

54TH MEETING OF THE BOARD OF DIRECTORS

RECTORS	HELD AT	ON	TIME
UTE BOOK	Karachi	Saturday the 23rd December, 1978	10.30 A.M.

The 54th Meeting of the Board of Directors called pursuant to notice dated 13th December 1978 was held at the Principal Office at Karachi on 23rd December, 1978 at 10.30 a.m.

The following were present :-

- | | |
|--------------------|--------------------|
| Mr. P. Sequeira | Acting Chairman |
| Mr. K.N. Cheema | Director |
| Mr. Samee-ul-Hasan | Director |
| Mr. Nisar-un-Nabi | Director |
| Mr. S.A. Walajahi | Director |
| Mr. A. Mateen | (Offg.) Secretary. |

ITEM (1) Confirmation of Minutes:

The Board confirmed the minutes of:

- (a) 53rd Meeting of the Board of Directors held on 14th September, 1978;
- (b) 15th Meeting of the Executive Committee held on 15th November 1978 and 16th Meeting of the Executive Committee held on 26th November, 1978.

ITEM (2) Report regarding implementation of Board Decisions:

The (Offg.) Secretary's report on the implementation of Board's decisions was placed before the Board. The Board noted with satisfaction that the decisions previously taken by it had been implemented.

ITEM (3) Audited accounts of the Corporation for the year ended 31st December, 1977.

The Board considered Executive Director B&A's memorandum No.88/78 with regard to the 5th annual accounts of the Corporation for the year ended 31.12.1977. The executive Director B&A explained the significant features of the final accounts for the said year. The Revenue Account & the Balance Sheet presented to the Board were discussed and the following points were raised.

Premium Increase:

Mr. K.N.Cheema observed that the accounts reflected an overall improvement in the working of the Corporation and appreciated increase in the premium income. He expressed the hope that although increase in management expenses was unavoidable due to the reasons explained in E.D. B&A's memorandum to the Board, yet the Corporation should make efforts to hold increasing expenditure in check, wherever possible.

Suspense Account.

The Directors observed that the amount in the policyholders suspense had decreased and that for the first time the increasing trend of suspense figure had been arrested.

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*Implemented
Reported noted
by the Board*

*3
(As mentioned
in original
minutes)*

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Executive Director PHS explained to the Board that:

- (i) the Corporation was forced to place the payment in suspense in unavoidable circumstances after all efforts to locate particulars of policy were exhausted;
- (ii) with the commissioning of the data processing unit in the near future various computerised lists and indices could be prepared which would be helpful in locating the particulars of policy and the quantum of suspense was expected to be minimised.

Training expenses:

The Board observed that expenses on training had decreased but the reduction was not deliberate and that the Corporation was conscious of the role of training in promoting Corporation's business.

Re-insurance:

Mr.K.N.Cheema enquired whether it was not advisable for State Life to place reinsurance with P.I.C. He was informed that death risks where individual risk exceeded Rs.3,50,000 and catastrophe risk were reinsured with reinsurers abroad. Under these arrangements the real monetary outflow was nominal and the terms of reinsurance were favourable. The PIC did not possess that expertise in life reinsurance which reinsurers abroad had and as such it could not render that service which reinsurers abroad had been readily and very promptly extending to the Corporation. The matter had been debated at length and considered very carefully in the past also.

Gratuity:

It was suggested that actuarial valuation of gratuities might be carried out at a future date in order to ascertain exactly the Corporation's liability in this behalf.

Commission:

The Board observed that payment during the year under review made on account of commission was about Rs.55 lac more than that made during the preceding year and that the increase in this account appeared to be disproportionate to the increase recorded in total premium income. The Board desired that the Budget and Accounts Division may report to the next Board meeting as to the reasons.

Publication of Accounts.

The Board decided that with a view to effect economy, Directors report may be condensed and its volume reasonably reduced. The Directors report and audited accounts

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may be published and distributed among field workers, various trade bodies and other interested parties. The Board also noted that in terms of letter No.4(35)/76-Ins(N) dated 6th August, 1977 received from the Ministry of Commerce the said Ministry had no objection to the distribution of copies of the Corporation's annual reports.

Investment of Rs.1,03,880/-:

With regard to the note to the Balance Sheet of the Auditors Report relating to investment of Rs.1,03,880/- Mr.P.Sequeira, as Director, recorded with the approval of the Board his views as in the previous years as contained in the Annexure to these minutes.

Thereafter the Board approved the Revenue Accounts and Balance Sheet together with Notes thereon for the year ended 1977, as also the provisions made therein, and passed the following resolution :-

"RESOLVED that:

- (a) A provision of Rs.65,19,048 be made in the 1977 Annual Accounts, in addition to the provisions made in previous years in respect of the Corporation's liability for gratuity to staff.
- (b) The fifth Accounts of the Corporation incorporating the Revenue Accounts and Balance Sheet together with the notes, provisions and charges for the year 1977 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 affix their signatures on the Accounts.
- (c) A copy of the approved accounts together with 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 together with certificates appended thereto, the notes to the Accounts and Form "AA" were duly signed by the Chairman and the Directors present.

ITEM (4) Appeal/Review Application of Mr.S.M.A.Shah.

The Board considered memorandum No.89/78 being the report of the standing Committee consisting of the Chairman, Directors Mr.Samee-ul-Hasan and Mr.Nisar-un-Nabi. The said Standing Committee was constituted to decide the appeal of Mr.S.M.A.Shah against the order of his dismissal from the service of the Corporation. The Standing Committee concluding the report observed that the major charge against

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him related to the withdrawal of the sum of Rs.10,000/-. This charge was of a serious nature although there was no case of actual fraud or misappropriation. The Committee recommended that punishment be reduced as follows:

- (a) Censure; and
- (b) Reduction to the bottom of the Manager's scale effective from the date of dismissal.

The Committee also recommended, (not related to the punishment)

- (i) Withdrawal of office car and replacement by usual conveyance allowance, and
- (ii) Recovery of the sum of Rs.10,000/- from Mr.S.M.A.Shah.

The Board discussed the report at length and approved the Standing Committee's recommendation but decided that the punishment (b) namely, "reduction to the bottom of Manager's scale from the date of dismissal" only be awarded and "censure" be omitted, because censure was superfluous in view of the other greater punishment.

ITEM (5) House Building Loans to Employees and Conveyance Loans to field personnel through Commercial Banks:

The Board considered Director and Consulting Actuary's memo No.90/78 regarding some cases of defaults in repayment of house building loans to employees and conveyance loans to field personnel made by Commercial Banks. The Board discussed the matter at some length and decided that all the cases of defaults should be examined with a view to pinpoint reasons and noted that no legal liability fell on the Corporation, and this should be reiterated. Nevertheless it was desirable to ensure that employees dues should be deposited with the banks as authorised by the employees. The Board agreed to raise no objection to the present and continued lending by banks on the present basis since this was a facility to employees and no liability fell on the Corporation, and until further order.

ITEM (6) Amendment in Insurance Act/Rules - Matters arising out of discussions with field representatives:

The Board considered Executive Director S&D's Memo No.91/78 regarding amendment in Section 40(2A) of the Insurance Act and Rules 39A(5)(iii) and 39B(8) of the Insurance Rules. The Corporation had, during the discussions with the representatives of the field, agreed to propose the said amendments to the Government. Explaining the rationale of the amendments, Executive Director, S&D stated that amendments to

- (i) Section 40(2A) was intended to remove the present bottle-necks in the revival of the lapsed policies,

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(ii) Rules 39A(5)(iii) & 39B(B) were intended to split further into fractional units the present persistency ratios and also the rate of persistency bonus which were expected to provide further incentive to the field personnel.

(iii) Rule 63(E) was intended to raise the ceiling for conveyance loans to the field personnel to Rs.35 lac from the present ceiling of Rs.25 lac. It was pointed out that unlike the limit on temporary advances which was expressed as a percentage of the Life Fund, the present limit was not linked with the life fund and that amendment appeared justified in view of the increasing number of field workers and substantial growth in the portfolio.

✓ The Board approved the proposed drafts of amendments subject to modifications in the wordings of the amendments as discussed at the meeting preparatory to their submission to the Government for consideration.

ITEM (7) Any Other Business :(a) P&GS: Relaxation of Age:

The Board considered Memorandum No.92/78 of the Executive Director B&A regarding relaxation of age of Mr.Manzoor Ahmed, a plumber in Real Estate Department. The age of Mr.Manzoor was stated to be slightly over 25 years at the time of entry in the regular service of the Corporation. The Board approved the said relaxation of age.

(b) Amendment of Service Regulations - Prohibition regarding political activities :

The Board considered Executive Director B&A's memorandum No.93/78 regarding amendment in Regulation 25A of State Life (Employees) Service Regulation. The Corporation had been directed to amend the said Regulation 25A in line with sub-rule 4 of Rule 24 of the Government Servants (Conduct) Rules, 1964. The Board approved the amendment and passed the following resolution :

✓ RESOLVED:

"That subject to the approval of the Government sub-regulation (4) of Regulation 25A of State Life Employees (Service) Regulation may be amended to read as follows :

"No employee shall allow any member of his family dependent on him to indulge in any political activity including formation of any political association and being its member, or to act in a manner in which he himself is not permitted by sub-regulation (3) to act."

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(c) Amendments to the Insurance Act/Rules - Matters consequential to the Wage Commission Award :

The Board considered Chairman's Memorandum No.94/78 containing proposal for amendments to the Section 29 sub-section (8) of the Insurance Act and Rule 63A, 63D, 63E and 63F of the Insurance Rules and issuance of a notification under sub-clause (iii) clause (b) sub-section (8) of section 29 of the Act. The amendments had become necessary in consequence of the report of the Wage Commission for Insurance Corporations. The Chairman explained that :

(i) Notification under sub-clause (iii) clause (b) sub-section (8) of Section 29 seeks to specify the towns where the property to be mortgaged by employees for securing house building loans is to be situated;

(ii) Amendment of rule 63A and incorporation of rule 63D to Insurance Rules were proposed in terms of sub-clause (iv) of clause (b) of sub-section (8) of section 29 of the Insurance Act for the purpose of prescribing the number of instalments in which the house building loan to employees is to be disbursed;

(iii) Amendment to rule 63A and incorporation of rules 63E and 63F to the Insurance Rules were proposed in terms of clause (c) of sub-section (8) of section 29 of the Insurance Act for making rules for conveyance loans to the employees.

(iv) Clause (e) in sub-section (8) of section 29 of the Act was proposed to make provision for house rent advance to the employees.

✓ The Board approved the proposed drafts of amendments subject to alteration in the wordings of some of the clauses to the amendments as discussed at the meeting before submission to the Government.

There being no other matter the meeting ended with a vote of thanks to the Chair.

P. Sequeira
(P. Sequeira) ^{26/2/79}
Chairman.

NOTE OF MR.P.SEQUEIRA, DIRECTORANNEXURE

In the matter of the consideration of the Accounts of the Corporation for the year 1977, I sought the permission of the Board-which was granted-to record, as Director, the following note in respect of the factual position and/or my observations/reservations relating to 556 enemy shares of erstwhile ILACO and/or the amount of Rs.1,03,880 as in the previous years and subject to which I signed the said accounts as heretofore :

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- (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, 22-11-76 and 15-11-77 pertaining to the Corporation's accounts for the period ending 31-12-1973, 31-12-1974, 31-12-1975 and 31-12-1976 respectively as applicable again to the accounts as at 31-12-1977.

sd/-

(P. Sequeira)
DirectorDecember 23, 1978.CHAIRMAN'S
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