IndiaFirst Life Insurance Company Limited
Anti-Fraud Policy

Contents

1. Introduction

In IndiaFirst Life Insurance Company Limited (hereinafter referred to as the "**Company**") 'Be Honest' is our core value. The Company focus on our principles and are committed to maintaining the highest standards of ethics and do not tolerate any form of fraud or dishonesty. All individuals regardless of position, title, or tenure are expected to remain vigilant and are responsible for preventing, detecting fraud and also report any suspicious fraudulent activity.

The Anti-Fraud Policy (policy) comes into existence pursuant to the applicable IRDAI circular and guidelines. The policy has been approved by the board of directors as required by the guidelines.

2. Objectives

This Anti-Fraud Policy is designed to establish a structured framework for the prevention and detection of Insurance Fraud, timely reporting of suspected Insurance Fraud, and fair, transparent and consistent handling of all instances related to Fraud within the Company with zero tolerance towards the fraud.

The objective of this policy is to establish a consistent and responsible attitude to mitigate fraud within the company with the aim of:

- Minimising the potential and actual incidence of fraud
- Detecting incidents of fraud
- Minimising the risk of subsequent losses
- Improving the chance and scale of recoveries
- Reducing adverse commercial effects
- Making a clear statement to vendors, customers and others that the company will not tolerate fraud
- Enhancing the climate of honesty which the company seeks to maintain
- Reducing the opportunities for fraud in co-operation with other organisations

3. Scope

This policy identifies the measures that the Company shall implement to prevent, deter and detect and report fraud in the context of three fundamental elements:

- Create and maintain a culture of honesty and high ethics, including via the understanding and awareness of risks and controls.
- Identify and assess the risks of fraud and implement the processes, procedures and controls needed to mitigate the risks and reduce the opportunities for fraud; and
- Develop an appropriate oversight process.

Specifically, this policy aims at:

1. Ensuring that management is aware of its responsibilities for the prevention and detection of fraud and for establishing procedures to prevent fraud and/or detect fraud on its occurrence.
2. Providing a clear guidance to employees and others dealing with the Company, forbidding them from involvement in any fraudulent activity and the action to be taken by them when they suspect any fraudulent activity.

3. Providing a mechanism for employees and officers of the Company to report any incident of fraud or alleged incident of fraud and protect the employees and officers of the Company who make a disclosure against their managers and/or fellow employees in certain defined circumstances from harassment and/or dismissal.
4. Providing a clear guidance on how investigations into fraudulent activities will be conducted.
5. Providing assurance that any and all suspected fraudulent activities will be fully investigated and dealt with.
6. Providing assurance to one and all that any and all suspected fraudulent activities will not be allowed or tolerated; and
7. Ensuring preventive measures and internal control procedure enhancement, subsequent to any fraud being identified, are strengthened in a speedy manner.

This policy applies to all employees and officers of the Company including contractual staff and directors in the employment of the Company, as well as shareholders, agents and other insurance intermediaries, service providers, consultants, vendors, contractors and subcontractors, prospective and existing customers and/or other parties with a business relationship with the Company. Any required investigative activity will be conducted without regard to the suspected wrongdoer's length of service, position/title or relationship to the Company.

4. Definitions

- "**Insurance Fraud**" or "**Fraud**" shall mean an act or omission intended to gain advantage through dishonest or unlawful means, for a party committing the fraud or for other related parties; including but not limited to:
  a) Misappropriating funds;
  b) Deliberately misrepresenting/concealing/not disclosing one or more material facts relevant to any decision/transaction, financial or otherwise;
  c) Abusing responsibility, position of trust or a fiduciary relationship.
- "**Red Flag Indicator**" or "**RFI**" shall mean a possible warning sign, that points to a potential Fraud and may require further investigation or analysis of a fact, event, statement, or claim, either alone or with other indicators.
- "**Cyber Fraud**" or "**New Age Fraud**" shall mean any Insurance Fraud carried out using digital or new age technologies.
- "**Distribution Channels**" shall mean and include insurance agents, intermediaries or insurance intermediaries, and any persons or entities authorised by IRDAI to involve in sale and service of insurance policies.

  Any other term(s) or expression(s) used in this policy, but not specifically defined herein, shall have the meaning ascribed to them under the applicable laws, regulations, master circulars, circulars, orders and guidelines issued by IRDAI or any other competent authority, as amended from time to time.

Classification of Insurance Frauds

i) Internal Fraud: Fraud involving internal staff, including employees and / or senior management (by whatever name called);
ii) Distribution Channel Fraud: Fraud involving Distribution Channels;
iii) Policyholder Fraud and/or Claims Fraud: Fraud involving any person(s), in obtaining coverage or payment during the purchase, servicing, or claim of an insurance policy;

iv) External Fraud: Fraud involving external parties' / service providers / vendors, etc.;

v) Affinity Fraud or Complex Fraud: Fraud involving collusion among one or more Fraud perpetrators in the above categories.

5. Fraud Risk Assessment - Evaluating the Risks of Fraud and Implementing Anti-fraud processes and controls

The Company is committed to reduce Fraud by implementation of Fraud Risk Assessment through (1) identifying and measuring Fraud risks, (2) taking steps to mitigate identified risks (3) implementing and monitoring appropriate preventive and detective internal controls and other deterrent measures and (4) coordinating with law enforcement agencies and regulatory authorities, as necessary.

Fraud Monitoring Committee(FMC) shall oversee a Fraud Risk Assessment, identification, and mitigations to prevent and deter frauds.

The FMC shall be supported by the Fraud Monitoring Unit (FMU), inter-alea known as Fraud Control Unit (FCU)], which shall be independent from internal audit team, and which shall carry out day-to-day monitoring, data analysis, and Fraud investigation activities. The FMU shall play an active role in the development, monitoring and assessment of the Fraud Risk Management Framework as stipulated under this Policy. Specifically, FMU shall independently evaluate whether internal controls designed to reduce the risk of Fraud are adequate and effective. It shall assist the management to review the results of the Comprehensive Fraud Risk Assessment, independently assess the ability of existing controls to prevent the occurrence of Fraud, propose corrective measures and present the outcome of the Comprehensive Fraud Risk Assessment to the Risk Management Committee (RMC) on Annual basis.

Business Unit has the primary responsibility for establishing and monitoring all aspects of the fraud risk assessment and prevention activities and performing the fraud risk assessment for the respective areas. It is important that the business process owners or those who have significant knowledge, control or influence over the activities within a significant business process or cycle are involved in the fraud risk assessment exercise.

Individuals from throughout the organization with different knowledge, skills and perspectives (e.g. accounting/finance, non-financial business units and operations personnel, legal & compliance, risk management, internal audit, etc.) shall be involved in the fraud risk assessment.

Through the fraud risk assessment, the vulnerability of the Company to fraudulent activities (for example, misappropriation of assets, corruption, fraudulent financial reporting, etc.) is considered, as well as whether any of those exposures could result in a material misstatement of the financial statements or material loss to the Company. The fraud risk assessment shall identify where fraud may occur and who the perpetrators might be.

The nature and extent of the fraud risk assessment shall be commensurate with the size of the Company and the complexity of its operations. It shall be performed, documented and updated periodically to identify potential fraud schemes, scenarios and events that need to be mitigated. Updates shall include considerations of changes in operations, new information systems, changes in job roles and responsibilities, internal audit findings, new or evolving industry trends, amongst others.

The fraud risk assessment shall be performed at all appropriate levels within the organization and shall be coordinated with the operational risk assessment. The fraud risk assessment shall include fraud risk identification, fraud risk likelihood and significance and fraud risk response.

Once the fraud risk assessment has taken place, Business Unit shall reduce and eliminate identified fraud risks by making changes to the respective activities and processes and identify the processes, controls and other procedures that are needed to mitigate the identified fraud risks. Effective and appropriate internal controls, whether automated or manual, which include a well-developed control environment, an effective and secure information system and appropriate control and monitoring activities, are essential to reduce and eliminate identified fraud risks.

6. Roles & Responsibilities - Developing an Appropriate Oversight Process

Business Unit is responsible for designing and implementing systems, procedures and internal controls for the prevention and detection of fraud commensurate with the nature and size of the organization

Each member of the Business Unit / management team shall be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.

The Fraud Monitoring Committee reports to the Risk Management Committee shall also ensure that the management implements appropriate fraud deterrence and prevention measures. The Fraud Monitoring Committee shall receive periodic reports from Fraud Control Unit describing the nature, status and disposition of any fraud or unethical conduct.

The Fraud Monitoring Committee shall be responsible for the following:

- Laying down procedures for internal reporting from/and to various departments.
- Creating awareness among employees/ intermediaries/ policyholders to counter insurance frauds.
- Furnishing various reports on frauds to the Authority as stipulated in this regard if any.
- Furnish periodic reports to the Board of the Directors of the Company.

Employees and officers at every level, in every department and at every location have a responsibility to speak up when they believe that they have knowledge or suspect that fraud is being committed. As soon as it is learnt that a fraud or suspected fraud has taken or is likely to take place, they should immediately apprise the same to the concerned party as per the current procedures in place.

7. Fraud investigation, fact finding and corrective action

This Anti Fraud Policy applies to all activities undertaken by or on behalf of the company. It applies to internal fraud and external fraud.

Any employee, intermediary or third party who suspects dishonest or fraudulent activity shall notify the Fraud Control Unit immediately and should not attempt to personally conduct investigations or interviews/ interrogations related to any suspected fraudulent act. Any alleged or suspected incident of fraud shall be reported in writing to ensure a clear understanding of the issues raised.

The fraud incidents are required to be reported to fraud.monitoring@indiafirstlife.com

Reports should be made 'in confidence'. The person to whom fraud incident or suspected fraud has been reported must maintain confidentiality with respect to the reporter. Such matter should under no circumstances be discussed with any other person who is not supposed to know about/ or is not an authorized person in such matters.

Anonymous disclosures will not be reviewed. Disclosures containing general, non-detailed or offensive information will be reviewed and investigated in detail if sufficient details are available.. A record of all disclosures, investigation findings and the actions taken should be maintained by the Fraud Control Unit

The following actions shall be taken in response to an alleged or suspected incident of fraud:

- A thorough investigation of the incident shall be conducted.
- Appropriate actions shall be taken against violators.
- Relevant controls shall be assessed and improved, where it is required.
- Communication and training shall occur to reinforce the Company's values, code of conduct and expectations.

All employees shall cooperate fully with an investigation into any alleged or suspected fraud. Details of the investigation process are as follows:

Logging of Fraud Incident: Fraud Control Unit maintains a centralized internal fraud database along with the details

Fraud Investigation: After logging the incident the FCU team do the investigation basis the details reported or obtained during the preliminary analysis. Fraud Control Unit has the primary responsibility for the investigation of all suspected or alleged internal fraudulent acts.

Technical resources may be drawn upon as necessary to augment the investigation (e.g. Information Technology, Claims, Underwriting etc) provided that they are independent from the case and unbiased.

Investigations: Great care must be taken in the investigation of suspected improprieties or irregularities to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

The fraud investigation shall consist of gathering sufficient information about specific details and performing those procedures that are necessary to determine whether fraud has occurred, the loss or exposures associated with the fraud, who was involved in it and the fraud scheme (how it happened).

The members of the Fraud Investigation Team will have free and unrestricted access to all Company records and premises, whether owned or rented, and the authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

The alleged fraudster will be informed of the allegations as soon as reasonably practicable. This may not be until the initial stages of the investigation have taken place.

The conclusion and results of the investigations must be duly documented in writing. The fraud report regarding the results of the investigations and the corrective actions shall capture at least the fraud incident description, the fraud perpetrator details, the estimated fraud loss and recovery amounts, the controls implications and the resolution. Management is responsible for resolving fraud incidents. The fraud report along with the recommendation is shared with the appropriate authority for decisioning.

Once investigations are completed and risk findings are identified, thereafter the Legal team shall initiate and take necessary action by approaching Law Enforcement Agencies, whenever appropriate.

Decision: Once the investigation is completed and if it substantiates that fraudulent activities have occurred, Fraud Control Unit shall recommend to the Fraud Monitoring Committee and other appropriate authority of the Company to take such disciplinary or corrective actions (e.g. employee discipline, any referral to the applicable law enforcement agency, changes to processes or internal controls, etc.), as they may deem fit.

If employees or advisors are involved in fraudulent activity, an appropriate action will be recommended by the Fraud Control Unit in accordance with the Organization Compliance Matrix

All actions taken in response to an established act of fraud must be approved by the Fraud Monitoring Committee or other appropriate as authorized by the Committee.

Reporting: TFraud Control Unit will keep track of all the cases. Periodic report to be the submitted to the Fraud Monitoring Committee.

8. Reporting of Fraud Incidents

Any one (full time and part time employees or persons appointed on adhoc/ temporary/ contract basis, trainees, apprentices, representatives of vendors/ suppliers/ contractors /consultants /service providers/ insurance intermediaries or any other agency doing any business with IndiaFirst) as soon as he / she comes to know of any fraud or suspects a fraud or notices any other fraudulent activity, he/she must report such incident(s) immediately without delay to the Fraud Control Unit.

The reporting of the fraud should be in writing. In case the reporter is not willing to furnish a written statement of fraud but is in a position to give sequential and specific transaction of fraud/suspected fraud, then Fraud Control Unit on receiving the information should record such details in writing as narrated by the reporter and also maintain the details of the identity of the official / employee / other person reporting such incident.

In case, the management finds the fraud/ suspected fraud reported is motivated or vexatious, it shall be at liberty to take appropriate steps against the person reporting the fraud.

9. Due Diligence

Every employee (full time, part time, temporary, contractual), representative of vendors, consultants, service providers or any other agency(ies), insurance intermediaries doing any type of business with the company, is expected and shall be responsible to ensure that there is no fraudulent act being committed in their areas of responsibility/control. As soon as it is learnt that fraud or suspected fraud has taken or is likely to take place they should immediately appraise the same to the concerned official as per the procedure.

All officers shall share the responsibility of preventing and detection of fraud and for implementing the Anti-Fraud Policy. It is the responsibility of all officers to ensure that mechanisms are in place within their area of function to: -

- Inform everyone working with/ under him/her about 'Anti- Fraud Policy',
- Familiarize each employee with the types of improprieties that might occur in their area.
- Educate employees about fraud prevention and detection.
- Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization.
- Promote employee awareness of ethical principles and values of the Company

A disclosure about the 'Anti-Fraud Policy' will be made a part of the RFP process, so as to make every one aware of and not to indulge or allow anybody else working in their organization to indulge in fraudulent activities while dealing with the company

The following disclaimer may be made a part of the RFPs issued by the Company:

Fraud Prevention Policy of IndiaFirst:

- Everyone may take a note that an "Anti-Fraud Policy" is being followed at IndiaFirst Life Insurance, which provides a system for prevention/ detection/ reporting of any fraud. It also forbids everyone from involvement in any fraudulent activity and that where any fraudulent activity is suspected by any one, the matter must be reported to Fraud Control Unit, as soon as he /she comes to know of any fraud or suspected fraud or notice any other fraudulent activity.
- Anonymous complaints received, if not supported by the relevant evidence or not easily verifiable by the Company, may not be acted upon.
- All reports of fraud or suspected fraud shall be handled and shall be coordinated by Fraud Control Unit.
- A copy of the 'Anti-Fraud Policy' is available on the official website of the company

10. Reporting Requirements:-

The FMC shall submit :

c) A quarterly reports to the Risk Management Committee on its activities and findings and recommendations along with the impact of fraud.
d) Annual Fraud Risk Assessment report to the Board of Directors through the RMC
e) Report to the Audit Committee in case of any internal fraud in addition to the RMC

the meeting, the Fraud Monitoring Committeeshall be provided with a condensed report for review of reported fraud cases [either internal (all cases) or external (above a defined threshold)], trends, early results from investigations underway and remediation taken by management to address any identified control weakness.

Any public communications and comments by management to the press, law enforcement or other external parties in relation to incidents of fraud shall only be made by authorized spokespersons and coordinated through legal counsel and corporate communications.

11. Reports to the Authority:

The Company will report to the Authority in the format and within the stipulated timeline as prescribed by the Regulator.

12. Preventive mechanism

The company will inform both potential stakeholders and existing stakeholders about the policy. The company shall appropriately include necessary caution in the relevant documents, duly highlighting the consequences of submitting false statement and/or incomplete statement, for the benefit of the policyholders, claimants and the beneficiaries.

13. Administration and Review of this Policy

The Policy will be reviewed and revised at least annually or within the timeline as prescribed by the Regulator i. Any revised version shall be submitted to the appropriate committee for review and the Board of Directors of the Company for final approval.

14. Appendix

Appendix I

Illustrative Examples of Insurance Frauds

Broadly, the potential areas of fraud include those committed by the officials of the insurance company, insurance agent/corporate agent/intermediary/TPAs and the policyholders/ their nominees. Some of the examples of fraudulent acts/omissions include, but are not limited to the following:

1. **Internal Fraud:**

- Embezzlement (i.e. misappropriation of money, securities, supplies, property or other assets);
- Fraudulent financial reporting (e.g. forging or alteration of accounting documents or records.
- Cheque fraud (i.e. forgery or alteration of cheques, bank drafts or any other financial instrument);

- Inflating expenses claims/over billing
- Paying false (or inflated) invoices, either self-prepared or obtained through collusion with suppliers
- Permitting special prices or privileges to customers, or granting business to favored suppliers, for kickbacks/favors
- Falsifying documents
- Conflicts of Interest resulting in actual or exposure to financial loss;
- Unauthorized or illegal use of confidential information (e.g. profiteering as a result of insider knowledge of company activities);
- completely);

2. Policyholder Fraud or Claims Fraud:

- Medical claims fraud
- Fraudulent Death Claims
- Spurious calls to policyholders promising rewards or bonuses on surrender of insurance policies:
- Unauthorized transactions being initiated on their policies such as switches, withdrawals, surrenders etc
- Unauthorized changes in contact details

3. Intermediary fraud:

- Premium diversion-intermediary takes the premium from the purchaser and does not pass it to the insurer
- Inflates the premium, passing on the correct amount to the insurer and keeping the difference
- Non-disclosure or misrepresentation of the risk to reduce premiums

4. External Fraud:

- Fake or forged receipts and/or policy documents issued by third parties
- Spurious calls by third parties to customers promising them inflated returns for purchasing new policies or on surrender of their existing policies

5. Cyber Fraud or New Age Fraud

- Buyers filings fraudulent claims or making premium payments using compromised payment cards
- Merchant side frauds: Frauds committed by any of the merchant partners of the Company which would include non-remittance of premium collected on behalf of the Company and/or incorrect charge backs etc
- Cyber security frauds: Transactions affected through fake or stolen credit card/bank accounts to carry out a transaction in the web portal of the Company. Threat of confidential data of the Company being comprised due to any cyber-attack/hacking of the Company systems
- Other Frauds: Phishing emails sent to customers promising them inflated returns. Using social engineering techniques to wrongly influence the customers to share their identity details

Appendix II

Illustrative Indicators of Fraud

- Missing expenditure vouchers and unavailable official records
- Excessive variations to budgets or contracts
- Refusals to produce files, minutes or other records
- Related party transactions
- Increased employee absences
- Borrowing from fellow employees
- An easily led personality
- Covering up inefficiencies
- Bank reconciliations are not maintained or can't be balanced
- Excessive movement of cash funds
- Multiple cash collection points
- Unauthorized changes to systems or work practices
- Officers with excessively flamboyant characteristics
- Employees apparently living beyond their means
- Lowest tenders or quotes passed over with scant explanations recorded
- Employees with an apparently excessive work situation for their position
- Managers bypassing subordinates
- Subordinates bypassing managers
- Excessive generosity
- Large sums of unclaimed money
- Large sums held in petty cash
- Lack of clear financial delegations
- Excessive control of all records by one officer
- Poor security checking processes over staff being hired
- Unusual working hours on a regular basis
- Refusal to comply with normal rules and practices
- Personal creditors appearing at the workplace
- Not availing of leave
- Excessive overtime
- Large backlogs in high risk areas
- Contractors paid for work not done.
- Grants not used for specified purpose –eg Leasing capital equipment instead of purchasing them

IndiaFirst Life Insurance Company Ltd.,
12th and 13th Floor, North [C] Wing, Tower 4, Nesco IT Park, Nesco Center,
Western Express Highway, Goregaon (East), Mumbai – 400063,
IRDAI Regd. No. 143 | CIN: U66010MH2008PLC183679.

Tel: +91 22 6165 8700 Fax: +91 22 6857 0600 Toll Free: 1800-209-8700

E-mail: customer.first@indiafirstlife.com Website: www.indiafirstlife.com