



PRESS RELEASE

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SECP ensures payment of unclaimed insurance benefits

ISLAMABAD: May 19: The Securities and Exchange Commission of Pakistan (SECP) has issued a circular outlining detailed procedure to be followed by insurers to ensure timely payment of unclaimed insurance benefits. The SECP has observed that significant amounts are lying with the insurers on account of unclaimed benefits. The large chunk relates to unclaimed life insurance maturity benefits.

The circular requires the insurers to disclose the unclaimed benefits in their financial statements separately. It also requires that as a matter of accounting policy no insurer can write back, i.e. remove its liabilities on account of unclaimed benefits. A format for the regulatory reporting has also been introduced to ensure that the insurers hand down benefits in a timely manner.

In addition, the SECP has required the insurers to carry out a search process for the unclaimed maturity benefits due under a life insurance policy. For this purpose, an insurer may establish and subsequently use a procedure to utilize the NADRA's database to get up-to-date information about the policyholders and their beneficiaries. Similar requirements have been placed in respect of unclaimed death and other benefits.

In order to enhance awareness of policyholders and their beneficiaries, the circular requires the insurers to place on their websites an updated list of all policyholders' names, who have not claimed their benefits. Furthermore, all the insurers shall place on their websites the names of officers who would provide information pertaining to the existence/status of an insurance policy to the insured or his/her legal heirs. The circular also requires the insurers to place periodic advertisements in two national newspapers about these benefits.

The SECP believes that if insurers follow the requirements of the new circular it will help meet the ultimate objective of an insurance policy, i.e. payment of claims when they become due. This will also improve the image of the industry.