

## 90TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME																		
MINUTE BOOK	Karachi	Sunday, 3rd January, 1988..	10.00 A.M.																		
<p>Pursuant to the notices dated 13th December, 1987 and 20th December, 1987, the 90th meeting of the Board of Directors was held at Principal Office at Karachi on Sunday, the 3rd January, 1988 at 10.00 A.M. The following were present :</p> <table border="0"> <tr> <td>1.</td> <td>Mr. M.A.M. Siddiqui,</td> <td>Chairman</td> </tr> <tr> <td>2.</td> <td>Mian Mumtaz Abdullah,</td> <td>Director</td> </tr> <tr> <td>3.</td> <td>Mr. Nisar-un-Nabi,</td> <td>Director</td> </tr> <tr> <td>4.</td> <td>Mr. Samee-ul-Hasan,</td> <td>Director</td> </tr> <tr> <td>5.</td> <td>Mr. Safdar Ali Chaudhry,</td> <td>Director</td> </tr> <tr> <td>6.</td> <td>Mr. Nazier Ahmed Jajvi,</td> <td>Director</td> </tr> </table> <p>Mr. Asim S.M. Khan, Secretary Board was present.</p> <p>The Agenda for the meeting was taken up and the following business was transacted :</p> <p><u>ITEM NO.1: CONFIRMATION OF MINUTES:</u></p> <p>Minutes of the 89th meeting of the Board of Directors held on 22nd November, 1987 were confirmed.</p> <p><u>ITEM NO.2: RECORDING OF MINUTES OF 123RD MEETING OF THE EXECUTIVE COMMITTEE:</u></p> <p>One of the Directors suggested that State Life should provide fire fighting arrangements in its Buildings and at least there should be arrangements for storing of water in case of fire. It was pointed out that State Life Buildings were already insured against fire. It was suggested that the fire insurance should be at the reinstatement value of the Buildings. One of the Directors suggested that the Investment Plan for 1988 should be placed in the next Board meeting.</p> <p><u>ITEM NO.3: IMPLEMENTATION REPORT OF 86TH &amp; 89TH MEETINGS OF THE BOARD.</u></p> <p>The Board noted the implementation report from Secretary to the Board on the decisions taken in the 86th and 89th meetings of the Board of Directors.</p> <p><u>ITEM NO.4: EXECUTIVE DIRECTOR (F&amp;A) MEMO NO.113/87 RE: BUDGET ESTIMATES FOR 1988 &amp; REVISED BUDGET ESTIMATES FOR 1987.</u></p> <p>The Executive Director (F&amp;A) placed before the Board Budget proposals for 1988 and the revised budget estimates for 1987. The Board noted that FYP was estimated to grow by 25% in 1988 once the revised estimates for 1987, and second year persistency was projected at 74%. The Group premium increase in 1988 (excluding NADI Scheme) was estimated at 10% of the Revised Budget estimates at 1987. The Board, however, was of the view that considering the past performance it should be possible to achieve a growth rate of 12.5%. The provision for Group Commission has also been enhanced accordingly. After detailed discussion, the Board approved the revised budget estimates for 1987 and budget estimates for 1988 and in the Capital budget for 1988 as under :</p>				1.	Mr. M.A.M. Siddiqui,	Chairman	2.	Mian Mumtaz Abdullah,	Director	3.	Mr. Nisar-un-Nabi,	Director	4.	Mr. Samee-ul-Hasan,	Director	5.	Mr. Safdar Ali Chaudhry,	Director	6.	Mr. Nazier Ahmed Jajvi,	Director
1.	Mr. M.A.M. Siddiqui,	Chairman																			
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CHAIRMAN'S INITIALS



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	(Rs. in Million)		
	Budget Estimates 1 9 8 7	Revised Budget Estimates 1 9 8 7	Budget Estimates for 1988.
<b>A. INCOME</b>			
First Year Premium	545.800	525.600	657.000
Renewal Premium	1232.778	1285.141	1577.699
Annuity & Single Premium	1.100	2.100	1.550
Group Premium	430.820	430.820	484.673
National Accidental Death Scheme	287.500	390.200	390.200
<b>TOTAL PREMIUM INCOME</b>	<u>2497.998</u>	<u>2633.861</u>	<u>3111.122</u>
Interest on Loan/APL	55.195	56.345	63.685
Miscellaneous Income	0.265	0.348	18.397
Interest & Dividend (Gross)	991.112	1007.222	1230.357
Rental Income (Gross)	55.001	55.517	61.050
<b>TOTAL OTHER INCOME</b>	<u>1101.573</u>	<u>1119.432</u>	<u>1373.489</u>
<b>B. POLICY PAYMENTS</b>			
Death Claims	107.466	101.473	127.115
Maturity Claims	350.000	382.770	452.799
Surrender	132.000	134.200	154.465
Cash Bonus	0.060	0.060	1.100
Group Claims *	454.260	379.251	569.150
Profit Commission *	102.876	138.679	113.246
Annuities	1.735	1.465	1.542
<b>TOTAL POLICY PAYMENTS</b>	<u>1148.397</u>	<u>1137.898</u>	<u>1419.417</u>
	*(Including N.A.D.I. Scheme)		
<b>C. PAYMENT TO FIELD WORKERS</b>			
First Year Commission	207.487	199.811	249.664
First Year Overriding Commission	191.047	183.960	229.951
Renewal Commission	55.475	57.832	70.996
Renewal O/R Commission	24.656	25.703	31.554
Production Bonus to Area Managers	16.374	15.768	19.710
Field Prizes & Awards.			
i) First Year Premium	4.781	4.760	5.708
ii) Renewal Premium	1.374	1.341	1.650
Field Group Insurance	4.296	4.313	5.256
Field Medical Expenses	6.444	6.471	7.886
Cash Compensation in lieu of Allied Facilities	18.688	18.762	22.865
Group Commission	2.369	2.369	2.666
Prizes & Awards Group	0.150	0.150	0.150
<b>TOTAL PAYMENT TO FIELD WORKERS.</b>	<u>533.141</u>	<u>521.240</u>	<u>648.056</u>

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D. ADMINISTRATIVE EXPENSES.

Salaries	169.908	159.786	175.452
Travelling	13.306	12.822	16.038
Audit Fees	0.515	0.500	0.530
Medical Fees	3.889	3.831	4.792
Law Expenses	1.393	1.336	1.606
Advertisement	12.362	12.322	13.171
Printing & Stationery.	8.238	8.172	9.377
Policy Stamps	3.965	3.780	4.690
Staff Welfare	22.086	20.041	23.159
Postage, Telegrams & Phones	11.630	11.285	13.595
Electricity and Gas	5.140	5.135	6.378
Entertainment	1.247	1.207	1.550
Bank Charges	1.299	1.140	1.428
Conferences & Meetings	3.020	2.983	3.649
Prizes & Awards	0.300	0.200	0.560
Training Expenses	1.845	1.775	2.360
Data Processing Expenses	1.685	1.550	2.585
Miscellaneous Expenses	16.120	14.541	20.466
Rent Expenses (State Life Buildings)	15.793	15.693	16.753
Rent (Other Offices)	8.087	7.687	7.862
Bad Debt Expenses	0.006	0.006	0.100
Pension, CPF & Gratuity Expenses	15.729	15.729	17.608
Depreciation	12.570	12.570	15.741
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>330.133</b>	<b>314.091</b>	<b>359.450</b>

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

The Board also approved the revised capital budget for 1987 and capital budget for 1988 as under :

Z O N E	CAPITAL BUDGET FOR 1988		
	Capital Budget Estimates 1987	Revised Capital Budget 1987	Capital Budget Estimates 1988
Karachi	1.500	1.400	1.650
Hyderabad	0.550	0.550	0.525
Quetta	0.030	0.030	0.033
Lahore	1.600	1.550	1.650
Faisalabad	1.049	1.000	0.825
Multan	0.563	0.550	0.863
Gujranwala	0.750	0.700	0.698
Rawalpindi	1.125	0.950	1.163
Peshawar	0.528	0.500	0.360
Overseas	0.100	1.100	1.119
Group & Pension	0.150	0.150	0.150
National Accidental Death Insurance Scheme	0.030	0.030	0.100
Principal Office	5.200	5.100	4.000
<b>T O T A L</b>	<b>13.175</b>	<b>13.610</b>	<b>13.136</b>

The Board also directed that Zones with low expense ratio should be appreciated.

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*[Handwritten Signature]*

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The Board had approved at its 87th meeting, Capital Budget for 1987 for projects of Mini Computers an amount of \$ 677.491 payable in Pak Currency for purchase of Mini Computers and Rs.8.7 million for site preparation. In 1987 an amount of \$ 93,210 for purchase of Mini Computers at Karachi Zone and Rs.1.1 million for site preparation was spent. The Board approved carrying forward the balance of the Capital budget for Mini Computers in 1988.

ITEM NO.5: ANY OTHER MATTER:

- (i) Executive Director (F&A) Memorandum No.114/87  
Re: Contractual Employees.

The Board considered the memorandum of Executive Director (F&A) regarding creation of additional posts of 13 employees to absorb the following employees who were on contract for more than 3 years and their nature of duties was such that their services could not be dispensed with :

- i) CHOWKIDARS: Eight additional posts in Grade 1; 2 for Hyderabad, 2 for Gujranwala and 4 for Lahore. The approved strength of Chowkidars would increase from 120 to 128.
- ii) TUBEWELL OPERATORS: 2 posts in Grade MN-1 for Lahore. The approved strength would increase from 28 to 30.
- iii) HELPERS: 1 post in Grade 2 for RED Lahore. The approved strength would increase from 4 to 5.
- iv) DRVIERS: 2 posts for Principal Office.

The Board also desired that necessary provision in the Service Regulation be made to retire an employee on medical grounds.

- (ii) Executive Director (F&A) Memorandum No.115/87  
Re: Accounts for the Nine Months ending 30th September, 1987.

The Executive Director (F&A) presented the Accounts for nine months ending 30th September, 1987. The Board noted the position as stated.

- (iii) Executive Director (S&D/Overseas) Memorandum  
No.116/87 Re: State Life Great Britain Branch.

The Board considered the memorandum of Executive Director (S&D/Overseas) regarding the operation of business in U.K. The Board noted that the new business in the previous years was nugatory. In view of the introduction of the Financial Services Act, it would be expensive, uneconomical and impractical for the Corporation to build a marketing Organisation in U.K. The Board also considered the proposals of Mian Khurshid Alam regarding the possibilities of procuring Group Pension business and individual Pension business. Mian Khurshid Alam in his letter No.MKA/87 dated 30.11.1987 had suggested that Banking Council and Ministry of Finance be approached direct or through the Ministry of Commerce for issuing directives to the nationalised Banks and nationalised Corporations having branches in U.K. that their branches in U.K. should arrange -----

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Group insurance and Pension Scheme for their employees with State Life. Executive Director (PHS) informed the Board that he had commented separately on the proposal of Mian Khurshid Alam that it was not feasible to undertake Group pension plan business. The Director & Consulting Actuary informed the Board of the contents of a telex from the Actuary of Mercantile Insurance Company Mr. Papasavas and the discussion he had with the Consulting Actuary. Pension business in the U.K. would be very expensive and it would be difficult to generate the level of volume required to make the business viable.

The Board therefore, decided that it was no longer useful for the Corporation to write New Business in U.K. and directed that the following actions be taken :

- (a) New Business should not be written in U.K. w.e.f. 1.1.1988.
  - (b) The Department of Trade in U.K. should be informed of this decision.
  - (c) Mian Khurshid Alam, Incharge of U.K. Branch should be informed not to accept any new business with effect from 1.1.1988.
  - (d) Advice from M/s. Link-laters & Paines, London should be sought regarding the letter to be issued to Mian Khurshid Alam for terminating his services on the ground of closing new business in U.K.
- (iv) Executive Director (S&D) Memorandum No.117/87  
Re: Revision of Pay of Area Managers.

The Board considered the memorandum of Executive Director (S&D) regarding the revision of pay and decided that the FYP quotas of Area Managers should be revised w.e.f. 1.1.1988 as under:

'A' Category	Rs.20.00 lacs
'B' Category	Rs.12.00 lacs

With the increase in FYP quotas the slab of Incentives Bonus to them would be revised as under :

INCENTIVE BONUS

A) 'A' Category Area Managers

	<u>Existing</u>		<u>Proposed</u>
a) Upto Rs.12.00 lacs	2%	Upto Rs.20.00 lacs	2%
i) 1 or 1½% at the commencement of year as	1½% would be authorised to those who had completed quota in preceding year and 1% would be authori-	1 or 1½% at the commencement of year as	1½% would be authorised to those who had completed quota in preceding year and

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autho- rised.	sed to those who had not completed quota in preceding year (subject to direct cost being within 5%).	authori- sed.	direct cost was within 5% otherwise it would be 1%.		
ii) $\frac{1}{2}\%$	On reaching Rs.9.00 lacs FYP to those Area Mana- gers who had started with 1% (difference of 1 and $1\frac{1}{2}\%$ ) to be paid if direct cost was within 5%.	$\frac{1}{2}\%$	On reaching Rs.12.00 lacs FYP to those Area Managers who had started with 1% (difference of 1 & $1\frac{1}{2}\%$ ) to be paid if direct cost was within 5%.		
iii) Balance $\frac{1}{2}\%$	On completion of Rs.12.00 lacs FYP to all Area Managers if direct cost was within 5%.	Balan- ce $\frac{1}{2}\%$	On completing of Rs.20.00 lacs FYP to all Area Mana- gers if direct cost was within 5%.		
<u>ADDITIONAL INCENTIVE BONUSES</u>					
b)	Over Rs.24,000 plus $2\frac{1}{2}\%$ of Rs.12.00 excess over Rs.12.00 and up- lacs. to Rs. 16.00 lacs.	Over Rs.20.00 lacs and upto Rs.25.00 lacs.	Rs.40,000 plus $2\frac{1}{2}\%$ of excess over Rs.20.00 lacs.		
c)	Over Rs.34,000 plus 3% of Rs.16.00 excess over Rs.16.00 lacs. and up- to Rs.24.00 lacs.	Over Rs.25.00 and upto Rs.35.00 lacs.	Rs.52,500 plus 3% of excess over Rs.25.00 lacs.		
d)	Over Rs.58,000 plus $3\frac{1}{2}\%$ Rs.24.00 of excess over Rs.24.00 lacs. lacs.	Over Rs.35.00 lacs.	Rs.82,500 plus $3\frac{1}{2}\%$ over Rs.35.00 lacs.		
Provided direct cost was within 5% and Persistency was not less than 65% (if persistency was less than 65% additional incentive bonus i.e. bonus over 2% was not payable).		Provided direct cost was within 5% and persistency was not less than 70%. Otherwise additional bonus i.e. bonus over 2% was not payable.			
<u>B) 'B' CATEGORY AREA MANAGERS</u>					
a)	At the commence- ment of year.	1%	At the commence- ment of the year.	1%	
b)	At the completion of FYP quota (Rs.6.00 lacs).	$+\frac{1}{2}\%$	At the completion of FYP quota (Rs.12.00 lacs) if direct cost was within 5%.	$+\frac{1}{2}\%$	

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	<p>c) At the completion of quota of 'A' Category (Rs.12.00 lacs). <math>+1\%</math></p> <p>d) Over Rs.12.00 lacs. As per slabs of 'A' Category Area Managers at (b) to (d) above.</p>	<p>At the completion of quota of 'A' Category Area Manager (Rs.20.00 lacs if direct cost was within 5%). <math>+1\%</math></p> <p>Over Rs.20.00 lacs. Additional Incentive Bonus as per slab and conditions prescribed for 'A' Category Area Managers.</p>	
<p>Besides Incentive Bonus, (i) Agency Meeting expenses, (ii) Petrol expenses, (iii) Expenses on additional staff at Area Office, (iv) Residential telephone expenses were reimburseable to Area Managers if their cost was within 5%; and (v) the salary of the Driver was reimburseable if the direct cost was within 4%. 50% Petrol expenses and Agency meeting expenses would be debited to the direct cost and 50% to the office cost.</p>			
<p>D.G.M. (S&amp;D) would discuss the revised remuneration and incentive bonus slabs with the Zonal Heads and present their views to the Executive Committee. The Board delegated powers to the Executive Committee to finalise the matter after considering the views of the Zonal Heads.</p>			
<p>(v) Executive Director (INV/RED) Memorandum No.118/87 Re: Purchase of Plot of land bearing No.P-2, Liaqat Road, Faisalabad measuring 4 Canal 4 Marles &amp; 1 Suresahi from National Industrial Cooperative Finance Corporation Limited.</p>			
<p>The Board considered memorandum of Executive Director (INV/RED) and approved purchase of plot of land bearing No.P-2, Liaqat Road, Faisalabad measuring 4 Canal 4 Marla and 1 Suresahi from National Industrial Cooperative Finance Corporation Limited at a rate of Rs.1,25,000/- per Marla free from all liabilities and taxes. The Board also approved that State Life should become a member of the National Industrial Cooperative Finance Corporation by purchasing share of Rs.100/- through Executive Director (Investment) or nominee employee. The Board also approved cost of stamp duty, Municipal charges, legal fee, commercialisation charges and other incidental expenses.</p>			
<p>(vi) <u>Sale of Land at Deh Digh, Tappo Malir.</u></p>			
<p>The Board considered a letter containing request for extension in time from M/s. Altaf &amp; Sons who have contracted to purchase 31 Acres and 17 Ghuntas of land in Deh Digh, Tappo Malir as intimated in the 119th Executive Committee meeting held on 17th July, 1987. M/s. Altaf &amp; Sons have paid two installments and the</p>			
<p>CHAIRMAN'S INITIALS</p> <p>W</p>			

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A.M.

final payment was due on 5th January, 1988. The Board agreed to M/s. Altaf & Sons request and allowed them to pay 20% of the total price by 15th January, 1988 and the balance by 5th March, 1988.

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

*M. H. Q.*  
( CHAIRMAN )

CHAIRMAN'S  
INITIALS