the basis of, and after considering, the persistency standards of the Sales Officers and Sales Managers for 1976.</p>			
<u>ACTION BY MR. S.A. WALAJAHI, E.D. (PHS) &amp; (OVERSEAS)</u>			
<u>A. Decision taken at 42nd meeting held on 23.10.1976.</u>			
<p>1. <u>To expedite the pace of claims settlement.</u></p>			
<p>The E.D. informed the Board that the material has been collected and a report will shortly be circulated to Directors.</p>			
<p>2. <u>Creation of a team with Mr. Najmuddin (as Incharge) to clear and arrest the increase in the suspense account under the overall supervision of Mr. Majeeduddin Khan, Chief, Internal Audit.</u></p>			
<p>The E.D. informed the Board that the matter is being attended and progress will be reported shortly.</p>			
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3. Zonal Heads to ensure recoveries in respect of outstanding debits before the release of additional bonus to Area Managers 'A' category on reduced emoluments.

The E.D. informed the Board that the Zonal Heads have been advised. It was observed that such details concerning outstanding debits and recoveries should be regularly circulated to all Directors for information.

4. Study in depth (including applicability of the law) the proposal to act as Chief Agent for the sale of houses proposed to be constructed by the P.M.C. and make a token investment, of Rs.5,000 in the equity capital of P.M.C.

The E.D. stated that he would place before the next meeting of the Board a paper on the progress made in this direction.

5. Finalisation of the New Plan.

The E.D. informed the Board that all material needed to launch the plan was ready but in view of uncertain conditions prevailing in the country he proposed that the plan be marketed around September, 1977. The Board approved of his suggestion.

B. Decisions taken at 43rd Meeting held on 19.3.1977.

6. Adoption of a special procedure for collection of second premium.

The E.D. stated that the work was in progress and a paper would shortly be circulated to Directors.

7. Examine the New Business strain on the U.K. business.

The Board requested Mr. Samee-ul-Hasan to study the matter and submit a paper for consideration of the Directors.

ITEM NO.4 REGARDING INVESTMENTS:

The Board observed that sometimes small or unimportant matters were referred to it for decision. Some of them relate to minor changes in previous decisions which can be taken by the Chairman who is directly dealing with the portfolio of investments. It was, therefore, decided that in future decisions should be sought from the Board only on such variations in the terms and conditions of the investment as relate to rate of interest, period of repayment and the security offered by the sponsors. Any other change may be approved by Chairman who shall subsequently report any variation in the original decisions to the Board for information.

Thereafter the investment items of the agenda were taken up and the following decisions taken:

ITEM NO.4(a) TO CONSIDER AMENDMENT IN TERMS AND CONDITIONS OF DEBENTURE LOAN SANCTIONED TO GUL AHMED TEXTILE MILLS LIMITED

The Board considered Chairman's Memorandum No.9(a)/77 regarding the request of Gul Ahmed Textile Mills to amend the loan condition relating to 'conversion option' and decided that condition No.5 of the terms and conditions

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for the grant of Debenture Loan of Rs.one crore to Gul Ahmed Textile Mills, approved by the Board at its 42nd meeting held on 21st - 23rd October, 1976, be amended to read as under:-

“State Life will have the option to convert 20% of its debenture loan into ordinary shares, at par value, at any time during the currency of the loan after the expiry of the grace period of two years in accordance with the approval granted by the Controller of Capital Issues.”

ITEM NO.4(b) TO CONSIDER AMENDMENT IN THE TERM CONCERNING REDEMPTION OF LOAN, SANCTIONED TO THAL JUTE MILLS.

The Board considered Chairman's Memorandum No.9(b)/77 regarding the request of Thal Jute Mills to allow the redemption of its debenture after a grace period of two years, and decided that condition No.6 of the terms and conditions for the grant of the Debenture Loan of Rs.50 lacs to Thal Jute Mills Limited, approved by the Board at its 43rd meeting held on 17-19 March, 1977, be amended to read as under:

“Redemption to be in ten half-yearly instalments after a grace period of two years from the date of issue of debentures.”

ITEM NO.4(c) TO CONSIDER INVESTMENT IN THE DEBENTURES OF HOUSE BUILDING FINANCE CORPORATION

The Board considered Chairman's Memorandum No.9(c)/77 regarding the request of the House Building Finance Corporation for a debenture loan of Rs.5 crore. The Chairman explained that on our suggestion the HBFC was willing to provide us a guarantee of the Federal Government with a self-executing arrangement whereby in the event of default of principal or interest, the State Bank of Pakistan would pay to us the amount due by debiting the Federal Government Account maintained by it. After thorough discussion, the Board authorised the Chairman to finalise the negotiation within the framework of the following terms:

1. Rate of interest at 1.5% above the Bank rate ruling from time to time, subject to a minimum of 11.5% per annum. Interest to be paid half-yearly.
2. Additional interest @ 2% per annum over and above the rate of interest at (1) above, on all sums remaining unpaid on due dates.
3. Security to be a self-executing Federal Government guarantee in form and substance acceptable to State Life.
4. Repayment at the expiry of ten years from the date of disbursement with an option available to HBFC to redeem the debenture at any time after five years.
5. Depending on its borrowing power under the House Building Finance Corporation Act, HBFC may draw upto a maximum of Rs.5 crore.
6. Any other conditions that State Life may deem expedient.

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ITEM NO.4(d) TO REVIEW INVESTMENT PORTFOLIO OF STATE LIFE FOR THE PERIOD ENDED MARCH 1, 1977. AND STRATEGY FOR THE REMAINING THREE QUARTERS OF 1977.

The Board considered Chairman's Memorandum No.9(d)/77 containing an exhaustive review of the performance of the Life Fund investment portfolio over the fifteen months upto March 1977. The Board noted that the overall composition of the portfolio had remained unchanged except for increase in Government Securities, more particularly Government Treasury Deposit Receipts which represented residual and quickly encashable funds. The Government Securities including GTDRs, which represented 38.9% of the total investments were yielding an average return of 7.4%.

The debenture portfolio being 9.8% of the total investments was giving a better yield at about 11.4% which would further improve owing to increase in the Bank Rate effective 7th June 1977. The Board expressed concern over the default in the government guaranteed debentures, such as Punjab Road Transport Corporation and Sind Road Transport Corporation, and lack of response from the guarantors towards meeting their legal obligations. The Board decided to write to the Ministry of Commerce giving details of defaults in the repayment of government-guaranteed loans and advise them that we would be constrained to initiate legal proceedings against the Federal/Provincial Governments concerned for enforcing our rights under the guarantee if measures were not taken to honour the guarantees.

In the share portfolio, which is 13.8% of the total investments, it was noted, the overall average dividend yield improved from 8.5% in 1975 to 10.1% in 1976.

Investment in the real estate on 31.3.77 stood at Rs.12.16 crore being 5.9% of the investment portfolio. The gross billed income in 1976 was Rs.2.41 crore though the actual receipt may be slightly lower. The overdues of rent went up from Rs.35 lac in 1975 to Rs.62 lac in 1976. Maintenance expenses, however, came down. Legal and practical difficulties in increasing rents continued to handicap the Corporation in obtaining comparable return from this area of investments. In spite of this it was noted that the average yield in real estate including open plots, based on billed income, improved from 3.1% in 1975 to 8.4% in 1976.

Mortgage loans (Rs.1.63 crore = 0.8%) show an average rate of return at 9.2%, and term deposits (Rs.31.35 crores = 15.1%) at 9.1%.

The overall return on mean life fund in 1976 is estimated to be around 8.9%, compared to 8% in the preceding year. If on a conservative basis the income from rent is assumed at the last year's level the total investment income may drop to Rs.14.87 crore and the yield on the mean life fund to 8.5%.

As for the strategy for the remaining period of 1977, the Chairman observed that barring any unforeseen developments of a favourable nature in the investment climate, interest rates, statutory restrictions on the investment of life fund, and rent restriction laws etc. it would, at best, be possible to maintain the current rate of return on the life fund. Efforts will, however, be made to improve the income by bringing about structural changes in the portfolio and more vigorous management of cash resources.

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The Board observed that in future the presentation should also indicate percentage wise share in each portfolio of the approved and non-approved securities as required by Insurance Act, 1938.

The Board approved the strategy as enunciated by the Chairman.

ITEM NO;4(e) TO CONSIDER APPLICATION OF LAKSON TOBACCO CO. FOR A DEBENTURE LOAN OF Rs.27 LACS.

The Board considered Chairman's Memorandum No.9(e)/77 regarding application of Lakson Tobacco Company for a debenture loan of Rs.27 lacs, and approved the same subject to the debentures qualifying as 'approved investment' under the Insurance Act 1938 and further, subject to the following terms and conditions:-

1. Payment to State Life of the non-refundable project examination and professional assistance fee @ 1/2% of the nominal amount of debentures to be taken up by State Life.
2. Payment to State Life of the 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 issue of sanction letter.
3. Interest on loan @ 4% above the Bank Rate in case the debentures are non-convertible, and @ 3-1/2% above the Bank Rate in case the debentures are convertible. Interest to be 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. In case of debentures being convertible, State Life to have the option to convert 20% of its debentures loan into ordinary share capital at par value in accordance with the terms and conditions as may be approved by the Controller of Capital Issues.
6. Security to be the first or pari passu mortgage on all present and future fixed assets of the company and a floating charge on its current assets.
7. Redemption to be in ten half-yearly instalments after a grace period of two years.
8. Prior to the disbursement of debenture loan, the company -
  - a) to furnish evidence that commitments have been received from other institutions for the balance amount of debentures;
  - b) to produce consent order of the Controller of Capital Issues for issue of debentures;
  - c) to appoint Trustee to the debenture Trust Deed with prior approval of State Life.

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<p>9. The State Life's commitment to remain valid for one year from the date of sanction of the case by its Board of Directors.</p> <p>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.</p> <p>11. Such other terms and conditions as the State Life may prescribe.</p> <p><u>NOTE:</u> In case the earlier debenture issue, to which State Life has yet to release its subscription, were to qualify as an 'approved investment' for State Life under the dividend criteria, the requirement of additional security in the form of a bank guarantee, as approved by the Executive Committee at its meeting held on September 13, 1976, may be waived. All other terms and conditions of the earlier debenture issue will remain the same as approved by the Executive Committee.</p> <p>Subsequently, the Board was advised by Chairman that sponsors of Lakson Tobacco have also offered to sell us at par value their right offering of convertible debenture of the value of Rs.10 lacs. This, added to our holding of Rs.0.46 lacs, will, if approved, bring the convertible debenture holding of State Life to Rs.10.46 lacs. In view of this, it was decided that:</p> <p>i) State Life may buy convertible debentures of Rs.10 lacs, and</p> <p>ii) Out of Rs.27 lacs non-convertible debentures now offered, State Life may pass on Debenture of Rs.5 lacs to Alpha Insurance Company and take for itself only Rs.22 lacs.</p> <p>While discussing the investment proposals, the following general observations were made by the Directors:</p> <p>a) In future, the project appraisal reports presented to the Board should indicate the assumptions on which the projections are based.</p> <p>b) In casting the sales figures, the sales revenue should be shown as gross to be immediately reduced by the outgo on excise duty, export duty and other such charges and thereafter the net sales should be shown.</p> <p>c) As and when and to the extent possible, State Life, should attempt to adjust figures to allow for inflation.</p> <p>ITEM NO.4(f) <u>TO CONSIDER INCREASE IN RENTAL INCOME OF THE PROPERTIES OWNED BY STATE LIFE.</u></p> <p>The Board considered the Chairman's Memorandum No.9(f)/77 stating the legal difficulties in incorporating an escalation clause in the lease agreement, and the possible alternatives available to remedy the situation.</p>		
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While agreeing in principle with the idea of staggering the rate of rent over the period of the lease, it was suggested that we should enforce the scheme in a different manner. We should first agree with the tenant a rate which we want him to pay towards the end of the lease period, and then, separately, permit him to pay a reduced amount. For instance, if the lease is for 9 years and the rent is intended to be received at the rate of Rs.6/- per sq.ft. in the last three years the Lease Agreement should show the amount of agreed rent at the rate of Rs.6/- per sq.ft. However, through a separate arrangement, the tenant should be allowed to pay at the rate of Rs.2/- in the first three years, and at the rate of Rs.4/- in the next three years. The amount of difference will be treated as arrears of rent covered by appropriate documentation and the arrears will be recoverable at the end of the 9 years, perhaps with interest.

The Board decided that the above proposal may be examined from legal and practical points of view and submitted for re-consideration.

ITEM NO.4(g) TO CONSIDER THE PROPOSAL FOR THE PURCHASE OF PLOT NO.272/2 R.A. LINES KARACHI.

The Board considered Chairman's Memorandum No.9(g)/77 regarding the proposal to purchase Plot No.272/2, R.A.Lines, Karachi and authorised him to finalise the purchase at a price not exceeding Rs.26,25,000 provided (1) the lease is valid upto 1993, and is renewable for a further period of 60 years; (2) the use of the plot is 'residential-cum-commercial'; and (3) the title is found to be satisfactory by our Legal Advisor. It was further decided that the brokerage should also be negotiated to bring it below the rate of 2% and the other points discussed at the meeting in regard to the lease clauses be kept in view in the final analysis.

ITEM NO.4(h) TO CONSIDER PROPOSAL FOR SALE OF GOVERNMENT SECURITY AND HBFC DEBENTURES TO CITIBANK UNDER REPURCHASE ARRANGEMENT.

The Board considered Chairman's Memorandum No.9(h)/77 containing the proposal for sale of Government Securities and HBFC debentures to First National City Bank under a repurchase arrangement, yielding an additional income to State Life at the rate of 4.5 to 5%. Keeping in view the need for urgent utilisation of the Corporation's surplus funds in higher yielding comparable investments in order to mitigate to some extent the effect of high operating expenses, the Board decided to be guided by the provisions of Article 14(3) of LINO in regard to the proposed investment. It was noted that no directions had been received under Article 25.

The Board therefore, approved the proposed investment.

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ITEM NO.4(i) TO CONSIDER REQUESTS FOR WAIVER OF INTEREST AND OTHER CHARGES IN RESPECT OF CERTAIN MORTGAGE LOANS.

The Board considered Chairman's Memorandum No.9(i)/77 regarding requests for waiver of interest and other charges, from two mortgagors (i) Mr. Nooruddin Ahmad and (ii) Dr. S.S.A.Zaidi.

Regarding (i), namely the request of Mr. Usman Hasan concerning the mortgage loan given to Mr. Nooruddin Ahmad, the Board wanted some more information before a decision could be taken on the issues raised in the Memorandum. It was, therefore, decided that the Memorandum may be put up again with more details of the case indicating the legal status of the debtor so that the Board may have all relevant facts before reaching a decision including Legal Adviser's opinion, if possible, on the prospects of a compromise protecting the interests of the Corporation.

Regarding (ii) namely the mortgage loan of Dr. S.S.A.Zaidi, the Board decided that the amount of outstanding penal interest be written off subject to an undertaking by the mortgagor that he will not claim refund, if any, in the event the untraceable remittance is found to have been received by ALICO. Thereafter the loan account be treated as closed.

ITEM NO.5 TO CONSIDER RE: ACCOUNTING TREATMENT OF THE EXPENSES OF THE DEPARTMENT UNDER MR. M. FARID, ASSISTANT TO CHAIRMAN

The Board considered Memorandum No.10/77 of the Executive Director (F/A) suggesting, inter alia, that the expenses of the Corporate Claims and Taxes Department to the extent that they relate to the claims of the Corporation against the erstwhile insurers under the provisions of LINO, should be deducted from the recoveries made through the efforts of this department.

The Board decided that the matter should be discussed with the Auditors to find out if these expenses can be treated in the Revenue Account as expenses other than the "expenses of management" and excluded from the calculation of renewal expense ratio, in terms of the relevant provisions and schedules of the Insurance Act and Rules. The outcome of such discussion should be reflected in the accounts of 1976.

ITEM NO.6 TO CONSIDER THE DEATH CLAIM OF GROUP INSURANCE OF LATE MR. A.CHOHAN

The Board considered Memorandum No.11/77 of the Executive Director (G&P) regarding the death claim of Group Insurance of late Mr. A.Chohan, an ex-officer of State Life, following a representation from the widow of the deceased.

The Directors were unanimous on the point that State Life had no legal liability to pay the claim because Group Insurance as provided under the State Life Employees (Service) Regulations was a benefit to persons who were employees of the Corporation at the time of death. Mr. Chohan, who died on 19th September, 1975, had ceased to be an employee of the Corporation on 2nd September, 1975.

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The Board, however, considered whether ex-gratia payment could be made. Mr. M.G.Hasan, held the view that the Board was not empowered under Article 14 of the LINO to make ex-gratia payments.

The other Directors did not agree with this interpretation of Article 14 of the LINO restricting the powers of the Board to grant ex-gratia payments. Moreover, the other Directors also felt that in view of Mr. Chohan's very long association with the insurance industry, and having regard to all the circumstances referred in the memorandum, it was desirable on compassionate grounds, to make an ex-gratia payment. The Board, therefore, decided that an amount of Rs.40,000/- be given to the widow of Mr. Chohan, purely as an ex-gratia payment, after obtaining a total waiver from the claimant and all major children of the deceased.

ITEM NO.7                    TO CONSIDER APPEAL OF MR.R.Z.KITCHLEW AGAINST HIS DISMISSAL FROM THE SERVICE OF THE CORPORATION.

The Board considered Memorandum No.12/77 of the Executive Director (F/A) regarding the appeal filed under Regulation No.33 of the State Life Employees (Service) Regulations by Mr. R.Z.Kitchlew who was dismissed from the service of the Corporation in September 75.

The Board referred the appeal to the Standing Committee comprising Chairman, Mr. Samee-ul-Hasan and Mr. P.Sequeira, Directors. This Committee was directed to submit its recommendations at the next Board meeting.

ITEM NO.8                    TO CONSIDER BANK LOANS ARRANGED FOR THE EMPLOYEES

The Board considered Chairman's Memorandum No.13/77 giving background of his meeting with Minister for Commerce in connection with the demand of the Employees' Federation for paying off by State Life of the bank loans arranged for the unionised staff in 1976.

It was the considered view of the Directors that for reasons stated in the Chairman's Memorandum, the payment should not have been made. However, pursuant to the directive of the Federal Government under Article 25 of the Life Insurance (Nationalisation) Order, 1972, vide letter No.4(5)/77-Ins(N) dated 6th June, 1977, from the Joint Secretary, Ministry of Commerce and Local Government, as reproduced below, the Board was obliged to make payment.

"In pursuance of the representation made by the representatives of the Federation and in confirmation of the decisions taken at the meeting between the Commerce Minister and the Chairman, State Life Insurance Corporation on 27th May, 1977 at Islamabad, the Federal Government is pleased to issue the following direction in terms of Article 25 of the Life Insurance (Nationalisation) Order, 1972.

- (a) That the State Life Insurance Corporation is hereby directed to make an ex-gratia payment to its unionised staff equivalent to one month's pay, house rent allowance and conveyance allowance as on September 30, 1976.

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- (b) The amount of loan and interest outstanding against each employee in respect of the bank loan arranged for them by the State Life should first be paid to the bank directly on their behalf to the extent specified at (a) above, and the balance, if any, may be paid to the employees concerned, and
- (c) Those who have paid off the loan or had not taken the loan may be paid the above stated amount in full."

Mr. M.G. Hasan, E.D. (F&A) however, expressed his doubt about the validity of this directive in view of his interpretation of Article 14 of the LINO which does not empower the Board to grant ex-gratia payments.

ITEM NO.9 TO CONSIDER PAYMENT OF COMMISSION AND OTHER MATTERS RELATED TO GROUP INSURANCE

The Board considered Memorandum No.14/77 of the Executive Director (G&P) regarding payment of commissions and other matters relating to Group Insurance.

The questions posed by the Group Department in the statement attached to the Memorandum were considered in depth and the following conclusions were reached by the Board for the guidance of the Group Department.

- (1) Any premiums received for the first time, whether relating to new Groups, increases in sum assured, and/or number of members of the Group, that is to say, the net increases, will be considered as first year premiums.
- (2) Whatever is not FYP as defined in (1) above, is renewal premium income. Lapsed business, when renewed, will be treated as old business and not new business.
- (3) An agency in respect of a Group Insurance contract can be changed only in accordance with the provisions of the Insurance Act, and not otherwise.
- (4) The Board confirmed its earlier decisions and the practice followed thereafter in respect of Government/Semi-Government business concluded before and after 1.1.1973. However, by way of elucidation the Board observed as follows:

Commission and over-riding commission on Group Business will only be paid where the ownership, management and control of the business is in the hands of private parties or foreigners. For example, commission and O/R commission will not be paid -

- a) in respect of a Local Authority like KDA, KMC, KPT, or
- b) in respect of a company which is created by special statute, or
- c) where the Chief Executive or any of the Directors of a Company or both are nominated/appointed by the Government or with the approval of the Government, or
- d) Where the Federal/Provincial Government holds controlling interest in the equity of the company.

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- (5) Commission, renewal commission and over-riding commission/renewal commission may be paid to the Agent/Employer of Agents, as the case may be, in accordance with the provisions of the Insurance Act, 1938.
- (6) Renewal and O/R commission on Group Business of a concern nationalised after 1.1.1973 cannot be paid for the same reasons as stated in (4) above.
- (7) Over-riding and renewal O/R commission may be paid to the Sales Officer and/or Sales Manager concerned on the business secured by the Agent working under them who may have been terminated for any reason provided that:
  - a) The Sales Officer/Sales Manager has a valid Employer of Agents Certificate, and his contract with State Life is in force.
  - b) There is no violation of section 44 of the Insurance Act, 1938.
- (8) It is not necessary to issue a policy every year. It can be renewed every year with exchange of letters. However, in case of a Group which lapses, a new policy may be issued from the date of its revival.
 

Groups of                      Semi-Government
- (9) In case of Government and taken-over industries as defined in (4) above, if part payment or adhoc payment of premium is received, the policies can be kept in force and claims paid even if the balance premium is unpaid which should invariably be a first charge against claims payable. This arrangement should, however, be regulated through administrative instructions issued by the Group Department to the departments concerned. No such stipulation need be made in the policy contract.

ITEM NO.10                      TO CONSIDER ADMISSIBILITY OF COMMISSION ON GOVERNMENT BUSINESS

The Board considered Memorandum No.15/77 of the Executive Director(G&P) for determining the admissibility of commission on Government business, with particular reference to the Group insurance policies of M/s. Pakistan Steel Mills Corporation (SLG/1870 and 1891).

All aspects of the case referred to in the Memorandum were carefully considered and the Board decided that consistent with its policy decision as re-affirmed in respect of Memorandum 14/77 above, the renewal commission pertaining to the above policies were not payable and upheld the decision already communicated by the Group Department to the party.

ITEM NO.11                      TO CONSIDER THE REVENUE BUDGET AND CAPITAL BUDGET FOR 1977.

The Board considered Memorandum No.16/77 of the Executive Director (F/A) containing proposals for the Revenue and Capital Budget of State Life for 1977.

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## 44TH MEETING OF THE BOARD OF DIRECTORS

HELD AT

ON

TIME

Karachi

9th to 15th June, 1977

11.00AM

REVENUE BUDGET

The Executive Director (F/A) briefly stated the background of his proposals and the basis of assumptions in fore-casting the amounts under the head of Income, Policy-payments, Commissions and Management expenses. He pointed out that because of the compulsory increases in the expenses caused by the Award of the Wage Commission, making the cost of Living Allowance part of the pay and the Incentive Scheme to Officers, in addition, to the overall inflationary impact on the expenses, the renewal expense ratio is expected to be around 32%. The effect of further increases that may be caused by the Federal Budget announced on June 11, 1977 have yet to be ascertained.

The directors desired that the actuarial department may report whether our premium rates should be kept at the same level or revised.

The Chairman suggested that an exercise must be carried out by the group of five Directors to make recommendations on the following:

- 1) What adjustments if any, are needed in the premium rates for working out a reasonable expense ratio?
- 2) What should be the strategy in terms of product, marketing, and conservation of business?
- 3) What changes are considered necessary in the proposed six year plan to make it a rolling plan for the future years?

The Board accordingly appointed a Committee comprising the following Directors to study and make recommendations in respect of the afore-mentioned matters:

- |    |                     |          |
|----|---------------------|----------|
| 1. | Mr. Samee-ul-Hasan, | Convenor |
| 2. | Mr. M.G. Hasan      | Member   |
| 3. | Mr. P. Sequeira     | Member   |
| 4. | Mr. S.A. Walajahi   | Member   |
| 5. | Mr. M. Zulqarnain   | Member   |

The Committee should submit its report to Chairman before June 30, 1977. The report would be considered at a specially convened Board Meeting.

As for the Budget presentation in future, it was decided that:

- a) The Budget for 1978 should be sent to the Secretary-Board latest by 7th November 1977. The Executive Director (F&A) should work backwards a time table for each stage of compilation, preparation and finalisation of the Budget proposals upto the 7th November, 1977, and advise all concerned departments well in time and ensure 'feed-back' from them by the stipulated dates. This will enable the Board to approve the Budget before the commencement of the next year and to apply effective controls from the beginning of the year.

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- b) The proposals in respect of each item should show the comparative figures of last year's estimate and the latest actuals but in any case upto the end of June of the current year.

Thereafter the Revenue Budget of the Corporation for the year 1977 was approved in the following form. The Board also authorised the Executive Director (F/A) to re-allocate in consultation with the Chairman, the funds between different cost centres on receipt of their revised budgets showing changes since submission of original estimates. This re-allocation will be within the overall limits fixed for each expense head:

<u>INCOME</u>		<u>000s</u>
First Year Premium (including Overseas = Rs.20 lacs)		620,00
Renewal Premium (including Overseas = Rs.58 lacs)		27,38,00
Group Premium		8,50,00
Int. & Div. Income	15,10,00	
Less Invt. Exp.	8,42	15,01,58
Real Estate Income	2,35,00	
R. E. D. Expenses	1,65,03	69,97
Other Income		1,14,10
	Total	58,93,65

NOTE: The target for ordinary life FYP for Pakistan business was reduced to rupees six crores in view of the adverse experience of the period January to June 1977 for reasons beyond the Corporation's control. The target for group business was increased by 50 lakhs to Rs.8 crore 50 lakhs.

It was observed that FYP as at the end of May, 1977 was down by 31.5% as compared to the corresponding figure last year. This being the case to achieve even a modest growth rate of about 8% during the year 1977, it was necessary to increase the business at the rate 25% for the period July to December 1977. The EDs S&D were advised to work out an action plan for motivating the field force to achieve these projections.

<u>PAYMENT ON POLICIES</u>		<u>000s</u>
Death Claims		3,00,00
Maturity Claims		9,00,00
Group Claims		6,00,00
Surrenders		4,50,00
Cash Bonus		30,00
Profit Commission (Group)		30,00
	Total	23,10,00

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COMMISSION EXPENSES

	000s
Commission O.L. First Year	2,20,10
Commission O.L. Renewal	1,11,92
O.R. Commission O.L. First Year	1,86,00
O.R. Commission O.L. Renewal	27,78
Commission G & P	25,50
O.R. Commission G & P	3,40

Total Commission 5,74,70

OVERSEAS BUSINESS

(Separately shown here, though included in total income figures)

INCOME

FYP - UK	Stg. Pounds	90,000
Middle East	Rs.	5,00,000
Renewal - UK - Rupee Business	Rs.	40,00,000
	Stg. Business	1,00,000
Middle East	Rs.	6,00,000

At this stage, Mr. S.A. Walajahi, E.D. (Overseas) mentioned about the good results being produced by the UKMO. The Board expressed appreciation of the good work of Mian Khurshid Alam.

Expenses: It was decided that the details of expenses of UKMO should be finalised by a Committee comprising Mr. S.A. Walajahi E.D. (Overseas), Mr. M.G. Hasan E.D. (F/A), Mr. Samee-ul-Hasan, Director and Consulting Actuary and Mian Khurshid Alam, Chief Manager (Overseas). It was further decided that expenses finalised by this Committee and approved by the Chairman should be deemed to have been approved by the Board.

MANAGEMENT EXPENSES

(including overseas business expenses, as finalised by the above stated committee)

	000s
Medical Fees	841
Policy Stamps	889
Salaries & Wages	21,980
Allowances	16,554
Overtime	1,187
P.F. Contribution	1,827
Bonus (including ex-gratia payment of Rs.14 lacs)	4,198
Medical Expenses	3,161
Rest & Recreation Allowance	465
Gratuity	5,874
Employees Welfare	1,798
Education Cess	240
Office Rent (own)	5,681

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	000s
Office Rent (Others)	1,320
Printing & Stationery	1,600
Travelling	700
Conveyance	178
Entertainment	200
Insurance	499
Communication	2,440
Utilities	460
Motor Car Expenses	1,505
Bank Charges Interest	134
Maintenance & Repairs	556
Difference in Exchange	26
Advertisement (including cost of Policy Prize Scheme)	3,075
Training Expenses	204
Legal & Professional	882
Subscription	86
Books & Periodicals	131
Conferences & Meetings	280
Prizes and awards	820
Furniture & Fixture Machine (Hire)	45
Depreciation	2,300
Retainers Fees	444
Rates & Taxes	213
Audit fee and Professional advice fees to auditors	240
D.P.hire and service	1,750
Expense for office in the Middle East	1,000
Foreign tours	50
Convention Expenses	600
Reorganisation and unforeseen expenses	1,500
Misc. Expenses	195
U. K. M. O.	793
Total Expenses of Management	88,929

Each item was discussed in detail and appropriate changes were made wherever necessary. Particular observations were made in respect of the following items:

Bonus: Provision was increased by Rs.14 lacs in view of Government directive.

Gratuity: Full effect for the increase caused by the Wage Commission Award and inclusion of CLA with wages not be shown in one year. Realistic provision under this item would be made in the final 1977 accounts in consultation with the actuarial department and the Auditors. In the meantime, an adhoc provision of Rs.58.74 lacs may be made in the budget.

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Employees Welfare: An amount of Rs.17.98 lac was approved, but the Personnel Department was directed to examine what further deductions could be effected under this head.

Entertainment: An amount of Rs.1.75 lac plus Rs.25,000/- for Group Business was approved. Out of Rs.1.75 lac, Principal Office would get Rs.50,000 and the balance Rs.1.25 lac would be prorated among the Zones in consultation with the Executive Directors (S&D).

Conferences & Meetings: The provision was reduced to Rs.2.80 lacs including Group Business. The reduction would apply to Principal Office.

Retainers Fee: Increased by Rs.6,000/- (During discussion on this item Mr. Samee-ul-Hasan, Director, retired from the meeting, and joined after the discussion was over).

Prizes & Awards: Provision was reduced to Rs.8.20 lacs. It was, however, decided that additional amount may, if required, be subsequently allocated for any conservation contest.

DPD Hire & Service: The existing provision of Rs.17.50 lac may be increased, if necessary.

Expenses for Offices in Middle East: The provision was increased to Rs.10 lac.

On the basis of the approved budget the projected operational ratios in 1977 will be as follows:

SUMMARY OF OPERATIONAL RATIOS

1.	Death Claims	8.93% of premium
2.	Maturity Claims	26.80% of premium
3.	Group Claims & Profit Commission	74.12% of Group Premium
4.	Surrenders	13.40% of premium
5.	Overall expense ratio	43.60% of total premium
6.	Renewal Expense ratio*	31.20% of renewal premium
7.	Group Expense ratio	10.40% of Group Premium
8.	Investment Expense Ratio	0.56% of Int.andDivd.
9.	Real Estate Exp. Ratio	70.23% of Rental Income
10.	Increase in F.Y.Premium Budgetted	7.90% over 1976 (given by PHS)
11.	Increase in Renewal Premium Budgetted	12.50% over 1975 actuals

\* including gratuity provision - see above.

CAPITAL BUDGET

The Capital Budget, as proposed, was approved which would show the Zone-wise allocation of the budgetted provision as given below:

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	<u>Rs. (000)</u>
Karachi Zone	386
Lahore Zone	363
Rawalpindi Zone	95
Hyderabad Zone	83
Peshawar Zone	39
Overseas	48
Principal Office	<u>500</u>
Total	<u>1514</u>

It was decided that the expenses in respect of capital items which fall within the control of the Principal Office may be made by the E.D. (F/A) with the approval of the Chairman.

ITEM NO.12 TO CONSIDER INCREASE IN THE SCALE OF GROUP INSURANCE BENEFITS TO EMPLOYEES

The Board considered Memorandum No.17/77 of the Executive Director (G&P) proposing to increase the scales of group insurance benefits to the employees with a view to realign them with the award of the Wage Commission and also to improve such benefits in the case of officers.

Regarding the unionised staff it was decided that as recommended by the Wage Commission the following Group Insurance benefits shall be provided to the employees of State Life in pay scales 1 to 7.

	<u>On Death</u>	<u>After Total Disability</u>
Pay Scale No.1	Rs.15,000/-	Rs.20,000/-
Pay Scale 2-7	Rs.25,000/-	Rs.30,000/-

As for the officers, it was observed that the rates of benefits will be appropriately revised after the acceptance by the Government of the Pay Commission recommendations pending which any claims arising in respect of officers drawing salaries comparable to those categories of unionised staff who stand to be benefitted by the increased group cover awarded to them by the Wage Commission, will not be treated less favourably.

The E.D. advised that he will shortly submit for the consideration of the Board a pension scheme for the employees of the Corporation.

ITEM NO.13 SUPPLEMENTARY AGENDA

- (a) TO CONSIDER RE: EVALUATION OF SAHIWAL RESEARCH PROJECT AND STRATEGY FOR DEVELOPMENT OF RURAL INSURANCE

The Board considered Memorandum No.18/77 of the Executive Directors (S&D) regarding evaluation of Sahiwal Research Project and proposals for the strategy for development of Rural Insurance.

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The E.D. explained the background of the Rural Insurance Scheme which was launched as a pilot project in Sahiwal on 6th November 1973, for a period of one year. At the end of this time, an appraisal was to have been undertaken, and the scheme was to have been extended to Nawabshah and Mardan. This was not done, and the pilot project continued from year to year until its winding up on 31st December 1976. Generally speaking, the project got off to a good start in terms of business transacted for about 18 months, but thereafter the experience was not satisfactory in terms of expectations from the project.

However, the experience gained has been useful in highlighting certain significant aspects as summarised below which can be taken into account in developing any new scheme:-

- a) The segregation of the pilot project at Sahiwal from the main-stream of the ordinary life field operations and the appointment of salaried project officers on terms other than commission tended to act as a corroding influence both within and outside the project.
- b) Effective and close supervision over the field force seems to have been lacking.
- c) Allocation of Corporation's transport facilities to the project staff posed serious problems.
- d) Absence of a well-planned training scheme and lack of publicity in projecting the image of State Life and the benefits of life insurance.
- e) Lack of proper planning for manpower development for transacting business in rural areas.

The matter was discussed at length, by the Board and thereafter the following recommendations of the Executive Directors, S&D, for future strategy for developing life insurance business in Rural areas were approved:

- a) It is necessary, first of all to define rural business. This should be achieved by first designating urban areas and thereafter defining rural business as business emanating from other than urban territories depending on the address of the policyholder as incorporated in the Proposal Form.
- b) All new proposals should clearly give full description, that is, whether rural or urban and the DPD and other departments should maintain statistics. For this purpose, the Zonal Heads should be asked to compile lists of urban territories in their respective zones for the approval of the Principal Office. Thereafter, urban territories should be notified to the zones so that rural business can be properly classified by the new business deptt. Such lists of classification of urban and rural areas should be revised periodically.
- c) The future rural scheme should be part of the existing Sales & Development Department responsible for transaction of ordinary life business, and should be serviced in like manner. It should be the special responsibility of the Zonal Heads in their respective zones for purposes of coordination, supervision and control.

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- d) There should be no change in the existing commission structure for the purpose of rural business and no differentiation between the facilities offered to existing field workers and to those operating in rural areas.
- e) The training of the rural field force should be the responsibility of the existing field Training Department.
- f) Development of rural insurance should form part of the development plan for ordinary life business although special attention should be paid to the former for which separate statistics should be maintained.
- g) In order to achieve satisfactory results and ensure that the targets are achieved, it is necessary that the field staff appointed for the purpose should be 'employees' of the Corporation assigned to the development wing, i.e., Area Managers.
- h) Transport facilities are indispensable for the successful promotion of rural insurance business. Suitable arrangement may be made for this in the Car Policy of the Corporation.
- i) Performance standards for the development officers in respect of new "rural" territories or "rural" part of territories should be drawn up keeping in view the following:
  - i) Performance should be assessed over a three-year period. 100% or near results should not be expected in the first year. The stages by which the quota should be achieved in the first and second year in order to achieve 100% of the quota in the third year, should be determined in each case by the Executive Director concerned and brought to the notice of the Board.
  - ii) Performance standards should provide for weightage to business from rural areas, with annual progression.
  - iii) Emphasis should be paid to persistency, for which incentives may be provided.
  - iv) Recruitment of agents and regular reports in regard to their activities as may be prescribed should be activated.
  - v) Offices to be set up within the areas sought to be developed and the officers will be expected to reside within the area.
  - vi) For the position of Area Managers if needed, applications may be invited from suitable Sales Managers or Sales Officers for which purpose appropriate selection criteria will be laid down. If suitable persons are not forthcoming from the field, consideration may be given to effecting transfers of officers from the office who have field experience. This will also result in saving.

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- vii) In the current year about 6 to 8 officers may be considered for appointment after a survey is carried out by the Zonal Heads. This would mean that the appointments would probably become effective by about September 1977, allowing for four months working and expenses in the current year.

ITEM NO.13(b) TO CONSIDER re: FACILITIES FOR THE FIELD WORKERS INCLUDING EXECUTIVES CONCERNED WITH FIELD DEVELOPMENT WORK

The Board considered Memorandum No.19/77 of the Executive Directors (S&D) regarding facilities etc. for the Field Workers including executives directly concerned with field development work.

The consensus was in favour of distinguishing between facilities which ought to be treated as necessary tools of business, and rewards as benefit for showing improvement over the expected results. These two factors must be built into an overall scheme for the development of officers and executives of the Corporation.

Facilities necessary for the performance of the jobs assigned to, and expected of, an officer must be provided on the basis of a well-defined system.

Incentives or rewards on the other hand must be related to the profitability of the Corporation in such manner that the officers should suffer if the Corporation makes losses, and gain if the Corporation makes profits. For this purpose a scheme covering all levels of officers and all types of assignments should be formulated for the consideration of the Board jointly by the Admin. and Sales & Development Departments.

As for the proposals made in the Memorandum, the following decisions were taken:

1. In regard to the facilities the following was decided:
  - a) Telephone facility - A scheme will be prepared by the Director (F&A) and Directors (S&D) for approval of the Chairman.
  - b) The facilities of driver, petrol limits and Corporation owned cars will be determined in accordance with the Car Policy approved at this meeting.
  - c) Adequate provision has been made in the statement of financial powers proposed to be delegated to the Zones. Within the budgetary provisions, expenses on Agency meetings can be incurred accordingly.
  - d) Air-conditioned Offices are not necessary to be provided to Managers development.
2. Directors (S&D) will laydown performance standards for Managers (Development) in the different zones.

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3. Awards and incentives must be determined in the context of an overall scheme for all officers. Guidelines of the scheme will be finalised in due course by a Committee of Directors comprising M/s. M.G.Hasan, P.Sequeira, S.A.Walajahi and Mr. Samee-ul-Hasan. Mr. Samee-ul-Hasan will act as Convenor.

On the basis of the guide-lines formulated by the Committee and approved by the Chairman, each Executive Director and the Chairman will formulate performance standards for the departments under his control. The incentive scheme based on those standards will be put into effect by the ED/Chairman concerned as soon as finalised by them in respect of their respective departments.

ITEM NO.13(c) **TO CONSIDER THE CAR POLICY OF THE CORPORATION**

The Board considered Memorandum No.20/77 of the Executive Director (F/A) regarding the future car policy of the Corporation. He stated that due to absence of a well-defined policy for provision of official cars to officers, there is confusion and heart-burning among senior officers. It is necessary, therefore, to have a clear-cut policy based on our needs. He then enunciated for consideration of the Board the following principles for the new car policy as contained in his Memorandum:-

- a) Only Area Managers should be deemed to be engaged on development work.
- b) DGM's and AGMs should <sup>be</sup> encouraged to maintain their own cars.
- c) The Corporation should maintain only pool cars.
- d) In providing any facility in the shape of reimbursement of expenses or car rentals, no discrimination should be made between the officers of the same rank.

The E.D. (F/A) then suggested a formula on the basis of which the Corporation-owned cars should be sold to the present incumbents who may then be brought on to the new system of compensation to be paid by the Corporation of a car rental (DGM Rs.700, AGM Rs.600) and Petrol limit (DGM 50 gallons, AGM 40 gallons) per month. The ED stated that according to this scheme, the car expenses of the Corporation would go down from Rs.17.51 lacs to Rs.8 lacs.

The matter was discussed at length and the Board approved the following guidelines for the Car Policy of the Corporation in respect of business in Pakistan.

- 1) The posts for the purposes of the new car policy are divided into two categories:

A. Posts requiring frequent use of transport for official work.

The following shall be considered to be the posts requiring frequent use of transport for official work:

- a) Ordinary Life Business:  
Area Manager, Manager (Development), AGM (Development)

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Zonal Head, and Manager, Public Relations Department.

- b) Group Insurance:  
Manager (Development), AGM, and DGM.
- c) Pension business:  
Manager (Development)
- d) Real Estate Department:  
Chief Engineer.
- e) Corporate Claims and Taxes Deptt.  
AGM
- f) Resident Representative, Islamabad.

B. Posts not requiring frequent use of transport for official work: All posts in the grade of Manager and above not included in category (1)-A.

- 2) The car facility was sub-divided into three groups:
  - a) Corporation-owned and maintained car, with or without chauffeur or with or without any limit on petrol expenses.
  - b) Car rental of a reasonable amount (taking into account depreciation, interest on loan for the purchase of car, maintenance cost, insurance and taxes), worked out on the basis of a 1300 cc car of a model not older than three years, plus petrol, with or without any limit on petrol expenses.
  - c) Car allowance at enhanced rates to officers owning and maintaining cars together with mileage allowance at taxi rates for all journeys performed for official work on their vehicles.
- 3)
  - a) Option at 2(a) above, will be restricted only to Zonal Heads of the rank of Managers and above.
  - b) Incumbents of all other posts as at (1)-A above will have the option of either availing car rental facility as at 2(b), or car allowance as at 2(c). In the former case, the entitlement of a driver or 'Driver Allowance' will be determined on a case to case basis by the ED(F/A) in consultation with the E.D. concerned, and finalised with the approval of the Chairman.
  - c) Incumbents of all other posts as at (1)-B of the rank of Manager or above will be entitled to the option at 2(c) provided they own and maintain a car.

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- 4) For all other officers i.e. Deputy Managers and below owning their their own vehicle and being paid normal conveyance allowance, mileage allowance at taxi rate will be allowed for all journeys for official work performed in their vehicles.
- 5) There will be staff cars at certain zones and the Principal Office whose number will be determined by the ED (F&A) with the approval of the Chairman.
- 6) The present users of office cars shall be allowed to purchase the cars in their use at a price and on terms to be negotiated by a Committee consisting of M/s. M.G. Hasan, P. Sequeira, S.A. Walajahi and Mr. Samee-ul-Hasan (in his absence, Mr. S.S. Akhtar), with Mr. M.G. Hasan as Convenor. The Terms of Reference of this Committee would be -
  - i) To negotiate the price at which the cars are to be sold and the method of recovery of the sale price.
  - ii) To determine the amount of car rental, and car allowance for different grades.

The Committee will finalise its work within one month from the date of its first meeting and submit its report to the Chairman whose approval thereto will be deemed to be the approval of the Board of Directors.

ITEM NO.13(d) TO CONSIDER REIMBURSEMENT TO THE CORPORATION OF PART OF THE RENT PAID BY CERTAIN OFFICERS

The Board considered memorandum No.21/77 of the Executive Director (F/A) regarding the rate at which the Corporation may be reimbursed for the rent paid to it by certain officers, in terms of the Board's decision at its 43rd Meeting held on 17 & 19th March, 1977. It was noted that since the Federal Government had now decided to charge 5% towards house rent from employees provided with Government accommodation, State Life may also reduce its rate of deduction from 7 1/2% to 5%.

The Board accordingly decided to alter clause (ii) of its decision at item 11 of the 43rd Board Meeting to read as under:

- (ii) The Zonal Head concerned will not be entitled to House Rent Allowance, Instead, he will reimburse to the Corporation an amount calculated at 5% of his pay, including special pay, if any. This change will take effect from 1.5.1977.

ITEM NO.13(e) TO CONSIDER PHASING OUT OF LESS DEVELOPED TERRITORY DISCOUNT FOR AREA MANAGERS

The Board considered Memorandum No.22/77 of the Executive Directors (Sales & Development) regarding the phasing out schedule of less developed

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territory discount, as decided (vide item No.13(b) (v) at the 43rd Board meeting held on 17/19th March, 1977.

It was felt that in view of the poor production figures upto May 1977, it was difficult to anticipate any increase over 1976. However, as proposed by the EDs, the following reductions in concessions were approved.

Name	Area	Present concession	Reduced in 1977 to	Proposed reduction in 1977
<u>NORTH ZONE</u>				
Mr. M. A. Pirzada	Bahawalpur	20%	10%	-
Mr. M. A. Majeed	Bahawalnagar	20%	Cat. B. (12%)	-
Mr. Mushtaq A. Mirza	Mirpur A. K.	35%	20%	-
Mr. Riaz A. Butt	Peshawar	25%	15%	-
Mr. G. G. Khan	Abbotabad	25%	Cat. B. (Nil)	-
<u>SOUTH ZONE</u>				
Mr. A. A. Arain	Mirpurkhas	25%	-	20%
Mr. M. Y. Qureshi	Sukkur/Khairpur	25%	-	20%
Mr. M. A. Siddiqi	Sukkur/ Jacobabad	25%	-	20%
Mr. S. A. A. Zaidi	Quetta	25%	-	20%
Mr. D. H. Abbasi	Nawabshah	25%	-	20%

Further, it was not considered feasible at this stage to anticipate the reduction for 1978 and 1979. It was, therefore, decided that the concession for 1978 be determined in the light of business experience of 1977.

ITEM NO. 13 (f) TO CONSIDER EXPANSION OF BUSINESS IN MIDDLE EAST:

The Board considered Memorandum No.23/77 of the Executive Director (Overseas) explaining the background of the proposal and stating that the Federal Government had already allowed State Life to open branches in the Middle East. The foreign exchange required to meet external financing and deposit requirements has, however, not been granted as yet. Because of the difficult foreign exchange position, the permission may not be forthcoming and it may not be advisable for State Life to delay the launching of the scheme any further. It was considered whether State Life should explore raising finances on its own for at least one branch in Sharja, Dubai or any other UAE Centre. The specific requirements for this purpose were estimated to be as follows:

- a) cash deposit of Dh. 5,00,000  
(approx. US \$ 125,000)
- b) bank guarantee of Dh. 5,00,000  
(approx. US \$ 125,000)

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- c) loan to the extent of Dh. 8,00,000 (approx. US \$ 2,00,000) for meeting the expenses of management for a period of 2 years.
- d) these finances and bank guarantee to be obtained from a financial institution operating in U.K. or UAE.

The Board approved the proposal in principle and authorised the E.D. (Overseas) with the approval of Chairman, to;

- a) arrange above mentioned finances and bank guarantee from a financing institution on terms and conditions to be approved by the Chairman.
- b) alternatively, make such other arrangement as may be desirable and feasible for obtaining necessary finances by taking such advantage of the premium income arising from existing policyholders resident abroad as may be appropriate, and
- c) make all arrangements in connection with the establishment of a branch in Sharjah or Dubai or other UAE Centre including its staffing, as soon as the finance are made available.

ITEM NO.13(g) ANY OTHER BUSINESS:

RE: MR. SAYYED KHURSHID ALAM,  
DEPUTY MANAGER, PESHAWAR.

With the permission of the Chair, Mr. M.G. Hasan, ED(F/A) wanted to re-assure himself that the Board and/or the standing Committee had taken into consideration all relevant factors in arriving at the decision (taken at its 43rd Meeting vide item (10) to reinstate Mr. Sayyed Khurshid Alam, Deputy Manager, Peshawar, as he was not present at the time. Accordingly ED(F/A) introduced for discussion his Memorandum No.18/77 dated 3.6.77 and recapitulated the entire sequence of events and facts which influenced the competent authority to arrive at the conclusion of awarding the punishment of dismissal.

A detailed point by point discussion took place at the end of which the Board concluded that all relevant facts now raised by Mr. Hasan had already been taken into account by the Standing Committee and the Board.

The Board therefore decided that the decision taken at the 43rd meeting should stand, and authorised the ED (F/A) to ensure its implementation keeping in view the larger interest of the Corporation.

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

*Confirmed subject to amendments suggested in today's meeting.*

*[Signature]*  
23.7.77

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*[Signature]*  
(D.M. Qureshi)  
Chairman

CHAIRMAN'S INITIALS

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