

ICI VIEWPOINTS

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How Mutual Funds Service and Protect Shareholders Affected by Disaster

By Joanne Kane

Mutual fund shareholders were among the millions of people affected by the numerous natural disasters that affected the United States during 2017. The recent volcanic event in Hawaii is another reminder that disasters—natural or manmade—can strike anytime, anywhere.

As both the summer tornado season and hurricane season get underway, the destruction in Hawaii serve as a reminder that US residents should be prepared for the unexpected—just as mutual funds are prepared to help and protect shareholders affected by disaster.

Helping Shareholders After a Disaster

Shareholders who are affected by a natural disaster and who contact their fund complex following the event may need expedited resolutions to their requests. Many mutual funds have processes and procedures in place to address such circumstances as shareholders no longer having a permanent address or being temporarily displaced, needing expedited transaction processing to pay for housing or other expenses, or dealing with suspended or discontinued mail services to their area.

Disasters can pose another risk, too: they create opportunities for scam artists and other criminals looking to take advantage of those in a vulnerable state. Unscrupulous contractors and phone scams abound, but identity theft is far and away the most common crime.

Mutual funds and their transfer agents understand that it is critical to be highly attuned to potential red flags and fraud attempts. Transfer agents have robust programs in place to help their call center representatives identify potential red flags and suspicious activity. Transfer agents also monitor current fraud trends and track fraud alerts from multiple sources, including the FBI and Department of Justice. Additionally, fund complexes have a series of other controls in place to help identify and prevent fraud.

What Can Shareholders Do to Prepare?

Because shareholder education is one important defense against fraud, many mutual funds provide shareholders with information on how to protect their personal information and accounts. Similarly, shareholders can be proactive—taking steps on their own before disaster hits, to limit potential instances of fraud while gaining easier access to their accounts in real time.

Some of the ways shareholders can protect themselves include:

- establishing online access with their financial institutions, so that they do not need to rely on paper;
- registering for electronic delivery of fund documents, so they can receive them at any time, regardless of circumstances;
- linking bank and fund accounts, to allow for quick and convenient access to money; and
- providing their financial institution with alternative contact information, such as an email address or mobile phone number.

Working together, mutual funds and shareholders can prevent potential fraudsters from making an already horrible situation far worse.

Resources Are Available

Shareholders can find more guidance about protecting themselves at the [Department of Homeland Security's financial preparedness campaign site](#).

ICI members interested in more information on fund or transfer agent considerations for servicing and protecting shareholders affected by a disaster can find more information in ICI's recent members-only white paper, [Servicing and Protecting Shareholders Affected by Disaster](#).

Joanne Kane was ICI's Chief Industry Operations Officer; former Senior Director of Operations and Transfer Agency.

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