

## 45TH (EMERGENCY) MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Sat. - Sun. July 23 - 24, 1977	10.30am

The 45th (Emergency) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan, called pursuant to the notice dated 20.7.1977, was held at Karachi on Saturday the 23rd July and Sunday the 24th July, 1977 at 10.30 A.M.

The following were present :

Mr. D.M. Qureshi - Chairman  
 Mr. M.G. Hasan  
 Mr. Sameeul Hasan  
 Mr. P. Sequeira  
 Mr. S.A. Walajahi

Leave of absence was granted to Mr. M. Zulqarnain, Director who was out of Karachi.

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 44TH BOARD MEETING HELD ON 9TH TO 15TH JUNE, 1977.

The minutes of the 44th meeting of the Board of Directors held on 9th to 15th June, 1977 were confirmed, after the following amendments had been made therein :-

- (i) In item 13(c) regarding the Car policy, the third paragraph was amended to read as under :

"The matter was discussed at length and the Board approved the following guide-lines for the Car policy of the Corporation in respect of business in Pakistan for employees other than those on contract basis".

- (ii) Sub clause (ii) of clause 6 was amended to read as under :

"(ii) To determine the amount of Car rental in respect of a Car whether owned, maintained or hired; and car allowance for different grades".

ITEM NO.2: TO CONSIDER THE FINANCING ARRANGEMENTS OF OVERSEAS BUSINESS WITH NATIONAL BANK OF PAKISTAN:

The Board considered memorandum No.24/77 of the Executive Director, Overseas, regarding the financing arrangements of Overseas business negotiated with the National Bank of Pakistan in the light of the decision of the 44th Board meeting. The Board approved the same. To effectuate the arrangement, the Board passed the following resolution:

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"RESOLVED that the National Bank of Pakistan or any other financial institution be approached for a loan of US \$ 500,000 on terms and conditons to be mutually agreed, in connection with the development of foreign operations of the Corporation in foreign countries. FURTHER RESOLVED that this loan of US \$ 500,000 be utilised for issuance of Bank Guarantees and cash deposits and other requirements.

FURTHER RESOLVED that the Chief Manager incharge of UK, Europe and Middle East operations (at present Mian Khurshid Alam) and Executive Director of Overseas Operations (at present Mr. S.A. Walajahi) be and are hereby authorised on behalf of State Life Insurance Corporation of Pakistan to negotiate and settle the rate of interest and other terms and conditions and to sign and execute the loan agreement, Deeds, Letters of guarantee, Letter of Credit, Demand Promissory Notes, and other Deeds or Documents that may be required at any time in connection with the above loan and jointly or severally present for negotiation and otherwise take steps for registration of the documents before any authorities as and when necessary".

ITEM NO.3: TO CONSIDER RE: THE GENERAL POWER OF ATTORNEY TO BE GIVEN TO MR. S.A. WALAJAHI IN RESPECT OF OVERSEAS OPERATIONS:

The Board considered Chairman's Memorandum No.25/77 and passed the following resolution:-

"RESOLVED that a General Power of Attorney be granted to Mr. S.A. Walajahi, an Executive Director of the Corporation, Incharge of the Overseas Division, in terms of the draft General Power of Attorney.

FURTHER RESOLVED that the Chairman of the Corporation and another Director of the Corporation sign and execute the said General Power of Attorney.

FURTHER RESOLVED that the common seal of the State Life Insurance Corporation of Pakistan be affixed on the said General Power of Attorney in the presence of the Chairman and the other Director".

The draft of the General Power of Attorney is given in Annex.'A'

ITEM NO.4: (a) RE: APPLICATION OF GLOBE TEXTILE MILLS LTD. FOR A DEBENTURE LOAN OF Rs.15 LACS.

(b) RE: APPLICATION OF BENGAL FIBRE INDUSTRIES LTD. FOR A DEBENTURE LOAN OF Rs.16 LACS.

(c) RE: PROPOSAL TO RECOVER OVERDUE AMOUNT OUTSTANDING ON ACCOUNT OF LOAN OF Rs.6.25 LACS TO BEGUM KALSUM SAIFULLAH KHAN IN TERMS OF THE SALE REPURCHASE OF SHARES OF KOHAT TEXTILE MILLS LTD.

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The Board decided to refer the above matters to the Executive Committee.

(c) RE: APPLICATION OF SERVICE INDUSTRIES LIMITED  
FOR A DEBENTURE LOAN OF Rs.50 LACS.

The Board considered Chairman's Memorandum No.26(c)/77 regarding the application of Service Industries Limited for a debenture loan of Rs.50 lacs and approved the underwriting of, and subscription to, the debentures in the amount of Rs.50 lacs on the following terms and conditions:

1. The company pay to State Life,
  - (a) Professional assistance and project examination fee @  $\frac{1}{2}\%$  of the amount of debentures that State Life will underwrite/take up. The fee will be non-refundable.
  - (b) Commitment fee @  $1\frac{1}{2}\%$  per annum, payable quarterly on the principal amount of debentures remaining undisbursed from time to time.
  - (c) Underwriting commission @ 1% of the nominal amount of debentures to be underwritten by State Life.
2. Interest on the loan to be paid half yearly @  $3\frac{1}{2}\%$  per annum above the Bank rate on convertible and 4% per annum above the Bank rate on non-convertible debentures.
3. Interest on all amounts of principal, interest and other dues remaining unpaid on due dates will, in case of convertible debentures, be @ 5.5% above the Bank rate and in case of non-convertible debentures, @ 6% above the Bank rate.
4. In case of convertible debentures State Life will have the option to convert twenty percent of the debenture loan into ordinary shares at par value any time during the currency of the loan.
5. Security to be provided through first mortgage on all present and future fixed assets of the company and a floating charge on all its current assets. The title deeds of the factory and land should be to the satisfaction of our legal advisor. Alternatively, the company to provide a bank guarantee to indemnify State Life against any loss on account of defects in the company's title to the factory and land; or to additionally secure the loan.
6. Repayment of loan to be in 10 half-yearly instalments after a grace period of two years.
7. Before disbursement of the debenture loan the Company will be required to,
  - (a) furnish evidence that commitments for the balance amount of debentures have been received from other institutions.



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The Board accordingly authorised the Chairman to negotiate settlement with the contractor within a maximum amount of Rs.3,41,376/- plus Rs.77,899/- for escalation in steel prices.

- (f) TO CONSIDER THE TERMS AND CONDITIONS OF CHIEF AGENCY ARRANGEMENT WITH THE PAKISTAN MANAGEMENT CORPORATION LIMITED.

The Board considered Memorandum No. 26(f)/77 of the Executive Director, Overseas stating the terms and conditions negotiated with the Pakistan Management Corporation Limited for the State Life to act as their Chief Agent for the sale to Pakistanis living abroad of houses to be constructed by P.M.C. in different cities of Pakistan. The Chairman and E.D. Overseas advised the Board of the details of their recent discussions with the P.M.C. as a result of which the following tentative conclusions were reached :-

- (1) The Chief Agency Commission in respect of the current Islamabad project will be at the rate of 2% (instead of 1½% earlier proposed) of the total cost of a house.
- (2) The Chief Agency Commission in respect of the projects at other locations will be at the rate of 3% (instead of 5%) of the total cost of a house; provided that State Life will retain the right to review this rate keeping in mind its experience with the Islamabad Project. Any proposed increase will, however, be mutually settled.

The Board approved in principle the above terms and conditions, and authorised the Chairman to finalise them with such minor changes as may be considered necessary, and to execute the requisite Agreement or other relevant documents in this behalf.

The Board also re-affirmed its earlier decision to make a token investment of Rs.5,000/- in the equity capital of the Pakistan Management Corporation Limited.

ITEM NO. 5: RE: PAYMENT OF EXTRA DUTY ALLOWANCE TO THE EMPLOYEES WORKING LATE:

The Board considered Memorandum No. 27/77 of the Executive Director (F&A) suggesting that extra duty allowance for specified amounts may be paid to the Private Secretaries, Stenographers, Drivers, Peons and other such staff who are often required to work late with the Officers after office hours. After detailed discussion it was decided that :

- (a) as regards the unionised staff, option be available to the Directors in respect of their departments, to grant after proper assessment of actual number of hours worked and in the light of experience over a period of time, either the monthly allowance at fixed rates (provided in circular No.107/76 dated

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18.11.1976 of E.D (F&A) or to pay overtime at the actual overtime rate, subject to the condition in either case that the payments remain within the prescribed budgetary limits. The option of fixed allowance, however, will be limited to staff working for the Chairman, Executive Directors, D.G.Ms, A.G.Ms, Zonal Heads and Manager Group, Lahore (in the absence of an AGM Group, Lahore). Unionised staff working for other departments will be paid overtime at actual rates.

- (b) as regards non-unionised staff, the E.D (F&A) was requested to prepare a separate paper for the consideration of the Board in which he should explore the possibility of compensating the staff working for the Chairman, Directors and Zonal Heads (DGMs only) by bringing them preferably within the scope of the fixed allowance system or any other equitable basis.

ITEM NO.6: ANY OTHER MATTERS:

- (A) RE: STANDING COMMITTEE APPOINTED TO CONSIDER THE APPEAL OF MR. R.Z. KITCHLEW:

The Chairman informed the Board that Mr. Sameeul Hasan, Director, and a member of the Standing Committee which is required to consider the appeal of Mr. R.Z. Kitchlew, was proceeding on long leave ex-Pakistan. It was, therefore, necessary to appoint another Director in his place under the Service Regulations in order to expeditiously dispose of the matter. The Board authorised the Chairman to nominate another Director on the Standing Committee in place of Mr. Sameeul Hasan, which nomination will be deemed to be an appointment made by the Board.

- (B) RE: PESHAWAR CONVENTION:

The Chairman explained the details of the protracted negotiations held with the Field Representatives at Lahore and Karachi pursuant to the demand of the workers for payment of compensation due to indefinite postponement of the Peshawar Convention for unavoidable reasons. After due consideration, the Board took the following decisions :-

- i) In view of the impracticability of holding the Convention in the near future and as a measure of effecting substantial savings in the expenditure that would otherwise have to be incurred it was advisable to accede to the general demand of the qualifiers and not hold the Convention.
- ii) The qualifiers who had achieved outstanding results for participation in the Convention should be rewarded for their efforts in the shape

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of Prize Bonds as per formula for which a general consensus had been reached and the total cost of which will not exceed Rs.8.5 lacs, including prizes announced for double qualifiers and others under the Contest Rules.

- iii) The expenditure of Rs.8.5 lacs will be charged in full to the 1976 Accounts of the Corporation in which a provision of Rs.10 lacs had already been made. The balance of the provision of Rs.1.5 lacs will accordingly be extinguished.

(C) **RE: BONUS SCHEME FOR OFFICERS:**

The Board considered a note presented by Mr. Sameul Hasan Convener of the Committee appointed by the Board at its 44th meeting to prepare a scheme for determining payment of bonus to the officers of State Life and discussed its salient features reproduced below :-

- a) The bonus for any calendar year should be determined after that year's accounts are audited.
- b) The total amount to be distributed should be based on the aggregate of the officers' basic pay at the end of the calendar year.
- c) The aggregate amount available for bonus should be determined as aggregate of one month's basic pay of all officers as at 31st December, but this aggregate to be increased or decreased according to the total performance rating as may be prescribed.
- d) The performance rating should be based on the following five factors:
  - i) Investment yield.
  - ii) Renewal expense ratio.
  - iii) Growth in ordinary first year premium.
  - iv) Growth in ordinary renewal premium income, and
  - v) Growth in Group premiums.

The Board also noted the suggestion that out of the aggregate amount available for bonus distribution, 4/5th of the aggregate should be distributed across the board, and the remaining 1/5th should be reserved for special cash awards to officers who perform exceptionally well.

The Board expressed its agreement in principle, with the broad parameters of the scheme, subject to the clarification that in determining the investment yield, only the realised appreciation and losses should be taken into account. The Board also observed that the parameters should be reviewed after every two years.

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Concluding the discussion, the Board decided that the scheme be brought to the notice of the Pay Commission after obtaining the views of a cross-section of officers. For this purpose, the Chairman was authorised to nominate a Committee for consultation with the officers.

(D) RE: CLAIM OF MR. M.G. HASAN, EXECUTIVE DIRECTOR (F&A) FOR HOUSE RENT SUBSIDY AND ENTERTAINMENT ALLOWANCE:

(Before the matter was presented, Mr. M.G. Hasan retired from the meeting, and resumed after the discussion was over).

The Chairman placed before the Board the claim of Mr. M.G. Hasan for payment to him of house rent subsidy at the same rate as provided for the other Directors according to the Directors' Remuneration Rules of State Life, and for payment of entertainment allowance in the same manner.

The Chairman informed the Board that the matter was referred to the legal adviser and in the light of whose opinion Mr. Hasan's plea for payment of house rent allowance can be entertained. The Board accordingly decided that he should be paid house rent allowance at the rate of 30% of his pay plus actual 'maintenance' expenses (as defined in the Directors' Remuneration Rules) of the house subject to a maximum of Rs.1500/- per month. The entitlement will be effective from the date Mr. Hasan joined the Corporation.

In regard to entertainment allowance, the Board decided to await confirmation of the Ministry of Commerce, to whom reference had already been made by the Chairman and payment may thereafter be made if confirmed by the Ministry.

(E) RE: THE TERMS OF APPOINTMENT OF MIAN KHURSHID ALAM, CHIEF MANAGER, OVERSEAS OPERATIONS:

The Chairman gave the Board a resume of the terms of appointment of Mian Khurshid Alam, Chief Manager, Overseas. Basically, it was a contract appointment, the terms of which are negotiated afresh every year. Since it was not considered a satisfactory arrangement both from the point of view of the Corporation as well as Mian Khurshid Alam negotiations took place with Mian Khurshid Alam with a view to bring him on to a regular time scale. The basis of the proposed arrangement is to withdraw from him the entitlement to difference of commission costs between 65% and the actual commissions payable for Pak. Rupee business in Europe, as well the incentive bonus @ 2% after 1979. In return he would draw a salary in a time scale, a Corporation-owned and maintained car in lieu of car depreciation allowance, a compensation effective January 1980 in lieu of incentive bonus, gratuity similar to other employees, £ 100 as insurance premium, daily allowance on tour not exceeding £ 450 per year, earned and sick leave, and an option to be absorbed in Pakistan on the permanent strength of State Life.

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The Board discussed the various aspects and implications involved and decided that Mr. S.A. Walajahi, E.D. (Overseas) together with Mr. Sameeul Hasan, Director be authorised to negotiate and finalise the terms within the above stated parameters, subject to the approval of the Chairman whose final decision in the matter will be deemed to be the approval of the Board. The arrangement as concluded be brought to the notice of the Board.

(F) RE: THE EXECUTIVE COMMITTEE OF THE BOARD:

The Chairman informed the Board that in view of the impending departure abroad of Mr. Sameeul Hasan on long vacation, and of Mr. S.A. Walajahi in connection with Overseas operations, the Board of Directors would not have the necessary quorum in case it is decided to call meetings for disposal of matters within the competence of the Board. For the same reason, the Executive Committee constituted by the Board under Regulation 5 of the General Regulations will also not be able to meet for the transaction of business. The Board appreciated the difficulties that would arise and decided to meet the situation through the adoption of the following resolution :

"Resolved that the Chairman be and is hereby authorised to nominate Directors on the Executive Committee in the absence of any member or members and/or to reconstitute the said Committee retaining its complement of 4 Directors including the Chairman.

Resolved further that the Executive Committee as above constituted or reconstituted as the case may be, shall be, and is hereby authorised to deal with all matters within the competence of the Board for and on behalf of the Board of Directors pending further orders under Reg. 5(5).

Resolved further that the nominations of members affected by the Chairman or the Executive Committee or the reconstitution of the said Committee by him shall be deemed to be the decisions and actions of the Board of Directors taken at this meeting".

Thereafter the meeting ended with a vote of thanks to the Chair.

*D.M. Qureshi*  
 D.M. QURESHI  
 CHAIRMAN  
*Confirmed*  
 14/11/77

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GENERAL POWER OF ATTORNEY

This General Power of Attorney executed at Karachi this \_\_\_\_\_ day of \_\_\_\_\_ in the year 1977 by the State Life Insurance Corporation of Pakistan, constituted under the Life Insurance (Nationalisation) Order 1972, having its Principal Office at State Life Building No. 2, Wallace Road, Karachi, hereinafter referred to as "Corporation" (which expression shall unless excluded by or repugnant to the context be deemed to mean and include its successors-in-interest and assigns) in favour of Mr. S.A. Walajahi S/o. Late Noorullah Walajahi, Muslim adult, residing at 41, 18th Street, Phase V, Defence Housing Society, Karachi and Executive Director of the Corporation, hereinafter referred to as the "Attorney".

WHEREAS for the purpose of facilitating transactions and operations of the life insurance business of the Corporation outside Pakistan through the Overseas Division and ensure speedy and efficient conduct of its affairs, it is expedient and the Board of Directors of the Corporation has resolved to appoint the said Mr. S.A. Walajahi the Attorney abovenamed as the Corporation's General Attorney;

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

NOW ALL MEN BY THESE PRESENTS that the State Life Insurance Corporation of Pakistan, Principals abovenamed, do hereby nominate, constitute and appoint Mr. S.A. Walajahi, the Attorney abovenamed to be the Corporation's true and lawful Attorney in respect of the Overseas Life Insurance business of the Corporation and for its name and on its behalf and for its benefit and use to do the following acts, deeds and things, that is to say :-

1. To arrange periodical actuarial valuation and mortality investigations in respect of Overseas Life Insurance business of the Corporation at such intervals as may be decided by the Board.
2. To quote group insurance and group pension rates.
3. To give special quotations including those relating to policy alternations and surrender values.
4. To recruit, select and promote agents and employers of agents and any other Sales personnel according to procedures generally or specifically approved by the Board, and to appoint them on a contractual basis on such terms and conditions as may be generally or specifically approved by the Board, and to train, post, transfer and dismiss any such personnel as and when deemed necessary.

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<p>5. To devise, formulate, work and operate schemes for the training of new and existing agents and employer of agents and other persons appointed by him, including the payment of such stipends as may be generally or specifically approved by the Board.</p> <p>6. To terminate the contracts of agents, employers of agents and any other persons appointed by him.</p> <p>7. To promote sales and for this purpose to give and extend to agents, employers of agents and other Sales personnel such assistance and devise and operate such schemes in this behalf as may be approved by the Board, whether these involve expenditure or not.</p> <p>8. To devise and formulate, work and operate such schemes for the welfare and well being of agents, employers of agents and other sales personnel appointed by him, as may be approved by the Board, and in particular to undertake schemes of group life insurance for the agents and employers of agents and incur the whole or such part of the expenditure on such schemes as the Board may approve.</p> <p>9. To organise publicity, advertisements and public relations.</p> <p>10. To accept proposals for insurance business and to sign and issue policies in respect of Overseas life insurance business.</p> <p>11. To perform all work in connection with servicing of policies including payment of policy loans, surrender values and claims in respect of Overseas Life Insurance business.</p> <p>12. To maintain overseas life insurance business accounts and to prepare and submit all financial and other statements in respect thereof.</p> <p>13. To exercise internal budgetary control.</p> <p>14. To maintain, draw upon, operate and close any current, cash credit or other account in any bank already existing in respect of the Overseas Life Business of any insurer whose business has vested in the Corporation, whether such account be in Pakistan or outside; and to open, maintain, draw upon and operate any current, cash credit or other account in the name of the Overseas Division of the Corporation in any bank in Pakistan or abroad.</p> <p>And in respect of all accounts hereinbefore mentioned to draw, endorse, negotiate and sign all cheques of all such accounts and to withdraw the said accounts or any of them and from time to time issue instructions in that behalf.</p>		
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24. To appear before the Registrar or Sub-Registrar of Assurances or any other Officer having authority to register deeds and to present for registration, admit execution and complete registration in due form of law of all or any document or documents executed on behalf of the Corporation or the Attorney under the authority of these presents and/or the authority of the resolution of the Board of Directors, and to do all deeds, matters and things for completing registration thereof in due form of law.
25. From time to time substitute and appoint one or more attorney or attorneys under him for all or any of the aforesaid purposes, matters or things and at his pleasure to displace, revoke or remove such substitute or substitutes as the attorney shall see occasion or think fit.
26. And generally to perform and execute all and every and any other acts and deed, matters and things which shall be necessary and expedient in or about the premises, the Corporation for itself, its successors-in-interest and assigns do hereby ratify and confirm.

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

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

The Common Seal of State Life Insurance Corporation of Pakistan has hereunto been affixed in the presence of

For and on behalf of  
STATE LIFE INSURANCE CORPORATION  
OF PAKISTAN.

1. \_\_\_\_\_  
(Chairman)

( Chairman )

2. \_\_\_\_\_  
(Director)

( Director )