

74TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	Karachi	Wednesday 21st March, 1984	11.00 A.M.

The 74th meeting of the Board of Directors convened pursuant to notices dated 23rd February and 4th March, 1984 was held at the Principal Office at Karachi on Wednesday, the 21st March, 1984 at 11.00 A.M.

The following were present:-

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|----------------------------|---|----------|
| 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. Mr. Safdar Ali Chaudhry | - | Director |
| 6. Mr. Agha Nasir Ali | - | Director |

Mian Abdul Qadir, Director was on overseas tour.

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

The following business was transacted:

ITEM 1: CONFIRMATION OF MINUTES.

The minutes of the 73rd meeting held on 15th January, 1984 were confirmed subject to the following amendment proposed by Director Mr. Samee-ul-Hasan.

In item 7, with title "Budget Estimates for 1984 and Revised Budget Estimates for 1983" under sub-title "Renewal Expense Ratio", for para 2 the following was substituted:-

"The Director & Consulting Actuary observed that the administrative and service cost per policy is now about Rs.500/- and rising steadily. The only way to control this trend is to implement the Nisar-un-Nabi Committee report, which remarked that manpower per 1000 policies is excessive and called for (a) reduction of manpower per 1000 policies by a process of attrition combined with growth in business (b) intensive and total computerisation of all PHS, accounting, commission and other routine work."

ITEM 2: RECORDING OF MINUTES.

The Board recorded the minutes of :

- (a) 77th meeting of the Executive Committee held on 11th December, 1983; and
- (b) 78th meeting of the Executive Committee held on 25th February, 1984.

77th Meeting of Executive Committee

Item 10(a): Late Sitting/Extra Duty Allowance.

Director Mr. S.S.A. Bukhari observed that there should be a specific provision for Late Sitting Allowance in the Service Regulations.

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Item 10(c): Schedule of Fee for Advocates on Corporation's Panel.

On inquiry, Director Mr. S.S.A. Bukhari was informed that no schedule of fee for Corporation's lawyers had been prescribed by the Government.

Item 10(i): Appointment of Consultants for Building proposed at Davis Road Lahore.

Director Mr. Bukhari desired to have working papers relating to the appointment of M/s. Progressive Consultants of Lahore.

ITEM 3: IMPLEMENTATION OF DECISIONS OF 73RD MEETING.Medical Treatment Abroad of Area Managers.

Director Mr. Bukhari had informed the Board that the Government had decided to permit Mr. Jalil A. Khan, Area Manager, Pindi to avail of by-pass surgery in U.K. at Corporation's cost, that he was treated at par with other officers and that as per Corporation policy, medical expenses without any limit or condition had been excluded in computing Area Manager's cost. Upon this, the Board had decided that the matter may be re-examined by E.D. (S&D). In the note dated 1st March, 1984 prepared by S&D Division and initialled by E.D. (S&D), it was opined that expenses of the Area Managers for treatment abroad, if approved by the Government, would come within the purview of "relief" approved by the Executive Committee in its 58th meeting held on 10-5-1982. The view of ED - S&D was confirmed by the Board.

Other Items

Implementation report with regard to other items prepared by the P&GS Division was noted.

ITEM 4: SCHEME FOR APPOINTMENT OF PROBATIONARY OFFICERS.

The Executive Director (B&A) placed before the Board Memorandum No.9/84 pointing out difficulties in recruiting Probationary Officers and proposing enhancement of the limit of their monthly stipend, presently being Rs.2,000/-. The Board discussed the matter in the context of devising ways and means to attract and retain talented and intelligent persons for the position of Probationary Officers. The following decisions were taken:-

- (a) Amount of stipend was raised from Rs.2,000/- to Rs.2,200/- per month.
- (b) The initial training period should be curtailed to three months after which the Probationary Officers should be given a regular assignment.
- (c) Recruitment standards be relaxed to the extent reasonable so that the required number of Probationary Officers could be appointed.

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ITEM 5: SALE OF CAR TO MR. QAISER TIRMIZI, ASSISTANT MANAGER (PRO).

The Executive Director (B&A) placed before the Board Memorandum No.10/84 proposing that the facility of sale of car on hire purchase basis be made available to Mr. Qaiser Tirmizi Assistant Manager (PRO) as Mr. Tirmizi had met with a serious accident causing hair-line fracture in pelvic region rendering him unable to drive a scooter. The proposal was not approved.

ITEM 6: LEAVE RULES.

The Executive Director (B&A) placed before the Board Memorandum No.11/84 proposing that new leave rules prescribed by the Third Wage Commission for unionised staff be extended to Officers for the sake of uniformity and fairness. The Board decided that :

- (a) the proposal may involve provision for more hands and for that purpose a comprehensive report as to financial implications be prepared and put up before it;
- (b) the principal areas of differences between the existing rules and those proposed should be pin-pointed in the report; and
- (c) it should be ascertained as to what allowances were not paid to the government officers during leave and the same be incorporated in the report.

ITEM 7: RETIREMENT BENEFITS.

The Executive Director (B&A) Memorandum No.12/84 along-with addendum thereto proposing introduction of a Pension Scheme for Officers of the Corporation was placed before the Board. The report on the said pension scheme for Officers (Item 17) prepared by the Consulting Actuaries was also placed. The draft scheme is exactly the same as proposed by the 3rd Wage Commission for unionised staff which in turn is based exactly on one for Federal Government servants. Following the pattern in 3rd Wage Commission, the Officers would be entitled to opt for the existing benefits if they so desired.

Explaining the financial impact of the proposed pension scheme the Director and Consulting Actuary, Mr. S. Hasan said that :

- (a) the additional (Entry Age Normal) rupee cost for all officers including Area Managers would be Rs.750,000 p.a. on the basis of 1983 pay rolls if all opt for the proposed pension scheme. This figure will increase with the payroll increase;
- (b) the EAN actuarial liability as at the end of 1983 would be Rs.69,664,000 deducting from it the end 1983 Provident Fund (State Life contributions plus interest accumulations) of Rs.12,199,000 and the end 1982

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gratuity provision of Rs.14,656,000, the additional actuarial cost as at the end 1983 was Rs.42,809,000.

The Board resolved that :-

- (a) a pension scheme similar to one recommended for unionised employees by 3rd Wage Commission be introduced for the Corporation's Officers. (The scheme would apply to Executive Directors as well);
- (b) the existing Officers would have option to retain the existing benefits if they so desired but for new entrants, pension would be compulsory;
- (c) the proposal for the Officers' pension scheme be prepared by Director & Consulting Actuary and forwarded to the Government for approval; and
- (d) the scheme would be funded.

Modalities of Meeting Cost.

The Board approved the following mode for meeting cost of proposed pension scheme for Officers:-

- | | |
|--|---|
| (a) Initial Contribution to the Fund (being maximum permitted under I.T.Rules) | Rs.18,307,000 |
| (b) Transfer from Provident Fund. | Rs.12,199,000 |
| (c) Annual contribution at 20% of Basic Pay (Being maximum permitted under I.T. Rules) | (This would cost Rs.3,914,000 at 1983 basic pay levels) |

The balance of actuarial liability (approximately Rs.30,179,000) not covered shall be disclosed in Note to the Accounts. No provision shall be made in the accounts but in due course an application should be moved to CBR to pay this into the Fund.

ITEM 8: HOUSE BUILDING LOAN FACILITY TO UNIONISED STAFF.

The Executive Director (B&A) placed before the Board Memorandum No.13/84 proposing extension of the house building loan facility to the unionised staff in Tehsil/Taluka Towns. The Board decided that :

- (a) the legal effectiveness of the documents detailed hereunder to be submitted by the borrowers as part of the documentation (which are also required by HBFC) should be ascertained :

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	<p>(i) Plan duly approved by the Council- lor of the Area;</p> <p>(ii) Assurance certificate from Tehsil- dar;</p> <p>(b) practice of NIC and PIC with regard to grant of such loans in Tehsil/Taluka Towns should be ascertained.</p>		
	<p><u>ITEM 9: SALE OF CAR TO THE OFFICERS.</u></p>		
	<p>The Executive Director (B&A) placed before the Board Memorandum No.14/84 proposing that the facility of sale of car on hire-purchase basis be extended to all the AGMs and Managers on the terms and conditions already sanctioned in this behalf. The proposal was not approved.</p>		
	<p><u>ITEM 10: CONVEYANCE ALLOWANCE TO EXECUTIVE OFFICERS IN PAY SCALE 8 AND REVISION OF PAY SCALE 8.</u></p>		
	<p>The Executive Director (B&A) placed before the Board Memorandum No.15/84 proposing that the conveyance allowance to Executive Officers be increased from Rs.110/- to Rs.160/- per month in order to bring it at par with other Officers and in order to remove the anomaly vis-a-vis employees in Pay Scales 1-7 to whom the allowance was payable at the rate of Rs.125/- per month.</p>		
	<p>The Executive Director (B&A) also placed Memorandum No.15-A/84 proposing that the pay-scale of Executive Officers at present being 1050-80-2250 be revised as 1100-100-2600 as the pay scale prescribed by the Third Wage Commission for Superintendents was identical to that of Executive Officers and that the revision was necessary to remove a serious anomaly. The Board agreed to the above two proposals subject to the approval of the Federal Government.</p>		
	<p><u>ITEM 11: PAYMENT OF BONUS TO THE OFFICERS OF THE CORPORATION.</u></p>		
	<p>The Executive Director (B&A) placed before the Board Memorandum No.16/84 proposing that the Corporation's Officers be paid bonus for the year 1983 at the rate of two months pay as the bonus for the unionised staff had also been increased by one month's pay to 3 months pay. The Board decided that payment of bonus equal to two months pay to the Corporation's Officers be strongly recommended to the Government and a reference be made without any delay.</p>		
	<p><u>ITEM 12: TELEPHONE EXPENSES.</u></p>		
	<p>The Executive Director (B&A) Memorandum No.17/84 was placed before the Board. The Memorandum (i) explained the reasons giving rise to the increase in expenditure on account of telephone and (ii) proposed following measures to control the telephone expenses:-</p>		
	<p>(i) Restrict the number of direct lines to 32 for Managers and below;</p> <p>(ii) Convert these 32 lines into non-STD lines.</p>		

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The proposal was approved.

ITEM 13: FRINGE BENEFITS TO OFFICERS.

The Executive Director (B&A) placed before the Board Memorandum No.18/84 recommending that various fringe benefits available to officers in other financial institutions be extended to the Officers of the Corporation. The Board did not approve the proposal observing that introduction of proposed Pension Scheme alone would place a heavy financial burden on the Corporation's resources.

ITEM 14: CAR RENTAL AND PETROL FACILITY TO THE OFFICERS OF R.E.D.

Memorandum No.39/84 in this regard was withdrawn at the instance of E.D. (RED).

ITEM 15: CAPITAL BUDGET IN THE AMOUNT OF 3.50 LACS FOR INSTALLATION OF 10 + 50 PABX EXCHANGE IN ZONAL OFFICE, LAHORE.

The Executive Director (B&A) Memorandum No.40/84 was placed before the Board which recommended sanction of additional capital budget in the amount of Rs.3.50 lacs (out of which Rs.1.40 was approved in 1983 and remained un-utilised) for the installation of one more PABX Exchange at State Life Square, Lahore. The demand for additional budget was based on the quotation of Seimens. The installation of an additional exchange was considered unavoidable as the present PABX Exchange was proving inadequate after the shifting of various Offices of the Zone in the new premises. The proposal was approved, it being noted that quotation from TIP would also be obtained for a similar exchange.


ITEM 16: REPORT OF THE THIRD WAGE COMMISSION FOR INSURANCE CORPORATIONS AND ITS FINANCIAL IMPACT.

The Executive Director (B&A) Memorandum No.41/84 incorporating the main recommendations of the Wage Commission Award and their financial impact during 1983 (being Rs.89,30,000) was placed before the Board. The financial impact was likely to increase after the introduction of the Pension Scheme as recommended by the Third Wage Commission. The Board noted the contents of the Memorandum.

ITEM 17: PENSION SCHEME.

This was disposed off in terms of minutes under Item 7 above.

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


(N.A. Jafarey)
Chairman