

58th MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Wednesday 24th Sept. 1980	3.00 P.M.

The 58th Meeting of the Board of Directors of the Corporation called pursuant to notice dated 18th September, 1980 was held at the Principal Office at Karachi on 24th September, 1980 at 3.00 p.m. instead of at 1.00 p.m.

The following were present:

1. Mr. P. Sequeira - Chairman
2. Mr. S.S.A. Bukhari - Joint Secretary (Ins.)
Ministry of Commerce,
and ex-officio Director
3. Mr. Samee-ul-Hasan - Director
4. Mr. Nisar-un-Nabi - Director
5. Mr. S.A. Walajahi - Director

Mr. A. Mateen, Secretary to the Board was also present.

The following business was transacted:-

ITEM 1: CONFIRMATION OF MINUTES.

The Board confirmed the Minutes of the 57th Meeting of the Board of Directors held on 26th December, 1979.

ITEM 2: RECORDING OF MINUTES.

The Board recorded the Minutes of the 29th to 38th Meetings of the Executive Committee.

ITEM 3: RATE OF INTEREST/RENT/PROFIT SHARING ON HOUSE BUILDING LOANS TO EMPLOYEES.

The Executive Director B&A's Memorandum No.27/80 regarding rate of interest/rent/profit sharing on the house building loans to the employees in pay scale 1-7 was placed before the Board. The Board decided to await the announcement of the award of 2nd Wage Commission which was expected shortly, whereafter the matter could be reviewed, if found necessary.

ITEM 4: ALLOCATION OF FUNDS FOR HOUSE BUILDING LOANS TO EMPLOYEES.

The Executive Director B&A's Memorandum No.28/80 regarding allocation of funds under the current year's budget for house building loans to Employees in pay scale 1-7 was placed before the Board. The Board approved a total allocation of Rs.20,00,000/- and authorised the Executive Director B&A to appropriate funds to various zones and offices within the approved over-all budgetary allocation. The Board also desired that while making appropriations the Executive Director B&A keep a reasonable reserve for the purpose of replenishment of funds in any Zone/Office.

ITEM 5: PAYMENT OF PURCHASE PRICE OF THE SHARES OF TAKEN-OVER UNITS TO THE FEDERAL GOVERNMENT.

The Board confirmed the decision already taken by circulation in January, 1980 with regard to the payment of purchase

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price of the shares of taken-over Units to the Federal Government pending the actual delivery of the respective shares. The Director and Consulting Actuary's Memorandum containing details of the amount paid to the Government and value of shares received from the Government was also placed before the Board. The Board noted that a sum of Rs.24,611,534.37 had been paid to the Government in excess for which the Government has decided to issue to the Corporation one year's special GTDRS carrying interest rate at 10.5 per cent per annum effective from 15th Jan. 1980. The Board desired that steps be taken for collection of the GTDRS in the appropriate amount from State Bank of Pakistan of higher face value than the said amount so as to give a yield of 10½%.

ITEM 6: AMENDMENT TO THE SERVICE REGULATIONS.

The Executive Director B&A's Memorandum dated 12th January, 1980 approved by the Board by circulation was placed before the Board alongwith the final notification published in the gazette for confirmation. It was noted that the text of the published notification constituted a modification from the one approved in circulation. A detailed discussion took place which was initiated by Mr. Samee-ul-Hasan - all the members participating - in regard to the inherent powers of the Board to frame regulations and the propriety of publication of the amended regulation by Government unless adopted by the Board. Mr. Samee-ul-Hasan desired that his views in the matter be recorded as under:-

- (a) That the Amendment was not as circulated to the Board on 12th January, 1980. It is wrong for a Regulation to be made which has not been approved by the Board. It is doubtful whether such a purported "Regulation" has any legal validity.
- (b) He did not agree that government can direct the Corporation to make a Regulation. To him, it appears contrary to LINO.
- (c) In principle, he strongly objected to the Federal Government's mention in the new "Regulation" as notified. This is out of place and an unwarranted and illegal encroachment into the autonomy of State Life and moreover purports to preclude the Board itself from retiring an employee after 25 years service.

Mr. S.A.Walajahi stated that in future whenever the draft of the Gazette notification differs from the one approved by the Board, the matter should be referred to the Board on urgent basis by circulation if necessary, for its consideration.

The Chairman recorded that in the ordinary course of business he would agree with Mr. Hasan that the Board should approve of the Regulations for publication subject to prior approval of the Federal Government and this principle had been amply demonstrated in an earlier instance in which the Ministry of Commerce sought to impose a regulation for adoption by the Board. However, in this case, the special circumstances obtaining in the matter had to be considered.

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- (a) The President of Pakistan had issued a policy directive for immediate implementation by all autonomous/semi-autonomous bodies and statutory Corporations following which the law division of the Federal Government had advised that draft regulations be prepared in conformity with Section 13 of the Civil Servants Act, 1973.
- (b) While approving the draft regulation by circulation, all the members were aware through ED B&A's memo dated 12-1-80 that the draft had to be in consonance with Section 13 of the Civil Servants Act, 1973. Mr. S.S.A. Bukhari however had minuted that the proposed draft regulation to which others had agreed was not as required by Government.
- (c) Meanwhile, the Ministry of Commerce had forwarded 4 copies of the proposed Regulation vetted by the Law Division of the Federal Government requesting for the signature of the Chairman and return of 3 copies the very same day. This was actually tantamount to a directive under article 25 of LINO except for the absence of a formal citation to that effect. PIC and NIC had also adopted and published identical amendments.
- (d) The only feasible manner in which compliance could be effected - it was not obviously practicable for a Board meeting to be convened nor for it to be circulated for want of time - was the cover of Regulation 10 of the State Life (General) Regulations which empowered the Chairman to act in certain circumstances. (Mr. Samee-ul-Hasan respectfully disagreed with this interpretation of Regulation 10).
- (e) Government in any case had the overriding powers to approve or not to approve of Regulations drafted by the Board which would automatically include the power to modify, amend or alter any Regulation proposed by the Board.

Messrs. Nisar-un-Nabi and S.S.A. Bukhari agreed with the action taken by the Chairman and Mr. Bukhari added that if the Board so desired a direction under article 25 of LINO can be issued even now to formalise the matter. Following the above mentioned observations of the members, the amended regulation as published in the gazette notification was taken as confirmed.

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MEMORANDUM BOOK

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P.M.ITEM 7: NOTIFICATION SPECIFYING THE TOWNS FOR THE PURPOSE OF HOUSE BUILDING LOANS TO THE EMPLOYEES IN PAY SCALE 1 TO 7.

The Board confirmed the approval already given by circulation to the draft notification under sub-clause (iii) of clause (b) of sub-section (8) of Section 29 of the Insurance Act specifying the towns for the purpose of house building loans to the employees in pay-scale 1 to 7. The Board noted that the notification had since been approved and published in the official gazette.

ITEM 8: DRAFT RULES FOR THE AGENTS AND EMPLOYERS OF AGENTS RELATIONS COMMITTEE.

The Board confirmed the revised draft of Agents and Employers of Agents Relations Committee Rules to be issued in terms article 48 of the Life Insurance (Nationalisation) Order, 1972 already approved by it by circulation.

ITEM 9: ANY OTHER BUSINESS.(a) PAKISTAN MANAGEMENT CORPORATION LIMITED.

The Executive Director (Overseas) placed before the Board his memorandum with regard to the notice of Pakistan Management Corporation Limited to terminate the Sole Agency contract for the sale of houses at Islamabad and other places in Pakistan. The Board discussed the matter at length and keeping in view the circumstances decided that steps be taken to legally terminate the agreement from such date as may be mutually agreed. The Board was of the considered view that the continuance of the said agreement was not desirable and that its immediate termination was in the best interest of the Corporation.

(b) OVER-DUES OF INVESTMENT MADE OUT OF THE LIFE FUNDS.

The Director and Consulting Actuary's Memorandum with regard to the over-dues on account of debenture loans to public and private sectors, buy-back agreements and dividends on shares and the steps taken for recovery thereof was placed before, and noted by the Board.

(c) THE PROPOSED BUILDING PROJECT AT RAWALPINDI AND BLUE AREA, ISLAMABAD.

In view of its urgency, the Director & Consulting Actuary requested a categorical decision by the Board as to whether the proposed buildings should be equipped with central air-conditioning plants or not. The matter was considered in depth and the Board decided that no central air-conditioning plant be installed in the proposed building projects on the Mall Rawalpindi and Blue Area, Islamabad and that the buildings be so planned and designed as to provide for package airconditioning units.

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

N. A. Jafarey
(N.A. JAFAREY)
Chairman

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