HELD AT

TIME

Karachi

Wednesday 26th December, 1979 | 11 A.M

The 57th meeting of the Board of Directors called pursuant to notice dated 12th December, 1979, was held at the Principal Office at Karachi on Wednesday the 26th December, 1979 at 11.00 A.M.

The following were present :

Mr. P. Sequeira Chairman Mr. S.S.A. Bokhari Director Mr. Samee-ul-Hasan Director Mr. Nisar-un-Nabi Director Mr. S.A. Walajahi Director

Mr. A. Mateen Secretary, Board of Directors.

At the outset, the Chairman welcomed Mr. S.S.A. Bokhari Joint Secretary (Ins) Ministry of Commerce and Ex-Officio Director to the Board and was confident that the Board would benefit from the rich and long experience he would bring to bear on the deliberations of the Board.

The Directors congratulated Mr. P. Sequeira on his appointment as Chairman of the Corporation. The Chairman thanked and sought the Directors continued co-operation and assistance in the discharge of his responsibilities.

Thereafter the Board took up the Agenda for the meeting

### ITEM 1: CONFIRMATION OF MINUTES.

- (a) The Board confirmed the minutes of the 56th Board meeting held on Sunday, the 5th August and on Thursday, the 16th August, 1979.
  - (b) The Board also recorded the minutes of :
    - (i) the 22nd meeting of Executive Committee held on Saturday the 28th July, 1979;
    - (ii)the 23rd meeting of Executive Committee held on Tuesday the 31st July, 1979;
    - (iii) the 24th meeting of Executive Committee held on Sunday the 19th August, 1979;
    - the 25th meeting of Executive Committee held on Sunday the 21st October, 1979;
    - (v) the 26th meeting of Executive Committee held on Sunday the 11th November, 1979;
    - the 27th meeting of Executive (vi) Committee held on Tuesday the 27th November, 1979;

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(vii) the 28th meeting of Executive Committee held on Tuesday the 11th December, 1979;

# ITEM 2: AUDITED ACCOUNTS OF THE CORPORATION FOR THE YEAR ENDED 31ST DECEMBER, 1978.

The Executive Director (B&A) placed before the Board Memorandum No.81/79 enclosing Balance Sheet, Revenue Account and Appropriation Account of the Corporation for the year ended 31st December, 1978. The Executive Director explained the salient features of the accounts and the Corporation's operations during the year under review and as outlined in the memorandum. The accounts were discussed and the following points were raised:

### (a) House Property in Pakistan.

As per note 7(c) to the said Accounts formalities for acquiring title deeds of properties amounting to Rs.2,363,103 are in process of completion. The Board desired that necessary details in that regard should be placed by Real Estate Department before the Chairman who would issue directions to sort out the issue.

### (b) Renewal Expense Ratio.

The Renewal Expense ratio was discussed. It was felt that in inflationary conditions the renewal expense ratio would go through the legal ceiling, since legally the premiums on renewal policies could not be increased to compensate for the rise in costs. So far, losses on the expense side have been more than compensated by the high rates of interest which are also due to inflation. In the circumstances, the Renewal Expense Ratio as a system of control for life insurance loses its meaning. So long as reasonable surpluses are thrown up after setting up adequate actuarial reserves, the position is satisfactory. This is the position of State Life. In the past, the ECC has approved our accounts which indicates that they understand the situation.

Nothing should, however, prevent the Corporation from making maximum efforts for greater economy and efficiency.

### (c) Investment of Rs.666,379

As per Note 6 of the Auditors' Report on the said accounts, shares of a book value of Rs.666,379 could not be verified. This included an amount of Rs.1,03,880/- with regard to which Mr. P.Sequeira as Chairman 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 Account, the Appropriation Account and Balance Sheet

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together with Notes thereon for the year ended 1978 as also the provisions made therein and passed the following resolutions:-

### "RESOLVED that:

- (a) The Sixth Annual Accounts of the Corporation incorporating the Revenue Accounts, the Appropriation Account and Balance Sheet togetherwith the notes, provisions and charges for the year 1978 initialled by M/s. A.F. Ferguson & Co., and Ford Rhodes Robson, Morrow, Chartered Accountants and placed before the Board be and are hereby approved, and the Chairman and Directors present affix their signatures on the Accounts.
- (b) A copy of the approved accounts together with the Directors Report be forwarded to the Federal Government after all the Auditors have affixed their signatures to the Accounts."

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

### ITEM 3: CORPORATION'S BUDGET FOR 1980.

The Executive Director (B&A) placed before the Board Memorandum No.82/79 containing proposals for Revenue and Capital budget of the Corporation for the year 1980. The Executive Director explained various aspects of the proposed budget and informed the Board that the budget estimates were based on 30% growth rate for 1980. The Board noted that, whereas the normal rate of growth of 20% was reasonable, to make up the shortfall of 1977, an ambitious target of 30% was rightly fixed. The following Budgetory proposals for 1980 were placed before the Board:

### REVENUE BUDGET FOR 1980

A. INCOME	Amount in Millions	
First Year Premium Second Year Premium Renewal Premium Annuity Premium Group Premium TOTAL PREMIUM INCOME	139.0 73.5 296.5 0.5 144.0	
Interest on APL/ANF/Loan Other Income Interest & Dividend (Gross) Rental Income (Gross) TOTAL OTHER INCOME TOTAL GROSS INCOME	27.2 1.3 262.0 28.0 318.5	
TOTAL GROSS INCOME	972.0	)

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	B. POLICY PAYMENTS	AMOUNT IN MILLIONS	
	Death Claims Maturity Claims Surrender Cash Bonus Group Claims Profit Commission Annuities TOTAL POLICY PAYMENTS  C. PAYMENT TO FIELD WORKERS  First Year Commission including Group First Year Overriding Commission including Group Renewal Commission Renewal Overriding Commission Production Bonus to Area Managers Stipend Scheme Field Group Insurance Field Medical Expenses Cash Compensation in lieu of Allied Facilities	35.2 145.0 65.0 5.0 92.0 7.0 1.0 350.2 41.4 14.6 3.7 3.5 0.3 0.7 0.9	
	D. ADMINISTRATIVE EXPENSES.	AMOUNT IN MILLIONS	-
	Salaries Travelling Audit Fees Medical Fees Law Expenses Advertisement Printing & Stationery Policy Stamps Staff Welfare Postage, Telegrams and Telephones Electricity & Gas Entertainment Bank Charges Conferences & Meetings Prizes & Awards Training Expenses Data Processing Expenses Miscellaneous Expenses Miscellaneous Expenses Rent Expenses (State Life Buildings) Rents (other offices) Gratuity Expenses Depreciation TOTAL ADMINISTRATIVE EXPENSES	59.065 4.578 0.350 1.423 1.853 2.985 2.850 0.920 8.896 4.859 2.785 0.812 0.219 0.270 1.550 0.600 1.000 9.087 5.530 2.575 3.825 14.448	CHAIRMAN'S

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The Board approved the above budget ry proposals and at the suggestion of Director Mr. S.A. Walajahi, also approved an additional sum of Rs.500,000/- on account of Contingencies as follows:-

1.	Training	Rs.1,00,000
2.	Prize, Awards & Field contests.	Rs.2,00,000
3.	Advertisement	Rs. 2,00,000
	3	Rs. 5,00,000

The following Capital Expenditure Budget for 1980 was proposed to the Board.

Zone/Deptt.	Rs. in Millions
Karachi Zone Hyderabad Zone Lahore Zone Rawalpindi Zone Peshawar Zone Overseas Division Group'& Pension Division Computer Division Principal Office New Area Offices TOTAL CAPITAL BUDGET	0.50 0.13 0.50 0.11 0.05 0.40 0.05 3.20 0.64 0.70

The Board while approving the above Capital budgetory proposals enhanced the amount allocated for :

- (i) Overseas Division from Rs.400,000 to Rs.550,000 to meet the rising cost for establishment of new overseas offices; and
- (ii) Principal Office from Rs.640,000 to Rs.1,000,000 in view of proposals to set up Training Institute and the furnishing of a guest house for use of officers of the Corporation coming from out station.

The Board authorised the Chairman and the Executive Director (B&A) to re-allocate the funds between various cost centres and to make re-allocations between different heads of account within the overall sanctioned budget.

The Board noted that the premium targets were very ambitious and well above the historic growth rates whether before or after nationalisation (except only the 1977/78 growth rate). Generally 15% to 20% FYP growth was itself considered high. But all out efforts would be made to achieve the target provided the national economy performed well.

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ITEM 4: CONFIRMATION OF RESOLUTION PASSED BY CIRCULATION REGARDING ATTENDANCE IN 13TH ANNUAL GENERAL MEETING OF I.C.P.

The Board confirmed the following resolution passed by circulation on 7th November, 1979 on Consulting Actuary and Director's Memorandum :-

> "RESOLVED that Mr. Mohammad Rashid Zahir, Manager (Investment) or failing him Mr.J.M. Pereira, Manager (Investment) officers of the State Life Insurance Corporation of Pakistan, a registered share-holder of the Investment Corporation of Pakistan (herein called the 'Corporation') is hereby authorised as our representative to attend and vote for us and on our behalf at the thirteenth annual general meeting of the Corporation to be held at the National Bank of Pakistan Building (Fifth floor), I.I. Chundrigar Road, Karachi, on the Eleventh day of November, 1979 and any adjournment thereof".

> "FURTHER RESOLVED that a copy of this resolution be sent to the Corporation."

### ITEM 5: ANY OTHER BUSINESS.

(a) Implementation Report on 56th Meeting of the Board.

The implementation report on 56th Board meeting was placed before, and noted by, the Board.

> (b) Investment of Rs.22 crore in shares of State Enterprises.

The investment of Rs. 22 crore approved to be made by the Corporation in the shares of State Enterprises was discussed in the context of mode of payment vis-avis delivery. The Board noted that in terms of office Memorandum dated 15th December, 1979 issued by the Joint Secretary (Inv) Finance Division (Office of the Controller of Capital Issues) Islamabad, delivery of the said shares would be obtained against deposit of sale price. The Board decided that on obtaining information from the Government that the shares were ready for delivery, the Corporation should deposit the sale price in the prescribed manner as per the minuted decision of the joint meeting.

(c) 1978 Valuation and Bonus to Policyholders.

The Board considered the Consulting Actuary and Director's Memorandum No.83/79 and confirmed the minutes of the 28th Executive Committee meeting held on 11th December, 1979, with regard to actuarial valuation and bonus to policyholders.

The Valuation Report for the year ended 31-12-1978 prepared by Consulting Actuaries M/s. Akhtar and Hassan was placed before the Board which was also approved.



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## (d) Agency arrangement with Pakistan Management Corporation Ltd.

The request of Pakistan Management Corporation Limited dated 11th December, 1979, for termination of agency agreement was placed before the Board. The Board in its 45th meeting held on 23/24th July, 1977 had agreed to the company's request that the Corporation should act as its chief agent for selling units in various housing schemes to Pakistanis resident abroad in consideration for agreed commission. In view of the company's representation that it was no longer feasible to carry out or continue with any such scheme, the Board agreed to the termination of agency agreement and to waive the notice period of six months.

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

(P. SEQUEIRA) Chairman

### ANNEXURE

### NOTE OF MR. P. SEQUEIRA

In the matter of the consideration of the Accounts of the Corporation for the year 1978, I sought the permission of the Board, which was granted to record the following note in respect of the factual position and/or my observations/reservations relating to 556 enemy shares of erstwhile IIACO 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:

- (1) The Honourable Insurance Appellate Tribunal have, in their judgement dated 28-9-76 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 23-11-76 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, as clarified by Director Mr. Nisar-un-Nabi to include the sum of Rs.1,03,880/-, 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, 22-11-1976, 15-11-1977



## STATE LIFE

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and 23-12-1978 pertaining to the Corporation's accounts for the period ending 31-12-1973, 31-12-74, 31-12-75, 31-12-1976 and 31-12-1977 respectively as applicable again to the accounts as at 31-12-1978.

December 26, 1979.

P. SEQUEIRA

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