

PRESS RELEASE

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SPEECH BY MR BERNARD CHEN, MINISTER OF STATE FOR DEFENCE AND
CHAIRMAN, BOARD OF DIRECTORS NTUC INCOME AT THE NTUC INCOME
TENTH ANNUAL GENERAL MEETING HELD AT THE NTUC TRADE UNION
HOUSE ON MONDAY, 30 JUNE 1980 AT 6.00 PM

This INCOME's Annual General Meeting marks the tenth year of INCOME's operations. In the past decade, INCOME has grown from its humble beginnings as a small insurance co-operative society to a full-fledged, mature corporation. In 1971, the first year of INCOME's operation, the co-operative was able to secure only 3,724 life policies. Ten years later, this number has grown to more than 59,200, reflecting a 16-fold increase. Correspondingly, the life fund has increased from a mere \$0.2 million in 1971 to \$47.1 million in 1979. Last year, INCOME issued 15,692 new life policies for sums assured totalling \$170.26 million. Several factors could have contributed to this substantial growth in business.

First, the increase in the reversionary bonus rates from \$32 to \$34 for \$1,000 sum assured introduced in 1978, together with the special bonus payable on death and maturity claim at 25 per cent of the accumulated bonus has continued to attract new policy holders. Second, as a result of the National Trade Union Congress' resolution, made in its Triennial Conference in May 1979, to urge delegates to nominate more union members to be come INCOME organisers, INCOME was able to increase the force of organisers to 1,024 last year, thus breaking the 1,000 mark for the first time since INCOME came into being. The increase of 366 was the highest recorded in INCOME's history. Third, to make it worthwhile for union members to join INCOME as organisers, new honorarium rates were introduced in July last year which were aimed at both attracting new organisers and retaining existing ones. Finally, the substantial NWC wage recommendations

announced last year would have induced more members of the public to subscribe to life insurance policies.

As we venture into the decade of the 1980s, it is appropriate that we address ourselves to the question - What is INCOME's prospect in terms of future business as well as the fulfilment of its primary objective of looking after the workers' welfare through providing insurance coverage at reasonable costs? With the assistance of the unions and their members, INCOME has laid a solid foundation for its sales force, all poised to face the challenge of securing more business under increasing difficult conditions. Their work has been rendered more satisfying and rewarding by the new rates of honorarium. They must, however, be provided with effective "instruments" to go about their business. In other words, they must be given marketable packages of sufficient attraction to the prospective policy holders. INCOME has therefore introduced several key ingredients to make those packages more attractive. The Board of Directors has decided to declare a reversionary bonus at the rate of \$38 per \$1,000 sums assured on with-profit policies as at 31 December 1979. In addition, the special bonus at the rate of 25 per cent of the vested bonuses on all policies becoming claims either by death or maturity claims before the next bonus declaration will continue to be in force. Our total bonus rates have increased from \$36 in 1973 to \$47.50 in 1979.

In keeping with providing more than satisfactory service to the policy holders, INCOME has taken several measures to improve its administration and lower the costs of providing service which will lead to accumulation of larger surpluses, thus making possible the declaration of higher rates of bonuses. The computer system is now fully operational looking after a wide spectrum of services to customers as well as handling all the administration and financial chores. To enable INCOME to have greater flexibility in certain areas of operations and hence be able to function more effectively and efficiently, amendments have been proposed to eight existing by-laws.

A third ingredient is the provision of housing loans to policy holders. To date, INCCME has issued housing loans totalling \$14.5 million. The Co-operative will continue to grant housing loans at attractive interest rates to its members. INCOME has also decided to award a number of scholarships to children of policy holders to enable them to further their education. These scholarships worth \$3,500 each will be awarded annually to outstanding students tenable at the National University of Singapore in the faculties of Accountancy, Business Administration, Art/Social Sciences, Science and Law. Successful scholars will be required to sign a bond to serve INCCME. In this way, INCOME will provide a service to needy students, guarantee their employment on graduation and employ them for the benefits of our policy holders.

A new era of concern to INCOME is the aged. Retirees account for an increasing percentage of the population every year. INCOME intends to launch a number of annuity plans in the near future. These schemes will provide the aged with an opportunity to invest part of their life time savings in an insurance plan which will guarantee them a steady income for the rest of their life time. The rate of return should be higher than those available from most other forms of investments.

INCCME is thus all set for further progress in the 1980s. It remains for the Society to fulfil in greater measure its objective of providing welfare for the workers. INCCME has an important role to play in inculcating in the workers a greater awareness of saving for future needs, especially in the midst of higher wage policies resulting from the economic restructuring now underway in Singapore. INCOME offers a wide range of insurance plans that can help our workers to save their money for unforeseen needs.

With the able support of our affiliated unions and their members, I am confident that INCOME can meet the challenges and make 1980 another successful year. May I thank them for their full support of INCOME in the past ten years.

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