

27 MAY 2001

Annuity-Agents

LET INSURANCE FIRMS RUN EPF ANNUITY SCHEME, SAY AGENTS

KUALA LUMPUR, May 27 (Bernama) -- Local insurance agents today insisted that insurance companies with a proven track record should continue to be allowed to manage the Employees' Provident Fund (EPF) annuity scheme.

About 10,000 agents who met at a seminar here hit out at the the Malaysian Trades Union Congress (MTUC) whose objection to the scheme had resulted in it being suspended by the government.

The MTUC did not necessarily represent the majority of the EPF contributors, as it had only 500,000 members compared with the five million active EPF contributors, said Sam Ho, chairman of the newly-formed Annuity Insurance Agents Movement.

The MTUC and many analysts have said participants of the annuity scheme would be able to get much higher returns if it was run by the EPF itself as the big profits that the participating insurance companies stood to make and the commissions paid to insurance agents would be passed on to them.

MTUC president Zainal Rampak said last week that by allowing insurance companies to administer the scheme, the overhead cost would be high.

In dismissing the claim, Ho said the 1.5 percent to two percent commission the agents received was not big.

He said as the EPF itself had stated that it did not have the expertise to manage the scheme, the role should best be undertaken by insurance firms.

"The EPF has stated many times that it doesn't have the expertise or the formula to run it, so why are certain quarters trying to force the scheme down its throat?" he said.

Ho claimed that it would also be costly for the EPF to set up a special department to handle the scheme whereas the insurance companies could do the task more effectively.

The companies had adequate human resources to manage the scheme, be it on the fund management's side to handle the contributors' investment, or the insurance agents' side to deliver personalised service to the participants, he said.

Ho said it was unfair to "victimise" the insurance industry when other sectors were benefiting from various EPF schemes.

"Currently, contributors are allowed to withdraw their savings to buy houses, computers as well as investing in unit trusts.

"Why then shouldn't the contributors be allowed to participate in a retirement scheme that will benefit them when they need the money most, which is during their retirement?" he said.

Ho said a memorandum seeking the reinstatement of the annuity scheme would be forwarded to Prime Minister Datuk Seri Dr Mahathir Mohamad on Tuesday.

"We expect the scheme to be reinstated as soon as possible. If you look at the petition or the memorandum, it is clear now that the scheme is definitely good," he said.

He added that another memorandum would be submitted by the Annuity Insurance Agents Movement, requesting that insurance agents be continued to be allowed to handle the scheme.

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