

Anti-Fraud Framework & Policy

Acko Life Insurance Limited

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1 Purpose & Objective of the policy:

This document outlines the company's policy concerning fraud and provides guidelines for the implementation and enforcement of Fraud Control Framework & Policy referred to hereafter as the 'Anti-Fraud Framework & Policy'.

This policy is being formulated to establish an independent Fraud Risk Management framework across Acko Life Insurance Limited (ALIL), in line with IRDAI guidelines, to identify specific areas of business and departments that are potentially prone to fraud risks and to implement effective mechanisms to prevent, detect and monitor the fraud risks in the company on an ongoing basis.

2 Governance and Professional Ethics Statement:

ALIL is committed to the highest ethical and moral standards, openness, and accountability. All employees across all levels are expected to share the same commitment and to lead by example in ensuring adherence to appropriate regulations, procedures, practices, and codes of ethics as Fraud will not be tolerated or perpetuated.

The Board of Directors, senior managers and officers set the "tone at the top" for ethical behavior by behaving ethically and openly communicating expectations for ethical behavior to employees. The Ethical Code and the Code of Business Conduct, as well as commitment to fraud risk management, are communicated to all personnel in an understandable fashion.

3 Scope:

This document identifies the measures that ALIL shall implement to prevent, deter and detect fraud in the context mentioned below:

- ✓ Maintain the highest standard of ethics, professional conduct and fiduciary duty & responsibility; 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 the various types of fraud; and
- ✓ Develop an appropriate oversight process.
- ✓ Protect the reputation of ALIL and its employees; and
- ✓ Maintain the highest level of services to the community and individuals.

This document covers the overarching principles for managing risks related to fraud to enable the company to protect itself from the financial and reputational risk posed by frauds. The Policy has been established to outline the requirements for the development of controls that will assist in the detection, prevention and response to Fraud.

This document shall be applied to any Fraud, or suspected Fraud, involving any member of the Boards of Directors, the Chief Executive Officers, the Management teams or staff of ALIL, as well as minority shareholders and those who conduct business with ALIL, such as third party agents and representatives, including surveyors, vendors, subcontractors and agents.

4 Regulation:

The Insurance Development and Regulatory Authority of India (IRDAI), vide its circular **IRDAI/SDD/MISC/CIR/009/01/2013** dated 21st January 2013, called upon all insurers in India to recognize and assess the implication of fraud as a risk management measure and to put in place an effective and comprehensive policy to deal with fraud.

The Guidelines mandate insurance companies to put in place, as part of their corporate governance structure:

- ✓ fraud detection and mitigation measures; and
- ✓ submit periodic reports to the Authority in the formats prescribed herein (FMR – 1 & FMR – 2) – ***(Refer Annexure 5)***

All insurers are required to ensure that the risk management function is organized in such a way that the insurer is able to monitor all the fraud risks across all lines of business on a continuing basis and to initiate measures to address them suitably.

5 Definition of Fraud:

As per section 447 of Companies Act 2013

(i) “fraud” in relation to affairs of a company or any body corporate , includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss;

(ii) “wrongful gain” means the gain by unlawful means of property to which the person gaining is not legally entitled;

(iii) “wrongful loss” means the loss by unlawful means of property to which the person losing is legally entitled.

IRDAI defines Fraud as a dishonest, unethical, irregular or illegal act or practice, characterized by deliberate intent at concealment of a matter of fact - whether by words or conduct - or false representation, which may result in a financial or non financial loss.

For the purpose of this document , fraud, corruption and misconduct will be encompassed into the word ‘Fraud’ (hereafter referred to as “Fraud”) and shall be used to refer to all dishonest, irregular or illegal acts of: fraud; breach of trust; misappropriation; wasting; embezzlement; or bribery, which is characterized by a deliberate intent at concealment or false representation and causing or which might cause harm or affect the financial interest of the company.

IRDAI has described the “broad categories of fraud as:

1. **Policyholder Fraud and / or claims fraud** – Fraud against the insurer in the purchase and / or execution of an insurance product, including fraud at the time of making a claim.
2. **Intermediary fraud** – Fraud perpetrated by an Insurance agent / Corporate Agent / Intermediary / Investigators/ Call centers against the insurer and / or policyholders.
3. **Internal Fraud** – Fraud / misappropriation against the insurer by its Director, Manager and / or any other or staff member (by whatever name called).
4. **Third Party Fraud:** Frauds committed by Third Parties (Vendors, Advisors and/or their individual employees/representatives) against the Corporation.

(Refer Annexure 1 for illustrative list of insurance fraud)

6 Non-Compliance:

This document must be read together with all other applicable policies covered by ALIL Non- compliance with the policy will result in disciplinary action. Fraudulent activity will be taken very seriously by ALIL and, as such, fraud of any kind is regarded as a very serious offence.

7 Fraud control framework (Prevention and Detection):

7.1 Fraud risk assessment:

Fraud risk assessment aims to help an organization to identify areas which make it most susceptible to fraud and take proactive measures to reduce the chance of it occurring. This also helps prioritize corrective action that may need to be taken with regard to fraud prevention, detection and response initiatives.

ALIL shall conduct fraud risk assessment to prioritize the top areas of fraud based on discussions with senior management, as and when required. Detailed fraud risk assessments shall be planned for the areas identified during organizational level risk assessment. This shall involve:

- ✓ Identification of all fraud risks inherent in the business processes/activity that is undertaken.
- ✓ Assessing the likelihood and impact of the inherent fraud risks,
- ✓ Evaluating the effectiveness of the internal controls to assess fraud risk levels
- ✓ Implementing and monitoring appropriate preventive and detective internal controls and other deterrent measures on an ongoing basis.
- ✓ Identify control weaknesses in the process and take corrective actions to bring risks down to acceptable levels
- ✓ Perform data analytics on structured/unstructured data to identify red flags related to insurance frauds.
- ✓ Coordinating with law enforcement agencies to lay down corrective procedures.

Risk/ Internal Audit team shall assist management throughout the fraud risk assessment exercise, review the result of the assessment, independently assess the ability of existing controls to prevent the occurrence of fraud, propose corrective measures and present the outcome of the fraud risk assessment to the Fraud Control Management Committee (FCMC) for their review and comments.

7.2 Fraud Control Management Committee (FCMC):

The following shall comprise of:

- Chief Risk Officer (CRO & Head Internal Audit)
- Chief Financial Officer (CFO)
- Chief Information Security Officer (CISO)
- Chief Compliance Officer
- Head - Claims

The responsibilities of the FCMC shall include:

- Identify potential areas of fraud which may take place in any of the functions of the company and assign the responsibility to deal with such frauds to the function
- Review fraud management procedures laid down by the functions. The procedures shall include identify, detect, investigate, mitigate and report frauds.
- In the absence of such procedures, recommend such fraud management procedures for the functions.
- Ensure that fraud awareness trainings on ALIL's Anti-Fraud Policy for employees and contractors are taking place

- Ensure that a framework is in place to prepare fraud management reports for regulatory compliance or internal purposes as required.
- Ensure that a framework for adhering to the regulatory compliance related to fraud management is in place
- Put in place a procedure for investigation of all kinds of frauds
- Put in place a procedure for dealing with law enforcement agencies in cases where it is required
- The risk management function of the company will also work as the fraud management function (FMF) which will ensure effective implementation of the anti-fraud policy.
- ALIL shall inform both potential clients and existing clients about the anti-fraud policy and take steps to appropriately include necessary caution in the insurance contracts / relevant documents, duly highlighting the consequences of submitting a false statement and / or incomplete statement, for the benefit of the policyholders, claimants and the beneficiaries.
- As part of their standard operating procedure, all function heads shall be required to include measures to manage fraud related to their respective departments. Such measures shall be reviewed by the FCMC on regular basis.
- ALIL shall treat all information received during fraud investigation as confidential. The detailed investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know.
- ALIL shall put in place procedures to exchange data with the regulator or industry body related to fraud management as per the applicable rules or agreements.
- ALIL shall put in place a procedure to maintain the information related to fraud investigations in safe custody for future reference or for audit trails.
- All fraud management related details and reports will be reported to the Risk Management Committee through the FCMC and then to the Audit Committee of the Board of Directors.

This Policy shall be reviewed by the FCMC and revisions will be proposed for approval by the Board on a yearly basis. Any amendments to this Policy may be made by the Board at any time as it may deem fit. In case of any conflict between this Policy and the provisions of applicable law, the provisions of law shall prevail and shall be binding on the Company.

7.3 Fraud Prevention:

ALIL shall adopt a preventative approach for identifying, analyzing and managing the risk of Fraud that could prevent from achieving its business objectives or strategies. Process for elimination/ minimization of fraud/ abuse/ leakage to be incorporated as risk mitigation measures whilst defining product features and underwriting norms

Effective fraud controls shall be in place with respect to Underwriting, Claims process and other outsourcing processes as a part of fraud prevention.

ALIL shall ensure awareness programmes for employees and robust technical prevention controls for cyber frauds in addition to Information Security policy.

7.3.1 Tone at the Top:

Tone at the Top is set at an appropriate zero tolerance to Fraud; starting with the Chairman of the Board of Directors and each member of the Executive Management team.

7.3.2 E-Commerce platforms (ISNP):

ALIL shall set-up Insurance Self Network Platform (ISNP) as regulated by IRDAI for selling and servicing insurance products which can be monitored, reviewed and evaluated efficiently and shall adhere to Anti-fraud policy for the insurance e-commerce activities which is approved by the Board of Directors.

7.3.3. Watch list creation:

The Insurance Information Bureau (IIB) has prepared a central database of fraud data repositories for the life insurance industry to help insurers to have some background check of those before engaging them.

ALIL shall create below watch lists based on the information available which can be a rich source of information to estimate propensity of the fraud at policy proposal or claims stage.

- ✓ Negative Partnership/ Agents/ Intermediaries
- ✓ Blacklisted/ Negative Surveyors
- ✓ Negative Pincodes
- ✓ Negative claim investigator
- ✓ Blacklisted Customers

7.3.4 Fraud awareness training:

A structured Anti-fraud training program shall be provided at the time of joining through induction programme. All employees of ALIL to undergo and ensure timely completion of mandatory annual training on Anti-fraud, and to ascertain the successful training completion, assessment to be conducted. Awareness amongst employees may be created through regular mailers, e-education series, and messages from the leadership etc. to all the employees as a part of the awareness program.

7.3.5 ALIL shall inform both potential clients and existing clients about the anti-fraud policy and take steps to appropriately include necessary caution in the insurance contracts / relevant documents, duly highlighting the consequences of submitting a false statement and / or incomplete statement, for the benefit of the policyholders, claimants and the beneficiaries.

ALIL shall put up a noticeboard in its every office mentioning the name of the Nodal Officer, phone No. and email address to enable every person to send intimation about commission of Fraud or suspected Fraud.

7.4 Fraud Detection:

ALIL shall have detective procedures in place to increase their ability to detect and prevent Fraud, control costs and protect revenue. Detective controls are designed to uncover Fraud as it happens.

ALIL shall have effective systems to identify potential red flags within the financial transactions. Data analysis, continuous monitoring, and other such tools shall be used to effectively detect fraudulent activities, where applicable. Employees shall ensure the greatest possible transparency of any transactions.

Anonymous complaints received through whistle blower cell shall be complied with as per the Whistle-blower policy appropriately.

7.5 Fraud Reporting & Response:

7.5.1 Internal Reporting:

The Company offers several channels for reporting any actual or suspected incident of fraud. Employees and officers are encouraged to use the channel with which they are most comfortable, starting with their manager or supervisor. Other reporting channels include:

- ✓ Line Manager or Department HOD
- ✓ The Chief Risk Officer and Head of Internal Audit
- ✓ Chief Financial Officer
- ✓ The Principal Compliance Officer
- ✓ The Head of Human Resources
- ✓ The Chief Information Security Officer (CISO)
- ✓ The Chief Executive Officer

7.5.2 Reports to the Authority:

ALIL will submit the reports on various fraudulent cases which come to light and action taken thereon to be filed with the IRDAI in forms FMR 1 and FMR 2 providing details of outstanding fraud cases and closed fraud cases, every year within 30 days of the close financial year.

Based on the data received in the prescribed format (**Refer Annexure 4**) from various departments/ stakeholders, the Legal & Compliance Function shall file a report on statistics on various fraudulent cases which come to light and action taken thereon to the IRDAI in forms FMR 1 and FMR 2 providing details of:

- i. (i) Outstanding fraud cases;
- ii. (ii) Closed fraud cases

All fraud, suspected fraud, or other dishonesty, will be investigated on need basis and the concerns may be reported to the Chief Risk Officer within 10 days of completion of investigation.

The timelines would be as follows:

- i. Internal Investigation – 30 days.
- ii. Legal Notice – 30 days.
- iii. Police Complaint – Within 15 days of investigation.

7.5.3 Coordination with Law Enforcement Agencies

ALIL will coordinate with various law enforcement agencies for fraud reporting on a timely and expeditious basis and follow-up processes thereon. Reporting to Police and other law enforcement agencies not specifically mentioned and will be done on a case to case basis.

7.5.4. Exchange of Information:

ALIL will exchange necessary support & information on frauds amongst all life insurance players through the Life Insurance Council/IIB in order to create awareness, reduce and prevent frauds in the insurance industry. ALIL to establish coordination platforms through their respective Councils/Forums.

Requirements of dealing with law enforcement agencies have been broadly categorized in following two categories:-

- i. Coordination for frauds detected by ALIL and frauds reported by Court/Policy Authority.
- ii. Coordination for policy related information sought by a Statutory Authority like CBI/Income Tax etc. ALIL may exchange the necessary information on frauds, amongst all insurers.

7.5.5 Guidelines for investigation:

ALIL shall follow the guidelines below once the fraud and investigation team has been notified of the suspected fraud.

- ✓ Categorization of issues/ frauds.

- ✓ Prior to initiation of the investigation, a single point of contact within the investigation team may be designated to lead or coordinate with external agencies to ensure confidentiality and relevant flow of information.
- ✓ Timelines & expectations shall be clearly defined prior to initiation of investigation.
- ✓ Approval of the corrective/punitive action (if any) shall be in place.
- ✓ Investigations shall be conducted in a timely and cost-effective manner resulting in the least possible disruption to the business operations.
- ✓ Someone with a conflict of interest shall not participate in conducting an investigation except where necessary to provide pertinent information.
- ✓ All investigation shall be carried out in an independent manner with due regard for the individual's rights but without regard to length of services, position held or relationship with the company.
- ✓ Due care shall be taken in an investigation to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.
- ✓ Investigations shall be conducted in a timely and cost-effective manner resulting in the least possible disruption to the business operations.
- ✓ Someone with a conflict of interest shall not participate in conducting an investigation except where necessary to provide pertinent information.
- ✓ Closing the investigation & recommending corrective actions within given TAT.
- ✓ Strong protocol to be followed in retaining documents and information.
- ✓ Regarding Claim investigation, refer LOB-wise investigation framework for details.

8 Record Keeping:

The investigation team shall timely take into safe custody all relevant records, documents and other evidence to protect them from being tampered with, destroyed or removed by the suspected perpetrators of fraud or by any other party under his/her influence. The documentation for all the fraud investigation cases shall be maintained for audit trail purposes by ALIL. The summary of fraud notified, investigated etc. will also be maintained by Risk departments.

9. Roles & Responsibilities:

The policies, job descriptions, charters and delegations of authority shall define roles and responsibilities related to Fraud Risk Management.

ALIL Management 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 and, along with the Board of Directors, for ensuring a culture and environment that promotes honesty and ethical behavior. It is the responsibility of the Chief Executive Officer of the Company to initiate and support such measures.

9.1 Employees & Staffs:

All levels of staff, including ALIL Management, shall:

- ✓ Understand their roles within the internal control framework and how their job procedures are designed to manage Fraud risks and how non-compliance may create an opportunity for Fraud to occur or go undetected.
- ✓ Have a basic understanding of Fraud and are aware of all the red flags.
- ✓ Read and understand policies and procedures (e.g. the Anti-Fraud Policy, Code of Ethics, disclosure procedures, and other relevant policies and procedures).

- ✓ Participate in the process of creating a strong control environment, design and implement fraud control activities, as well as participate in monitoring such activities.
- ✓ Report immediately to FCU if they suspect or believe that there is evidence of irregular or improper behavior or that an incident of Fraud may have occurred.

9.2 Human Resources:

The relevant Human Resources Department (HR) shall:

- ✓ Perform background checks and be aware of any issues of personal integrity that may impact their suitability for the position.
- ✓ The HR Department will be responsible for creating fraud awareness / creating a proactive culture for prevention of frauds and promoting an effective Whistle Blower policy in the Company.
- ✓ The HR Department shall make sure that all staff members are aware of the Company's Anti-Fraud Policy by ensuring it is included in staff induction training and by ensuring policy updates are communicated to staff.
- ✓ Evaluate performance and compensation programs for all employees and take into consideration work-related competence, behavior and performance as per this Policy.
- ✓ Conduct exit interviews for all employees leaving ALIL as they may have information regarding possible fraud existing within ALIL.
- ✓ In case of any employees suspected of fraud, the Human Resources department shall initiate action against employees as recommended by the Executive Committee.
- ✓ Human resource will send an email message to all employees at least once a year reminding them of the Fraud Policy and their content. They will also include the Anti-fraud policy document in the email message as an attachment.

9.3 Fraud Control Unit (Investigation team - FCU):

- For cases which are deemed necessary for investigation, the FCU will select and identify properly qualified individuals to conduct the investigation (i.e. the Investigation Team).
- Matters may require consultation with the Head of Legal, Head of HR, and/or the Board of Directors or one of its committees (i.e. Risk Committee). In certain cases, the Board or one of its committees may oversee an investigation.
- The Investigator may hear the statement of the complainant or inform and collect evidence under the supervision of Legal and HR.

The procedures to be undertaken in each investigation are dependent upon the nature of the concern, complaint or reported breach and circumstances of the situation as it is presented. Procedures that may be followed:

- ✓ Obtain a copy of complaint or reported breach to analyze certain documents for further investigation.
- ✓ Conduct initial validation of the information received to understand whether or not the claims are valid versus trivial and baseless and out of malice.
- ✓ Interview relevant internal and external individuals, document the interview and obtain their acknowledgement on the facts;
- ✓ Secure documents and relevant evidence related to the suspected Fraud, such as contents of the suspect's office or workstation, personal computer, diary and files including all personal documents, where possible/applicable; and
- ✓ Document the minutes of meeting with people involved and acknowledge their acceptance of the findings, where possible, and drafts a report.

- ✓ Further to the review of results, FCU decides to meet a suspected employee/individual for an interview and a written outline for the interview shall always be prepared.
- ✓ The disciplinary measures may include all or any of the following in accordance with the terms of the contract / nature of business relationship with the third party:
 - i. Termination of contract
 - ii. Seeking compensation
 - iii. Indemnifications
 - iv. Levy of penalties
 - v. Police complaint and Legal Action
- ✓ Legal action may be initiated against the suspected employee or third party, if deemed necessary. Such action shall be taken with the concurrence of CEO and Legal head
- ✓ Periodically review of the Anti- fraud policy / Whistleblower policy.

9.4 Fraud Control Management Committee (FCMC):

- ✓ The FCMC of ALIL shall ensure that senior management implements appropriate fraud deterrence and prevention measures.
- ✓ The FCMC shall receive periodic reports describing the nature, status and disposition of any fraud or unethical conduct.
- ✓ The FCMC shall establish an open line of communication with members of management one or two levels below senior management to assist in identifying fraud at the highest levels of the organization or investigating any fraudulent activity that might occur.
- ✓ Through the FCMC, the Board of Directors shall be timely informed of any fraud or alleged fraud involving any member of senior management

9.5 Functional Heads:

- ✓ All functional heads/ department heads to ensure that mechanisms are in place that minimize the opportunity for fraud and dishonesty within their area of control.
- ✓ Functional heads are responsible for implementing any actions required /suggested by ALIL Senior Management / Anti-Fraud Committee.
- ✓ Functional heads are also responsible for ensuring that persons who raise concerns in relation to possible fraud are protected from any adverse treatment or retaliation.

9.6 Internal Audit:

Internal Audit shall:

- ✓ Coordinate the Fraud Risk Assessment process with stakeholders and develop the Annual Audit Plan and review Management's Fraud Risk Assessment and capabilities periodically.
- ✓ Review the comprehensiveness and adequacy of the fraud risks identified by ALIL Management.
- ✓ Act independently and have adequate access to the Audit Committee
- ✓ Assist Fraud investigators in collecting and preserving evidence as well as providing ALIL management on the appropriate detective and preventive fraud controls.

9.7 Risk Management Function:

Risk Management Function shall:

- ✓ Coordinate compliance with the annual reviews of Fraud mitigation strategies in addition to the Fraud Risk Assessment by ALIL management.
- ✓ Review the comprehensiveness and adequacy of the fraud risks identified by ALIL Management.
- ✓ Spend adequate time and attention evaluating the design and operation of internal controls related to Fraud Risk Management.
- ✓ Register and compare Fraud incident reports by maintaining a log of the reported Fraud cases.

10. Confidentiality:

The FCU shall treat all information received as confidential. The detailed investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know.

11. Recovery of Loss:

- ✓ Recovery of financial loss is of utmost importance to safeguard the financial interest of the company.
- ✓ The FCU could additionally identify an individual responsible for calculation and further recovery of losses suffered by the company by the fraudulent activities (from both employees and other parties).
- ✓ Business / Function Head concerned will also implement corrective measures including any changes to current process and introduction of additional controls to prevent recurrence of such frauds.

12. Closure of Fraud cases:

Following instances of fraud cases can be considered as closed:

- ✓ The fraud cases pending with CBI/Police/Court are finally disposed of.
- ✓ The examination of staff accountability has been completed.
- ✓ Amount of fraud has been recovered or written off.
- ✓ It is important that any decision to close a fraud case is clearly documented and communicated to those involved.
- ✓ All action points that arose from the final report have been completed.
- ✓ The decision to close the case and the reason for doing so shall be documented by the person leading the investigation and shall be added to the investigation file.

13. Annexure 1: Illustrative examples on insurance frauds:

13.1 Internal Frauds:

- ✓ misappropriating funds
- ✓ fraudulent financial reporting
- ✓ stealing cheque
- ✓ overriding decline decisions so as to open accounts for family and friends
- ✓ 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
- ✓ forging signatures
- ✓ removing money from customer accounts
- ✓ Falsifying documents at the time of claims stage.
- ✓ Selling insurer's assets below their true value in return for payment.

13.2 Policyholder Fraud and Claims Fraud:

- ✓ Exaggerating damages/loss
- ✓ Staging the occurrence of incidents
- ✓ Reporting and claiming of fictitious damage/loss
- ✓ Fraudulent Death Claims

13.3 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
- ✓ Commission fraud - insuring non-existent policyholders while paying a first premium to the insurer, collecting commission and annulling the insurance by ceasing further premium payments.

14. Annexure 2 : Fraud Matrix:

| Fraud done by | Type of fraud | Disciplinary Actions | Stakeholders |
|---|--|--|--|
| Customer/ Proposer | Fake claim, misrepresentation of documents, manipulation. | Claim repudiation, cancellation of the policy, recovery of losses , Police FIR | Operations (Claims, UW) & Legal |
| Intermediary | Submitting fraudulent documents, Involvement in fraudulent claims, premium theft, forged signatures, tampering with the documents etc. | Counseling, Warning (Show cause notice), Blacklisting, termination of agreement, Recovery of losses , Police FIR | Legal ,Sales, Operations (Issuance) |
| Service Partners (Insurance Surveyors, Investigators) | Duplicate claims, Misrepresentation, Impersonation, etc. | Counseling, Warning (Show cause notice), Blacklisting, termination of agreement, Recovery of losses , Police FIR | Legal ,Sales, Operations (as applicable), Technology |

15. Annexure 3: Fraud risk register: *(this list is not exhaustive and may be updated basis requirement)* The Fraud Register shall contain the following fields:

- ✓ Key processes of ALIL.
- ✓ Fraud Risks
- ✓ Impact
- ✓ Type of fraud (Preventive or Detective)
- ✓ Existing control as on Date DD/MM/YYY
- ✓ Department responsible (Ownership)
- ✓ Person responsible/control owner & designation
- ✓ Monitoring mechanism
- ✓ Risk level as on DD/MM/YYYY
- ✓ Action plan for the coming Quarter / Half as on DD/MM/YYYY

16. Annexure 4: Format which a fraud cases shall be forwarded to the FCU team from various departments / stakeholders:

| Source where fraud is identified | Name and Designation of the Individual | Detailed description/ comments | Policy Number (if applicable) | Other employees / third parties which are already aware of the fraud instance identified | Monetary amount of potential fraud (if quantifiable) |
|----------------------------------|--|--------------------------------|-------------------------------|--|--|
| | | | | | |
| | | | | | |

17. Annexure 5: Fraud Monitoring Report (FMR1 & FMR 2)

17.1 Frauds Outstanding- Business segment wise: Part I

| Sl. | Description of Fraud | Unresolved Cases at the beginning of the year | | New cases detected during the year | | Cases closed during the year | | Unresolved Cases at the end of the year | |
|-----|----------------------|---|------------------------|------------------------------------|------------------------|------------------------------|------------------------|---|------------------------|
| | | No. | Amount involved (lakh) | No. | Amount involved (lakh) | No. | Amount involved (lakh) | No. | Amount involved (lakh) |
| | | | | | | | | | |
| | Total | | | | | | | | |

17.2 Statistical details :(unresolved cases as at end of the year) –Business segment wise – Part II

| Sl. No. | Description of Fraud | No. of Cases | Amount Involved (lakh) |
|---------|----------------------|--------------|------------------------|
| | | | |
| | Total | | |

17.3 Preventive and Corrective steps taken during the year- Business segment wise - Part III

| S.No. | Description of the fraud | Preventive/Corrective action taken |
|-------|--------------------------|------------------------------------|
| | | |
| | | |

17.4 Cases Reported to Law Enforcement Agencies - Part IV

| Sl. No. | Description | Unresolved Cases at the beginning of the year | | New cases reported during the year | | Cases closed during the year | | Unresolved cases at the end of the year | |
|---------|--|---|--------|------------------------------------|--------|------------------------------|--------|---|------|
| | | No. | ` lakh | No. | ` lakh | No. | ` lakh | No. | lakh |
| | Cases reported to Police | | | | | | | | |
| | Cases reported to CBI | | | | | | | | |
| | Cases reported to Other agencies (specify) | | | | | | | | |
| | Total | | | | | | | | |

17.5 Fraud Cases closed during the year – FMR 2

| Sl. No. | Basis of closing a case | Number of cases closed |
|---------|--|------------------------|
| 1 | The fraud cases pending with CBI/Police/Court were finally disposed off | |
| 2 | The examination of staff accountability has been completed | |
| 3 | The amount involved in the fraud has been recovered or written off | |
| 4 | The insurer has reviewed the systems and procedures; identified the causative factors; has plugged the lacunae; and the portion taken note of by appropriate authority of the insurer (Board, Committee thereof) | |
| 5 | Insurer is pursuing vigorously with CBI for final disposal of pending fraud cases, staff side action completed. Insurer is vigorously following up with the police authorities and/or court for final disposal of fraud cases | |
| 6 | Fraud cases where: The investigation is on or challan/ charge sheet not filed in the Court for more than three years from the date of filing of First Information Report (FIR) by the CBI/Police; or Trial in the courts, after filing of charge sheet / challan by CBI / Police has not started, or is in progress. | |