

69TH MEETING OF THE BOARD OF DIRECTORS

HELD AT

ON

TIME

Karachi

Thursday 2nd Sept. 1982

10.30

A.M.

The 69th Meeting of the Board of Directors called pursuant to notice dated 19th August, 1982 was held at the Principal Office at Karachi on Thursday, the 2nd September, 1982 at 10.30 A.M.

The following were present:

1. Mr. N.A. Jafarey - Chairman
2. Mr. S.S.A. Bukhari - Director
3. Mr. Mahboob Siddiqui - Director
4. Mr. Samee-ul-Hasan - Director
5. Mian Abdul Qadir - Director
6. Mr. Agha Nasir Ali - Director

(Director Mr. Safdar Ali Chaudhry was on leave)

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

At the out-set the Chairman welcomed Mr. Mahboob Siddiqui who has been appointed Director in place of Mr. Nisar-un-Nabi. The Chairman also placed on record his appreciation of the services rendered by Mr. Nisar-un-Nabi as Director of the Corporation. He suggested that a suitable letter on behalf of the Board be addressed to him in appreciation of his services. The Board agreed.

The Board then took up the Agenda.

ITEM 1: CONFIRMATION OF MINUTES.

The Board confirmed the Minutes of its 68th Meeting held on 12th May, 1982.

ITEM 2: RECORDING OF MINUTES.

The Minutes of the 58th, 59th and 60th Meetings of the Executive Committee were placed before the Board for the purpose of being recorded.

(A) 58TH MEETING

Item 12(f) Special increments.

Director Mr. S.S.A. Bukhari expressed the view that the Board was not empowered to grant special increments. The Chairman and other Directors however disagreed and stated that pursuant to the legal opinion, sanction of Special Increments was well within the inherent powers of the Board of the Corporation which operates on commercial lines.

Item 12(g) Compensation to certain Officers working late.

Director Mr. S.S.A. Bukhari wanted to know as to how many officers were drawing honorarium by way of compensation for working late. It was decided that this information may be put up at the next meeting.

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(B) 60TH MEETINGItem 12(a): Scheme for appointment of Probationary Officers.

On inquiry by Director Mr. S.S.A. Bukhari, the Chairman stated that the scheme for the appointment of Probationary Officers would be outside the Service Regulations and the Probationary Officers were proposed to be appointed on contract basis. He explained that the appointment on contract basis would be advantageous in many respects for the Corporation.

The Board then recorded the minutes of the 58th, 59th and the 60th Meetings of the Executive Committee.

ITEM 3: AUDITED ACCOUNTS OF THE CORPORATION FOR THE YEAR ENDED 31ST DECEMBER, 1981.

The Executive Director (B&A) placed before the Board Memorandum No.89/82 regarding audited accounts of the Corporation for the year ended 31st December, 1981.

DEATH CLAIMS RATIO.

Touching some of the aspects mentioned in the Memorandum Executive Director (B&A) pinpointed the deteriorating death claim ratio both on the life and group sides. The death claims ratio on life policies had persistently been rising from 6.67% in 1978 to 7.04% in 1979 to 7.57% in 1980 and to 8.77% in 1981. On Group Policies the death claim ratio for the year under review deteriorated to 70.2% as compared with 66.8% in the preceding year. He called for the necessity of probing real causes for such deteriorating ratios. The Executive Director, Investment, RED, Law and Staff Training, however, disagreeing with E.D. (B&A) stated that death claim ratio of 70% in group policies could not be considered as abnormal and was well within the normal risks in such business. It was also decided that the Actuarial Division should carry out a detailed study to determine the causes for this continuing increase in death claim ratios on the life side.

REAL ESTATE.

The Executive Director (B&A) also pinpointed sharp rise in expenses on Real Estate over the previous year.

The Executive Director, Real Estate clarified that the rise in expenditure in Real Estate in the year 1981 was largely due to the repairs of lifts and some airconditioning plants which were undertaken in the year 1981 and were completed in the year 1982. He added that the repairs of these items were badly neglected during the past years and that such expenses were unavoidable.

Director Mr. S.S.A. Bukhari stated that the desirability of owning immovable properties by the Corporation may be examined in view of the continuing poor returns thereon as compared with other investments.

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Directors Mr. Samee-ul-Hasan and Mian Abdul Qadir were of the opinion that acquisition of Real Estate and owning and erection of buildings by the Corporation was very much desirable not-with-standing the poor returns as investment in Real Estate was a universal practice of life insurance companies. Besides, buildings owned by the Corporation were symbols of the Corporation's financial stability and resourcefulness and provided inspiration to the policyholders as also to the public at large.

ATTESTATION/REGISTRATION OF LEASE DEEDS.

Under the amended Rent legislation in Sind, expiry of lease has become a ground for eviction provided the lease was entered into after a particular date and was registered either by the Registrar of Assurances or attested by the Rent Controller or otherwise authenticated per the Amended law. To ensure that the Corporation got the benefit of this, the Board directed that henceforth before possession of any premises was handed over to the tenant in Sind, the lease must be registered or attested so as to make its expiry a ground for eviction. The tenant must bear all costs in this connection.

ECONOMY COMMITTEE.

As regards the proposal for constitution of Economy Committee contained in the Memorandum, the Board did not agree and recorded that such Committees had not been useful in the past either in the Corporation or elsewhere. However if any one has concrete suggestion for bringing about economy the same should be welcomed and examined.

ZONAL COORDINATION COMMITTEE.

The Board approved the proposal contained in the memorandum that to bring about more coordination between B&A Division, Computer Division and PHS Division, particularly on the Zonal level a Zonal Coordination Committee consisting of the heads of the above Sections and the Head of P&GS Division of each Zone be constituted. The Committees to be presided over by the Zonal Head shall meet atleast once a month to sort out inter-departmental problems and shall send minutes of these meetings to the Principal Office.

Director Mr. Samee-ul-Hasan made the following further observations:-

(a) Early Finalisation

He congratulated E.D. (B&A) and his Division for early finalisation of the accounts and hoped that the tempo would be maintained next year and accounts would be finalised still earlier.

(b) Renewal Premium and Renewal Commission

As regards renewal premium received during the year, he desired to know segregated figures of premia paid in cash and paid by way of APL. It was agreed that these will, for 1981, be put up at the next meeting,

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and for future years will be shown automatically.

- (c) He pointed out that renewal commission has been rising from 5.28% in 1979 to 6.29% in 1980 and 6.10% in 1981. He desired to know the reasons for increasing payments on account of renewal commission. E.D. (S&D) said he would report on the reasons, which may include undue retention of agents and employers of agents when they should have been terminated.
- (d) He pointed out that the information regarding second year premium and second year commission have not been separately shown in the final accounts although he had pointed this out when the Board was considering final accounts for the year 1980. It was agreed that this information will be put up for 1981 at the next meeting, and will be shown automatically from 1982 onwards.
- (e) Market value of investment in excess of book value.

He observed that the total market value of Government Securities and of Stocks and Shares over book value should be highlighted in the E.D. (B&A)'s report on the final accounts. The market values of Government Securities and of Stocks and Shares were in excess of book values by Rs.17 crore and Rs.11 crore respectively.

(f) Agents Balances.

He observed that in the balance sheet on the assets side "Agents Balances" have registered a sharp increase. D.G.M.(B&A) who had been called in the meeting explained that this represented the unreconciled figure of such balance in Peshawar Zone and that in the contra entry this figures has also been reflected.

Thereafter the Board approved the revenue account, appropriation account and balance sheet together with the notes thereon for the year ended 1981 as also the provisions made therein and passed the following resolution:-

RESOLVED

- (a) That the 9th annual accounts of the Corporation incorporating the revenue account, the appropriation account and balance sheet together with the notes, provisions and charges for the year ended 31st December, 1981 initialled by M/s. Riaz Ahmed & Co.,

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Chartered Accounts and placed before the Board be and are hereby approved and the Chairman and Directors present affix their signatures on the accounts.

- (b) That 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 resolution by the Board, the balance sheet and the revenue account together with the appropriation account appended thereto, the notes to the accounts and form "AA" were duly signed by the Chairman and Directors present.

ITEM 4: REVISION OF TRAVELLING ALLOWANCE

The Board confirmed the approval already given to the revision of the rates of Daily Allowance as follows on Executive Director (B&A) Memorandum dated 11th July, 1982:-

Proposed Rates of Daily Allowance

Pay Limit	Admissible at Islamabad, Karachi, Rawalpindi, Lahore, Peahwar, Quetta, Multan, Faisalabad and Hyderabad.	Admissible at other places.
Rs.2201 and above	Rs.90	Rs.75
Rs.1350 to 2200	Rs.75	Rs.65
Rs. 625 to 1349	Rs.50	Rs.40

	<u>Existing</u>	<u>Proposed</u>	
Pay Scales 3 to 7	Rs.25	Rs.40	} All stations
Pay Scales 1 & 2	Rs.10	Rs.20	

The revised rates would come into effect after approval by the Government on publication in the Gazette of Pakistan.

ITEM 5: AMENDMENT IN STATE LIFE EMPLOYEES (SERVICE) REGULATIONS, 1973.

The Executive Director (B&A) placed before the Board Memorandum No.90/82 with regard to the Amendment to State Life Employees (Service) Regulations, 1973. The Memorandum explained that the amendments proposed in the Annexure to the Memorandum had been approved by the Board in its 56th Meeting held on 5th August and 16th August, 1979 and were forwarded to the Government for approval. Such amendment were however, not pressed and it was considered desirable to have the service regulations amended only to make them conform to the First and Second Wage Commission Awards and the Government Directives for Officers. The Board considered the amendments and approved them to the extent mentioned in the Annexure to the Minutes.

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COMMUNICATION OF ADVERSE REMARKS.

Director Mr. S.S.A. Bukhari, desired that compliance of regulation 23 of the Service Regulation requiring communication of adverse remarks in A.C.Rs. to the employees concerned should be ensured. The other members however felt that this matter must be looked into.

ITEM 6: AMENDMENT TO THE INSURANCE RULES CONSEQUENT ON AGREEMENT WITH FIELD PERSONNEL.

The Executive Director (S&D) placed before the Board Memorandum No.91/82 proposing following amendments to the Insurance Rules consequent on agreement with field personnel:

- (a) Rule 63-B be amended so that present limits for motor-cycle loans and car loans to the field officials are enhanced from Rs.6,000/- and Rs.25,000/- to Rs.10,000/- and Rs.40,000/- respectively.
- (b) 63-D be amended so that field officials become entitled to house building loans.

The Board approved the proposal. The Board also approved draft notification for amendment of Insurance Rules annexed to the Memorandum.

ITEM 7: RECONSTITUTION OF THE EXECUTIVE COMMITTEE.

The Committee confirmed the approval given on the Chairman's Memorandum dated 7th August, 1982 to the proposal for re-constitution of the Executive Committee nominating Director Mr. Mahboob Siddiqui in place of Mr. Nisar-un-Nabi who has since been transferred from the Corporation.

ITEM 8: RECOVERY OF DUES ON ACCOUNT OF SIND ROAD TRANSPORT CORPORATION, PUNJAB ROAD TRANSPORT BOARD AND OTHER PUBLIC SECTOR COMPANIES.

The Executive Director (Investment) placed before the Board Memorandum No.92/82 containing a review of the steps taken for recovery of overdues on account of the debenture loan made to Sind Road Transport Corporation and Punjab Road Transport Board, State Heavy Engineering and Machine Tools Corporation, Special Steels of Pakistan Limited and Northern Foundry and Engineering Works Limited. The Board noted the said review.

ITEM 9: GRANT OF GENERAL POWER OF ATTORNEY TO MR. MAHBOOB SIDDIQUI, EXECUTIVE DIRECTOR (B&A)

The Chairman placed before the Board Memorandum No.93/82 proposing grant of a General Power of Attorney to the newly appointed Director Mr. Mahboob Siddiqui on lines similar to the one held by the Chairman and other Executive Directors. The Board had approved the form of General Power of Attorney for other Executive Directors in its meeting held on 9-12-1981. The Board approved the proposal and passed the following resolu-

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RESOLVED that the General Power of Attorney be granted to Mr. Mahboob Siddiqui, Executive Director (B&A) in form similar to the one held by the Chairman and other Executive Directors.

FURTHER RESOLVED that the General Power of Attorney be executed on behalf of the Corporation by any two Directors. Common seal of the Corporation be affixed to the said General Power of Attorney in the presence of any two Directors of the Corporation.

ITEM 10: ANY OTHER BUSINESS.(a) REVISION OF PAY SCALES.

The Executive Director (B&A) placed before the Board Memorandum No.96/82 informing that in response to the communications received from the Government, the following pay-scales of the employees/Directors of the Corporation have been proposed to the Ministry of Commerce:

	<u>Existing Pay Scales</u>	<u>Proposed Pay Scales</u>
M 1	4500-250-6500	6000-350-8800
M 2	3400-200-5400	4500-270-7200
M 3	2900-200-4300	4000-270-5890
General Manager	2700-150-4350	3650-175-5575
Dy. General Manager	2550-150-4050	3450-175-5200
Asstt. General Manager	2250-125-3625	3050-160-4810
Manager	1700-100-3200	2300-135-4325
Deputy Manager	1250- 75-1700/ 100-2800	1700-100-2300/ 125-3675
Area Manager	1250 (Fixed)	1700 (Fixed)
Asstt. Manager	900-50-1150/60- 1750-100-2250	1200-65-1525/80- 2325-130-2975
Jr. Officer	625-40-825/50- 1325-60-1625	850-50-1100/70- 1800-80-2200

The proposed revised pay scale provide an increase of 35% approximately. The Board noted.

(b) PAYMENT OF BONUS TO STAFF AND OFFICERS OF THE CORPORATION.

The Executive Director (B&A) placed before the Board Memorandum No.97/82 making the following proposals:-

1. That in accordance with the formula approved by the Government additional bonus equal to half month's pay be paid to employees in pay-scale 1-7 making the total bonuses paid to such employees to two month's pay; and

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2. a letter may be written to the Ministry of Commerce that bonus to Officers be allowed at a rate equal to 1½ months pay i.e. half month's pay less than that payable to unionised employees.

Director Mr. Samee-ul-Hasan, welcomed the principle that bonus must be related to performance. But the specific formula approved had these faults -

- (a) The method for determining renewal premium performance should be to compare actual cash adjusted receipts (excluding AFL advances) with those expected. Expected should be 70% of last years FYP + 92% of last years Cash Renewals adjusted receipts.
- (b) The factor for increase in Fund should go. It involved a strong element of double counting. It also involved many matters such as changes in accounting policies, writing off bad debts etc. which should not be a base for rewarding staff.
- (c) The Renewal Expense ratio factor should have some reference to the statutory limit of 15%.
- (d) Overall, the formula was too generous and will create severe problems in future.


So, he felt that it should be reviewed.

The Board approved the proposals made by E.D. (B&A) as mentioned at 1 and 2 above.

- (c) SHIFTING OF U.K. OFFICE FROM LONDON TO BRADFORD.

Director Mr. Samee-ul-Hasan informed the Board that the business in U.K. Office since last few years is negligible. He proposed that the U.K. Office be shifted from London to Bradford where the Pakistani community lived in large number and that chances of improvement of business in Bradford were bright. The Board decided that before taking any decision in this regard it was desirable to discuss the matter with the Chief Manager of U.K. Office who was then on leave in Pakistan.

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


(N.A. Jafarey)
Chairman

Annexure

CHAIRMAN'S
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PROPOSED AMENDMENTS TO STATE LIFE
EMPLOYEES (SERVICE) REGULATIONS.

1. In regulation 4 in clause (i) in the entry at Serial No.8 for the word "Junior Officer" the word "Executive Officer" shall be substituted.
2. In regulation 4 in clause (ii) sub-clause (c) in para 2 after the word "standards", the words "The Zonal Head may terminate his services after giving him three months notice or three months pay in lieu of notice or may take" shall be inserted.
3. In regulation 14, in sub-regulation (1) and the proviso for the word "Board" the word "Chairman" shall be substituted.
4. In regulation 15 the following proviso shall be added at the end, namely:-

"Provided that the Chairman may, in special circumstances and for reasons to be recorded in writing, reduce or waive the period of probation."
5. In regulation 18, after sub regulation (2) the following sub regulations (3) and (4) shall be added, namely:-

"(3) The Chairman may authorise the grant to employees of special increments within their pay scales for performance of exceptional merit.

(4) An employee will cross an 'Efficiency Bar' if he is adjudged fit by the competent authority."
6. In regulation 21, in sub-regulation (2), in the proviso, (i) after the word "may", the words and comma "at the request of the employee", shall be inserted.

(ii) at the end, the following shall be added, namely:-

"Should however the appointing authority discontinue the service of the employee before the expiry of the notice period, the employee will be paid a sum equal to his pay and allowances for the unexpired period of notice."
7. In regulation 23,

(a) in sub-regulation (1), for the words and bracket "Executive Director (Administration)" the word "Chairman" shall be substituted.

(b) in sub-regulation (2), for the word "Board" the word "Chairman" shall be substituted.
8. In regulation 30,

(a) in sub-regulation (1), in clause (g) after sub-clause (iv), the following shall be added, namely:-

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"(v) recovery from the employee of the whole or part of the amount of loss, if any, sustained by the Corporation."

(b) in sub-regulation (2),
(a) in clause (i), before the word 'wilful' the words and comma, "misuse or abuse of authority," shall be inserted, and

(b) in clause (vii) the words "during working hours" shall be deleted.

9. In regulation 40, for sub-regulation (2), the following shall be substituted, namely:-

"(2) Officers staying in a hotel or guest house will, in addition to daily allowance, be eligible for reimbursement of actual single room rent at a rate equal to three times the amount of daily allowance admissible them."

10. In regulation 51, after the word "Chairman" a full stop (.) shall be inserted and the rest of the sentence deleted.

11. In regulation 55, for sub-regulation (2) the following shall be substituted, namely:-

"No sick leave for more than three days shall be allowed without production of medical certificate from the authorised medical attendant."

12. In regulation 61, between the words "month" and "may" the following shall be inserted, namely:-

"or leave salary in lieu thereof"

13. In regulation 64 at the end the words "and six months" shall be added.

14. In regulation 65, after the word 'prefix', the word and sign "and/" shall be inserted.