

## 64TH MEETING OF THE BOARD OF DIRECTORS

HELD AT

ON

TIME

Karachi

Tuesday 9th June, 1981

12.00

Noon

The 64th Meeting of the Board of Directors called pursuant to notice dated 4th June, 1981 was held at the Principal Office at Karachi on 9th June, 1981 at 12 Noon.

The following were present:

1. Mr. N.A. Jafarey - Chairman
2. Mr. S.S.A. Bukhari - Director
3. Mr. Nisar-un-Nabi - Director
4. Mr. Samee-ul-Hasan - Director
5. Mr. S.A. Walajahi - Director

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

ITEM 1: CONFIRMATION OF MINUTES.

The Board confirmed the Minutes of the 63rd Meeting held on 13th May, 1981.

ITEM 2: PAYMENT OF BONUS TO OFFICERS AND STAFF OF THE CORPORATION.

The Executive Director B&A placed before the Board Memorandum No.70/81 regarding the basis for payment of bonus to the officers and staff of the Corporation. The proposal contained in the Memorandum was considered and discussed at great length. During the discussions various counter-proposals were made by the Directors.

The Board recorded that in terms of the legal opinion and the view of Anomaly Committee appointed under the provisions of Second Wage Commission Award expressed in its report to the Federal Government, payment of 1½ months pay as bonus to the staff is the "existing practice". However, the Board was of the view that in order to promote and maintain good Management-employee relations and having regard to the consistent growth in business, bonus may be paid at a some-what higher rate. The Board decided to recommend to the Federal Government payment of bonuses at the following rates:-

	<u>Staff</u>	<u>Officers</u>
1979	2 basic pay	1½ basic pay
1980	2 basic pay	1½ basic pay
1981	2½ basic pay	2 basic pay

ITEM 3: RECRUITMENT OF STAFF COMPUTER DIVISION.

The Executive Director Computer Division's Memorandum No.71/81 explaining the difficulties in recruitment of personnel in Computer Division was placed before the Board. The Executive Director CD requested the Board to approve condonation of quota restrictions for Computer Division personnel recruitment and their appointment on merit only where sufficiently qualified personnel are not available on the basis of provincial quota. He was of the view that this appeared necessary for operational and technical reasons and for recruitment of personnel of the required minimum level of competence.

CHAIRMAN'S INITIALS



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Explaining, the Executive Director said that to fill various vacancies in the Division applications were invited through press advertisements in Karachi and Lahore. The applicants were tested and interviewed at Karachi and Lahore. Test standards were a bit lowered for other than Karachi candidates and at Lahore even those were also called for interview who obtained 'C' Grade in IBM Aptitude Test, though in Karachi only the candidates obtaining A&B Grades were called. In Lahore no one obtained A or B Grade. The following is the tabulation of the number of candidates who were called, tested, interviewed, selected and appointed for above positions:-

	C A D R E		
	Officers	Clerks	Total
a) Existing vacancies	9	19	28
b) Response to advertisements.	205	45	250
c) Persons called for test (Trainee Programmers & Clerks)	39	23	62
d) Persons appeared in test (Trainee Programmers & Clerks)	18	9	27
e) Persons qualified in the test (Trainee Programmers & Clerks)	9	7	16
f) Persons called for interview (including those who qualified in test)	40	-	40
g) Persons interviewed (including those who qualified in test)	34	-	34
h) Persons selected after test/interview:			
i) From Karachi Domicile.	6	5	15
ii) From Punjab Domicile.	2	2	
iii) From Rest Domicile.	-	-	
i) Persons appointed:			
i) From Karachi Domicile.	-	2	6
ii) From Punjab Domicile.	2	2	
iii) From Rest Domicile	-	-	



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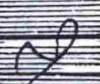
12.00  
Noon

The Board considered the matter and decided that the vacancies in the Computer Division be advertised again stating the place of domicile of the prospective candidates. If vacancies could not be filled by the candidates applying as a result of such advertisement, the same may be filled by appointment of those candidates who have been selected as stated in the preceding paragraph but are not fulfilling the quota requirement.

ITEM 4: ANY OTHER MATTER.(a) O & M/SYSTEM DIVISION.

The Board considered Executive Director PHS Memorandum No.72/81 proposing establishment/revival of O & M/System Division charged with the following duties:-

- (1) To analyse and standardise various systems and procedure including forms etc.
- (2) To prepare Procedure Manuals and keep them upto date in the following order of preference:-
  - (a) Underwriting Guidelines for Field Workers.
  - (b) Underwriting and Policy Issue Procedure Manual for Zonal Offices.
  - (c) Policyholders' Service Manual for Zonal Offices.
  - (d) Accounting Manuals.
  - (e) Manual for Agency Administration.
  - (f) Any other Manuals/Guidelines as may be specified in future.
- (3) To study Systems and Procedure Reports, Financial Planning and Control Reports of Life Office, Management Association (USA) and other such bodies and to examine and recommend their adoption if found feasible or worthwhile.
- (4) To assist Departmental Managers in setting up standards of output, measuring and anticipating volume of work and improving methods and standards as most of them are bogged down under pressure of daily routines.
- (5) To co-ordinate with DPD and other Departments with a view to improve service to the policyholders and enable Principal Office to exercise better control over the operations of the Zonal Offices.

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- (6) To undertake job Audit and Functional Costing as and when desired by the Board.
- (7) To handle employee suggestion plan or any special or rush jobs.

The Board approved in principle the setting up of an O&M/System Cell to begin with and desired that STF-II be advised to determine its personnel requirement.

(b) COMPUTER PERSONNEL.

The Board considered Executive Director (CD) Memorandum No.73/81 recommending that technical pay of the personnel in Computer Division be increased from the existing level in the same proportion as the technical pay for other qualified personnel (except the Actuaries) with effect from the date the increase for others is made effective.

The Board agreed to the proposal in principle but recorded that this would be considered as and when any decision for revision of technical allowances in other technical posts is taken.

(c) EMPLOYEES ENTITLEMENT TO HOSPITAL ACCOMMODATION.

The Executive Director (B&A) placed before the Board Memorandum No.74/81 proposing appropriate increase in existing monetary ceilings prescribed in the Medical Regulations (reproduced below) for semi-private room and private room to eliminate the anomaly in relation to the entitlement for general ward which is without limit:-

- |      |   |  |
|------|---|--|
| i)   | Employees whose pay does not exceed Rs.350/- p.m.                             | General Ward.  |
| ii)  | Employees whose pay exceeds Rs.350/- p.m. but not exceed Rs.700/- p.m.        | Semi-private room upto a maximum of Rs.25/- per day. |
| iii) | Employees whose pay exceeds Rs.700/- p.m. but does not exceed Rs.2,500/- p.m. | Private room upto a maximum of Rs.40/- per day.      |

The Executive Director (B&A) explained and as mentioned in the Memorandum that the State Life Employees (Medical Attendance) Regulations were formulated in 1973 when charges for bed in General Ward were either nil or nominal. The position has since undergone drastic change and according to the information supplied by the Chief Medical Advisor admission in General Ward now may cost from Rs.25/- per day to Rs.85/- per day. Similarly cost of accommodation in semi-private room varies from Rs.40/- to Rs.125/- per day. This increase in bed/room rent charges of approved hospitals has created an anomalous situation. In case of employees admitted to General Ward the State Life pays full charges ranking from Rs.40/- to Rs.85/- per day as it

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is not subject to any ceiling but those entitled to admission in semi-private room are reimbursed Rs.25/- per day only as room rent and the balance of upto Rs.100/- per day has to be recovered from them although they got admission in accordance with their entitlement of semi-private room. They are thus worse of as compared to those entitled to General Ward so far as monetary limits are concerned. This holds good for private room accommodation also. If in case of emergency employees entitled to General Ward have to be admitted to higher entitlement of semi-private room for non-availability of General Ward accommodation, they will be entitled to reimbursement of Rs.25/- per day only as against the General Ward charges of upto Rs.85/- per day which would have been met by State Life if the employees had got accommodation in General Ward according to their entitlement. In such cases also huge recoveries on account of excess room rent have to be effected.

With a view to eliminate anomaly the Board decided that employees in pay-scale 1 to 7 admitted to semi-private rooms or private rooms in a hospital either in accordance with their entitlement or because of non-availability of accommodation in General Ward shall have the option to claim rent charges as applicable to General Ward in that hospital even if these charges are higher than those for semi-private and private rooms.

(d) ENHANCEMENT OF CONSULTANTS FEES - STATE LIFE BUILDING UNDER CONSTRUCTION ON PLOT 15, C.L.10, DR. ZIAUDDIN AHMED ROAD, KARACHI.

The Executive Director B&A placed before the Board Memorandum No.75/81 with regard to enhancement of consultation fee demanded by Daruvala & Co., Architect, for State Life Building under construction on Plot No.15, C/L 10, Dr. Ziauddin Ahmed Road, Karachi. The Executive Director explained that Daruvalas were employed by Norwich Union Insurance Company and later by State Life to provide drawings, designs etc. and supervision for the construction of the building on the said plot. Norwich Union Insurance Company had agreed with them to pay 7% of 1,12,00,000 the then estimated cost of the building which comes to Rs.7,82,000.00 (2/3rd of this amount comes to Rs.5,22,000.00 which was to be paid to them). They were paid Rs.3,10,000.00 immediately on signing the contract by Norwich Union Insurance Company. At this time nationalisation took place and State Life entered into a fresh agreement with them and it was agreed that they should be paid Rs.1,00,000 at the time of signing the agreement and the remaining Rs.1,12,000 was to be paid after 12 months of signing the fresh contract with State Life. Out of the agreed amount of Rs.7,82,000 Rs.5,22,000 was thus paid to them and the remaining Rs.2,60,000 is being paid to them now. The maximum liability of State Life was restricted to this amount, under the agreement signed by State Life and M/s. Daruvala & Company.

M/s. Daruvala & Co., have now requested for enhancement of their fees for the following reasons:-

- (a) that the construction of the building has been going on for the last 7 to 8 years not due to their fault and they have been giving technical support throughout this period.

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- (b) that the cost of living and the building material has increased as a result of which escalation has been claimed by various contractors resulting in the increase in the total cost of the building which is now estimated to be Rs.5 crores. He has therefore claimed proportionate increase in his professional fees as well.

Mr. Daruvala and Mr. Ghazali of Daruvala & Co., were called in the Board Room. The issue was discussed in the context of persistent delays in completion of the building. The Chairman desired Mr. Daruvala to indicate a fair and reasonable amount by way of additional consultation fee for consideration by the Board. Mr. Daruvala referred to his firm's letter dated 15-3-1981 in which an additional payment of Rs.4,90,000/- was requested. Mr. Daruvala and Mr. Ghazali then left the Board Room.


The Board Members discussed the issue among themselves and decided that total fee for supervision should be upto 1/3 of 4 1/2% i.e. 1 1/2% of the mean value (i.e. the value at the start and that on completion) of the building may be fixed by the Chairman and Executive Director (B&A) and payment of additional fee after adjusting Rs.2,60,000/- may be made to Daruvala & Co., in suitable instalments.

(e) RESIGNATION OF DIRECTOR MR. S.A. WALAJAHI

The Chairman informed the Board that Mr. S.A. Walajahi has tendered the resignation as Corporation's director and his resignation has been forwarded to the Government for approval. The Board passed the following resolution:-

"The 64th Meeting of the Board of Directors of State Life Insurance Corporation of Pakistan notes with regret the resignation of Mr. S.A. Walajahi as Corporation Director. Mr. Walajahi has rendered valuable service to the Life Insurance Industry before and after Nationalisation and the vacuum created by his departure will be difficult to fill. As Corporation Director his role had been most helpful. The Meeting expressed its best wishes for successful career for him."

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

  
( N.A. JAFAREY )  
Chairman