



ASISA GUIDELINE ON UNCLAIMED ASSETS

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1. Introduction

- 1.1. ASISA members are committed to delivering fair outcomes for customers, including in respect of unclaimed assets.
- 1.2. This ASISA Guideline on Unclaimed Assets ("**Guideline**") has been established in the interest of promoting the reunification of unclaimed assets with their rightful owners and sets out recommended principles and practice guidelines that encourage timeous, proactive steps to:
 - 1.2.1. enhance tracing procedures and other processes to ensure that customers are aware of and can be linked to their assets, to keep unclaimed assets at a minimum level as far as possible;
 - 1.2.2. enhance disclosure to customers in respect of the treatment of unclaimed assets;
 - 1.2.3. provide clarity on the principles applied in determining the assumed investment return on unclaimed assets;
 - 1.2.4. achieve consistent treatment, as far as practically possible, of unclaimed assets by ASISA members regardless of product categories.
- 1.3. This Guideline is being shared with ASISA members and the public for their consideration and voluntary implementation. It is non-binding on ASISA members who should take their own independent views and decisions on how they will proceed to act on this Guideline.

2. Scope of the Guideline

This Guideline is aimed at ASISA members who are long-term insurers, collective investment scheme management companies and linked investment service providers in respect of risk policies, savings and investment policies, annuity policies, units in collective investment scheme portfolios and any other products issued to retail customers, except for retirement annuity fund and preservation fund products in respect of which unclaimed benefits are dealt with in terms of the Pension Funds Act 24 of 1956.

3. Principles

It is recommended that the following principles are applied in respect of unclaimed assets:

- 3.1 A customer's right to an unclaimed asset remains until the claim is paid or the asset returned, regardless of the timeframe.
- 3.2 Unclaimed assets should not become the property of the product provider or its shareholders.
- 3.3 Importantly, this Guideline does not create a definition of when an asset is 'unclaimed' but seeks to indicate when ASISA members should consider that it is possible that assets may become unclaimed, and what proactive steps should be taken to address this possibility.

4. Defining Unclaimed Assets

- 4.1 Defining unclaimed assets is not simple. It is not always clear that assets have become forgotten or that potential beneficiaries or other people who are entitled to claim the assets are not aware of their existence or have passed away. This Guideline accordingly does not create a definition of when an asset is 'unclaimed'.
- 4.2 It is, however, recognised that there is a need for some consistency in identifying potential unclaimed assets. This Guideline seeks to provide guidance as to when ASISA members may consider that an asset may potentially become unclaimed, and what proactive steps may be taken in order to address this possibility.
- 4.3 It is recommended that ASISA members identify certain events that may indicate that assets may potentially become unclaimed ("**Trigger Events**"). Trigger Events require a proactive response from ASISA members to ascertain whether these assets are in fact 'unclaimed'.
- 4.4 The following is a non-exhaustive list of examples of Trigger Events:
 - 4.4.1. maturity for fixed term policy contracts;
 - 4.4.2. cessation of regular contributions/recurring-premium payments in respect of an open-ended contract;

- 4.4.3. named beneficiaries cannot be located where a risk benefit claim has been admitted or in respect of another policy contract;
 - 4.4.4. annuity payment / income distribution payment / redemption or maturity payment is returned;
 - 4.4.5. post is returned;
 - 4.4.6. electronic communications are undelivered;
 - 4.4.7. the customer reaches the age of 80.
- 4.5 Each ASISA member should explicitly determine and document the Trigger Events that are appropriate to its business and products.

5. Action after Trigger Event

It is recommended as follows:

- 5.1 When a Trigger Event occurs, appropriate action be taken to establish contact with and inform the rightful owner of the existence of the unclaimed asset and to reunite such owner with the asset.
- 5.2 At least the following actions be considered, and appropriate action be taken within a reasonable period depending on the type of asset and the circumstances. Again, this is to ascertain whether these assets are in fact 'unclaimed':
 - 5.2.1. Attempt to contact the customer telephonically and electronically to advise them of their available asset.
 - 5.2.2. If unsuccessful in contact, determine last known contact information and address of the customer with reference to the ASISA member's internal databases, as well as available external databases, including internet search engines and social media.
 - 5.2.3. If the customer cannot be contacted then further measures could be applied, such as using external tracing agents, to trace the customer.

6. Logging of the assets as unclaimed

It is recommended that if the above actions and/or other reasonable steps have yielded no success after a reasonable period, but no longer than three years, the assets be identified as 'unclaimed'.

7. Actions when the asset has been identified as unclaimed

It is recommended that:

- 7.1 Once an asset has been identified as unclaimed, and in the case of life policies the assets have been released from the reserve backing an unclaimed benefit, the unclaimed assets:
 - 7.1.1. should not be paid to shareholders or treated as income; but
 - 7.1.2. should be utilized for socially responsible activities, in line with the guidelines below.
- 7.2 The assets may be invested in an appropriate vehicle within the context of South Africa's social development needs, such as:
 - 7.2.1 industry initiatives;
 - 7.2.2 Enterprise Supplier Development Funds (high social impact with commercial return).
- 7.3 This paragraph will not be applicable in the cases of risk policies such as, for example, annuity policies, where the payment of the benefit ceases on the death of the policyholder/beneficiary (so that on death no asset exists), and the policyholder/beneficiary is deemed to have died.

8. Investment of and returns on unclaimed assets

- 8.1 It is recommended that the investment of the assets takes into account:
 - 8.1.1 the Trigger Event (date);
 - 8.1.2 the context of the contractual arrangement;
 - 8.1.3 the reasonable benefit expectation of the customer; and
 - 8.1.4 the investment risk.
- 8.2 It is recommended that ASISA members consider the specific type of asset and circumstances in question and have regard to the guidelines below:
 - 8.2.1. Long-term insurance risk policies:
 - 8.2.1.1. In the case of unclaimed risk benefit claims, where the policy contract or marketing material does not make any specific reference to the investment of the claim amount, the risk pool may be invested as the ASISA member deems appropriate, given that the ASISA member is carrying the risk. This is provided

that any investment does not put the ability of the ASISA member to pay benefits or the financial soundness of the ASISA member at risk.

8.2.1.2. Where the contract does make specific reference to any interest/return payable on the claim amount the interest/return should be reasonable and in accordance with what reasonable customer expectations the ASISA member has or may have created (and should be greater than zero).

8.2.1.3. Where the contract or marketing or other material does not make any specific reference to any interest/return payable on the claim amount, the claim amount should attract interest/return from the date that all requirements to confirm the validity and acceptance of the claim have been received and the claim has been admitted as valid. The rate payable should be reasonable and in relation to administration charge(s) together with market related interest rates.

8.2.2. Savings and Investment business:

8.2.2.1. Where the contract or marketing material does not make any specific reference to the investment of the assets:

8.2.2.1.1. emphasis should be on meeting reasonable customers' benefit expectations across a range of market conditions – not one specific market condition (e.g. not only bear/bull market);

8.2.2.1.2. the ASISA member should consider what reasonable customer expectations it has or may have created.

8.2.2.2. Where the customer is carrying the investment risk the assets should be invested taking cognizance of a reasonable customer's expectations, including, where appropriate and possible, their risk tolerance in the context of previous risk profile analyses.

8.2.2.3. Where the ASISA member is carrying the investment risk:

8.2.2.3.1. the ASISA member may invest the assets as it deems appropriate, provided that it does not put the ASISA member's ability to meet its commitments at risk;

- 8.2.2.3.2. the return that is provided to the customer should take cognizance of a customer's reasonable expectations;
- 8.2.2.3.3. where applicable, the return that is provided to the customer should be in line with the ASISA member's published Principles and Practices of Financial Management;
- 8.2.2.3.4. the ASISA member may invest the assets in any appropriate vehicle.

9. Disclosures to customers

ASISA members should make appropriate and relevant disclosures to customers. It is recommended as follows:

9.1 New Business stage

- 9.1.1. Policy documents and any other new business contract documentation include appropriate information on unpaid or unclaimed benefits.
- 9.1.2. It is made clear that the customer is and will remain responsible for ensuring that their contact information is kept up to date.
- 9.1.3. ASISA members disclose that actions will be taken to trace customers in the event of assets becoming potentially unclaimed.
- 9.1.4. ASISA members disclose that there could be direct administrative, tracing and management costs associated with (potentially) unclaimed assets and that these may change over time.
- 9.1.5. ASISA members expressly indicate as a condition of investment, that they may recover any reasonable direct administrative, tracing and management costs from the customer by a deduction from the value of the investment on an ongoing basis or once the customer has been located, should this be the intention.
- 9.1.6. The customer is informed that the customer's personal information may be used to facilitate tracing where required.

- 9.1.7. Consideration be given to requesting “next of kin” information to assist with location of the customer should the need arise.
- 9.1.8. Risk policies make specific reference to the interest/enhancements payable on the claim amount.
- 9.1.9. Investment contracts make specific reference to:
 - 9.1.9.1. the investment of the claim amount/assets (where the customer is carrying the investment risk); and
 - 9.1.9.2. the interest/enhancements payable on the claim amount.

9.2. On-going – existing customers

- 9.2.1. Annual communication to customers, as well as maturity letters and any other ongoing communication with customers, where appropriate, includes information on unclaimed assets.
- 9.2.2. The disclosure highlights any contractual obligations on the part of the ASISA member and the customer respectively in respect of unclaimed assets. Any relevant contractual issues (e.g. non-extendable maturity date) be highlighted, and consequences of these contractual issues explained.
- 9.2.3. The disclosure makes it clear that the customer is and remains responsible for ensuring that their contact information is kept up to date.
- 9.2.4. If it has not already been done, the customer is informed that the ASISA member may use the customer's personal information to facilitate tracing where required.
- 9.2.5. Disclosures include a reference to investments and costs applicable to benefits or assets that become unclaimed.

10. **Charges to customers for costs of tracing**

It is recommended that, unless the customer has specifically agreed, no costs of tracing be deducted from policies or other assets except where, in the case of policies, the policy document made it clear that such deduction would be made, and in the case of other assets, the customer contract permitted the ASISA member to deduct the cost of the tracing from the value of the customer's assets.

11. Record-keeping

It is recommended that ASISA members retain records that allow the tracing process to be audited and/or verified by an assurance function (independent from the business function) of the ASISA member (e.g. compliance/audit function) to verify the reliability and accuracy of the records.

12. Reporting on Unclaimed Assets

Data reporting and statistics relating to unclaimed assets are to be dealt with in terms of the ASISA Policy on Statistics which is incorporated in, and forms part of, this Guideline.

13. Consumer education

- 13.1. ASISA members are encouraged to participate in a general public education drive to inform the public about unclaimed assets and what it means to them.
- 13.2. It is recommended that the focus in education campaigns should be on alerting customers to the possibility of having assets due to them and how to go about trying to find out if there are any benefits due.
- 13.3. It is also recommended that there should be a process/mechanism for customers to be able to update their personal contact information with ASISA members in response to such campaigns.
- 13.4. ASISA members are further encouraged to have appropriate communication on their individual websites highlighting to customers the importance of keeping their details up to date and the problems that can arise if this is not done, as well as the processes available within their organisation to find and claim unclaimed assets.

RESPONSIBLE SPA AND COMMITTEES

Responsible Senior Policy Advisor	ASISA Point Person responsible for dealing with matters related to unclaimed assets
Responsible Board Committee	Regulatory Affairs Board Committee
Responsible Standing Committee	None

DOCUMENT HISTORY

Date	Publication / Amendments
1 June 2013	Effective date for insurers. Complete review and transformation to ASISA Standard. Approved by the ASISA Regulatory Affairs Board Committee on 13 November 2012 and ratified by the ASISA Board on 7 December 2012.
1 January 2016	Effective date for members other than insurers. Approved by the ASISA Regulatory Affairs Board Committee on 6 November 2014 and ratified by the ASISA Board on 29 May 2015.
1 January 2019	Complete review and enhancements approved by ASISA Regulatory Affairs Board Committee on 23 October 2018 and ratified by the ASISA Board on 30 November 2018.
31 July 2023	Amended paragraph 13 – Reporting on Unclaimed Assets – to refer to the ASISA Policy on Statistics.
17 July 2024	Review as per the ASISA Competition Policy on Standard Setting (adopted by the ASISA Board) and changed to the ASISA Guideline on Unclaimed Assets, because the Standard substantively contained guidance. Approved by the ASISA Regulatory Affairs Board Committee on 17 July 2024.