



## DCMS Consultation – Data: a new direction

### IFoA Response

The Institute and Faculty of Actuaries (IFoA) is a royal chartered, not-for-profit, professional body. We represent and regulate over 32,000 actuaries worldwide, and oversee their education at all stages of qualification and development throughout their careers.

1. The Institute and Faculty of Actuaries (IFoA) welcomes the opportunity to respond to the Department of Digital, Culture, Media and Sport (DCMS)'s consultation paper Data: a new direction.
2. Rather than respond to the consultation paper in its entirety, we have focussed our response on one specific question on government/ DCMS's role on enabling the activity of responsible data intermediaries. In particular, our Management of Closed With-Profits Funds Working Party has considered government's role here in the context of closed with-profits funds.
3. It may be useful to provide some background on such funds. Consumers invested in with-profits funds can hope to share in the business profits that emerge within the fund through distributions of surplus. These with-profits investments are explicitly excluded from the government's Dormant Assets Scheme, with the expectation that firms managing the fund seek to distribute assets amongst surviving policyholders. This makes the challenge of tracing policyholders pertinent to the timely identification and distribution of these dormant assets amongst other policyholders in the fund. Improving firms' ability to trace policyholders, or otherwise conclude that future tracing is unlikely, will help accelerate the distribution of these assets between living policyholders or their beneficiaries.
4. Many with-profits funds have closed to new business, these closed funds represent an estimated £200bn of consumer investments. A similar amount is also held in funds which are still open to new business but they face similar, albeit less urgent, challenges in tracing policyholders. Many closed with-profits funds expect to run off quickly over the coming years, which makes timely intervention necessary to prevent poor consumer outcomes.
5. Our Management of Closed With-Profits Funds Working Party carried out a survey of With-Profits Actuaries during August 2021, which we refer to in our response below.
6. One final general point is that, as for any IFoA response, we have considered this DCMS consultation from an independent, public interest perspective.

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<b>Beijing</b>	14F China World Office 1 · 1 Jianwai Avenue · Beijing · China 100004 · <b>Tel:</b> +86 (10) 6535 0248
<b>Edinburgh</b>	Level 2 · Exchange Crescent · 7 Conference Square · Edinburgh · EH3 8RA · <b>Tel:</b> +44 (0) 131 240 1300
<b>Hong Kong</b>	1803 Tower One · Lippo Centre · 89 Queensway · Hong Kong · <b>Tel:</b> +852 2147 9418
<b>London (registered office)</b>	7th Floor · Holborn Gate · 326-330 High Holborn · London · WC1V 7PP · <b>Tel:</b> +44 (0) 20 7632 2100
<b>Oxford</b>	1st Floor · Park Central · 40/41 ParkEnd Street · Oxford · OX1 1JD · <b>Tel:</b> +44 (0) 1865 268 200
<b>Singapore</b>	163 Tras Street · #07-05 Lian Huat Building · Singapore 079024 · <b>Tel:</b> +65 6906 0889

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**Q1.7.1 Do you think the government should have a role enabling the activity of responsible data intermediaries? Please explain your answer, with reference to the barriers and risks associated with the activities of different types of data intermediaries, and where there might be a case to provide cross-cutting support. Consider referring to the styles of government intervention identified by Policy Lab - e.g. the government's role as collaborator, steward, customer, provider, funder, regulator and legislator - to frame your answer.**

7. If the DCMS were to take the following actions:

- create a central source of information and raise awareness with the public that insurance firms are trying to reunite customers with their money;
- allow financial institutions to work together and to access central information for the purposes of reuniting customers with their money;

8. The corresponding benefits would then be:

- financial institutions could trace more successfully the owners of dormant assets, where the customer or their beneficiary is owed money but where they have moved and their current address is unknown. This is particularly relevant for life insurance with-profits funds which are not covered by the Dormant Assets Scheme. The results of our survey indicate that dormant assets are a material and growing concern for with-profits funds that are no longer selling new business, and which need to distribute the fund to its existing customers equitably and fairly;
- when tracing efforts are successful and a current address is found, the insurer could more easily engage with the customer to reunite them with their money. Our survey indicates that customers tend either not to recognise the brand following takeovers/ mergers, have suspicions of being scammed, or ignore 'out of the blue' letters;
- when the customer is paying premiums via auto transfer from bank accounts, banks could disclose information regarding the source of the payments. Currently banks do not do this due to GDPR regulation, even though this may be beneficial to the account holder.

Should you want to discuss any of the points raised please contact me, Technical Policy Manager (steven.graham@actuaries.org.uk) in the first instance.

Yours Sincerely,



Steven Graham  
On behalf of Institute and Faculty of Actuaries