

## 99TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	Karachi	Saturday, 3rd March, 1990	10.00 A.M.

In pursuance of Notice dated 14th February, 1990, the 99th Meeting of the Board of Directors was held on Saturday, the 3rd March, 1990, at 10.00 A.M., in the Board Room, at Principal Office, in State Life Building No. 9, Dr. Ziauddin Ahmed Road, Karachi.

The following attended the Meeting :-

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|--------------------------------|----------------------|
| 1. Mr. Iqbal M. Qureshi,       | Chairman (Presiding) |
| 2. Shahzada Aman-i-Room, MNA,  | Director             |
| 3. Haji Mohammad Ishaque, MNA, | Director             |
| 4. Mian Tariq Mahmud,          | Director             |
| 5. Mr. Marghub Ahmad,          | Director             |
| 6. Mr. S.Z.H. Jafri,           | Director             |
| 7. Mr. Mubarak Ahmed Malik,    | Director             |

Dr. A.H. Khan, Malik Mohammad Aslam, Malik Asad Sikandar and Chaudhry Sikandar Hayat Malhi, Directors were granted leave of absence.

Mr. Zamir-Uddin Hussain, Secretary Board was also present.

The Meeting commenced with the recitation from Holy Quran by Mr. Zamir-Uddin Hussain.

The following business was transacted :-

ITEM NO. 1: Confirmation of 98th Meeting of the Board of Directors held on 28th December, 1989.

a) The Minutes of 98th Meeting of the Board of Directors, held on 28th December, 1989, were confirmed with the amendment proposed by Chaudhry Sikandar Hayat Malhi, Director, in the second para of item No. 2 - 'Cars in the Zones', under the heading 'Any Other Matter with the permission of the Chair', which was circulated earlier and read out by the Chairman, as under:

'ANY OTHER MATTER WITH THE PERMISSION OF THE CHAIR.

'2. Cars in the Zones.'

second para -

AMENDMENT

"Further, the Board decided that in the following Zones which have been upgraded vide Board's decision in its 97th Meeting or where it is otherwise necessary for the business development purposes and for protocol duties, an additional vehicle be provided. The Board further decided that vehicles be purchased second hand in good condition or hired on lease with the approval of Minister for Commerce."

b) Mian Tariq Mahmud, Director desired to record his elaboration regarding item No. 6 - 'RATE OF RETURN', under the heading 'Any Other Matter with the permission of the Chair' that "since the rate of interest assumed in premiums' calculation of State Life policies is low, more benefits should be passed on to the policyholders, either in terms of enhanced bonuses or in the form of reduced premiums" and hence recorded.

ITEM NO. 2: Recording the Minutes of 144th(Emergent) and 145th Meetings of the Executive Committee held on 20th December, 1989 and 30th January, 1990 respectively.

The above Minutes of the Executive Committee were recorded.

CHAIRMAN'S INITIALS



## 99TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Saturday, 3rd March, 1990	10.00 A.M.
<p>ITEM NO. 3: <u>Implementation Report on the decisions taken on items of 96th, 97th and 98th Meetings of the Board of Directors.</u></p>		
<p><u>98TH MEETING.</u></p>		
<p>Item No.3: <u>IMPLEMENTATION REPORT.</u></p>		
<p><u>94th Meeting.</u></p>		
<p>Item No. 3(i): <u>Persistency Committee.</u></p>		
<p>The Board advised to expedite the final recommendations expeditiously.</p>		
<p><u>97th Meeting.</u></p>		
<p>Item No.15: <u>ANY OTHER MATTER.</u></p>		
<p>(ii) <u>State Life's Annual Accounts for the year ended 31.12.1989.</u></p>		
<p>The Board was apprised that no meeting of Sales Promotions (Sales and Development) Committee has been held. The Board advised Executive Director (S&amp;D) to hold the meeting of the Committee during the current month.</p>		
<p>Item No.18: Proposal for purchase of National Press Trust Building situated on plot No.1-A, Survey No. SR-11, McLeod Road, Karachi.</p>		
<p>Executive Director(Inv) apprised the Board that the Investment and Estate Committee has advised against the proposition of purchasing the National Press Trust Building. Hence the matter be treated as closed.</p>		
<p><u>ANY OTHER MATTER WITH THE PERMISSION OF THE CHAIR.</u></p>		
<p>1) <u>Cars in the Zones.</u></p>		
<p>The Board decided that till such time the Ministry approves the purchase of the second hand car in good condition for the upgraded Zones or otherwise for the development of business and protocol duties, a car could be hired by the Zones for 3 to 4 months for such purposes, on need basis.</p>		
<p>The Board further decided that to expedite matters a meeting between the Minister for Commerce, Chairman and Directors be arranged.</p>		
<p>3) <u>Premium Rates.</u></p>		
<p>The Board was informed by Executive Director(PHS) that premium rates of LIC and one of the Companies operating in UAE have been obtained. Premium Rates of U.K. and U.S.A. based Companies are awaited.</p>		
<p>ITEM NO. 4: (a) <u>Performance of G&amp;P Division for the year, 1989</u> <u>General Manager(G&amp;P)'s Memorandum No.1/90 dated 21.2.1990.</u></p>		
<p>Mr. Nisar Hussain, General Manager(G&amp;P) was invited by the Board of Directors to present the above Memorandum.</p>		
<p>Mr. Nisar Hussain apprised the Board that the Group Division has attained a growth rate of 15.03% in the year 1989 while the target was 12.5%, in terms of premium income. This was achieved despite a decrease in the premium income from other sources excluding premiums from South and North Zones. Also, a couple of sectors could not do as well as was expected.</p>		

## 99TH MEETING OF THE BOARD OF DIRECTORS

DIRECTORS	HELD AT	ON	TIME
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Mr. Nisar Hussain further apprised the Board that the Group portfolio has swelled from 6.06 crores in 1975 to 56.35 crores in 1989 which is satisfactory.

The Board, however, observed that the Group portfolio has not expanded rapidly enough despite it being a very progressive business. The Board desired and directed that the Group Division should prepare a business plan to increase the number of policy holders (Companies) to five thousand from the present 2500 or thereabout, while the total number of registered companies in Pakistan is over 12000. The Board desired that a proposal to this effect be prepared and placed before the Board in its next meeting.

(b) Business Progress Report of Life and Overseas for the Month of December, 1989.

Executive Director (S&D) apprised the Committee of the business results of the year 1989 and explained that despite the fact that in terms of First Year Premium, the Corporation has achieved 104.4% of the targeted premium, the results could have been much more cheerful had there not been couple of disturbing factors, such as, imposition of Federal Insurance Fee, Law and Order situation in Hyderabad and other places, and also because of the news that one of the tiers of Agency channel is being abolished which greatly agitated the field force in the productive month of December. As a result of all these, the First Year Premium (FYP) could increase only by 16.57% in December over 1988 which was quite modest. Executive Director (S&D) explained to the Board that since December business forms bulk (nearly 30-35%) of year's FYP of the business portfolio for any given year, a slide in the Premium Income in December brings down the year-to-date increase in that year. Because of this the increase in year-to-date business in 1989 over 1988 came down to 25% at the end of December from 29% that was depicted at the end of November.

Executive Director (S&D) invited the attention of the Board that the renewal premium increased to 23.78% compared to 1988 which is, in a way, satisfactory though 100% of the Renewal Target could not be achieved. He, however, assured the Board that efforts will be made to effect perceptible improvement in 1990 in all spheres of activities.

The Board directed Sales & Promotion (S&D) Committee to devise ways and means to improve business, and also take into consideration the report of the Two-Man Committee appointed by the Board (in its 98th Meeting held on 28th December, 1989), comprising Haji Mohammad Ishaque, MNA, Director and Mr. Noman Cheema, Actuary. The Board further directed that Sales & Promotion Committee should meet quickly to formulate its recommendations for the up-lift of Corporation's business so that necessary measures could be taken swiftly to augment the business of the Corporation.

(c) Overseas Business.

Executive Director (S&D) apprised the Board that the business results of UAE and Kuwait could be termed as modest while the persistency of Overseas business as a whole is disappointing. The Board advised one of the members, Haji Mohammad Ishaque, of the Two-Man Committee, formed by the Board, to look into the UKMO Operations, to stop over for a couple of days at UAE on his way back from U.K. Haji Mohammad Ishaque was further requested by the Board to study the business set-up of State Life in the Middle East. Haji Mohammad Ishaque was further advised to recommend necessary steps required to be taken for improving the production and persistency of business emanating from Middle East.

The Board directed Mr. Mubarik Ahmed Malik, Executive Director (S&D) who is the Convenor of the Committee, formed by the Chairman to suggest ways and means to reduce the new business acquisition cost, to submit its

CHAIRMAN'S  
INITIALS



## 99TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Saturday, 3rd March, 1990	10.00 A.M.
<p>recommendations as quickly as possible. The Board further advised the Convenor of this Committee to act in collaboration with the Main Sales Promotion (S&amp;D) Committee.</p>		
<p>ITEM NO. 5: <u>Progress Report for the month of January, 1990.</u> General Manager(G&amp;P)'s Memorandum dated 15.2.1990.</p>		
<p>The Board agreed with the views of Mr. Nisar Hussain, General Manager(G&amp;P) that it is rather early to ascertain the future business trend on the basis of January results.</p>		
<p>ITEM NO. 6: <u>Manpower Requirement of G&amp;P Division.</u> General Manager(G&amp;P)'s Memorandum No. 2/90 dated 20.2.90.</p>		
<p>Consideration of the above Memorandum was deferred by the Board till the next Meeting with the direction to General Manager(G&amp;P) to resubmit the Memorandum togetherwith the proposal to double the number of policyholder companies to 5000 mark as suggested in item 4(a) above.</p>		
<p>ITEM NO. 7: <u>Car Rental and Petrol Facility for Deputy Managers of Group &amp; Pension Division engaged on Development.</u> General Manager(G&amp;P)'s Memorandum No.3/90 dated 18.2.90.</p>		
<p>Consideration of the above Memorandum was deferred by the Board until the next meeting with the direction to resubmit it with the proposal to double the number of Policyholder Companies to 5000 mark</p>		
<p>ITEM NO. 8: <u>Compromise Agreement with M/s Victoria Furnishers, State Life Building No. 5-A (ILACO House), Karachi.</u> Executive Director(RE)'s Memorandum No. 4/90 dated 29.1.90.</p>		
<p>The Board did not agree to the proposal of M/s Victoria Furnishers that they be provided a space of 2300 Sqr.ft. in building No.11 at a subsidised rent of Rs.2 to 3 per Sqr.ft. in return for peaceful vacation of the premises occupied by them.</p>		
<p>The Board further decided that since the eviction order has been passed by the Court in favour of State Life against which the tenants have preferred first rent appeal in the High Court in 1987, this matter tends to be in State Life's favour and hence no decision on compromise proposal be taken by State Life.</p>		
<p>The Board, however, directed that the case be pursued vigorously for an early decision by the higher Court.</p>		
<p>ITEM NO. 9: <u>Sale of Hut on Plot No. 180, Khanspur, Ayubia.</u> Executive Director(RE)'s Memorandum No.5/90 dated 11.2.1990.</p>		
<p>The Board discussed the merits and demerits of the above proposal and decided not to sell the property (Hut) but to retain it. The Board, however, directed Executive Director(RE) that the above hut be suitably renovated and properly maintained.</p>		
<p>ITEM NO.10: <u>British Medical Store, Shop No.9, at Ground Floor, in State Life Building No.5-A, Zebunnisa Street, Saddar, Karachi.</u> Executive Director(RE)'s Memorandum No.6/90 dated 20.2.1990.</p>		
<p>The Board confirmed the decision taken in 139th Meeting of the Executive Committee not to accommodate the request of British Medical Store for change in tenancy and subdivision of the shop. The Board observed that the matter is pending in a Court of law for adjudication and the balance weighs in favour of State Life, and therefore advised to pursue the case</p>		

99TH MEETING OF THE BOARD OF DIRECTORS

MEMBERS	HELD AT	ON	TIME
MINUTE BOOK	Karachi	Saturday, 3rd March, 1990.	10.00 A.M.

vigorously and inform the Deputy Secretary, Ministry of Commerce about the unanimous decision of the Board.

ITEM NO.11: Appointment of Consulting Actuary/Actuaries.  
Executive Director(PHS)'s Memorandum No. 7/90 dated 8.2.1990.

The Board examined the various proposals put forward by Executive Director(PHS) and decided not to appoint any Actuary on regular consultancy basis but agreed that the post of Head of the Actuarial division be upgraded from Deputy General Manager to that of General Manager and to leave it to the Head of Actuarial Division to obtain any actuarial advice from outside on adhoc basis and payment to outside Actuaries be made on case to case basis.

The Board further decided that the name of Mr. M. Mazharuddin, FIA, who is Head of the Actuarial Division be given to Board of Trade (B.O.T.), U.K., for the position of appointed Actuary for State Life's UKMO Operations.

The Board further directed the Actuarial Division to ascertain the number of advices Mr. Anwer Chaudhry, Actuary has given each year to the Lahore Zone or to Principal Office during the last five years. This information be conveyed to Mian Tariq Mahmud, Director.

ITEM NO.12: Need of Actuaries.  
Executive Director(PHS)'s Memorandum No.8/90 dated 20.10.90.

The report on the 'Need of Actuaries' for State Life prepared by the Actuarial Division was recorded by the Board. The Board directed the Sales Promotion (S&D) Committee to take into account this report while submitting their report/recommendations regarding expansion of business for the consideration of the Board of Directors in the next Meeting.

ITEM NO.13: Manpower Requirements of Actuarial Division.  
Executive Director(PHS)'s Memorandum No.9/90 dated 11.2.90.

Consideration of the above Memorandum was deferred until the final report of the Sales Promotion(S&D) Committee is placed before the Board for its consideration.

ITEM NO.14: Proposed New Reinsurance Arrangement.  
Executive Director(PHS)'s Memorandum No.10/90 dated 11.2.90.

The Board examined the above Memorandum put up by Executive Director (PHS) and decided that the offer of M/s Swiss Re Insurance Co., be accepted. Executive Director(PHS) apprised the Board that State Life will have the benefit of automatic increase in State Life's retention by 7.5% per annum on every policy reinsured alongwith the clause of only a two-year loss carry-over. The Board expressed satisfaction over this arrangement.

ITEM NO.15: Bhanero Textile Mills Ltd. - Request for issuance of NOC for change of site and to allow NIT to act as Trustee on behalf of State Life Insurance Corporation of Pakistan.  
Executive Director(Inv)'s Memorandum No.11/90.

The Board examined the proposal put up by Executive Director(Inv) and decided that (a) NOC be granted to Bhanero Textile Mills Ltd. for change of site from Kotri to Ferozwatawan, at Tehsil Sheikhpura as Unit No.2 of Bhanero Textile Mills Limited, and (b) to allow National Investment Trust (NIT) to act as Trustee on behalf of State Life Insurance Corporation of Pakistan.

CHAIRMAN'S INITIALS



## 99TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Saturday, 3rd March, 1990.	10.00 A.M.
<p>ITEM NO.16: <u>Chanab Textile Mills Ltd. - Sale/Repurchase Agreement in respect of 80,500 shares of the Company with Mian Tajammul Hussain, Mian Nusrat-ud-Din and Others.</u> Executive Director(Inv)'s Memorandum No.12/90 dated 20.2.90.</p> <p>The Board thoroughly discussed the above Memorandum put up by Executive Director(Inv) and decided that the Court Decree be pursued vigorously for recovery. The Board further decided that waiver of interest on the loan is not desirable in view of the fact that it is part of the Life Fund; at best a waiver of 25% of interest on the loan could be allowed by State Life provided the balance is repaid immediately in one lump sum.</p>		
<p>✓ ITEM NO.17: <u>Appointment of Medical Graduates in New Business Department.</u> Executive Director(PHS)'s Memorandum No.13/90 dated 21.2.90.</p> <p>The Board approved the above scheme including the creation of 13 posts of Deputy Managers, two each in bigger zones — Karachi, Lahore, Rawalpindi, Multan and Faisalabad, and one each in Hyderabad, Peshawar and Gujranwala.</p>		
<p>ITEM NO.18: <u>Mortgage Loan Account of Mr. Abdullah Haji Muhammad - Request for relief from payment of interest.</u> Executive Director(Inv)'s Memorandum No.14/90.</p> <p>The Board examined the proposal put up by the Executive Director (Inv) and decided that the court decree being in favour of State Life waiver of interest on loan as requested by Mr. Abdullah Haji Muhammad be disallowed. The Board further decided that to obtain ready cash immediately waiver to a maximum of 25% be allowed on the interest of this mortgage loan account, provided the balance is fully paid in lump sum immediately.</p>		
<p>ITEM NO.19: <u>Additional payment for sewerage connection SLIC Building, Peshawar.</u> Executive Director(RE)'s Memorandum No.15/90.</p> <p>The Board considered the above Memorandum put up by Executive Director(RE). The Board observed that the Cantonment Board, Peshawar has threatened to disconnect the sewerage connection of State Life building, Peshawar unless the State Life pays its share amounting to Rs.21.96 lacs being balance of 2/3rds of the enhanced cost of sewerage line. Not only this, the Public Health Engineering Department has indicated further escalation of cost in case a decision is not conveyed to them for the approval of this additional amount of Rs.21.96 lacs. The Board, however, observed that State Life has already paid its share of the revised estimated cost in the amount of Rs.18.78 lacs to the Cantonment Board, Peshawar on 22.9.82. The Board further observed that the revised increase in the cost is due to delay in the execution of work and not because of any fault of State Life and hence unreasonable.</p> <p>The Board decided to request Shahzada Aman-i-Room, Director to approach the concerned authorities for reassessment of the demand of Rs.21.96 lacs and not to disconnect the sewerage connection of State Life building.</p>		
<p>ITEM NO.20: <u>Proposal for purchase of property on plot No.1305/3, WARD 'F', at Court Road, Hyderabad.</u> Executive Director(PHS &amp; RE)'s Memorandum No.16/90 dated 28.2.90.</p> <p>The Board decided to refer this matter to Investment and Estate Committee for its recommendations to be placed in the next Board Meeting for its consideration.</p>		

## 99TH MEETING OF THE BOARD OF DIRECTORS.

DIRECTORS	HELD AT	ON	TIME
MINUTE BOOK	Karachi	Saturday, 3rd March, 1990.	10.00 A.M.

The Board further decided that the investment in real estate over the country be related to premium income volume of each zone and where the premium is not enough the investment opportunity be referred to the Board for consideration.

ITEM NO.21: Death Claim in respect of Policy No.501177737 on the life of late Mohammad Pannah Bhutto.  
Executive Director(PHS)'s Memorandum No.17/90 dated 28.2.90.

The Board deliberated upon the merits of the death claim and decided that due to concealment of material fact by the proposer(late) Mohammad Pannah Bhutto, the claim be repudiated. The premium paid by him less outstanding liabilities be paid, as a special case, provided precedence of this nature is on record with State Life.

ITEM NO.22: Opening of Branches in Middle East.  
Executive Director(S&D)'s Memorandum No.18/90.

The Board decided that the consideration of the opening of branches in the Middle East be deferred until the report from the Two-Man Committee formed by the Board in its 98th Meeting, comprising Haji Mohammad Ishaque and Mr. Noman Cheema, Actuary is received. The Board requested Haji Mohammad Ishaque to undertake the study tour to London at his earliest convenience and to spend a couple of days in the Middle East on his way back home, to study the market and business opportunities there. The Board further requested Haji Mohammad Ishaque to prepare his report/recommendations regarding State Life business operations in the Middle East as well and to submit it to the Board for its consideration in its next Meeting.

ITEM NO.23: Mortgage Loan Account of Mr. Raja Abdul Karim.  
Executive Director(Inv)'s Memorandum No.19/90 dated 1.3.90.

The Board considered the above Memorandum and decided that waiver of loan be discouraged. In fact, State Life should strive to set an example of adherence to the terms of the Contract. The Board observed that all the outstanding moneys are part of Life Fund of State Life and thus the property of the policyholders. The policyholders should not be allowed to suffer on account of waiver of loan interest account. However, in exceptional cases only, the Board will be prepared to consider allowing concession by waiving the accrued interest on loan upto a maximum of 25%, provided the balance is paid immediately in a lump sum. The Executive Director(Inv) was directed to deal with the above case in the light of these observations of the Board.

ITEM NO.24: Purchase of plot for State Life in Mirpurkhas.  
Executive Director(RE)'s Memorandum No.20/90 dated 1.3.90.

The Board decided to refer the proposal to the Investment and Estate Committee for submitting its recommendations in the next Board Meeting.

ANY OTHER MATTER WITH THE PERMISSION OF THE CHAIR.

I, CHAIRMAN/DIRECTOR'S ROOM IN THE ZONES.

The Board decided that a room be prepared/constructed in the Head Office of respective Zones or in the buildings of State Life so that the visiting Chairman/Director(s) could conduct official business of State Life without sitting in the Zonal Head's room. The respective Zonal Head to provide necessary facilities as and when required. Executive Director (RE) will direct the Real Estate staff to do the needful.

CHAIRMAN'S  
INITIALS



## 99TH MEETING OF THE BOARD OF DIRECTORS

HELD AT	ON	TIME
Karachi	Saturday, 3rd March, 1990.	10.00 A.M.

II. OUTSTANDING ISSUES WITH THE MINISTRIES.

The Board decided that the outstanding issues with the Ministries be conveyed to the Directors so that the Director(s) may use his/their good offices with the Federal Government.

There being no other matter the Meeting ended with a vote of thanks to the Chair.



CHAIRMAN