

# EPF move catches insurers off-guard

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## 'Agents still out selling annuity scheme'

By M. KRISHNAMOORTHY

KUALA LUMPUR: The insurance industry expressed shock and disbelief yesterday over EPF's sudden decision to freeze its annuity scheme.

Several firms here said they were caught unawares by the move as the fund had not given them prior notice about the suspension.

Life Insurance Association of Malaysia president L. Meyappan said EPF should have informed them earlier as agents were still marketing the scheme to the public.

"We, however, respect the Prime Minister's decision and will abide by it.

"We also had a meeting with EPF this afternoon (yesterday) and were informed that a report on the scheme by its consultant would be ready next month," he said.

Meyappan said however that in-

surance companies were disappointed with the suspension.

"We still think that the annuity scheme is a good product and it is a hasty decision to deny EPF members this option," he added.

The MTUC announced on Wednesday that Prime Minister Datuk Seri Dr Mahathir Mohamad had given a written assurance that the scheme would be suspended pending a study by the consultant.

EPF said yesterday that it had frozen the processing of applications for the scheme as well as its death and disability assistance.

After its meeting with the six insurance companies underwriting the scheme, the fund also announced it had appointed a consultant to study the scheme.

"The EPF will register the applications but will not process them," its public relations manager Nik Affendi Jaafar said in a statement.

On the death and disability assistance, Nik Affendi said EPF would

consider all proposals submitted to increase the quantum, adding that it would also be discussed at the next board meeting.

Consumers Association of Penang president S.M. Idris said according to their study, the conventional annuity scheme offered by the panel of insurance companies was not attractive and did not benefit EPF members.

"The members would be much better off leaving their money in EPF because of the low guaranteed returns offered under the annuity scheme," he said.

Parti Keadilan Nasional said recent decisions by the EPF lacked transparency and had put its 9.8 million members in jeopardy.

Its deputy president Dr Chandra Muzaffar also said the fund would regain the confidence of its contributors if it undertook to restore the original RM30,000 death and incapacitation benefit.