

## 57TH MEETING OF THE BOARD OF DIRECTORS

HELD AT

ON

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;
- (iv) 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;
- (vi) the 27th meeting of Executive 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 together with 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 Budgetary proposals for 1980 were placed before the Board :-

REVENUE BUDGET FOR 1980

A. INCOME	Amount in Millions	
First Year Premium	139.0	
Second Year Premium	73.5	
Renewal Premium	296.5	
Annuity Premium	0.5	
Group Premium	144.0	
TOTAL PREMIUM INCOME		653.5
Interest on APL/ANF/Loan	27.2	
Other Income	1.3	
Interest & Dividend (Gross)	262.0	
Rental Income (Gross)	28.0	
TOTAL OTHER INCOME		318.5
TOTAL GROSS INCOME		972.0



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The Board approved the above budgetary 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
	<u>Rs.5,00,000</u>

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

Zone/Deptt.	Rs. in Millions
Karachi Zone	0.50
Hyderabad Zone	0.13
Lahore Zone	0.50
Rawalpindi Zone	0.11
Peshawar Zone	0.05
Overseas Division	0.40
Group & Pension Division	0.05
Computer Division	3.20
Principal Office	0.64
New Area Offices	<u>0.70</u>
<b>TOTAL CAPITAL BUDGET</b>	<b><u>6.28</u></b>

The Board while approving the above Capital budgetary 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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(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*  
( P. SEQUEIRA )  
Chairman

A N N E X U R ENOTE 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

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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

CHAIRMAN'S INITIALS

