

BOTH MEETING OF THE BOARD OF DIRECTORS

HELD AT

ON

TIME

Karachi

Thursday 24th October, 1985

10.30

A.M.

ITEM 3: RECORDING OF THE MINUTES:

The Board recorded the minutes of :-

- i) 94th meeting of the Executive Committee held on 9th, 16th and 22nd May, 1985;
- ii) 95th (Emergent) meeting of the Executive Committee held on 25th June, 1985;
- iii) 96th meeting of the Executive Committee held on 4th July 1985.
- iv) 97th meeting of the Executive Committee held on 11th August, 1985;
- v) 98th (Emergent) meeting of the Executive Committee held on 5th September, 1985.
- vi) 99th (Emergent) meeting of the Executive Committee held on 24th September, 1985.

However, while recording the above minutes, the Board made the following observations:-

(a) With reference to the minutes of 95th (Emergent) meeting of the Executive Committee, the Board noted that the Ministry of Local Government and Rural Development have not taken possession of the basement and ground floor in State Life Building on plot No.7, Blue Area, Islamabad. It was further noted that the said premises was to be taken over by the Ministry of Works w.e.f 1st July' 1985 as per decision of Ministry of Finance and that no rent has been paid to State Life so far. It appears that the Federal Government is not now keen to have this building. If so, a letter may be written to Ministry of Works that State Life cannot keep the premises vacant and would look for tenants elsewhere.

(b) Referring to Item No.9 of the minutes of the 97th meeting of the Executive Committee, the Executive Director (PHS) pointed out that in their discussions prior to the said meeting it was decided that to start with no Department in Multan Zone will be headed by an Officer of the rank of Manager. However while seeking approval of Manpower requirement of Multan Zone a Manager for B&A Department was proposed and approved.

The Board directed that if no Manager (B&A) has been posted in Multan Zone so far, than a Deputy Manager should be posted there against approved post of Manager (B&A).

(c) While discussing Item No.3(b) of its 98th (Emergent) meeting, the Executive Committee had decided to call back Mr. Mumtaz Ahmed Butt from U.A.E. It was reported by the Chairman that Mr. Butt has come back and has taken post temporarily in Overseas Division, Principal Office.

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| <p>The Board directed that a letter be sent by P&GS Division to the Ministry of Commerce confirming that Mr. Mumtaz Ahmed Butt has since been withdrawn from U.A.E. and posted at Principal Office, Karachi pending proper posting.</p> | | | |
| <p><u>ITEM 4: MEMORANDA DEFERRED IN THE 76TH & 77TH MEETINGS OF THE BOARD.</u></p> | | | |
| <p>(i) <u>AMENDMENT IN THE SERVICE REGULATIONS - POWER TO THE BOARD FOR MAKING PENSION RULES.</u></p> | | | |
| <p>Executive Director (P&GS) Memorandum No.108/84 was placed before the Board for confirming the proposal sent to the Government on 30th August, 1984 for amending Regulation 68 of the State Life (Employees) Service Regulations 1973 as follows :-</p> | | | |
| <p>"(a) In the marginal heading for the word "Gratuity", the words and oblique "Gratuity/Pension" shall be substituted;</p> | | | |
| <p>(b) for the word "Gratuity", the words "Gratuity or Pension" shall be substituted."</p> | | | |
| <p>Confirming, the Board approved the above amendments in Regulation 68 of the said Service Regulations.</p> | | | |
| <p>(ii) <u>FACILITIES ON DEATH OF AN EMPLOYEE:</u></p> | | | |
| <p>Executive Director (B&A) Memorandum No.109/84 was considered. The Board noted that instead of the facilities on death of an in-service employee approved by it in its 71st meeting held on 31st July, 1983, the Government has suggested that Financial Assistance applicable in the case of death of Civil Servants be extended to employees of State Life.</p> | | | |
| <p>It was decided that E.D. (B&A) should write to the Government to reconsider the matter and allow the facilities on death of an employee as approved by the Board in its 71st meeting.</p> | | | |
| <p>(iii) <u>OPTION FOR RETIREMENT AFTER COMPLETION OF 25 YEARS OF SERVICE.</u></p> | | | |
| <p>Executive Director (B&A) Memorandum No.110/84, recommending that employees of the Corporation may be allowed to retire voluntarily on completion of 25 years of service, was placed before the Board.</p> | | | |
| <p>The recommendation was discussed in detail whereafter the Board did not approve it.</p> | | | |
| <p>(iv) <u>HOUSE BUILDING LOAN FACILITY TO UNIONISED STAFF:</u></p> | | | |
| <p>The Board considered Memorandum No.111/84 from the Executive Director (B&A) regarding grant of House Building loan to the employees covered by the Wage Commission.</p> | | | |
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It was noted that while considering the matter in its 74th meeting held on 21st March, 1984, the Board had desired that the legal effectiveness of documents submitted by the borrower as well as the practice of NIC & PIC with regard to grant of such loans in Tehsils/Talukas be ascertained. The Board further noted that the practice of PIC & NIC has not been ascertained so far.

Deferring further consideration till its next meeting, the Board directed that the practice being followed in PIC and NIC regarding grant of House Building Loan to the unionised staff should be ascertained by P&GS Division without further loss of time.

(v) ADOPTION OF REVISED LEAVE RULES FOR OFFICERS:

The Board considered Executive Director (B&A) Memorandum No.116/84 containing the information called by the Board while considering his Memorandum No.11/84 in the 74th meeting held on 21st March, 1984. The financial and administrative implications as well as justifications of extending new leave rules prescribed by the Third Wage Commission for unionised staff, to Officers in toto were considered.

The Board did not approve the proposal.

ITEM 5: RECONSTRUCTION OF ANNUAL ACCOUNTS 1984:

The Board confirmed its decision already taken by circulation on Executive Director (B&A) Memorandum regarding reconstruction of Annual Accounts' 1984.

ITEM 6: MEDICAL EXPENSES (STAFF) 1983 & 1984:

Executive Director (B&A) Memorandum No.87/85 containing information called by the Board in its 77th meeting held on 31st December, 1984 was considered.

While noting the information supplied, the Board desired that Analysis of medical expenses should be a continuous process and these should be periodically checked with a view to avoiding misuse of the facility.

ITEM 7: PROVIDING OF NON STD DIRECT TELEPHONE LINES TO MANAGERS.

The Board considered Executive Director (B&A) Memorandum No.88/85 proposing that number of direct telephone lines be increased from 32 to 37 to accommodate the Managers who could not be provided same so far.

The Board directed that a statement showing allocation of 32 direct telephones sanctioned for Managers and below in the Principal Office should be provided by P&GS Division along with a list of Managers for whom the additional telephones are required.

Further consideration of the Memorandum was accordingly deferred till the next meeting of the Board.

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| <u>ITEM 8: APPOINTMENT OF AUDITORS:</u> | | | |
| Executive Director (B&A) placed his Memorandum No.89/85 before the Board for consideration. | | | |
| It was noted that the firms of Chartered Accountants viz M/s. Rahim Jan & Co (Karachi), M/s. Hashmi & Co. (Karachi) and M/s. Taseer Hadi Khalid & Co (Lahore), which audited the Corporation's accounts for the year 1984 are eligible for reappointment for the year 1985. | | | |
| The Board approved that the said firms be recommended to the Government of Pakistan for appointment as Auditors to carry out audit of the accounts of the Corporation for the year 1985. | | | |
| The Board also approved payment of audit fees not exceeding Rs.1,80,000/- (Rupees One hundred eighty thousand only) and out of pocket expenses not exceeding Rs.1,00,000/- (Rupees One hundred thousand only) to the above Auditors for the year 1985 subject to Government's approval for their reappointment. | | | |
| Consideration of proposal to appoint M/s. Jalis Ahmed & Co., for auditing State Life U.A.E. Accounts at Karachi and to have these certified by their U.A.E. Branch, was deferred. The Board directed that Executive Director (Overseas) should be consulted in this regard and a proposal in light of such consultation be brought to the Board for consideration in its next meeting positively. | | | |
| <u>ITEM 9: AMENDMENT OF RULE 63E OF THE INSURANCE RULES' 1958:</u> | | | |
| Executive Director (Law) Memorandum No.90/85 proposing amendments in Rule 63E of Insurance Rules 1958 so as to conform to decisions of IIIrd Wage Commission was placed before the Board. | | | |
| The following amendments in Rules 63E(1), 63E(2) and 63E(5) were approved by the Board for reference to the Ministry of Commerce for arranging publication in Gazette Notification :- | | | |
| <u>Amendments in Rule 63E(1):</u> | | | |
| (a) The word "continuously" to be omitted. | | | |
| (b) The word "Five" to be substituted by the word "Three". | | | |
| (c) Following proviso to be added :- | | | |
| "Provided that the employee : | | | |
| i) is drawing a basic pay of seven hundred fifty rupees and above per month; | | | |
| ii) holds a valid motorcycle/scooter licence; | | | |
| iii) furnishes guarantees to the satisfaction of the Corporation". | | | |
| <u>Amendment in Rule 63E(2):</u> | | | |
| (a) The word "Eight" to be amended to read "Twelve" | | | |

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- (b) The words "Two-thirds of the" to be amended to read "the actual".

Amendment in Rule 63E(5):

- (a) "Oblique" to be inserted after the word "Gratuity".
- (b) Words and oblique "Computation/Pension" to be inserted before the words "to which the borrower....."

ITEM 10: FIXATION OF PAY ON PROMOTION OF OFFICERS:

Memorandum No.91/85 from Executive Director(B&A) was placed before the Board for consideration. The Memorandum proposed that as in the case of unionised staff, the Officers on promotion should also be allowed one clear increment in higher scale.

The Board desired that the practice followed in nationalised banks and financial institutions in this regard be ascertained by P&GS Division.

Further consideration of the proposal was accordingly deferred till the next meeting of the Board.

ITEM 11: RETIREMENT DUE TO DISABILITY:

Executive Director (B&A) Memorandum No.92/85 proposing addition of sub-clause (iii) to Regulation 20 of State Life (Employees) Service Regulations' 1973 was placed for consideration before the Board. The Board felt that addition of proposed sub-clause (iii) to Regulation 20 of State Life(Employees) Regulations 1973 has become imperative because both the Pension scheme for staff and pension Regulations for Officers provide for invalid pension on retirement on medical grounds. However, the Board directed that the proposed sub-clause 20(iii) should be reworded to secure State Life interest by specific mention therein that evidence of disability including certificate by a Medical Board constituted by the competent authority has to be to its satisfaction.

ITEM 12: PROVIDENT FUND RULES FOR OFFICERS OF STATE LIFE:

Memorandum No.93/85 from Executive Director (B&A) was placed before the Board.

In view of pension scheme for Officers of State Life having been approved by the Government, the Board approved that General Provident Fund Rules laid down by 3rd Wage Commission be adopted for Officers as well.

The Board further approved that Federal Government be approached with the request that the provident Fund Rules framed by the Third Wage Commission for Insurance Corporations and adopted by State Life for its Officers and staff be included in the schedule of Provident Fund Act'1925.

ITEM 13: WRITING OFF OF Rs.1,162,333/- ON ACCOUNT OF UNRECONCILED BANK BALANCES AND OTHER BALANCES PERTAINING TO PRIOR TO NATIONALIZATION PERIOD (EFU COMPONENT):

Executive Director (B&A) Memorandum No.94/85 containing

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| <p>the detailed position of the amount of Rs.1,162,333/- proposed for write off, was placed before the Board.</p> <p>The Board noted that some of the items were 10-14 years old and that the bank items pertained to pre-nationalization period. Further noting that efforts to reconcile/locate bank items have failed due to non-availability of the record, the Board approved to write off Rs.1,162,333/- on account of unreconciled Bank balances and other balances pertaining to prior to Nationalization period (EFU Component).</p> <p><u>ITEM 14: ANY OTHER BUSINESS:</u></p> <p>i) <u>OBSERVATIONS MADE BY THE BOARD 1984 ANNUAL ACCOUNTS:</u></p> <p>Executive Director (B&A) placed his Memorandum No.95/85 before the Board in compliance with its directives given while considering Annual Accounts for the year 1984.</p> <p>The Board noted that :</p> <p>(a) Sales of short term policies fell by 21% during 1984 correspondingly increasing the proportion of long term policies in 1984 First Year business sales. Further that as a result of above, First Year Commission and over riding commission payments increased at a rate higher than the F.Y. Premium growth rate;</p> <p>(b) expenses on conferences and meetings are reimbursed to Area Managers in direct proportion to their business procurement. Also that new Area Managers become entitled to expenses under this head and Zonal Heads with larger territories have to incur such expenses in meetings with Area Managers, Field personnel and departmental heads.</p> <p>(c) Postage and telegram rates were increased effective July'1983. Impact of the increase was felt for the full year 1984 against only 6 months of 1983.</p> <p>The Board while appreciating the factual report stressed the need for continuous efforts at all levels to economise.</p> <p>ii) <u>OVERTIME BUDGET FOR 1985 FOR HYDERABAD ZONE:</u></p> <p>Executive Director (B&A) placed his Memorandum No.96/85 before the Board to consider additional overtime budget for Hyderabad Zone.</p> <p>The Board discussed the reasons prompting the request for additional budget as given by Zonal Head, Hyderabad and recorded in the memorandum and approved additional overtime budget of Rs.60,000/- (Rupees Sixty thousand only) for Hyderabad Zone for the balance period of the current year.</p> | | | <p>A.M.</p> |

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iii) PENSION RULES FOR OFFICERS OF THE STATE LIFE:

Executive Director (B&A) Memorandum No.97/85 was placed before the Board. The Board expressed its satisfaction over Federal Government's approval of the Pension Rules for Officers and noted that certain changes had been made by the Federal Government in the draft Pension Regulations submitted to it for approval.

The Board directed that Pension scheme for Officers of State Life be introduced at the earliest. The Board further authorised Executive Director (B&A) to apply for registration of "Trust Deed of the State Life Insurance Corporation of Pakistan Employees' Pension Fund", on behalf of the Corporation.

With regard to the last sentence of Pension Regulation No.5 for Officers, Mr. Samee-ul-Hasan, Director desired his views to be recorded as under :-

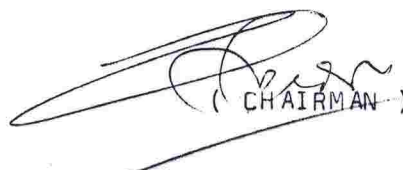
- (a) State Life is a commercial body required to prepare its balance sheet, accounts and other financial statements on an accrual basis.
- (b) Hence the cost of all deferred benefits such as gratuities, pensions, post-retirement medical benefits (if and when introduced) have to be provided on an accrual basis, which, in these cases would necessarily mean actuarial calculations.
- (c) On an actuarial basis, the Officers' pension scheme's ordinary annual cost would considerably exceed 5% of payroll, even if payroll is taken to include allowances.
- (d) The operable limit on State Life Ordinary annual contributions to the Pension Fund is 20% of the basic salary, for Income Tax Rule 87(1) of 1982.
- (e) Almost identical benefits were prescribed for unionised employees by the Third Wage Commission, but no 5% of payroll limit was imposed on State Life's ordinary annual contribution.
- (f) The Regulations are not a proper place to mention the Corporation's ordinary annual contribution.

For the above reasons (a) to (f) he felt that the last sentence of Pension Regulation 5 should not have been included.

(iv) Mr. Samee-ul-Hasan, Director suggested that meetings of the Board should be held at different stations. The Board appreciated the merits of the suggestion and decided to hold its next meeting in December, 1985 at Hyderabad.

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


(CHAIRMAN)