

49TH MEETING OF THE BOARD OF DIRECTORS

HELD AT

ON

TIME
10.30 AM
3.00 PM

Karachi

Saturday & Sunday 4/5-2-1978

The 49th Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan, called pursuant to notices dated 19th January and 2nd February, 1978 was held at Karachi on Saturday the 4th February, 1978 at 10.30 A.M. and on Sunday the 5th February, 1978 at 3.00 P.M.

The following were present :-

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

Leave of absence on account of sickness was granted to Mr.Sameeul Hasan, Director.

The following business was transacted :-

ITEM NO.1: CONFIRMATION OF THE MINUTES OF THE 48TH BOARD MEETING

The Minutes of the 48th Meeting of the Board of Directors held on 13th December, 1977 were confirmed.

ITEM NO.2: TO NOTE THE SECRETARY'S REPORT ON THE PROGRESS OF IMPLEMENTATION OF THE BOARD'S DECISIONS.

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 necessary action had already been taken in respect of most of the decisions and that Memoranda had been submitted for consideration of this meeting in respect of some of the remaining items. On the decisions not implemented so far, the following observations were made:-

Action by Chairman:

42nd Meeting - 23-10-1976

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

It was stated that the lists are now complete and the valuation is likely to be completed by 20th February, 1978.

- (2) "To write to the Government regarding TA/DA rules."

It was suggested that the matter should be expedited.

Action by Mr.Nisarun Nabi, ED (B&A):

42nd Meeting - 23-10-1976.

- (1) "Submission of detailed statement of loans on personal securities, as appearing in 1975 Balance Sheet, and recommend if loans doubtful of recovery should be written off".

49TH MEETING OF THE BOARD OF DIRECTORS

HELD AT

ON

TIME

Karachi

Saturday & Sunday 4/5.2.1978

10.30

A.M. &
3.00 PM

The Board expected to receive the same soon.

ITEM NO.3: TO CONSIDER ED(PHS) MEMORANDUM RE:SETTLEMENT OF CLAIMS AND MEASURES REQUIRED TO IMPROVE THE POSITION:

The Board considered Memorandum No.1/78 of the Executive Director (PHS) highlighting the problems concerning the settlement of claims and the measures required to improve the situation. It was noted with concern that the claims settlement ratio of State Life, particularly when compared with the LIC was very low. The ED stated that the main cause of the high figure of outstanding claims is that State Life has not written off even those cases which are outstanding since prior to nationalisation and on which there is no response from the claimants. Some of the claims might have been lodged by persons who may have left Pakistan. The Board discussed measures to improve the claims settlement ratios and then took the following decisions :-

Maturity Claims:

- (a) A system and procedure should be devised by the PHS Division to ensure that each of the policies due to mature in the next two years be examined in advance to ascertain the requirements that may be due for the settlement of claim. Policyholders should then be advised of the requirements and followed through periodically so that the payments can be made on the exact dates of maturity. The ED(PHS) was requested to advise the Board of the compliance of this decision.
- (b) The ED (PHS) may appoint a Committee to examine all maturity claims outstanding for over six months and suggest measures for expediting their settlement.
- (c) In maturity claims outstanding for one year or more the Claims Committee may consider dispensation of age proof in appropriate cases.

Death Claims:

- (a) In cases where the insured died after three years of insurance, the Claims Committee be allowed to use discretion, in appropriate cases, to waive such requirements as Physicians Statement or age proof etc.
- (b) Periodically, and as a part of general advertising strategy, ads may be released exhorting the claimants to expedite submission of requirements so that the State Life is enabled to acquit itself of its liabilities promptly.

General:

- (a) Amounts of all claims, Death or Maturity, outstanding for five years or more may be written off.

49TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
TE BOOK	Karachi	Saturday & Sunday 4/5.2.1978	10.30 A.M.& 3.00 PM
<p>(b) In future, all claims where there has been no response from the claimant for over one year from the last communication may be written off.</p> <p>(c) The above (a & b) to be done on the basis of a detailed procedure, somewhat similar to that of the LIC, to be drawn by the ED(PHS) and ED(B&A) in consultation with the Chief, Internal Audit. The system should provide for a final three months' notice to the claimant.</p> <p>(d) The ED(PHS) to circulate to the Directors a quarterly report in respect of the outstanding claims.</p>			
<p><u>ITEM NO.4: TO CONSIDER CHAIRMAN'S MEMORANDUM RE:COMPENSATION TO NON-UNIONISED STAFF WORKING LATE:</u></p>			
<p>The Board considered Chairman's Memorandum No.2/78 regarding the compensation to non-unionised staff working with the Chairman, Directors, DGMs and Zonal Heads, who are normally required to sit late after the office hours. The matter was brought up to the Board in pursuance of the Board's decision at its 45th Meeting held on 23-7-1977 asking the then ED(P&A) to explore the possibilities of compensating such staff on an equitable basis. It was pointed out that the unionised staff attached to such officers were being paid an extra duty allowance, but the Secretarial staff which is not unionised is not compensated for similar duty. It was, therefore, recommended that those Secretaries and other non-unionised staff who may be working with the Chairman, Directors, DGMs and Zonal Heads who would normally be required to sit late should be given honorarium.</p>			
<p>The Board approved payment to such officers w.e.f. March 1, 1978 of an honorarium by way of perquisite, on the following scales:</p>			
<p>(a) Junior Officer @ Rs.200/- per month (b) Asstt: Manager @ Rs.250/- per month</p>			
<p>The above honorarium will cease if the incumbent does not work late or is transferred to some other position.</p>			
<p><u>ITEM NO.5: TO CONSIDER CHAIRMAN'S MEMORANDUM RE:REVISION OF ALLOWANCE FOR ICWA, ACMA AND FCMA.</u></p>			
<p>The Chairman informed the Board that he had with-held the Memorandum No.3/78 for further examination.</p>			
<p><u>ITEM NO.6: TO CONSIDER CHAIRMAN'S MEMORANDUM RE: APPEAL OF MR. S.M.A.SHAH.</u></p>			
<p>The Board considered Chairman's Memorandum No.4/78 regarding the appeal of Mr.S.M.A.Shah, filed under Regulation 33 of the State Life Employees (Service) Regulations, 1973. The Board considered the matter and referred the appeal to a Standing</p>			

CHAIRMAN'S INITIALS

49TH MEETING OF THE BOARD OF DIRECTORS

HELD AT

ON

TIME

Karachi

Saturday & Sunday 4/5.2.1978

10.30

A.M.&

3.00 PM

Committee consisting of the Chairman, Mr. Sameeul Hasan, Director and Mr. Nisarun Nabi, Executive Director (B&A). The Committee was asked to submit its recommendations as required under Regulation 33 of the State Life Employees (Service) Regulations, 1973.

REGARDING INVESTMENT:

ITEM NO.7: (a) TO CONSIDER CHAIRMAN'S MEMORANDUM RE: APPLICATION OF ABBASI TEXTILE MILLS FOR A DEBENTURE LOAN OF Rs.30 LAC.

The Board considered Chairman's Memorandum No.5/78 regarding the application of M/s. Abbasi Textile Mills Limited for a debenture loan of Rs.30 lacs.

The Chairman explained the background and present working position of Abbasi Textile Mills in the light of the overall position of textile industry in the country. He stated that the net worth position and the debt/equity ratio of the company were very satisfactory and that the loan was required to convert bank borrowing into long term debenture. After examining the proposal in detail, the Board approved to subscribe Rs.30 lacs out of the proposed Rs.60 lacs of the convertible debenture loan, on the following terms and conditions:-

1. The Company to pay to State Life -

- (a) Project Examination and Professional Assistance fee @ 1/2% of the nominal amount of debenture to be taken up by State Life. The fee will be non-refundable.
- (b) Commitment Fee @ 1 1/2% on the nominal amount of debentures remaining undisbursed from time to time, commencing after 30 days of the date of issue of letter of sanction by State Life.

2. The loan will bear -

- (a) Interest at the rate of 3 1/2% (three and a half percent) above the Bank rate, payable half-yearly.
- (b) Interest at the rate of 5 1/2% above the bank rate on all sums remaining unpaid on due dates.

3. Twenty percent of the debenture loan to be convertible into ordinary shares of the company, at par value, at any time after the grace period of two years, during the currency of the loan.

4. Security to be first mortgage on all present and future fixed assets of the company and a floating charge on current assets, ranking pari passu with the charge created in favour of IDBP.

49TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
AGENDA BOOK	Karachi	Saturday & Sunday 4/5.2.1978	10.30 A.M. & 3.00 pm
<p>5. Redemption of the debenture loan to be in ten half yearly instalments, after a grace period of two years.</p> <p>6. The company to furnish an undertaking to :</p> <p>(a) increase its paid up capital from the present Rs.84.04 lac to Rs.126.05 lac by issuing bonus shares (Rs.16.80 lac) in 1977/78, and right issue (Rs.25.21 lac) as determined by State Life.</p> <p>(b) obtain listing of its shares on the stock exchange(s) with or without a public offering in due course as determined by State Life.</p> <p>7. Prior to the disbursement of loan the Company to -</p> <p>(a) furnish evidence that commitments from other financial institution(s) have been obtained for the balance amount of debentures (Rs.30 lac).</p> <p>(b) produce Consent Order of the Controller of Capital Issue for the issue of debentures.</p> <p>(c) appoint Trustee to the debentures trust deed with the prior approval of State Life.</p> <p>(d) declare bonus/stock dividend for the year ended September 30, 1977.</p> <p>8. The Company to furnish quarterly progress reports on its operation in form and substance required by State Life.</p> <p>9. State Life to have the right to appoint one Director on the strength of its debenture loan.</p> <p>10. Such other terms and conditions as State Life may prescribe.</p> <p>11. The State Life's commitment for the debenture loan will remain valid for one year from the date of sanction of the case by its Board.</p> <p>(b) TO CONSIDER CHAIRMAN'S MEMORANDUM RE: PROPOSAL TO SUBSCRIBE TO THE PAID UP CAPITAL OF REAL ESTATE DEVELOPMENT CORPORATION, AND THE NOMINATION OF MR. D.M. QURESHI ON THE BOARD OF THAT CORPORATION</p>			
<p>The Board considered Chairman's Memorandum No.6/78 regarding the proposal to subscribe to the Paid-up Capital of the (proposed) Real Estate Development Corporation Limited and to nominate the Chairman on its Board of Directors.</p>			
			<p>CHAIRMAN'S INITIALS</p> <p>_____</p>

49TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Saturday & Sunday 4/5.2.1978	10.30 A.M.& 3.00 PM
<p>The Chairman explained the background of the scheme as contained in the Memorandum and suggested that it would be worthwhile for State Life to associate itself with that organisation in view of its own investments in Real Estate which are likely to grow in future. State Life has been offered to subscribe Rs.5 lacs out of paid up capital of Rs.50 lacs, and a place on the Board of Directors of the Corporation.</p>		
<p>After considering the various aspects involved, the Board approved to subscribe to the paid up capital of Real Estate Development Corporation Limited to the extent of Rs.5 lacs. The Board also approved that the Chairman, State Life be nominated as a Director on the Board of that Corporation.</p>		
<p>(c) <u>CHAIRMAN'S MEMORANDUM RE: OFFERS FOR THE PURCHASE OF STATE LIFE BUILDING NO.1, KARACHI</u></p>		
<p>The Chairman informed that the proposal received for the purchase of Building No.1 was still under examination and therefore Memorandum No.7/78 was not being presented for the time being.</p>		
<p>ITEM NO.8: <u>ANY OTHER MATTER WITH THE PERMISSION OF THE CHAIR</u></p>		
<p>(a) <u>TO CONSIDER CHAIRMAN'S MEMORANDUM RE: RELAXATION OF MAXIMUM AGE LIMIT AT ENTRY OF AN EMPLOYEE</u></p>		
<p>The Board considered Chairman's Memorandum No.8/78 regarding the relaxation under regulation 14(2) of the State Life Employees (Service) Regulations, of the age limit at entry in respect of Mr. Anwar Kamal who is working at the Hyderabad Zone. In view of the position stated in the Memorandum, the Board accorded ex-post-facto approval (as from 10-12-1977) by relaxing maximum age at entry of Mr. Anwar Kamal under regulation 14(2) of the State Life Employees (Service) Regulations 1973.</p>		
<p>(b) <u>TO CONSIDER CHAIRMAN'S MEMORANDUM RE: THE OVERDUES ON INVESTMENTS</u></p>		
<p>The Board considered Chairman's Memorandum No.9/78 regarding the position of overdues as on December 31, 1977 in respect of State Life investments. It was noted that out of the total defaults of Rs.508.91 lacs, nearly 75% related to the public sector projects. The investments were made with a view to increasing our socio-economic involvement and in the belief that the security offered in the form of a Government guarantee was second to none. The disconcerting experience on this account has compelled the Management to take up the matter with the relevant Government agency. The criteria for examining the suitability of public sector projects for financing, have also been reviewed, laying a greater emphasis on the intrinsic worth of the project. The overdues in the private sector largely pertained to the Textile sector, whose liquidity position was likely to improve in 1978. The Chairman explained that with a view to exercising effective control on the level of overdues it had been decided to invoke guarantees, and send reminders and legal</p>		
CHAIRMAN'S INITIALS		

49TH MEETING OF THE BOARD OF DIRECTORS

HELD AT

ON

TIME

Karachi

Saturday & Sunday 4/5.2.1978

10.30

A.M.&

3.00 PM

(e) TO CONSIDER MEMORANDUM OF THE ED(PHS)
RE: SPECIAL ARRANGEMENTS FOR THE
COLLECTION OF SECOND PREMIUM

The Board considered Memorandum No.12/78 of the Executive Director (PHS) containing proposals for special arrangement to collect the second premium. The ED stated that the persistency ratio in respect of the 1976 new business was very low although 81% of the premiums received in 1976 were on the annual mode basis. In view of the Board's earlier decision to suggest and take steps needed to ensure the receipt of the second premium, a study was made by the PHS Division and the following steps were proposed.

The DPD will supply in November and May each year a Zone wise and monthwise list of policies showing the second premium due dates in the following year during the periods of January to June and July to December, respectively. The New Business Department will furnish similar list of policies with monthly and quarterly modes of payment. On the basis of this information specially drafted letters will be sent to the policyholders one month before the next due date. Copies of these letters will be sent to the SR, SO, SM and AM. It will be followed by another letter if the premium is not received on due date. Through copy of the same, the SR and SO/SM will be required to furnish information with regard to the contact made by him with the policyholder. This will be followed by a third letter after the policy has lapsed. These letters it was hoped will evoke response from the policyholder and the desired result may be achieved to a great extent.

The Conservation Cell in PHS Department of each Zone will be responsible for the implementation of the scheme and for sending the prescribed progress reports periodically.

The ED stated that in order to implement the scheme satisfactorily additional staff strength as recommended by him in his memorandum was necessary.

The Board noted the measures proposed to be taken by ED (PHS) and authorised the Chairman to sanction additional staff, if necessary.

Thereafter the meeting was adjourned to meet again on the 5th February, 1978 at 3.00 P.M.

The meeting was resumed at 3.00 p.m. on Sunday the 5th of February, 1978. All the Directors, excepting Mr. Sameeul Hasan were present.

(f) TO CONSIDER MEMORANDUM RE: FIXATION OF
FIRST YEAR AND RENEWAL PREMIUM BUSINESS
TARGETS FOR 1978:

The Board considered Memorandum No.13/78 of the Executive Directors (S&D) N&S regarding the fixation of the First Year and Renewal premium business targets for 1978, and the measures

CHAIRMAN'S
INITIALS

49TH MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME
MEMBER BOOK	Karachi	Saturday & Sunday 4/5.2.1978	10.30 A.M. & 3.00 PM

needed to achieve those targets. In the light of the facts presented the Board took the following decisions:-

- (a) The Group business premium target of Rs.10 crores for 1978 was approved, as compared with the budgeted target of 9.50 crores.
- (b) The FYP income (O.L.) target of Rs.7.07 crores for 1978, which was expected to give an increase of 25% over 1976 was considered reasonable in the circumstances and was therefore approved.
- (c) The Renewal premium income (O.L.) target was taken at the budgeted figure of Rs.28.18 crores provisionally for 1978. The final figure will be revised upwards on receipt of the actual figures of Renewal Premium Income of 1977.

The Chairman observed that the targets should be determined on the basis of the targets of each Zone so that the failures, if any, can be traced on individual basis.

The Board then considered the proposal of the two EDs (S&D) to increase the strength of Area Managers in order to take care, not only of the business expansion but also of the development of rural and other less developed areas. The Board sanctioned the additional strength of Area Managers.

Karachi Zone:

- (a) 4 Area Managers of 'A' category.
- (b) 2 Area Managers of 'B' category.

Hyderabad Zone:

- (a) One Area Manager of 'A' category at Hyderabad.
- (b) 3 Area Managers of 'B' category, one each, at Thatta, Larkana and Dadu with annual quota of 2.5 lacs, 4 lacs and 2.5 lacs respectively.

In agreeing to the lower quotas, for B category Area Managers at Dadu and Thatta, for the reasons enumerated in ED(S&D)S&N memorandum the Board appreciated that both the direct and indirect cost of these Area Managers, particularly in the first year is likely to be higher than the proportionate costs in terms of prescribed percentages and agreed that these extra costs would be considered as proportionate expense for development of undeveloped/rural areas. It was further agreed that the direct cost (excluding incentive bonus and additional incentive bonus) and indirect cost on annual basis should not exceed Rs.20,000/00 each.

For appointments in the North Zone, the Board agreed that the ED(S&D)N would submit his recommendations to the Chairman, whose approval of the recommendations will be deemed to be the approval of the Board.

CHAIRMAN'S
INITIALS

49th MEETING OF THE BOARD OF DIRECTORS

HELD AT

ON

TIME

Karachi

Saturday & Sunday 4/5.2.1978

10.30
A.M. &
3.00 PM

The Chairman observed that as from 1979 the appraisal standards of Area Managers should include, among other factors, the sale of the new products in his area, and the relative achievement of the different roles expected of an Area Manager. These aspects should be included in future presentation to the Board.

(g) TO CONSIDER ED(S&D)'S MEMORANDUM RE: FACILITY TO MANAGERS AND AGMs (DEVELOPMENT)

The Board considered Memorandum No.14/78 of the EDs(S&D) N&S recommending that certain facilities should be provided to the Managers and AGMs (Development). The matter was considered in detail and the following decisions were taken:-

(1) (a) Telephone facility:

Telephone connection should^{be} provided at the residence of Managers and AGMs (Development) where not existing already, applications should be made for obtaining the connection. The limits of expense on residential telephone shall be decided later in the light of the overall policy of the Corporation, being presently finalised.

(b) The facilities of driver, petrol limits etc. shall be considered while taking a final decision in respect of the car policy of the Corporation.

(c) No airconditioned offices to be provided to Managers (Development).

(2)& (3) As regards the laying down of performance standards and for any incentives for the Development personnel, it was observed that the incentive schemes should be devised after receiving the report of the Pay Commission. Any such scheme should cover the whole Corporation. In the meantime the EDs(S&D) may workout some schemes for additional remuneration to the Development personnel putting up outstanding performance.

(h) TO CONSIDER EDs (S&D) MEMORANDUM RE: REVIEW OF OVERALL BUSINESS WITH REFERENCE TO (a) PERFORMANCE OF AREA MANAGERS AND, (b) PRESCRIPTION OF PERFORMANCE STANDARDS IN 1978 FOR AREA MANAGERS

The Board considered Memorandum No.15/78 of the Executive Directors (S&D)N&S giving a review of the overall business of the Corporation with particular reference to (a) the performance of Area Managers and (b) the prescribing of their performance standards in 1978. The following decisions were taken :-

49TH MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME
MEMBER BOOK	Karachi	Saturday & Sunday 4/5.2.1978	10.30 A.M. & 3.00 PM

(1) Shortfall in quota:

In respect of shortfall in quota and excess of costs, the mode and quantum of recovery may be decided by the two EDs(S&D) in consultation with the Chairman. The decision so taken will be deemed to have been approved by the Board, to whom it shall be reported at the next meeting. This authorisation would be applicable in respect of 1977 only. In taking a decision it should be kept in view that the recovery in appropriate cases should be made only if the costs incurred exceed the amount prescribed. If the costs do not exceed, then no penalty shall be imposed even if there be a short fall in quota.

(2) Performance standard for 1978:

(i) Quotas should be completed @ 15%, 50%, 70% and 100% respectively by the end of the first, second, third and fourth quarters of 1978.

(ii) The direct cost of each Area Manager be maintained within 5% of FYP (excluding incentive bonus, and additional incentive bonus payable at prescribed rates) and the office expenses within 5% of the FYP. For less developed areas, the direct cost of 5%, would be increased in the same proportion as the reduced quota bears to the full quota of Rs.7 lacs for each Area Manager subject to a maximum of Rs.35,000 per annum, (excluding incentive bonus and additional incentive bonus).

(iii) For developed areas, the quota of Rs.7 lacs be increased to Rs.8 lacs FYP. But for less-developed areas the decision already taken by the Board for a phasing out of the less developed area concession over a 3 year period commencing from 1977 should be adhered to.

(iv) The persistency ratio should not be less than 60%, and be determined and communicated to the Area Managers by March 1979 for application of such 'cuts' in emoluments in case of default as may be prescribed.

(v) Review of the performance in respect of (i) above should be undertaken as at 30th June 1978, for the purpose of the relevant regulations with a view to imposing penalties for the second half of 1978.

(i) TO CONSIDER MEMORANDUM RE: THE REPORT OF THE STANDING COMMITTEE ON THE APPEAL OF MR.R.Z. KITCHLEW.

The Board considered Chairman's Memorandum No.16/78 containing the report of the Standing Committee on the appeal made by Mr.R.Z.Kitchlew against the order of dismissal

CHAIRMAN'S INITIALS



49TH MEETING OF THE BOARD OF DIRECTORS

HELD AT

ON

TIME

Karachi

Saturday & Sunday 4/5.2.1978

10.30

A.M. &
3.00 PM

dated 29.9.1975. After some discussion the Committee was allowed further time to recommend punishment for the consideration of the Board.

(j) REPORT OF THE COMMITTEE ON MANPOWER DEVELOPMENT

The Chairman placed before the Board the Report dated 31.1.1978 of the Committee constituted by the Board at its 48th meeting, to finalise recommendations in respect of the Manpower Development. The Board approved the recommendations as contained in the report, and paid compliments to Mr.M.Zulqarnain, Executive Director and Mr.S.M.K.Rezavi, AGM (Training) for their contribution in the formulation of the Manpower Development Plan.

(k) RE: FIELD CONSULTATIVE COMMITTEES

The EDs(S&D) informed the Board that the response of the field workers to the proposed structure of the Field Consultative Committees was poor.

The few workers who responded suggested that the scope and functions of the Committee should be greatly enlarged and they should be virtually left to their own devices through accreditation with field unions to function as Collective Bargaining Agents. This was obviously against the letter and spirit of I.R.O. of 1969. However the Board recognise the useful role which the field workers can be called upon to play within given parameters and at the same time they should be given an opportunity to also express their views in regard to any proposed legislation.

The Board therefore, decided, after discussing all aspects of the matter and keeping the objectives in view, that it should be in the fitness of things that Rules made under clause 2(o) of Article 48 of LINO would more appropriately meet the situation from the point of view of both the Corporation and the field workers, while at the same time affording an opportunity to the latter to express their views and offer suggestions at the stage of publication of the draft rules.

It was accordingly decided that the EDs(S&D) will prepare a draft of the proposed rules in consultation with the Law Division and after obtaining the Chairman's approval thereto, will forward the same to the Federal Government.

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

Confirmed.
15.2.78


CHAIRMAN