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MTUC: Insurance firms have no legal right to levy service charge

KUALA LUMPUR, Sun. - The Malaysian Trades Union Congress today said the insurance companies managing the Employees' Provident Fund annuity scheme have no right to deduct any money from contributors who opt out.

MTUC president Senator Zainal Rampak claimed there was no legal authorisation for the seven to 7.5 per cent service charge deduction.

Citing an example, he said an insurance company would deduct RM4,000 from a contributor who has placed about RM60,000 in the scheme if he wanted to opt out.

This, he added, was equal to a year's contribution.

Zainal said the MTUC general council decided at its meeting today to take up the matter with the Human Resources Ministry.

"One year and two months have passed since the scheme was managed by the insurance companies. I am sure they would have invested the RM5 billion transferred from EPF to their companies in the money market or share market."

Zainal said he wanted to know what had happened to the profits reaped by the insurance companies from the contributors' money.

"Are they going to share the profits with the contributors including those who intend to opt out?"

He said the insurance agents marketing the scheme had informed many of the contributors that they would only be charged RM50 if they opted out and never mentioned the seven or 7.5 per cent service charge.

The insurance companies came under fire after Prime Minister Datuk Seri Dr Mahathir Mohamad's announcement that EPF will take over the management of the annuity scheme from them.

The eight insurance companies are Malaysian Assurance Alliance Bhd, MCIS Bhd, Hong Leong Assurance Bhd, Malaysia National Insurance Bhd, Mayban Life Assurance Bhd, John Hancock Life Assurance Bhd, Takaful Nasional and Syarikat Takaful.

Zainal said at the council meeting, they also discussed the Ministry's inefficiency in handling trade disputes on collective agreements and dismissal cases.

"No serious effort is made to settle the matter amicably as many cases are referred to the Industrial Court. I think the delay in settling these matters is becoming a real concern," he added.

Due to delays, Zainal said, many workers and unions decided to take what was offered by employers.

He added MTUC was also unhappy over the delay in union recognition.

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