

Media Release

Association for Savings and Investment South Africa (ASISA)

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ASISA members unite customers, beneficiaries and heirs with unclaimed assets worth R8.1 billion in 2018

Members of the Association for Savings and Investment South Africa (ASISA) united policyholders, beneficiaries, investors and heirs with unclaimed assets worth R8.1 billion in 2018. The forgotten assets were held in 71 233 risk policies, savings and investment policies, annuity policies and accounts in Collective Investment Scheme (CIS) portfolios.

Rosemary Lightbody, senior policy adviser at ASISA, says despite the efforts already made by member companies, it is estimated that unclaimed assets worth R17.1 billion held in 147 221 products still need to be reunited with their legal owners.

Lightbody explains that ASISA members will honour claims on unclaimed policy benefits and investment proceeds no matter how long it takes for the policyholder, beneficiary, investor or heir to come forward. This effectively means that ASISA members will not rely on the Prescription Act in cases where valid claims are made that would otherwise have prescribed.

ASISA this week released the first update on the tracing activities of its members since the enhanced version of the ASISA Standard on Unclaimed Assets came into effect on 1 January this year. The Standard was first introduced in 2013, but was only applicable to long-term insurance members. In 2016, the reach of the Standard was extended to include CIS management companies and Linked Investment Service Providers (LISPs). The Standard does not apply to retirement annuity policies and preservation fund products, which are dealt with in terms of the Pension Funds Act.

The Standard encourages the use of enhanced tracing procedures so as to keep unclaimed assets at a minimum level and guides members on how to treat unclaimed assets.

What are unclaimed assets and what happens to them?

Lightbody explains that it is not always obvious that a policyholder or investor has forgotten about their assets or that heirs and beneficiaries are unaware that they could have a valid claim.

“When customers reach an advanced age, for example, our members cannot make the assumption that they have died. They may be alive and well and wanting their policies and investments to remain in place, or they may have passed away and their beneficiaries and heirs were unaware that a policy or investment existed. It is for this reason that the Standard does not define unclaimed assets, but expects ASISA members to investigate the circumstances and establish what the position actually is.”

The Standard encourages member companies to remind customers of their entitlement to assets following appropriate trigger events such as a policy reaching its maturity date, a risk benefit claim having been approved, communication being marked as undelivered or a

customer reaching the age of 80. The Standard also encourages member companies to take appropriate action such as:

- Attempt to make telephonic and electronic contact with customers following a trigger event;
- Attempt to trace customers via internet and social media searches; and
- Engage external tracing agencies.

Lightbody points out that ASISA member companies are required to retain records that allow the tracing process to be audited and verified by the company's internal compliance and audit functions.

According to the Standard, once an ASISA member company concludes that all reasonable efforts to trace the customer, heirs or beneficiaries have been exhausted over a three year period, the assets may be utilised for socially responsible investments with commercial returns such as Enterprise Supplier Development Funds. However, valid claims in respect of those assets will still be met. For products where the investment risk is carried by the company, the company may invest unclaimed assets as it deems appropriate. Where the customer, heir or beneficiary would carry the investment risk, the company must aim for investment returns in line with reasonable expectations.

Customer responsibility

Lightbody reminds consumers that it is their responsibility to ensure that the relevant financial institutions have their updated contact details and beneficiary nomination forms on record. "This will ensure that assets are paid to the rightful owners when they become due," she concludes.

The ASISA Standard on Unclaimed Assets is available on the [ASISA website](#).

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Association for Savings and Investment South Africa (ASISA)

ASISA represents the majority of South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life insurance companies.