

## 73RD MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME	
Karachi	Sunday 15th January, 1984	11.00	A.M.

The 73rd meeting of the Board of Directors called pursuant to notice dated 15th December, 1983 was held at the Principal Office at Karachi on Sunday, the 15th January, 1984 at 11.00 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. Safdar Ali Chaudhry | - Director |
| 7. Mr. Agha Nasir Ali      | - 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 its 72nd meeting held on 3rd October, 1983.

ITEM 2: IMPLEMENTATION REPORT ON THE DECISIONS TAKEN IN THE 72ND MEETING.

The Chairman desired to know the implementation position in regard to the decision in the preceding meeting that after a study of the staff turn-over for the past 3 years and keeping in view the STF-II Report, P&GS Division shall prepare a cogent and comprehensive manpower policy and put up the same for approval of the Board/Executive Committee. The Secretary to the Board informed him that the report could not be prepared as DGM - P&GS Capt. (Rtd.) Nisar Hussain was on leave. The Chairman directed that the report be put up before the Board/Executive Committee in the next meeting.

CORPORATION CAR POLICY

Director Mr. S.S.A. Bukhari, desired that an up-dated copy of the Corporation Car Policy be sent to him for his record. The Board directed that the P&GS Division send the same to Mr. Bukhari.

MEDICAL TREATMENT ABROAD OF AREA MANAGERS.

Director Mr. S.S.A. Bukhari informed the Board that on representation by Mr. Jalil A. Khan, Area Manager, Rawalpindi, the Government had decided to permit him to undergo by-pass surgery in U.K. at the cost of the Corporation and that he was treated at par with other Officers of the Corporation. He stated that as per the Corporation policy, medical expenses without any limit or condition had been excluded for the purpose of determination of cost of Area Managers. The Board decided that this aspect of the issue may be re-examined by E.D. (S&D).

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ITEM 3: RECORDING OF MINUTES.

The minutes of the following meetings of the Executive Committee were recorded:

- (i) 73rd meeting held on 12th September, 1983 and onwards;
- (ii) 74th meeting held on 2nd October, 1983;
- (iii) 75th meeting held on 26th October, 1983; and
- (iv) 76th meeting held on 23rd November, 1983.

ITEM 4: PROGRESS REPORT.(a) Life Business.

The Executive Director (S&D) placed before the Board Memorandum containing review of life business for the month of November, 1983 and tentative figures for the month of December, 1983. As per statistics given in the Memorandum:

- (i) FYP showed an increase of 32.39% during the month of November, 1983 and 32.59% on year-to-date basis;
- (ii) Renewal premium showed an increase of 33.95% during November, 1983 and 16.85% on year-to-date basis;
- (iii) Number of policies sold showed an increase of 23.45% during the said month and 22.77% on year-to-date basis; and
- (iv) Persistency of business was 83.21% during the month, 75.55% on year-to-date basis as against 64.43% for the whole 1982.

The memorandum explained that according to the preliminary statistics received from the Zone, it was tentatively estimated that FYP during the month of December, 1983 would be in the region of Rs.80 million, a rise of more than 40% over the corresponding month of the last year and a rise of 35% for the year 1983 as a whole.

The Board expressed deep satisfaction over the all-round progress as indicated in the above statistics and congratulated Executive Director (S&D) and his team of officers and field workers for this achievement.

(b) Group Business.

The Executive Director (G&P) placed his memorandum before the Board containing review of performance of G&P Division for the year 1983. The memorandum stated that the group premium for the year under review increased by 22.12% against the target set in the annual conference of G&P Division for 15% plus 5%. With regard to Oversease Group Business the Executive Director (G&P) stated that as per the tentative figures received from the

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Overseas Offices, a total collection of premium equivalent to Rs.7,95,175/- was expected.

The Board appreciated the performance and recorded its satisfaction over it.

ITEM 5: HOUSE BUILDING LOAN FACILITIES TO EMPLOYEES IN PAY SCALE 1 TO 7.

The Executive Director (B&A) placed before the Board Memorandum No.1/84 proposing that the notification under sub-clause (iii) of clause (b) of sub-section (8) of Section 29 of the Insurance Act, 1938 may be amended so that all the Tehsil and Taluka Towns in all the Provinces were made eligible towns for the purpose of granting House Building loans to employees in Pay-Scale 1 to 7.

The members of the Board observed that it required examination whether the prescribed rules and conditions and legal formalities could be complied with when the property to be mortgaged would be situated in Tehsil and Taluka Towns. The Board directed that this aspect be examined and the matter be placed before the next meeting. If necessary, the practice of House Building Finance Corporation in this regard may be ascertained.

ITEM 6: TRANSFER GRANT - AMENDMENT TO THE SERVICE REGULATION.

The Executive Director (B&A) placed before the Board Memorandum No.2/84 proposing that the minimum and maximum limits of Rs.200/- and Rs.2,000/- respectively prescribed for the transfer grant payable to an employee be dispensed with and clause (ii) of sub-Regulation 3 of Regulation 36 of State Life Employees (Service) Regulations be amended to read as follows:

"Transfer grant equal to one month's pay".

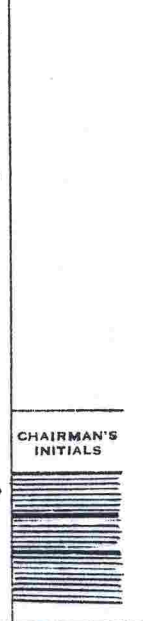
The Board approved the proposal subject to the prior sanction of the Federal Government.

ITEM 7: BUDGET ESTIMATES FOR 1984 AND REVISED BUDGET ESTIMATES FOR 1983.

The Executive Director (B&A) placed before the Board his Memorandum No.3/84 regarding budget estimates for 1984 and revised budget estimates for 1983 alongwith the memorandum for revision in the budget estimates for 1984 and revised budget estimates for 1983.

The Executive Director (B&A) explained that the revision in the earlier budget estimates had become necessary due to announcement of the Third Wage Commission Award and also because tentative figures for business for 1983 had become available requiring consequential revision of expenses under the relevant heads. The overall impact of the decisions of Third Wage Commission in 1983 was estimated to be in the order of Rs.14.2 million (excluding gratuity provisions).

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<u>RENEWAL EXPENSE RATIO.</u>			
<p>Based on the finally revised budget estimates of revenue expenses for 1983 amounting to Rs.229.030 million (including gratuity provision) the renewal expense ratio worked out to 34% in 1983 whereas the ratio in 1984 was expected to decline to 28.5%.</p> <p>The Director &amp; CA Mr. Samee-ul-Hasan, observed that he had time and again pointed out that with the present level of expenditure, per policy per annum service cost worked out to Rs.500/- and that the present manpower ratio appeared to be excessive. He was of the view that the present excessive manpower ratios required to be set aright through a process of attrition.</p>			
<u>GRATUITY</u>			
<p>It was decided that at this stage in the 1983 accounts and 1984 budget no book provision should be made on account of retirement benefits that is gratuity or pension scheme for the unionized staff. The matter will be considered after the option of the staff has been obtained.</p> <p>In this context, the Board was reminded that it has already decided to create a Gratuity Fund.</p>			
<u>OVER TIME BUDGET</u>			
<p>The proposal to increase allocation on account of over-time by Rs.1,50,000/- for the year 1983 was not approved by the Board which directed that expenses on account of this head be met out of the budgetary allocation for 1984.</p>			
<u>ADDITIONAL DEMANDS OF LAHORE ZONE</u>			
<p>The Board did not approve the demand for additional allocations in the sum of Rs.4,82,000/- under various heads of revenue expenditure directing that the additional expenses, if any, be met out of the allocation for 1984 and further observing that the budgetary limits should not have been exceeded.</p>			
<u>MISCELLANEOUS EXPENSES IN REAL ESTATE.</u>			
<p>The Board approved the proposal to increase the budgetary allocation of Rs.0.4 million on account of repairs and maintenance relating to the year 1983 already carried out by the Real Estate Division for which there were pending bills. The Board was informed by E.D. (RED) that the expenses were indispensable and were immediately necessary for the purpose of up-keep of the Corporation properties and for persuading tenants to enhance rents.</p>			
<u>BUDGETARY LIMITS</u>			
<p>The Board directed that the budgetary limits should, in all cases, be strictly observed and in no case expenses should exceed the approved limits.</p>			
<u>PENSION SCHEME FOR OFFICERS</u>			
<p>The Board desired that a paper on the pension scheme for Officers may be prepared by the Director &amp; CA and placed before</p>			
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PRIZES AND AWARDS

Budgetary allocations for Field Prizes and Awards were proposed at 1% of FYP for small Zones and 0.9% of FYP for big Zones. It was decided on being pointed out by E.D. (S&D) that the budgetary allocations would be 1% under this head for all Zones.

The Board approved the following finally revised budget estimates for the year 1983 and budget estimates for the year 1984 of revenues and expenses:

	Earlier Revised Budget Est. 1983	Finally Revised Budget Estimates 1983	Revised Budget Estimates for 1984.
(in millions)			
<b>A. INCOME</b>			
First Year Premium	220.700	233.000	280.000
Renewal Premium	587.000	587.000	703.000
Annuity Premium	0.575	0.575	000.700
Group Premium	265.000	290.610	336.753
<b>TOTAL PREMIUM INCOME</b>	<b>1073.275</b>	<b>1111.185</b>	<b>1320.453</b>
	=====	=====	=====
Interest on APL/ ANF Loan	30.388	30.388	32.000
Other Income	0.741	0.741	0.800
Interest & Dividend (Gross)	504.730	504.730	528.694
Rental Income (Gross)	36.913	36.913	40.000
<b>TOTAL OTHER INCOME</b>	<b>572.772</b>	<b>572.772</b>	<b>601.494</b>
	=====	=====	=====
<b>B. POLICY PAYMENTS</b>			
Death Claims	61.235	60.582	72.337
Maturity Claims	264.000	258.464	308.640
Surrender	110.000	161.540	192.900
Cash Bonus	7.920	11.800	11.800
Group Claims	185.095	159.000	180.000
Profit Commission	13.035	43.846	52.491
Annuities	0.700	0.500	0.500
<b>TOTAL POLICY PAYMENTS</b>	<b>641.985</b>	<b>695.732</b>	<b>818.668</b>
	=====	=====	=====

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	Earlier Revised Budget Est. 1983	Finally Revised Budget Estimates 1983.	Revised Budget Estimates for 1984.
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(in millions)

**C. PAYMENTS TO FIELD WORKERS:**

First Year Commission	83.879	88.553	110.420
First Year Overriding Commission	77.248	81.553	101.681
Renewal Commission	23.481	23.481	27.361
Renewal Overriding Commission	11.740	11.740	13.680
Production Bonus to Area Managers	6.621	6.990	8.715
Stipend Scheme	0.320	0.320	0.500
Field Prizes & Awards	2.762	2.762	3.585*
Field Group Insurance	1.722	1.722	2.330
Field Medical Expenses	2.583	2.583	3.495
Cash Compensation in lieu of Allied Facilities	8.609	8.609	11.650
Group Commission	1.591	1.739	2.020
<b>TOTAL PAYMENTS TO FIELD WORKERS</b>	<b>220.556</b>	<b>230.052</b>	<b>285.437</b>

\* Not to be re-appropriated

**ADMINISTRATIVE EXPENSES**

Salaries	103.536	103.541	122.633
Travelling Expenses	6.487	6.487	7.733
Auditors Fees	0.470	0.470	0.555
Medical Fees	1.772	1.772	1.904
Law Charges	0.990	0.990	0.963
Advertisement	3.668	3.668	4.565
Printing & Stationery	5.355	5.355	5.594
Policy Stamps	1.288	1.288	1.349
Staff Welfare	20.250	21.120	17.102
Postage, Telegrams & Phones.	6.098	6.291	7.203
Utilities	4.062	4.362	4.286
Entertainment	0.752	0.752	0.852
Bank Charges	0.396	0.396	0.395
Conferences & Meetings	1.382	1.382	2.016
Prizes & Awards	0.168	0.168	0.200
Training Expenses	0.728	0.728	0.934
Computer Expenses	1.170	1.170	1.510
Miscellaneous Expenses	11.130	11.530	11.836
Rents (State Life Bldgs.)	10.506	10.506	10.824
Rents (Other Bldgs)	3.260	3.260	3.436
Bad Debts	-	-	0.062
Gratuity	20.634	-	-
Depreciation Expenses	9.606	9.606	10.551
<b>TOTAL</b>	<b>213.708</b>	<b>194.842</b>	<b>216.503</b>

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The following estimates of capital budget for 1984 were also approved:

(Rs. in million)

<u>Zone</u>	<u>Amount</u>
Karachi Zone	0.612
Hyderabad Zone	0.210
Lahore Zone	0.850
Rawalpindi Zone	0.320
Peshawar Zone	0.100
New Offices & Allied Facilts	1.039
Overseas Division	0.600
Group & Pension	0.250
Principal Office	1.000
Replacement of Cars	1.000
	<u>5.981</u>
	=====

TOTAL : 5.981  
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The Board authorised the Chairman/Executive Director (B&A) to allocate funds between various cost centres and also to make re-allocations between different heads of accounts within the over-all sanctioned budget.

ITEM 8: ANY OTHER BUSINESS.

(a) CONVEYANCE ALLOWANCE TO EMPLOYEES IN PAY SCALE 8.


The Executive Director (B&A) placed before the Board Memorandum No.4/84 proposing that the conveyance allowance payable to the Executive Officers (Pay-Scale 8) be increased from the present Rs.110/- to Rs.160/-. The memorandum explained that the conveyance allowance to a Superintendent and other employees in lower grade was Rs.125/- per month and that payable to Officers in Pay-Scale 9 and above was Rs.160/- per month. The Executive Director (B&A) stated that it was anomalous that an employee in higher pay-scale should receive less conveyance allowance.

The Board observed that this and such other anomalies may be examined in the light of the 3rd Wage Commission Award which was likely to be published shortly and a consolidated proposal for their removal put up to the Board.

(b) PRINCIPAL OFFICE TELEPHONE EXPENSES FOR 1983.

The Executive Director (B&A) Memorandum No.5/84 proposing enhancement of allocation under the head telephone from Rs.6.25 lac to Rs.8.25 lacs was placed before the Board for consideration. The Executive Director (B&A) explained that the allocation of additional amount was urgently needed in order to pay the pending telephone bills.

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<p>The Board observed that the factors responsible for higher telephone expenses had not been ascertained and incorporated in the Memorandum. The Board approved the proposal for allocation of additional Rs.2,00,000/- on account of telephone expenses for the year, 1983 but desired that the factors contributing to the higher expenses should be ascertained and the steps for controlling them be proposed in the paper to be submitted in the next meeting.</p>			
<p>(c) <u>CONDONATION OF EXCESS EXPENSES ON RESIDENTIAL TELEPHONE OF ABDUS SHAKOOR KHAN.</u></p>			
<p>The Executive Director (B&amp;A) Memorandum No.6/84 with regard to the condonation of excess telephone expenses to the extent of 50% incurred by Mr. Abdus Shakoor Khan, Zonal Head, Hyderabad, was placed before the Board for consideration. The Memorandum explained that Mr. Khan informed that the expenses on his residential telephone exceeded the prescribed limit in the year 1983 by Rs.3,558/- because of his illness, as a result of which he had to contact Area Managers of the territory and other offices from his residence.</p>			
<p>The Board considered the matter and agreed to the proposal of Executive Director (B&amp;A) for condonation of excess telephone expenses in 1983 of Mr. Abdus Shakoor Khan to the extent of 50% of Rs.3,558/-.</p>			
<p>(d) <u>GRATUITY FUND</u></p>			
<p>The Board confirmed the following resolutions already passed by circulation on the Executive Director (B&amp;A) Memorandum dated 6th December, 1983:-</p>			
<p><u>"RESOLVED</u></p>			
<p>(a) That a Gratuity Fund be created w.e.f. 1st December, 1983 or such other date as may be approved by the Commissioner, Income Tax for the Officers of the State Life Insurance Corporation of Pakistan.</p> <p>(b) That the following Director/Officers of the Corporation be appointed as Trustees for the said Fund:</p> <ol style="list-style-type: none"> <li>1. Executive Director (B&amp;A)</li> <li>2. General Manager (B&amp;A)</li> <li>3. Dy. General Manager (P&amp;GS)</li> <li>4. Dy. General Manager (PHS)</li> <li>5. Dy. General Manager (C.D)</li> </ol> <p>(c) That the Trust Deed to be executed between the Corporation and the aforesaid Trustees and the Rules attached to the Trust Deed (annexed hereto) are hereby approved.</p> <p>(d) That any two Directors of the Corporation are hereby authorised to execute the Trust Deed including its annexures and schedules, any supplementary Trust Deed and any other</p>			
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documents connected thereto and affix the common seal of the Corporation to the said Trust Deed.

- (e) That the above arrangements are to be deemed as in partial modification of the State Life Employees (Gratuity) Order 1977 passed by the Board."

The Board however, desired that the terms of the proposed Fund may be re-examined so that it was amended where necessary.

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

  
( N.A. Jafarey )  
Chairman