

# Be cost-effective and survive, PM tells insurance companies

By Syed Nadzri

KUALA LUMPUR, Tues. — Life insurance companies will not survive if their operating costs continue to be high and their productivity low, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said in view of this, those in the industry, including agents, must learn to emphasise the need to be cost effective in order to survive long.

He said the Government's efforts alone were not enough to overcome the

problem and insurance agents too must be ready to compromise for national interest.

"An increase in the income of agents must be achieved through an increase in their productivity and not based on high commissions alone," he said when launching the Malaysian Malay Life Insurance Agents Association (Jamin) here this afternoon.

In an apparent reference to Bank Negara's move to introduce cost-control regulations on insurance agents,

including reducing their rates of commission, Dr Mahathir described such high costs as the most critical issue facing the insurance industry.

However, he said the Government would consider all views before making any decision on the matter.

He said efforts to strengthen the industry could only be achieved if all those involved work together and set aside their differences.

This, he said, would lead to the achievement of the

national interest in turning the life insurance industry into a primary component of the financial and services sector.

"In the process of solving structural problems like this, all quarters involved should be ready to compromise. The Government's move to introduce cost-cutting measures must be seen in the proper perspective," he added.

Dr Mahathir also under-

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## PM regrets small number of Bumiputera life insurance agents

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lined the rising importance of insurance agents as linkmen between consumers and insurance companies.

This, he said, was further reflected in the increase in the number of life insurance

agents from 54,300 in 1992 to 68,500 in 1993.

But he expressed regret that the number of Bumiputera agents remained small, accounting for only 8.4 per cent of the total number last year.

"Of the small number,

most are only part-timers and have been operating for less than two years," he added.

Dr Mahathir said the launching of Jamin could contribute towards more Bumiputera participation in the life insurance industry.

"I believe Jamin will reflect a serious commitment towards efforts to help members achieve excellence in service.

"Another strategy which should be given priority is to help part-time agents become full-timers so that

their performance and productivity would be enhanced," he added.

Also present at the launch were Deputy Finance Minister Senator Mustapa Mohamad and Jamin president Mohd Zainuddin Abu Bakar.