

## 46TH (EMERGENCY) MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	Karachi	Mon.14th & Tue.15th Nov. 1977	3.30 P.M.
<p>The 46th (emergency) meeting of the Board of Directors of State Life Insurance Corporation of Pakistan, called pursuant to the notice dated November 13, 1977, was held at Karachi on Monday the 14th November and Tuesday, the 15th November, 1977 at 3.30 P.M.</p>			
<p>The following were present:</p>			
<p>Mr. D.M. Qureshi - Chairman  Mr. Nisarun Nabi - Executive Director  Mr. P. Sequeira - Executive Director  Mr. S.A. Walajahi - Executive Director  Mr. M. Zulqarnain - Executive Director  Mr. S.S. Akhtar - Consulting Actuary, by special invitation.</p>			
<p>Mr. Sameeul Hasan, Director, being out of Pakistan could not attend the meeting.</p>			
<p>Mr. S.M. Mahboob, Secretary, Board of Directors was also present.</p>			
<p>The following business was transacted:</p>			
<p><u>ITEM NO.1: CONFIRMATION OF THE MINUTES OF THE 45TH BOARD MEETING HELD ON 23RD AND 24TH JULY, 1977.</u></p>			
<p>The Minutes of the 45th meeting of the Board of Directors held on 23rd and 24th July, 1977 were confirmed.</p>			
<p><u>ITEM NO.2: TO NOTE THE MINUTES OF THE 8TH, 9TH, 10TH AND 11TH MEETINGS OF THE EXECUTIVE COMMITTEE HELD, RESPECTIVELY ON JULY 26, SEPT.4, SEPT.28 AND OCT.26, 1977.</u></p>			
<p>The Minutes of the 8th, 9th, 10th and 11th meetings of the Executive Committee held respectively on July 26, 1977, September 4, 1977, September 28, 1977 and October 26, 1977 were noted and/or confirmed.</p>			
<p><u>ITEM NO.3: TO CONSIDER NOTE DATED 24-8-1977 OF MANAGER, LAW RE: ESCALATION CLAUSE IN LEASE AGREEMENT.</u></p>			
<p>The Board considered the note dated 24-8-1977 of the Manager, Law Department, giving his views on the legal and practical aspects involved in the proposal made (vide item No.4(f)) at the 44th Board Meeting regarding the increase in rent in State Life properties. The matter was discussed at length and it was proposed that the new leases offered by State Life should provide for a fixed uniform rate of rent for the whole period of lease with a stipulation that State Life may allow rebate in rent upto 66% in the first one-third portion of the lease period, and a rebate upto 33% of rent in the second one-third portion of the lease period. In the last one-third portion of the lease period the rent will be received at full rate. To illustrate, if the</p>			
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lease is for 9 years and the agreed rent for the whole period of lease is, say, at the rate of Rs.6/- per square foot per month, State Life will allow rebate in rent @ Rs.4/- in the first three years, and @ Rs.2/- in the 4th, 5th and 6th years. For the 7th, 8th and 9th years, rent will be received @ Rs.6/-. While determining the agreed rent, the rate shall be so fixed as to reflect the expected rental value in the last one-third portion of the lease period.

The Directors were conscious of the possible legal difficulties involved in the proposal, but decided, that as prima facie, the proposal provided a legal alternative and considering the problems presently faced in obtaining an increase in rent on renewal of lease after every three years it may be worthwhile to try this scheme in relation to non-residential premises, keeping in view the relevant provisions of the law in drafting the clauses of the proposed lease.

ITEM NO.4: TO CONSIDER MEMORANDUM NO.40/77 OF THE EXECUTIVE DIRECTOR (B&A) RE: APPROVAL OF THE ACCOUNTS FOR THE YEAR 1976.

The Board considered Memorandum No.40/77 of the Executive Director (Budget & Accounts) presenting the accounts of the Corporation for the year ended 31st December, 1976 and the Balance Sheet as on that date together with the Auditor's Report. The following observations were made and decisions taken by the Board in respect of the accounts.

(1) The Board noted with satisfaction that it has been possible to achieve substantial increase in income at a time when the economic conditions did not favour investment in life insurance. Also, that visible economies have been achieved in all areas of activity of the Corporation resulting in considerable saving in expenses at a time when inflation rates were very high.

(2) On the income side, the First Year Premium income increased by a high margin of over 13% which, not only wiped out the deficit in 1975 accounts, but also showed an increase of over 5% on the best ever year after nationalisation. Renewal premium income depicted a steady increase while the Group Premium income registered an impressive aggregate increase of 20%. The increase in investment income being over 25% compared to previous year was by far the best, and resulted in an yield of 8.7% on the mean life fund. This rate of return, it was noted, compared favourably with the experience of life insurers anywhere, and indicated the soundness of the Corporation's investment policies.

(3) The performance on the outgo side was very satisfactory. The claim expenses were normal, the surrenders were arrested showing for the first time, a declining trend.

(4) The introduction of budgetary controls, internal audit checks and other management efforts to eliminate waste and extravagance had a salutary effect. The high inflationary pressures and increase in pay-roll due to normal increments not-

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<p>withstanding, the administrative expenses depicted a decrease, for the second year running.</p>			
<p>(5) The quantum of savings is borne out by the reduction in the renewal expense ratio which fell from 29.1% to 28.6% in 1975, and to 26.6% in 1976. On a renewal premium of 25 crores, a reduction of 2.5% in renewal expense ratio, meant a saving of approx. Rs.62 lacs.</p>			
<p>(6) The deviation from the previous accounting practices, such as those concerning treatment of Profit Commission on Group Business, the treatment of interest paid to policyholders on their cash bonuses, the allocation of expenses on Corporate Claims and Taxes Department and adoption of 20% as allowable expense in respect of Group Life Premium instead of 7.5% on 3 years contracts for the purpose of calculation of renewal premium ratio were noted and approved. These had resulted in realignment of the renewal expense ratios for the years 1974 to 1976 as 26.2%, 25.6% &amp; 23.5% which in the view of the Directors was in keeping with the requirements of the law.</p> <p>The Board considered the observations of the Auditors contained in the Notes attached to the Balance Sheet. In regard to Note No.6 concerning 'Investments', of the book value of Rs.1,03,880, relating to ILACO shares Mr. P. Sequeira, Executive Director, while stating the position sought the permission of the Board as in the previous years for recording his views. This having been permitted by the Chairman, his note as per Annex-I to these Minutes was recorded.</p> <p>Thereafter the Board approved the Revenue Accounts and Balance Sheet togetherwith Notes thereon for the year ended 1976, as also the provisions made therein, and passed the following resolution. It was noted that the accounts of Life Insurance Corporation of India in Pakistan could not be incorporated into the accounts as the LICI business was taken over on the 1st of June, 1976 and the accounts of 1975 and previous years had not been finalised. It was further noted that liabilities of LICI policies had however been accounted for in the State Life's valuation as at 31-12-1976.</p>			
<p><u>R E S O L U T I O N</u></p>			
<p>"RESOLVED that:</p>			
<p>(a) Pending final determination of the amounts realisable shown as loans, agents balances, sundry debtors, and other items transferred as assets under Article 15 of the LINO, a further provision of Rs.54,15,045 be made in the 1976 Annual Accounts in the books of the Corporation.</p>			
<p>(b) A provision of Rs.25,68,020 be made in the 1976 Annual Accounts, in addition to the provisions made in previous years in respect of the Corporation's liability for gratuity to staff.</p>			
			<p>CHAIRMAN'S INITIALS</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

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- (c) A provision of Rs.27,40,100 be made in the 1976 Annual Accounts in order to bring the book value of quoted investments in line with market value and to provide for a fall in the value of unquoted investments.
- (d) The fourth Accounts of the Corporation incorporating the Revenue Accounts and Balance Sheet togetherwith the notes, provisions and charges for the year 1976 initialled by M/s. A.F. Ferguson & Co., Ford Rhodes Robson, Morrow; Rahim Jan & Co., S.M. Masood & Co.; and Taseer Hadi, Khalid & Co.; Chartered Accountants and placed before the Board be and are hereby approved, and the Chairman and Directors present may affix their signatures on the Accounts.
- (e) A copy of the approved accounts togetherwith the Directors Report be forwarded to the Federal Government after the Auditors have affixed their signatures to the Accounts."

After the passage of the above Resolution by the Board, the Balance Sheet and the Revenue Accounts togetherwith certificates appended thereto, the notes to the Accounts and Form "AA" were duly signed by the Chairman and the Directors present.

ITEM NO.5: TO CONSIDER CHAIRMAN'S MEMORANDUM NO.41/77  
RE: RELAXATION IN AGE OF CERTAIN NEW EMPLOYEES.

The Board considered Chairman's Memorandum No.41/77 suggesting for the relaxation of age at entry of those employees who are working on temporary basis or on daily wages and who are required to be absorbed on permanent basis. Considering the assurance given by the Corporation to the Wage Commission for Insurance Corporations that the appointment of such employees will be regularised, the Board decided to relax the maximum age limit of the following employees:

<u>N A M E:</u>	<u>DESIGNATION</u>
1. Mr. Mohammad Ashfaq Hussain	Junior Clerk
2. Mr. Inayat Ali Shah	Junior Clerk
3. Mr. Nazir Ahmed	Peon
4. Mr. Inayat Masih	Sweeper
5. Mr. Mohammad Jalil Siddiqui	Junior Officer
6. Mr. Mohammad Shafi	Typist
7. Mr. Mohammad Kazim Khan	Peon
8. Mr. Mazkoorul Hasan	Gestetner Operator

ITEM NO.6: ANY OTHER MATTER WITH THE PERMISSION OF THE CHAIR.

- (a) Delegation of authority.

The Chairman informed the Board that following the introduction of the new organisational structure of the Corporation

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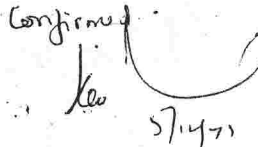
the Personnel and General Services Division was created in place of the Administration Department. The P&GS Division is being supervised directly by the Chairman. With a view to streamline the functioning of this Division and to facilitate prompt disposal of work the Chairman issued an Office Order No.567/77 dated August 24, 1977 (reproduced as Annex-II) whereby various categories of Officers in the Corporation were authorised to exercise different powers, as stated in the Order, including the powers to appoint, terminate and award punishment to employees. The Board approved this delegation of powers by the Chairman in terms of the said Office Order No.567/77 dated 24th August, 1977 as if the same had been authorised prior to the issuance of the same and further hereby approves, ratifies and confirms all acts and things done and actions taken w.e.f. 24-8-1977 pursuant to the said or any related order(s).

(b) Mr. S.S. Akhtar, Consulting Actuary, informed the Board that the work relating to valuation of the liabilities of the Corporation for the year 1975 and 1976 was in progress and the report would be available shortly. The preliminary figures, he indicated, were encouraging. He observed, however, that the Anticipated Endowment Plan was causing undue strain on the appropriation for bonus. Some measures were therefore needed to rectify the situation.

The Consulting Actuary also pointed out the desirability of introducing term insurance plans. The Chairman observed that the Executive Directors (S&D) North and South should, in consultation with the Consulting Actuaries draw up plans for eliminating the strain caused by the Anticipated Endowment Plan, and finalise new term insurance plans which should be launched in early 1978.

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

Sd/-   
CHAIRMAN

Confirmed   
57.4.77

Annex I & II overleaf.

CHAIRMAN'S INITIALS

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ANNEX-INOTE OF MR. P. SEQUEIRA, DIRECTOR.

In the matter of the consideration of the Accounts of the Corporation for the year 1976, I stated, inter alia, for the information of the members the factual position and/or my observations/reservations in respect of the 556 enemy shares of erstwhile ILACO and/or the amount of Rs.1,03,880 which with the permission of the Chairman and Board I was permitted to record and subject thereto, to sign the said accounts as heretofore:

- (1) The Honourable Insurance Appellate Tribunal have, in their judgement dated 28-9-1976, dismissed the application 3-B of State Life in respect of the said shares.
- (2) The Honourable Insurance Appellate Tribunal have also in their order dated 23-11-1976 dismissed the application of State Life for leave to appeal to the High Court against the order dated 28-9-1976.
- (3) The State Life have filed a constitutional petition No.D-93 in February, 1977 in the High Court of Sind against the Insurance Appellate Tribunal and the respondents.
- (4) In view of the continued appearance of the note (Clause 6 of the Auditors' Report) prefixed to the Accounts, I re-affirm and re-state the position relating to the above shares and/or amount of Rs.1,03,880 as per minutes dated 4-11-1974, 10-7-1975 and 22-11-76 pertaining to the Corporation's accounts for the period ending 31-12-1973, 31-12-1974 and 31-12-1975 respectively as applicable again to the accounts as at 31-12-1976.

Sd/-

(P. Sequeira)  
DirectorDecember 4, 1977.

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ANNEX-II

OFFICE ORDER NO.567/77

August 24, 1977.

Henceforth, and until further order, the Personnel and General Services Division of the Principal Office will be supervised by me directly. In order to facilitate prompt disposal of work at the Principal Office and at the Zones, the following officers are being authorised to exercise powers under the State Life Employees (Service) Regulations, 1973, to the extent shown against them:

DGM (P&GS)  
Principal Office:

In respect of employees in Grades D-13 and D-15 both at the Zones and at the Principal Office all powers contained in Regulations 10, 12, 15, 16, 21, 25(2), 30, 31, 32, 39, 40, 41, 42, 45, 51 and 70 (excluding provisos to these Regulations) and powers for payment of any other permissible allowances and benefits.

He will also be the competent authority for the purposes of leave (Regulation 51). Provided that for the purposes of leave and Rest and Recreation Allowance to employees in Grades C-11 and C-12 working in a Zone, the Zonal Head concerned shall be the competent authority.

Zonal Head

In respect of employees in Grade 14, in a Zone all powers contained in Regulations 10, 12, 16, 32, 43, 51 and powers for payment of any other permissible allowances and benefits.

He will also be the competent authority for the purposes of leave (Regulation 51).

AGM/Manager  
(Personnel) Principal  
Office.

In respect of employees in Grades C-11 and C-12 both at the Zones and at the Principal Office, all powers contained in Regulations 10, 12, 15, 16, 21, 25(2), 30, 31, 32, 39, 40, 41, 45, 51 and 70 (excluding provisos to these Regulations) and powers for payment of any other permissible allowances and benefits.

CHAIRMAN'S INITIALS

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Provided that for the purposes of Regulation 21, the AGM/Manager (Personnel) shall not without prior approval of DGM (P&GS) waive the notice period or unexpired notice period or reduce the recoverable notice pay from an employee who has resigned from the service.

Provided further that for the purposes of leave (Regulation 51) and payment or Rest and Recreation allowance (Regulation 70) to employees in Grades C-11 and C-12 working in a Zone, the Zonal Head concerned shall be the competent authority.

AGM/Manager/DM  
Principal Office/  
Zone Incharge of  
Personnel Section

In respect of employees in Pay Scales 1 to 7, respectively at the Principal Office and at the Zone concerned, all powers contained in Regulations 9, 10, 12, 15, 16, 21, 25(2), 30, 31, 32, 39, 40, 41, 42, 45, 51 and 70 (excluding provisos to these Regulations) and powers for payment of any other permissible allowances and benefits.

He will also be the competent authority for the purposes of leave (Regulation 51).

Provided that for the purposes of Regulation 21, the AGM/Manager/DM concerned shall not, without prior approval of the DGM (P&GS) in the case of an employee at the Principal Office, and of the Zonal Head in the case of an employee at a Zone, waive the notice period or unexpired notice period or reduce the recoverable notice pay from an employee who has resigned from the service.

2. Transfer of any employee from Principal Office to a Zone, or vice versa, or from one Zone to the other shall be done by the DGM (P&GS), Principal Office.



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3. The powers delegated to DM/Managers/AGM are deemed to have been delegated to AGM and DGM.

4. This circular supersedes all previous orders/instructions on the subject, including circular No.104/76 dated 12-10-76 of the E.D. (F&A).

Sd/-

( D. M. QURESHI )  
CHAIRMAN

CHAIRMAN'S INITIALS

