

SIXTH MEETING OF THE BOARD OF DIRECTORS

S	HELD AT	ON	TIME
OK	Karachi	December 7, 1972	3:00 p.m.

The 6th meeting of the Board of Directors of the State Life Insurance Corporation of Pakistan was held in the Board Room of the Corporation at Karachi on Thursday the 7th of December 1972 at 3:00 p.m. as per notice dated the 6th December 1972.

The following were present:

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| 1. Mr. H. U. Beg, SQA, PTS | Chairman |
| 2. Mr. S. F. Alam | Member |
| 3. Mr. Samee-ul-Hasan | Member |
| 4. Mr. M. S. Janjua | Member |
| 5. Mr. D. M. Quraishi, TQA | Member |
| 6. Mr. P. Sequeira | Member |
| 7. Mr. A. A. Toor, PA&AS | Member |
| 8. Mr. S. A. Walajahi | Member |
| 9. Mr. M. Zulqarnain | Member |

Mr. M. Sadiq Khan was in attendance.

At the outset the Chairman welcomed Mr. M. S. Janjua to the Board. He said that Mr. Janjua had brought with him rich experience of Insurance salesmanship and he hoped that his inclusion would greatly benefit the working of the Board. The Chairman further observed that the Corporation had just been put on the rails and had yet to be in motion. He and his colleagues had, therefore, a colossal task to perform. But he had no doubt that with their cooperation, the task ahead would be successfully completed. Others present assured him of their whole-hearted support and cooperation in making this process a success. Thereafter the following business was transacted:

ITEM NO: 1 Confirmation of the Minutes of the 5th Meeting of the Board held on 30th November, 1972.

The minutes of the 5th meeting of the Board held on 30th November, 1972 were confirmed subject to slight modifications under item No: 1 in the resolution following the draft 'General Power of Attorney' The revised resolution read as follows:-

"RESOLVED that the instrument conveying the Power of Attorney in favour of Mr. D. M. Quraishi, Executive Director, be engrossed and signed by the Chairman of the State Life Insurance Corporation of Pakistan and Mr. Arshad Ali Toor, Executive Director who shall deliver the same."

ITEM NO: II To consider and approve the Draft Gratuity Scheme for State Life Employees.

The draft Gratuity Scheme for the State Life Employees prepared by Mr. Samee-ul-Hasan was discussed. The following points were raised:

(i) Whether the scheme would form part of Service Regulations:

It was observed that the scheme, in its existing form did not appear to be a part of Service Regulations, as instead of having been drafted in third person, it was in the form of a direct address to the employees. It was explained that the scheme was not proposed to be a part of the Regulations. It was intended to be a separate order of the Board prepared under the Regulations which would empower the Board to prepare such a scheme.

CHAIRMAN'S
INITIALS

SIXTH MEETING OF THE BORAD OF DIRECTORS

HELD AT	ON	TIME
Karachi	December 7, 1972	3:00 p.m.

(ii) Service to be counted for purposes of Gratuity.

- (a) It was felt that the existing definition to count such service from the date of membership of Provident Fund, or in case there was no Provident Fund, from the date of confirmation could cause anomalies. It was felt that the phrase "whichever was earlier" should be added to resolve the difficulty.
- (b) It was also pointed out that under the existing definition, some of the salaried field executives who were at present entitled to gratuity were likely to be excluded which might have repercussions.
- (c) For persons joining on deputation from other organisations, there was no provision for counting of their previous service. It was felt that continuous service of deputationist prior to joining the Corporation should also be counted.

In the light of the above discussion, it was decided that the matter would be reconsidered by Mr. Samee-ul-Hasan in consultation with Mr. P. Sequeira who had some typical cases in mind, and that the draft should be suitably modified.

ITEM NO. III To consider a Scheme for the development of Rural business:

The Board considered the scheme for the development of rural business prepared by Mr. M. Zulqarnain. The following points were raised:

- (i) It was observed that the cost had been justified on the basis of an assumed premium income of Rs. 10 lacs. This was more than the total premium presently coming from the district of Sahiwal where the Pilot Project was proposed to be set up.

It had therefore to be seen if this was a reasonable assumption. For if the actual premium was far less, the percentage of cost would be much higher and may be more than justifiable.

- (ii) According to the proposed scheme the entire remuneration of the field staff was to be in the form of salary. There was no element of commission. Thus it was contrary to the generally accepted principle of insurance sales and might prove a disincentive to production. It was felt that at least part of the remuneration should be related to production. In this connection reference was also made to a Pilot Project already tried by Mr. Janjua, in which the remuneration was partly related to performance.

- (iii) It was felt that instead of one Pilot Project there should be more than one, say 3 such Projects, so that their performance under competition might be watched.

In the light of the above discussion, it was decided that the scheme should be studied further. Mr. Janjua would circulate his scheme also. There would be a preliminary meeting between the three Unit Heads and Mr. Zulqarnain. Thereafter there would be a discussion of the scheme in the Board.

SIXTH MEETING OF THE BOARD OF DIRECTORS

IS	HELD AT	ON	TIME
OK	Karachi	December 7, 1972	3:00 p.m.

ITEM NO: IV To consider and approve terms of appointment for the Consulting Actuaries:

It was decided that the terms of appointment of Consulting Actuaries might be taken up along with those of the Executive Directors. For the time being they may just be informed that they have been appointed subject to terms and conditions to be determined later. If necessary, 'on account' payments may be made to them.

ITEM NO: V Investments:

(a) Additional investment of Rs. 150 lacs in 9% Eight years PICIC Debentures.

The Board confirmed an additional investment of Rs. 150 lacs in 9% PICIC debentures maturing after 8 years, already made with the approval of the Chairman.

(b) To consider extension of date for repurchase of 1 lac shares by Mr. Nur Hayat Noon from State Life.

The Board approved the request of Mr. Nur Hayat Noon for extension of the date of repurchase by him from the State life, of 1 lac shares of Noon Pakistan Ltd., by one year upto 30th November 1973, under a sale repurchase agreement entered with him by the erstwhile ALICO. The repurchase at a premium of 12% per annum had been guaranteed by the F.N.C.B., and the extension will be subject to the renewal of the bank guarantee by one year, and other conditions of the a greement.

Any other item:

(1) A suggestion was made that the State Life could have its own Rest Houses at big cities like Karachi, Lahore and Rawalpindi by properly developing the accommodation already available with it. This would save the high expenses of staying in hotels and at the same time solve the accommodation problem of touring officials.

The Board approved the proposal to develop accommodation available at Karachi, Lahore and Rawalpindi into proper Rest Houses. It was further suggested that arrangements should be made to have Conference Room at Lahore also where meetings might be required to be held off and on. This proposal was also approved by the Board. It was decided that the Unit Heads concerned will take necessary action in the matter.

(2) A member raised the question that prior to nationalisation the Senior Executives of the companies used to be given CIP (Commercially Important Persons) treatment by the PIA, which was not presently available to them, resulting in undue inconvenience in travelling on short notice.

It was decided that the Chairman would take up this matter with the Managing Director of PIA

CHAIRMAN'S
INITIALS



SIXTH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	December 7, 1972	3:00 p.m.

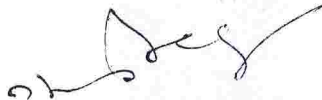
(3) Some of the Unit Heads raised the question of disposal of certain redundant and surplus items of assets like furniture, office equipment etc. lying with them.

It was decided that pending the formulation of standard procedure for the disposal of assets, the surplus items might be disposed of by the General Managers for the best available offer through public auction or by inviting quotations. But before doing so, they might ascertain from other Units if any of the items was required by them.

(4) The Unit Heads also sought clarification regarding the correct designation to be used by them.

It was decided that as per Regulations, the correct designation to be used by Unit Heads was 'General Manager'.

The meeting then ended with a vote of thanks to the Chair.



Chairman.

confirmed
21/12/72