



CONSUMER PROTECTION DEPARTMENT
DIVISION OF SALES PRODUCTS AND PRACTICES

<i>Ref. to note</i>		<i>del</i>	To insurance companies with head office in Italy that provide life insurance, TO THEIR PREMISES	
<i>n</i>				
<i>o.</i>				
<i>Classification</i>	III	2	1	To the Italian Branches of insurance companies with head office in a EEA State that provide life insurance in Italy TO THEIR PREMISES
<i>Attachments: 1</i>				
<i>Re</i>	"Dormant" life policies. Request for an action plan			

The IVASS investigation on "dormant" life policies¹ revealed a widespread phenomenon of potentially dormant policies and sums, for which the companies lack the necessary elements or suitable procedures for finding out whether or not the insured's death has taken place, and therefore for being able to track down the beneficiaries.

Moreover, the investigation showed that once the death of an insured has been verified, the company may be hindered in identifying and seeking the beneficiaries in the cases in which, when the policy is taken out, the policyholder's designation of the beneficiaries has been done in generic form (e.g. legitimate heirs or testamentary heirs ...) and not by name, and if the company has not collected all the information necessary to contact them.

During the investigation, some companies adopted initiatives aimed at verifying the deaths and seeking the beneficiaries of the policies under investigation; these initiatives contributed towards reducing the number of dormant policies. Others planned the adoption of structural solutions to mitigate the phenomenon of dormant policies, based mostly on intensifying the flows of information with the distribution network and with the customers themselves.

¹ The Report with the results of the investigation is available at: https://www.ivass.it/consumatori/azioni-tutela/indagini-tematiche/documenti/2017/Report_investigation_dormant_life.pdf?language_id=3

The following are some lines of action that might be of use for improving the processes of verifying the deaths of the insured, and of identifying the beneficiaries.

Verification of deaths

- a) cross analyses of databases within the company or its group (for example, by portfolios of other lines of business, complaints, etc.), with which to verify the existence of movements carried out by the insured on other contractual positions;
- b) cross analyses between the company's and the intermediaries' databases, to ascertain any deaths and movements on other products, including non-insurance products;
- c) survey of changes to personal or contractual data, carried out by the insured even after the contract's expiry, on other policies in the portfolio;
- d) periodic and structured exchanges of flows of information with intermediaries on deaths (for example, notice of a customer's death by the intermediary to the company; periodic summary lists of customers deceased in a given period);
- e) periodic distribution to intermediaries of lists of expiring or expired policies, of whole life policies with advanced age of the insured, and of life policies with unpaid premium instalments, with the intermediaries being asked to carry out ad hoc verifications and to report;
- f) structured exchanges of flows with intermediaries to acquire any changes in the personal data of the policyholder and of the insured;
- g) periodic monitoring of personal data related to contracts in the portfolio, through contacts with policyholders and/or intermediaries;
- h) periodic communications – and not only when the contract is expiring – to the policyholder, also for term life policies, in such a way as to allow family members to be made aware of a policy's existence;
- i) interventions on information systems, to maintain evidence of the implemented verification activities (such as for example those on the insured's being alive at the expiry of the policy, or when the payment of premiums is suspended);
- j) consultation with the civil registry office in the municipality of residence, to update the policyholder's address in the event of non-receipt of correspondence, or to recover the insured's death certificate;

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- k) activation, with the postal provider, of a service for the digital verification, for both the company and the intermediary, of the correspondence addressed to the customers and returned, with the indication of the cause.

Identification of beneficiaries

Given that specific, non-generic identification of beneficiaries, and the recording by the companies of all the information necessary to contact them, can help limit the phenomenon of dormant policies and facilitate the payment of the benefits to beneficiaries, the companies to which this letter is addressed are asked to change their forms and underwriting procedures in order:

- a) to encourage, when concluding new contracts, the designation of the beneficiary(ies) by name (except where the policyholder expressly wishes otherwise), with the indication of the corresponding personal data and contact information;
- b) when concluding new contracts, and in case the policyholder has specific confidentiality needs, to encourage the policyholder to indicate a third-party contact person (other than the beneficiary) the company can contact in the event of death.

The administrative bodies of the above companies are asked to adopt, by no later than 1 April 2018, an action plan that, based also on the lines indicated above, can indicate the initiatives to be adopted to periodically verify the deaths of the insured and track down beneficiaries. The plan shall also indicate the timing for implementation, which is at any rate to be completed by no later than 30 September 2018. The plan shall be transmitted to IVASS no later than 30 April 2018.

By the same date of 1 April 2018, companies are required to make a contact point available on the website, in order to handle the information requests from possible beneficiaries as to the existence of life policies payable to them.

Lastly, companies are also required, through cross-analyses and ad hoc verifications, to settle the potentially dormant policies as emerged from the investigation. For this purpose, please fill in and send the attached file to dormienti2017@ivass.it, by no later

than 31 May 2018, along with the name and contact information (telephone and e-mail) of a reference person.

Best regards,

On behalf of the Joint Directorate
The President

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