Media Release
Association for Savings and Investment South Africa (ASISA)
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Intensified tracing efforts place unclaimed assets of R22.7 billion in the hands of customers, beneficiaries and heirs

Members of the Association for Savings and Investment South Africa (ASISA) united policyholders, beneficiaries, investors and heirs with unclaimed assets worth R22.7 billion in 2021. The assets were held in 77 790 risk policies, savings and investment policies, annuity polices and accounts in Collective Investment Scheme (CIS) portfolios.

Rosemary Lightbody, senior policy advisor at ASISA, says while not all tracing efforts would have resulted in a cash payout, it is likely that a large portion of the R22.7 billion would have been paid to the legal owners of the assets in 2021. These payouts were in addition to last year's highest ever claims and benefit payments of R608 billion made by South African life insurers. This means that the savings and investment industry injected approximately R630 billion into the South African economy last year. The significance is evident when seen in the context of the Government's R364.4 billion Social Development budget for 2022.

Lightbody says ASISA members started 2021 with having to trace the legal owners of R32.3 billion in unclaimed assets. Tracing efforts reduced this amount by R22.7 billion to R9.6 billion, but unfortunately ASISA member companies had to classify another R23.8 billion of assets across 60 837 policies and investment accounts as unclaimed during 2021. As a result, unclaimed assets held on behalf of policyholders, beneficiaries, investors and heirs amounted to R33.5 billion at the end of December 2021.

	Number of products	**Rand value**
Unclaimed assets as at 31 December 2020	319 072	R32.3 billion
Unclaimed assets united with legal owners during 2021	77 790	R22.7 billion
Assets identified as unclaimed during 2021	60 837	R23.8 billion
Unclaimed assets as at 31 December 2021	302 119	R33.5 billion

Assets will never prescribe

Good news for the legal owners of unclaimed assets is that ASISA members are committed to honouring valid claims on unclaimed policy benefits and investment proceeds no matter how long it takes to trace the policyholders, beneficiaries, investors or heirs.

According to Lightbody, ASISA member companies agreed to waive their rights in terms of the Prescription Act, which would normally allow them to cancel an individual's right to claim an unpaid amount after three years. This commitment is outlined in the

ASISA Standard on Unclaimed Assets, which guides member companies on how to treat unclaimed assets and also encourages the use of enhanced tracing procedures so as to keep unclaimed assets at a minimum.

She points out that the first principle of the ASISA Standard on Unclaimed Assets states the following:

- A customer's right to an unclaimed asset remains until the claim is paid or the asset returned, regardless of the timeframe.
- Unclaimed assets should not become the property of the product provider or its shareholders.

The Standard does not apply to retirement annuity policies and preservation fund products, which are dealt with in terms of the Pension Funds Act.

What are unclaimed assets and what happens to them?

The ASISA Standard on Unclaimed Assets encourages member companies to remind customers of their entitlement to assets following 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.

Lightbody explains that it is not always obvious that policyholders or investors have forgotten about their assets or that heirs and beneficiaries are unaware that they could have a valid claim. For this reason the Standard does not define unclaimed assets, but expects ASISA members to investigate the circumstances and establish what the position actually is.

"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."

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.

The problem with digital record keeping

Lightbody says that in a world where policy documents and investment contracts are sent via email and usually stored electronically, it is often extremely difficult for beneficiaries and heirs to find policies and investments when someone dies.

"Without access to someone's computer or laptop it is almost impossible to piece together their financial affairs. I would therefore like to encourage all consumers to ensure that a register of policy details, investment accounts as well as bank accounts is shared with someone trustworthy, whether a relative, close friend, financial adviser or estate planner. This register should be placed in safekeeping together with an up-to-date copy of your will."

She also 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 adds.

The ASISA Standard on Unclaimed Assets is available on the ASISA website.

Ends

Note to editors: The ASISA Standard on Unclaimed Assets 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 last set of statistics for unclaimed assets was released in 2019, detailing the 2018 numbers. In 2019 the reporting guidelines were revised when it became evident that different product providers were applying varying criteria. Standardising reporting across product providers has resulted in a significant increase in numbers and comparing statistics against 2018 data therefore does not render meaningful insights.

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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.