

48TH(EMERGENCY) MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Tuesday 13th December, 1977	10-30A M
<p>The 48th (emergency) Meeting of the Board of Directors of State Life Insurance Corporation of Pakiatan, called pursuant to notice dated 8th December, 1977 was held at Karachi on Tuesday the 13th December, 1977 at 10.30 a.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. Sameeul Hasan - Director Mr. S.A. Walajahi - Executive Director Mr. M. Zulfarnain - Executive Director</p> <p>Mr. S.M. Mahboob, Secretary, Board of Directors was also present.</p> <p>The following business was transacted :-</p> <p>ITEM NO.1: <u>CONFIRMATION OF THE MINUTES OF THE 47TH BOARD MEETING HELD ON 5TH DECEMBER, 1977.</u></p> <p>The minutes of the 47th Meeting of the Board of Directors held on 5th December, 1977 were confirmed, subject to the following amendment in Item No.3(b) concerning "Valuation report for the period ended December, 1976".</p> <p>On page 499, under the above item, in the 16th and 17th lines, the words 'the investment income and' shall be omitted. After this omission, the amended last sentence of this paragraph will read as follows :</p> <p>"The with-profit business by itself was not earning the bonus rate proposed in the report, but other sources of surplus have provided the required support for proposing the following rates of bonuses on with-profit policies in force for the full sum insured on 31st December, 1976 issued by State Life and the erstwhile insurers whose business was nationalised, excepting the six Companies mentioned below".</p> <p>ITEM NO.2: <u>TO NOTE THE SECRETARY'S REPORT ON THE PROGRESS OF IMPLEMENTATION OF THE BOARD'S DECISIONS.</u></p> <p>The Secretary's report on the implementation of the decisions of the previous meetings of the Board of Directors was considered. It was noted that some of the decisions had been implemented, though not communicated to the Secretary. Progress on many matters had not been made as expected for various reasons. The Chairman stressed that the decisions of the Board should be implemented as promptly as possible. On the decisions not implemented so far, the following observations were made:-</p> <p><u>ACTION BY CHAIRMAN:</u></p> <p>Decision taken at 44th Meeting held on <u>19th March, 1977.</u></p> <p>'Submit at the next Board meeting recommendations</p>		

48TH (EMERGENCY) MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME
MEMBER BOOK	Karachi	Tuesday 13th December, 1977.	10.30 A.M.
<p>in respect of appeal filed by Mr. R.Z. Kitchlew'</p> <p>The Board was informed that the recommendations were being finalised.</p> <p><u>ACTION BY MR. NISARUN NABI, ED(B&A):</u></p> <p>Decision taken at 42nd Meeting held on <u>23rd October, 1976.</u></p> <p>'Submission of detailed statement of loan on personal securities, as appearing in 1975 balance sheet, and recommendations if loans doubtful of recovery should be written off'.</p> <p>The ED informed the Board that detailed statements on the prescribed proforma were awaited from the Zones. He promised to bring up the matter at the next Board meeting.</p> <p><u>ACTION BY MR. S.A. WALAJAHI, ED(PHS) & (S&D)S:</u></p> <p>Decisions taken at 42nd Meeting held on <u>23rd October, 1976.</u></p> <p>(1) 'Expedite the pace of claims settlement'.</p> <p>The ED promised to bring up a detailed paper at the next Board Meeting.</p> <p>(2) 'Creation of a team to clear and arrest the increase in the suspense account'.</p> <p>The ED stated that the work is in progress and he will bring up the matter to the Board in due course of time.</p> <p>(3) 'Finalisation of the new Plan of insurance submitted by EDs(S&D), which the Board had approved to be marketed around September, 1977'.</p> <p>EDs(S&D) advised the Board that they propose to launch the plan in the first quarter of 1978 on a suitable date.</p> <p>Decisions taken at the 43rd Meeting held on <u>19th March, 1977.</u></p> <p>(4) 'Adoption of a special procedure to be drawn by ED(PHS) for collection of second premium'.</p> <p>The ED informed the Board that he will submit a paper on the subject at the next Board Meeting.</p> <p>(5) 'A scheme to be prepared by EDs(S&D) and ED(F&A) regarding telephone facility to field workers'.</p>			

CHAIRMAN'S INITIALS

48TH (EMERGENCY) MEETING OF THE BOARD OF DIRECTORS.

HELD AT	ON	TIME
Karachi	Tuesday 13th December, 1977.	10.30 A.M.

The ED reported that the matter had been almost finalised and the Board will be informed of the details of the scheme at the next meeting.

Decision taken at the 46th Meeting held on 15th November, 1977.

- (6) 'EDs(S&D) should, in consultation with the Consulting Actuaries, (1) draw up Plans for eliminating strain caused by Anticipated Endowment Plan, and (2), finalise new Term Insurance Plans to be launched in early 1978'.

EDs(S&D) stated that they were awaiting some information from the Consulting Actuaries for attending to these matters.

ACTION BY MR. P. SEQUEIRA, ED(S&D)N & (G&P):

Matters at items No.3, 5 and 6 above are to be processed jointly by the two EDs(S&D).

ACTION BY MR. SAMEEUL HASAN, DIRECTOR (AND CONSULTING ACTUARY):
Decision taken at the 44th Meeting held on 15th June, 1977.

- (1) 'Examine the new business strain on the UK business and submit a paper for consideration of Directors'.

Mr. Sameeul Hasan promised to submit the paper at the next meeting.

- (2) 'Actuarial Department may report on whether our premium rates should be kept the same, or reviewed'.

The Board observed that the matter should be kept under review and Mr. Sameeul Hasan may submit a paper on the subject at an appropriate time.

ACTION BY COL. N.A. ANSARI, DGM(P&GS):

Decisions taken at 42nd Meeting held on 23rd October, 1976.

- (1) 'Preparation of the assets register in respect of furniture, fixtures, office equipments and vehicles'.

The Board observed that the matter has been considerably delayed and it must be finalised soon and reported to the Board.

- (2) 'To write to the Government regarding T.A./D.A. rules'.

The Board suggested that the matter should not be delayed any more.

48TH (EMERGENCY) MEETING OF THE BOARD OF DIRECTORS

CTORS	HELD AT	ON	TIME
BOOK	Karachi	Tuesday 13th December, 1977	10.30 A.M.

ACTION BY MR. N.A. JAJVI, AGM (INVESTMENT):

Decision taken at the 45th Meeting held on
24th July, 1977.

'Finalise the chief agency arrangement with
Pakistan Management Corporation'.

The matter was reported to be under consideration
of ED(Overseas). The Board desired that the
matter should be finalised quickly.

ITEM NO.3: TO CONSIDER AND APPROVE THE ANNUAL REPORT
OF THE CORPORATION FOR THE YEAR 1976.

The Board considered the draft of the Annual Report of
activities of the Corporation during the year 1976, and approved
it. The Board also decided that the Valuation Report for the
period January, 1975 to December, 1976 may also be incorporated
into and printed with the Report, and then submitted to the Federal
Government.

ITEM NO.4: TO CONSIDER ED(MP&P)'S REPORT ON MANPOWER DEVELOP-
MENT, TRAINING, BUSINESS EXPANSION AND RESEARCH.

Mr. M. Zulqarnain, Executive Director (Manpower And
Planning), submitted his 'Plan For Manpower Development, Training,
Business Expansion and Research'. The plan envisages selection
and training of 'trainers', reorientation of development personnel,
improving back-up service of the office, career planning and train-
ing programmes of office staff, measures to attract new blood in
the sales force as well as in the office, creating environment con-
ducive to growth, extracting optimum results from existing areas
of operation, and extending the activities of the Corporation into
new territories.

The Board complimented Mr. Zulqarnain and his team for
preparing such a comprehensive plan, It was felt that the plan
deserved to be studied in greater depth. For this purpose, the
Board constituted a Committee comprising the following Directors:-

1. Mr. M. Zulqarnain - to act as Convener.
2. Mr. Nisarun Nabi - ED(B&A)
3. Mr. Sameeul Hasan - Director &CA
4. Mr. P. Sequeira - ED(S&D)N & (G&P)
5. Mr. S.A. Walajahi - ED(S&D)S & (PHS)

The Committee was asked to finalise its recommendations
in consultation with the Chairman and submit its report to the
Board as early as possible so that the plan can be launched.

The Board, however, approved that, pending finalisa-
tion of the plan, the amounts of expense indicated therein may be
included in the proposed budget for 1978. The Board also autho-
rised the ED, Mr. Zulqarnain, to commence the 'trainers training
course' in Lahore from December 17, 1977, as proposed in the plan.

CHAIRMAN'S
INITIALS

48TH (EMERGENCY) MEETING OF THE BOARD OF DIRECTORS.

HELD AT	ON	TIME
Karachi	Tuesday 13th December, 1977	10.30 A.M.

ITEM NO.5: TO CONSIDER ED(B&A)'S MEMORANDUM NO.44/77 RE: REVENUE AND CAPITAL BUDGET FOR THE YEAR 1978.

The Board considered Memorandum No.44/77 of the Executive Director (B&A) containing proposals for the Revenue and Capital Budget of State Life for the year 1978.

REVENUE BUDGET:

The ED stated that despite frequent reminders the budget proposals were not received from a couple of Zones and most of the Departments in the Principal Office. As a result, the proposals worked out by the Budget and Accounts Division were the estimates based on the actual expenses of 1976, the available figures for the twelve months ended June, 1977, the approved budget for 1977, and other relevant factors.

The Chairman advised the ED(B&A) that for the budget of 1979 he should enforce a system to ensure that the budget for 1979 be presented in September, 1978.

Commenting on the performance in 1977 within the perspective of 1977 budget, ED(B&A) stated that, inspite of decreased business (upto October, 1977) compared to the targets, the renewal expense ratio for 1977 was not likely to exceed 30 percent, as against the anticipated 31.21%. This would be possible due to certain savings achieved in the management expenses.

The ED then explained his proposals and the basis of assumptions in projecting the amounts under various heads of income and expenditure.

On the income side, he stated that except for a 25% increase in Overseas business no other increase had been proposed in the ordinary life F.Y.P. income compared to 1977 budget estimates. Similarly, for the Renewal premium, the approved budget figures of 1977, with some adjustment for Hyderabad Zone and Overseas Division have been adopted for 1978. The Group insurance premium had been taken at Rs.900 lacs as proposed by G&P Division. Investment income was also taken as Rs.1700 lacs as proposed. Real Estate income, in the absence of any proposal is assumed at Rs.275 lacs in view of anticipated income from Multan Building, compared to Rs.265 lacs of 1977.

In respect of payments to policyholders, the death claims have been kept at 8%, as in 1977, the maturity claims at Rs.920 lacs by revising upwards by Rs.90 lacs. Payment on account of Surrenders and Cash Bonuses have been kept at Rs.455 lacs. Group claims and profit commission have been provided at Rs.564 lacs as proposed.

For calculating the anticipated expense on commissions and O/R commissions, the same percentages have been applied as per 1977.

On the management expense side, significant variations would appear in respect of Salaries and Allowances, Bonus, Rent, Printing and Stationery, Motor Car expenses, Office Training,

48TH (EMERGENCY) MEETING OF THE BOARD OF DIRECTORS.

CTORS	HELD AT	ON	TIME
TE BOOK	Karachi	Tuesday 13th December, 1977	10.30 A.M.

and Contingent expenses. Salaries and Allowances have been increased by 16.6%. Out of this, 9.6% is expected to absorb the expenses on new recruitments, promotions and special increments, and the recommendations of the Pay Commission. In addition, a cushion by making a provision of Rs.25 lacs has been kept for unforeseen expenses, by way of Contingency Expense.

The Executive Director (Overseas) stated that the amount of Rs.10 lac sanctioned by the Board in the 1977 Budget for opening office of the Corporation in the Middle East could not be spent in 1977 since the requirements for opening the office could not be completed. He therefore submitted that the amount in question may be allowed to be spent in 1978 for the same purpose. It was assumed that the opening of the office in Middle East would generate an additional First Premium of Rs.25 lacs.

The Board considered the suggestion and approved the expenditure of Rs.10 lac to be incurred in 1978. It also decided that the details of income and expenses, when submitted and approved by Chairman, will be deemed to have been approved by the Board.

The Board discussed all items of income and expense of the Revenue Budget and approved them, as proposed, subject to an increase in the Group premium income as detailed below:

The Board authorised the Chairman and ED(B&A) to reallocate the funds within the overall sanctioned limits between different cost centres on receipt of their revised requirements. The Board also authorised the Chairman and ED(B&A) to make allocations to different cost centres under different heads out of the block provision of Rs.25 lacs under the head "Contingencies".

Details of the approved budget are :

<u>INCOME</u>		<u>in 000s</u>
First Year Premium	-	Rs. 6,25,00
Renewal Premium	-	28,18,00
Group Premium	-	9,50,00
Int. & Div. Income	Rs.170000	
Less Invt. Expenses	929	16,90,71
Real Estate Income	27500	
RED Expenses	19567	79,33
Other Income	-	1,93,45
Total :		Rs.63,56,49

PAYMENT ON POLICIES

Death Claims	-	Rs. 3,05,00
Maturity Claims	-	9,20,00
Group Claims	-	5,91,50
Surrenders	-	4,30,00
Cash Bonus	-	25,00
Profit Commission (Group)	-	50,00
Total :		Rs.23,21,50

CHAIRMAN'S
INITIALS

48TH (EMERGENCY) MEETING OF THE BOARD OF DIRECTORS.

HELD AT	ON	TIME
Karachi.	Tuesday 13th December, 1977.	10.30 A.M.

COMMISSION EXPENSES

	in000s
Commission O.L. First Year	- Rs. 2,22,25
Commission O.L. Renewal	- 1,11,12
O.R. Commission O.L. First Year.	- 1,87,50
O.R. Commission O.L. Renewal	- 27,78
Commission G & P	- 18,45
O.R. Commission G & P	- 7,50
Stipendary Scheme	- 8,25
Total :	Rs. 5,96,35

MANAGEMENT EXPENSES

	in 000s
Medical Fees	- Rs. 7,31
Policy Stamps	- 6,82
Salaries & Wages	- 2,24,78
Allowances	- 1,83,52
Overtime	- 11,24
P.F. Contribution	- 26,86
Bonus	- 26,87
Medical Expenses	- 34,12
Rest & Recreation Allowance	- 2,41
Gratuity	- 51,29
Employers Welfare	- 13,41
Educational Cess	- 2,07
Office Rent (own)	- 56,12
Office Rent (others)	- 15,46
Printing & Stationery	- 21,99
Travelling	- 7,71
Conveyance	- 1,50
Entertainment	- 2,05
Insurance	- 3,10
Communication	- 23,61
Utilities	- 5,67
Motor Car Expenses	- 18,10
Bank Charges & Interest	- 1,13
Maintenance & Repairs	- 6,11
Difference in Exchange	- 10
Advertisement	- 26,94
Training Expenses	- 2,45
Legal & Professional Charges	- 10,39
Subscription	- 80
Books & Periodicals	- 2,08
Conferences & Meetings	- 1,92
Prizes and Awards	- 8,03
Furniture & Fixture, Machine (Hire)	- 15
Depreciation	- 25,24
Retainers Fees	- 5,11
Rents & Taxes	- 96
Audit Fee and Professional Advice fees to auditors	- 3,77
D.P. hire and service	- 20,00
Group Insurance	- 8,40
Maintenance of Lahore Guest House	- 40

48TH (EMERGENCY) MEETING OF THE BOARD OF DIRECTORS.

DIRECTORS	HELD AT	ON	TIME
TE BOOK	Karachi	Tuesday 13th December, 1977	10.30 A.M.
	Policyholders Levy - Rs. 15 Bad Debts - 2,65 Contingencies - 25,00 Miscellaneous Expenses - 2.57 Total : Rs. 9,00,36 Total Expenses of Management Rs.14,96,71		
	<u>SUMMARY OF OPERATIONAL RATIOS</u>		
	1. Death Claim 8.0% of premium 2. Maturity Claims 22.0% of premium 3. Group Claims & Profit Commission. 67.5% of Group Premium 4. Surrenders 10% of premium 5. Renewal expenses ratio 30.6% of renewal premium 6. Group expense ratio 9.5% of Group Premium 7. Investment expense ratio 0.55% of Int. and Divd. 8. Real Estate expense ratio 71.15% of Rental Income		
	The Board also decided that :		
	(a) ED(B&A) should work out and put up to the Board the detailed breakdown of expenses on the field facilities, so that the impact of these expenses can be kept in view in any negotiations with the field personnel.		
	(b) While advising the budget allocation to cost centers, the ED(B&A) should urge upon them the necessity of exercising utmost economy in expenses.		
	(c) the ED(B&A) should bring up in the first quarter of 1978 a review of the approved budget of 1978 for any adjustments in the light of the actual figures of 1977.		
	<u>CAPITAL BUDGET:</u>		
	The Board approved the following Capital Budget on Zone-wise basis with an authority to the Chairman and ED(B&A) to reallocate the funds between different Zones/cost centres within the overall limit of Rs.15.14 lacs.		
		<u>in 000s</u>	
	Karachi Zone	Rs. 3,86	
	Lahore Zone	3,63	
	Rawalpindi Zone	95	
	Hyderabad Zone	83	
	Peshawar Zone	39	
	Overseas Division	48	
	Principal Office	5.00	
	Total :	Rs.15,14	
			CHAIRMAN'S INITIALS

48TH (EMERGENCY) MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Tuesday 13th December, 1977	10.30 A.M.

ITEM NO.6: REGARDING INVESTMENTS:

- (a) TO CONSIDER CHAIRMAN'S MEMORANDUM NO.45/77
RE: A REVIEW OF THE PERFORMANCE OF THE
INVESTMENT PORTFOLIO.

The Board considered Chairman's Memorandum No.45/77 containing a review of the performance of the Investment portfolio for the nine months ended September, 1977. It was estimated that the value of the investment portfolio shall reach Rs.223.63 crores upto December, 1977 compared to Rs.197.96 as at the end of 1976, indicating an increase of Rs.25.67 crores in 1977 as compared to Rs.21.34 crores in 1976. It was also noted with satisfaction that the estimated investment on December, 31, 1977 would provide a safe margin against the estimated liability of the Corporation to its policyholders. The Board showed its appreciation of the prudent management of the investment portfolio and hoped that the profits will continue to improve.

- (b) TO CONSIDER CHAIRMAN'S MEMORANDUM NO.46/77
RE: APPLICATION OF PACKAGES LIMITED FOR A
DEBENTURE LOAN OF RS.50 LACS.

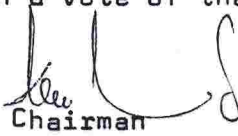

The Board considered Chairman's Memorandum No.46/77 regarding the application of M/s. Packages Limited, Lahore, for subscribing/underwriting its 'F' series debentures upto Rs.50 lacs, out of the total issue of Rupees One Crore. The proceeds of the loan were stated to be required for increasing the paper board production capacity.

The Chairman stated that by virtue of its equity holding in the Company (Rs.6.49 lacs), State Life is also represented on its Board of Directors. The operations and profits of the company are satisfactory and it has never defaulted in meeting its debt obligations. State Life already holds debentures of the Company of the nominal value of Rs.22 lacs.

The Board approved to subscribe/underwrite the Series 'F' Debentures of Packages Limited upto an amount of Rs.50 lacs on the following terms and conditions :-

1. The company pays to State Life :
 - (a) Project examination and professional assistance fee @ $\frac{1}{2}\%$ of the nominal amount of debentures to be taken up by State Life. The fee will be non-refundable.
 - (b) Underwriting commission @ 1% of the nominal amount of debentures to be underwritten by State Life in case the C.C.I. directs the company to offer the debentures to the existing shareholders as Right issue.
 - (c) Commitment fee @ $1\frac{1}{2}\%$ per annum, payable quarterly on the principal amount of debentures remaining undisbursed from time to time, commencing after 30 days from the date of sanction letter.

48TH (EMERGENCY) MEETING OF THE BOARD OF DIRECTORS.

DIRECTORS	HELD AT	ON	TIME
AGENDA	Karachi	Tuesday 13th December, 1977	10.30
	<p>2. (a) Interest shall be @ 3½% above the Bank Rate, payable half yearly.</p> <p>(b) Additional interest @ 2% over and above the rate of interest specified at 2(a) above, on all sums remaining unpaid on due dates.</p> <p>3. Twenty per cent of the debenture loan to be convertible, at the option of State Life, into ordinary shares, at par value, at any time during the subsistence of loan as per the terms and conditions specified by the Controller of Capital Issues in that regard.</p> <p>4. Security to be first charge on all present and future fixed assets of the company and a floating charge on its current assets.</p> <p>5. Redemption to be in ten (10) half yearly instalments after a grace period of two years.</p> <p>6. Prior to disbursement of debenture loan, the company to :</p> <p>(a) furnish evidence that commitments have been obtained for the balance amount of debenture loan (Rs.50 lacs).</p> <p>(b) produce consent order of the Controller of Capital Issue for the issue of debentures.</p> <p>(c) appoint Trustee to the debenture Trust Deed with the prior approval of State Life.</p> <p>7. The Company to provide information on its operations as and when required by State Life.</p> <p>8. The State Life's commitment for this loan to remain valid for one year from the date of sanction by its Board of Directors.</p> <p>9. Such other terms and conditions as State Life may prescribe.</p> <p>The Board noted that, as directed by the Federal Government, in case the debenture proceeds are utilized by the company for fixed capital expenditure, the rate of interest on the portion so utilized will be @ 2% above the Bank Rate in case of convertible and @ 2.5% in case of non convertible debentures, payable half yearly, instead of 3½% above the Bank Rate as suggested above.</p> <p>Thereafter the meeting ended with a vote of thanks to the Chair.</p> <p style="text-align: center;">Confirmed. 4.2.78</p> <div style="text-align: right;">  Chairman </div>		<p>A.M.</p> <div style="text-align: right; border: 1px solid black; padding: 5px;"> CHAIRMAN'S INITIALS  </div>