

Luxembourg to create new regime for dormant bank accounts and unclaimed insurance contracts



Michael Schweiger

Partner

michael.schweiger@loyensloeff.com

Banks and insurance companies have a growing number of accounts, safes, and insurance contracts which have been inactive for several years and which incur costs. The Luxembourg Parliament is discussing the creation of a new regime to solve the challenging issues related to dormant bank accounts, safes and unclaimed insurance contracts.

It is usually not possible for institutions to terminate inactive accounts or contracts because they are no longer able to communicate with clients in order to terminate agreements and return assets. This loss of contact usually results from a variety of situations, including customers who have changed address or are deceased.

The Luxembourg Parliament is currently debating a draft bill to solve the challenging issues caused by dormant bank accounts, dormant bank safes, and unclaimed insurance contracts. The main innovation is that after a certain period of inactivity, banks and insurance companies would be able to transfer the assets in dormant accounts, dormant safes, and unclaimed insurance contracts to the Caisse des Dépôts et des Consignations.

Banks and insurance companies based in Luxembourg can benefit

The new law will be applicable to:

1. banks authorised in Luxembourg;
2. Luxembourg branches of credit institutions authorised in another Member State of the European Union;
3. insurance undertakings authorised in Luxembourg; and
4. Luxembourg branches of insurance undertakings authorised in another Member State of the European Union.

According to the current draft, the law will not apply to insurance undertakings and credit institutions which are based in another Member State and are operating in Luxembourg.

To do list

Although the law has not been adopted yet, it has already been released by the Luxembourg Parliament and reviewed by the Conseil d'Etat. Banks and insurance companies may wish to:

- identify and monitor accounts, safes, and insurance contracts where there is a risk that they become dormant or unclaimed;
- attempt to contact customers whose accounts, safes, or insurance contracts are inactive on a regular basis;
- develop procedures for opening safes with bailiffs or notaries; and
- communicate on an annual basis to the CSSF, the CAA, and the tax administration the number of dormant accounts, dormant safes, and unclaimed insurance contracts.