

77TH MEETING OF THE BOARD OF DIRECTORS

HELD AT

ON

TIME

Karachi

Monday 31st December, 1984.

11:00

A.M.

The 77th meeting of the Board of Directors called pursuant to notice dated 12th December, 1984 was held at the Principal Office at Karachi on Monday, the 31st December, 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. | 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 minutes of the 76th meeting held on 10th October, 1984 were confirmed.

ITEM 2: IMPLEMENTATION REPORT ON THE DECISIONS OF 76TH MEETING:

The implementation report on the decisions taken in the 76th meeting held on 10th October, 1984 placed by the Secretary to the Board was noted.

ITEM 3: RECORDING OF MINUTES:

The Board recorded the :

- i) 88th meeting of the Executive Committee held on 14th November, 1984; and
- ii) 89th meeting of the Executive Committee held on 12th December, 1984.

- ITEM 4:
- i) APPLICATION FOR REVISED LEAVE RULES TO OFFICERS.
 - ii) AMENDMENT IN SERVICE REGULATIONS.
 - iii) FACILITIES ON DEATH OF AN EMPLOYEE.
 - iv) OPTION FOR RETIREMENT AFTER COMPLETION OF 25 YEARS.
 - v) HOUSE BUILDING LOAN FACILITY TO UNIONISED STAFF.
 - vi) ADOPTION OF REVISED LEAVE RULES FOR THE OFFICERS.

Consideration of the above item was deferred.

ITEM 5: GRANT OF GENERAL POWER OF ATTORNEY TO MIAN ABDUL QADIR, E.D. OVERSEAS DIVISION:

The Chairman's Memorandum No.148/84 proposing grant of a general power of attorney as per draft appended to the Annexure to these minutes to Mian Abdul Qadir, E.D./Incharge of Overseas

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Operations was placed before the Board. Agreeing to the proposal, the Board passed the following resolution :

"RESOLVED that a General Power of Attorney be granted to Mian Abdul Qadir, an Executive Director of the Corporation, Incharge of the Overseas Division, in terms of the draft General Power of Attorney placed before us.

FURTHER RESOLVED that the Chairman of the Corporation and another Director of the Corporation sign and execute the said General Power of Attorney.

FURTHER RESOLVED that the common seal of the State Life Insurance Corporation of Pakistan be affixed to the said General Power of Attorney in the presence of the Chairman and the other Director".

ITEM 6: BUDGET ESTIMATES FOR 1985 & REVISED BUDGET ESTIMATES FOR 1984:

The Board considered Memorandum No.149/84 regarding Budget Estimates for 1985 and Revised Budget Estimates for 1984.

Various points mentioned in the Memorandum were discussed and following observations were made :

Persistency and Renewal Premium:

Director, Mr. Samee-ul-Hasan observed that during 1984 (up to November) persistency has declined to 71.11% from 75.55% during the corresponding period in 1983 and 75.91% in the whole year 1983. The members of the Board recorded that fall in persistency was disturbing and that serious efforts were needed both to maintain and improve persistency and renewal premium income.

Renewal Premium:

Noting that the renewal premium growth in 1984 was projected at 15.9% against the corresponding figure of 20.9% in 1983, the Board directed that renewal contests be launched in 1985 with a view to bringing about improvement in this direction. The D.G.M. (S&D) was to formulate plans for the renewal contest.

Manpower Ratios:

Director Mr. Samee-ul-Hasan suggested, in relation to the ever-increasing administrative expenses, that manpower ratio to the number of policies be fixed and steps be taken to achieve the fixed ratios. In this connection, he referred to the recommendations of the Economy Committee Report headed by ex-E.D. Mr. Nisar-un-Nabi and emphasized its implementation. It was decided that :

- i) STF-II Report,
- ii) Computerization Report, and
- iii) Economy Committee Report

be considered in a specially convened meeting of Executive Committee in order to formulate a Manpower Policy.

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Medical Expenses:

The Board desired to have comparative figures of medical expenses prior to, and after, the implementation of the scheme prescribed by III Wage Commission in order to ascertain financial effects of the new scheme.

Capital Budget-Out-of-order-Cars;

The attention of the Board was drawn to the fact that many cars which were out of order had neither been repaired nor disposed off. The Board directed that all such out-of-order-cars should be disposed off in the prescribed manner without any delay.

Investment Income:

The Board decided that income on account of capital gains on sale of securities should not be budgeted separately.

Group Business in U.A.E.

It was observed that the group operations in Dubai have so far shown a deficit of Rs.0.405 million. The Board desired that the E.D. (G&P) and E.D. (S&D) examine the desirability of continuing the group operation in U.A.E. and place their report before the Board.

Medical Expenses - Lahore Zone:

The Board noted that the expenses on account of medical scheme to staff and officers in Lahore was relatively much higher than that of other Zones. The Board directed that the Zonal Head, Lahore may be asked to examine, analyse and pin-point the causes responsible for higher per capita medical expenses.

Questionnaire to the Policyholders:

E.D. (PHS) proposed that a questionnaire be again sent to each policyholder alongwith bonus certificates this year. The Board did not agree but desired that instead thereof a brochure containing vital information regarding the Corporation be forwarded alongwith the bonus certificate.

Expenses on account of Office Training in Swiss Training Institute, Switzerland.

On the recommendations of E.D. (Staff Training), the Board agreed to provide a sum of Rs.0.3 million on account of Office training of the Corporation officials in Swiss Training Institute, Switzerland.

Gratuity:

The Board agreed to the proposal that the provision on account of gratuity be carried forward to the 1985 accounts until a Gratuity Fund is created.

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Prizes and Awards to Field:

Budgetary allocation on account of field prizes and awards were proposed at 1% of 1984 FYP in case of smaller Zones and at 0.9% in the case of two bigger Zones, namely, Karachi and Lahore. The Executive Director (S&D) suggested that the budgetary allocation on account of this head should be made at the uniform rate of 1% of 1984 FYP for all Zones. The Board agreed.

Renewal Expense Ratio of Lahore Zone:

It was noted that the renewal expense ratio of Lahore Zone during 1984 was 26.47%, corresponding figures for Karachi, Hyderabad, Rawalpindi and Peshawar being respectively 21.58%, 23.10%, 22.89% and 31.92%. It was observed that while the higher expense ratio in the case of Peshawar Zone was understandable, that of Lahore Zone required to be looked into. The Board directed that Zonal Head should be asked to examine, analyse and pin-point the reasons for the relatively higher expense ratio of his Zone.

The following revised budget estimates for 1984 and the budget estimates of income and expenditure for the year 1985 were proposed in E.D. (B&A) Memorandum :

REVISED BUDGET ESTIMATES FOR 1984
AND BUDGET ESTIMATES FOR 1985. (Rs. in Millions)

	Budget Estimates 1984.	Revised Budget Estimates 1984.	Budget Estimates for 1985.
A. INCOME.			
First Year Premium.	280.000	300.000	378.000
Renewal Premium.	703.000	703.000	825.000
Annuity Premium.	0.700	0.250	0.300
Group Premium.	<u>336.753</u>	<u>338.530</u>	<u>389.390</u>
TOTAL PREMIUM INCOME.	<u>1320.453</u>	<u>1341.780</u>	<u>1592.690</u>
Interest on APL/ANF Loan.	32.200	35.910	38.500
Other Income.	0.800	.030	0.070
Interest & Dividend (Gross).	528.694	600.000	700.000
Rental Income (Gross).	<u>40.000</u>	<u>39.450</u>	<u>43.400</u>
TOTAL OTHER INCOME.	<u>601.694</u>	<u>675.390</u>	<u>781.970</u>
B. POLICY PAYMENTS.			
Death Claims.	72.337	67.617	79.312
Maturity Claims.	308.640	299.260	350.900
Surrender	192.900	114.120	142.200
Cash Bonus.	11.800	11.800	12.000
Group Claims.	180.000	203.120	223.630
Profit Commission	52.491	45.000	45.000
Annuities.	<u>0.500</u>	<u>0.500</u>	<u>0.500</u>
TOTAL POLICY PAYMENTS.	<u>818.668</u>	<u>741.417</u>	<u>853.542</u>

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C. PAYMENT TO FIELD WORKERS.

First Year Commission.	106.464	114.023	143.668
First Year Overriding Commission.	98.000	105.000	132.300
Renewal Commission.	31.635	31.635	37.130
Renewal Overriding Comm.	14.060	14.060	16.500
Production Bonus to Area Managers.	8.400	9.000	11.340
Stipend Scheme.	0.320	0.320	0.500
Field Prizes & Awards.	2.709	2.709	3.625
Field Group Insurance.	2.260	2.260	3.150
Field Medical Expenses.	3.390	3.390	4.900
Cash Compensation in lieu of Allied Facilities.	9.830	9.830	13.050
Group Commission.	2.020	2.031	2.336
TOTAL PAYMENT TO FIELD WORKERS.	<u>279.088</u>	<u>294.258</u>	<u>368.499</u>

Heads of Account	Budget Estimates 1984	Revised Budget Estimates 1984	Budget Estimates 1985	Over-seas Oman	New Branches Damman
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D. ADMINISTRATIVE EXPENSES.

Salaries	122.796	122.796	134.850	0.689	0.689
Travelling	9.064	8.758	10.730	0.019	0.020
Audit Fees	0.555	0.555	0.610	-	-
Medical Fees	1.902	1.902	2.504	0.005	0.005
Law Expenses	0.969	0.898	1.152	-	-
Advertisement	4.688	4.574	5.782	-	-
Printing & Stationery	5.669	5.595	6.727	0.005	0.005
Policy Stamps	1.549	1.549	2.645	-	--
Staff Welfare	18.122	14.427	15.356	0.005	0.005
Postage, Telegrams & Telephones.	8.351	7.845	10.084	0.025	0.025
Electricity & Gas	4.536	4.019	5.005	0.010	0.010
Entertainment	0.930	0.858	1.010	0.009	0.009
Bank Charges	0.460	0.460	0.838	-	-
Conferences & Meetings	2.321	2.105	2.453	-	-
Prizes & Awards	0.200	0.200	0.350	-	-
Training Expenses	0.925	0.857	1.198	-	-
Data Processing Expenses	1.510	1.360	1.360	-	-
Miscellaneous Exp.	13.906	13.423	13.709	-	-
Rent Expenses (State Life Buildings).	11.924	11.917	12.149	-	-
Rent (Other Offices)	4.019	3.768	4.333	0.160	0.160
Bad Debt Expenses	0.062	0.062	-	-	-
Gratuity Expenses	6.977	6.977	10.389	-	-
Depreciation	10.551	10.551	11.816	-	-
TOTAL ADMINISTRATIVE EXPENSES.	<u>231.986</u>	<u>225.456</u>	<u>255.045</u>	<u>0.927</u>	<u>0.928</u>

The Board approved the revised budget estimates for 1984 and revenue budget estimates for 1985 subject to the following :

- (a) An additional sum of Rs.0.3 million was approved on account of office training of Corporation Officials at Swiss Training Institute, Switzerland.

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(b) Allocation on account of field prizes and awards was increased as earlier minuted to 1% of 1984 FYP for all the Zones.

The following capital budget was proposed :-

Z O N E	Approved Budget-1984 (Rs. in Million)	Proposed Budget-1985 (Rs. in Million)
Karachi.	0.952	1.560
Hyderabad.	0.377	0.680
Lahore	1.892	2.260
Rawalpindi	0.320	0.940
Peshawar	0.100	0.220
Overseas	0.600	0.525
Overseas New Branches	-	0.700
Group & Pension	0.250	0.250
Principal Office	1.000	1.000
Replacement of Cars	1.000	0.600
	<u>6.491</u>	<u>8.735</u>

The Capital budget as proposed was approved with the modification that the allocation on account of replacement of cars was increased from Rs.0.6 million to Rs.1 million.

The Board also authorised the Chairman/E.D. (B&A) to allocate the funds between various cost centres and to make re-allocations between different heads of accounts within the overall sanctioned Revenue and Capital budget.

ITEM 7: MEDICAL TREATMENT ABROAD:

The Board did not approve the proposal contained in Executive Director (B&A) Memorandum No.150/84 with regard to amendments of the Medical Regulations so as to incorporate rules for the purpose of medical treatment abroad of Corporation Officers. It was decided to continue with the present practice.

ITEM 8: ANY OTHER BUSINESS:

(a) Financial Impact-Wage Commissioner for Insurance Corporations.

The Board considered Executive Director (B&A) Memorandum No.151/84 suggesting direct negotiations with collective bargaining agents for revision in emoluments and terms and conditions of service vis-a-vis appointment of Wage Commissions.

The Board was of the view that before taking any final decision, the following information was required:-

i) Financial impact of each of the successive Wage Commissions Awards for Insurance Corporations;

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- ii) Financial impact of the successive Wage Commissions Awards for banks and financial institutions; and
- iii) Financial impacts of the last agreements made by private negotiations with the collective bargaining agents by Corporations/Companies under the control of Ministry of Commerce.

(b) Fringe benefits to the Officers of State Life:

Consideration on this item was deferred.

(c) 9th Monthly Accounts to September, 1984:

The Board noted the review of the 9th monthly accounts of the Corporation as contained in Executive Director (B&A) Memorandum No.153/84.

(d) Manpower Budget for 1985:

Consideration on the item was deferred.


(e) Lahore Zone Budget 1984:

The Executive Director (B&A) Memorandum No.155/84 with regard to the request of the Lahore Zone for increase in the budgetary allocations under following heads of accounts for the year 1984 was considered.

<u>Heads of Account</u>	<u>Requested Increases</u>
Travelling	Rs. 55,000
Overtime	Rs.100,000
Printing & Stationary	Rs.100,000
Rent (other buildings)	Rs.536,000

The Board approved increased allocations of Rs.5,36,000/- on account of rent (Other Buildings) only, observing that no justification for additional allocation for other items has been provided.

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


(N.A. Jafary)
Chairman

Annexure:GENERAL POWER OF ATTORNEY

This General Power of Attorney executed at Karachi this _____ day of _____ in the year 198__ by the State Life Insurance Corporation of Pakistan, constituted under the Life Insurance (Nationalisation) Order 1972, having its Principal Office at State Life Building No.9, Dr. Ziauddin Ahmad Road, Karachi hereinafter referred to as "Corporation" (which expression shall unless excluded by or repugnant to the context be deemed to mean and include

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its successors-in-interest and assigns) in favour of Mian Abdul Qadir S/o M. Karam Elahi, Muslim adult, residing at D-60, K.D.A. Scheme No.1, Karachi and Executive Director of the Corporation, hereinafter referred to as the "Attorney".

WHEREAS for the propose of facilitating transactions and operations of the life insurance business of the Corporation outside Pakistan through the Overseas Division and ensure speedy and efficient conduct of its affairs, it is expedient and the Board of Directors of the Corporation has resolved on _____ 1984 to appoint the said Mian Abdul Qadir the Attorney abovenamed as the Corporation's General Attorney;

AND WHEREAS the Board has further resolved that the Chairman and a Director of the Corporation are authorised to execute these presents in favour of the Attorney;

KNOW ALL MEN BY THESE PRESENTS that the State Life Insurance Corporation of Pakistan, Principals abovenamed, do hereby nominate, constitute and appoint Mian Abdul Qadir the Attorney abovenamed to be the Corporation's true and lawful Attorney in respect of the Overseas Life Insurance business of the Corporation and for its name and on its behalf and for its benefit and use to do the following acts, deeds and things, that is to say :-

1. To arrange periodical actuarial valuation and mortality investigations in respect of Overseas Life Insurance business of the Corporation at such intervals as may be decided by the Board.
2. To quote group insurance and group pension rates.
3. To give special quotations including those relating to policy alterations and surrender values.
4. To recruit, select and promote agents and employers of agents and any other Sales personnel according to procedures generally or specifically approved by the Board, and to appoint them on a contractual basis on such terms and conditions as may be generally or specifically approved by the Board, and to train, post, transfer and dismiss any such personnel as and when deemed necessary.
5. To devise, formulate, work and operate schemes for the training of new and existing agents and employers of agents and other persons appointed by him, including the payment of such stipends as may be generally or specifically approved by the Board.
6. To terminate the contracts of agents, employers of agents and any other persons appointed by him.
7. To promote sales and for this purpose to give and extend to agents, employers of agents and other Sales personnel such assistance and devise and

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<p>operate such schemes in this behalf as may be approved by the Board, whether these involve expenditure or not.</p>			
8.	<p>To devise and formulate, work and operate such schemes for the welfare and well being of agents, employers of agents and other sales personnel appointed by him, as undertake schemes of group life insurance for the agents and employers of agents and incur the whole or such part of the expenditure on such schemes as the Board may approve.</p>		
9.	<p>To organise publicity, advertisements and public relations.</p>		
10.	<p>To accept proposals for insurance business and to sign and issue policies in respect of Overseas life insurance business.</p>		
11.	<p>To perform all work in connection with servicing of policies including payment of policy loans, surrender values and claims in respect of Overseas Life Insurance business.</p>		
12.	<p>To maintain overseas life insurance business accounts and to prepare and submit all financial and other statements in respect thereof.</p>		
13.	<p>To exercise internal budgetary control.</p>		
14.	<p>To maintain, draw upon, operate and close any current, cash credit or other account in any bank already existing in respect of the Overseas Life Business of any insurer whose business has vested in the Corporation, whether such account be in Pakistan or outside; and to open, maintain, draw upon and operate any current, cash credit or other account in the name of the Overseas Division of the Corporation in any bank in Pakistan or abroad. And in respect of all accounts hereinbefore mentioned to draw, endorse, negotiate and sign all cheques of all such accounts and to withdraw the said accounts or any of them and from time to time issue instructions in that behalf.</p>		
15.	<p>To hire the services of any personnel outside Pakistan in connection with any work or assignment relating to "Overseas Division" and to appoint them on such terms and conditions as may be generally or specifically approved by the Board and to train, post transfer, promote and dismiss any such personnel as and when deemed necessary.</p>		
16.	<p>To maintain necessary record of all persons employed outside Pakistan and to review the performance of such persons periodically.</p>		
17.	<p>To sanction actual including board and lodging expenses or alternatively some fixed allowance as may be considered reasonable to the personnel travelling in countries outside Pakistan in respect of the Overseas life insurance business of the Corporation.</p>		

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	<p>18. To purchase such articles and to incur such expenditure for running the offices and for opening of any new office, as may be necessary for the conduct of business of the "Overseas Division".</p> <p>19. To conduct, institute, defend on behalf of the Corporation all suits, appeals, applications and execution proceedings by or against the Corporation in respect of its Overseas business or to which the Corporation is or may become a party in any court or Tribunal in and outside Pakistan and to do all acts ancillary or incidental to such conduct, institution or defence.</p> <p>20. To make and execute applications, or representations to any government, local authority or other body for the opening, continuance and maintenance or closure of any branch, office or agency of the Corporation in any part of the world and to do all acts, deeds, matters and things/incidental thereto or which the Attorney may consider necessary or expedient for this purpose.</p> <p>21. For all and any of the abovesaid purposes or relating thereto or arising therefrom or thereunder and in matters and things it may be deemed expedient or be of interest to the Corporation to appoint Vakils, advocates, attorneys, solicitors, pleaders and other lawyers or advisors and to sign all vakalatnemas, warrants of attorney and other papers or documents required in their behalf.</p> <p>22. To take on lease/licence office premises and/or residential accommodation for official use of the Corporation and/or its employees in connection with the Overseas business of the Corporation.</p> <p>23. To sign and execute for and on behalf of the Corporation all such lease/licence deeds and agreements in which the Corporation is interested as a lessee.</p> <p>24. To appear before the Registrar or Sub-Registrar of Assurance or any other Officer having authority to register deeds and to present for registration, admit execution and complete registration in due form of law of all or any document or documents executed on behalf of the Corporation or the Attorney under the authority of these presents and/or the authority of the resolution of the Board of Directors and to do all deeds, matters and things for completing registration thereof in due form of law.</p> <p>25. From time to time substitute and appoint one or more attorney or attorneys under him for all or any of the aforesaid purposes, matters or things and at his pleasure to displace, revoke or remove such substitute or substitutes as the attorney shall see occasion or think fit.</p>		<p>CHAIRMAN'S INITIALS</p>

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26. And generally to perform and execute all and every and any other acts and deed, matters and things which shall be necessary and expedient in or about the premises fully and effectually.

And all and whatsoever the said attorney shall and may lawfully do or cause to be done in or about the premises, the Corporation for itself, its successors-in-interest and assigns to hereby ratify and confirm.

IN WITNESS WHEREOF the Chairman of the Corporation and a Director thereof have set and subscribed their hands on the day, month and year first above written.

For and on behalf of
STATE LIFE INSURANCE CORPORATION
OF PAKISTAN

The Common Seal of State Life Insurance Corporation of Pakistan has hereunto been affixed in the presence of:

(Chairman)

1. _____
(Chairman)

(Director)

2. _____
(Director)