Anti-Fraud Policy

Niva Bupa Health Insurance Co. Ltd.

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1. Introduction

a. Background

In accordance with Insurance Fraud Monitoring Framework, dated January 21, 2013 (hereinafter referred to as "the Framework"), the Company is required to have in place an Anti-Fraud Policy (hereinafter referred to as "the Policy"), duly approved by the Board of Directors. Further, as laid down in the "Guidelines on Insurance e-commerce" dated March 9, 2017, an insurer is required to have a pro-active fraud detection policy for insurance e-commerce activities, which is to be approved by the Board of Directors. Accordingly, the Policy has been formulated considering the various types of frauds including e-commerce frauds that the Company can be exposed to.

This Policy has been further devised to ensure that the fraud detection frame work is in line with the requirements as laid down under the Framework, as well as it recognizes the principle of proportionality and reflects the nature, scale and complexity of the business of the Company and risks to which it is exposed. The Policy shall also provide guidance with respect to prevention, detection, mitigation and investigation into fraudulent activities.

b. Objective

The Policy is established to detect, monitor and mitigate occurrence of insurance fraud in the Company. It would facilitate development of processes to prevent, detect and manage frauds. Further it will also ensure development of control measures at an organizational level and conducting investigations.

The Company is committed to conducting business in an environment of fairness and integrity, and will strive to eliminate fraud from all operations. The Company adopts a "Zero-Tolerance" approach to fraud and will not accept any dishonest or fraudulent act committed by internal and external stakeholders.

c. Scope

The Policy applies to any fraud involving its employees, insurance agents, Business Associates, intermediaries, TPAs, policyholders, Assignees, claimants, providers, nominees and vendors in general.

The Fraud risk management is organized in a manner which will ensure monitoring of all risks across all the lines of business on continuous basis and shall initiate measures to address them suitably.

d. Definition

As per IRDAI Circular ref no. IRDAI/ SDD/ MISC/ CIR/ 009/ 01/ 2013 on Fraud Monitoring Framework dated 21 Jan 2013, "Fraud" in Insurance means an act or omission intended to gain dishonest or unlawful advantage by a party committing the fraud or for other related parties. This may, for example, be achieved by means of:

- Misappropriating assets;
- Deliberately misrepresenting, concealing, suppressing or not disclosing one or more material facts relevant to the financial decision, transaction or perception of the insurer's status; or
- Abusing responsibility, a position of trust or a fiduciary relationship

Fraud Risk Control Unit (FRCU): This is the team which is in charge of monitoring and reporting of frauds and operationally maintaining the fraud prevention framework. For the purpose of investigation CEC authorizes Fraud Risk Control Unit to have unlimited access to information, people and assets. This is in accordance with expectation laid down in Guidelines for Corporate Governance for insurers in India (IRDA/F&A/GDL/CG/100/05/2016). With regard to unlimited access to information, investigation officers shall respect the confidentiality principle of the code of conduct. Access does not necessarily mean that Fraud Risk Control Unit has the right to further share (sensitive or classified) information. With regard to unlimited access to people, investigation officers have the right to interview employees without formally respecting the hierarchical lines. However, investigation officers shall always demonstrate respect for the organization's culture and habits. With regard to assets, investigation officers shall respect the organization's procedures to access assets. Investigation officers may use approved (Approval from C&E committee & CISO) software or data extraction tools to access data. On system based data accesses to investigation officers shall at all time have "read-only" access as user rights. The CEC at any periodic intervals could revoke the privileges of the investigative team if the actions of the investigative team are found to be not in expectations as per the guidelines laid down in the Guidelines for Corporate Governance for insurers in India (IRDA/F&A/GDL/CG/100/05/2016).

2. Type of Insurance frauds

The framework categorizes fraud into a) Internal Fraud, b) Policyholder Fraud and Claims Fraud c) Intermediary Fraud, as per IRDAI definition.

a. Internal Fraud: Fraud/mis-appropriation against the Company by its Director, Manager, employee and/or anyone else (by whatever name called). Examples of fraud:

- Misappropriating funds
- Fraudulent financial reporting
- Misappropriation of financial instruments
- Overriding or influencing decisions so as to facilitate benefits to self or family & friends
- Inflating expenses claims/over billing
- Paying false (or inflated) invoices, either self-prepared or obtained through collusion with vendors
- Permitting special prices or privileges to customers or granting business to favoured vendors, for kickbacks/ personal favours
- Forging signatures
- Falsifying documents
- Selling Company assets at below their true value in return for personal benefit
- Information security Breach

b. Policyholder Fraud and Claims Fraud: Fraud against the Company in the purchase and/or execution of an insurance product, including fraud at any time during the term of the policy and at the time of making a claim. Examples of fraud:-

- Staging the occurrence of incidents
- Reporting and claiming of fictitious damage/loss
- Medical claims fraud / Inflation of claim
- Fraudulent Death Claims

c. Intermediary fraud: Fraud perpetuated by an Insurance agent /Intermediaries/Third Party Administrators (TPAs) and service providers against the Company and/or policyholders.

Examples of fraud:-

- Premium diversion-intermediary takes the premium from the purchaser and does not pass it to the Company
- Inflates the premium, passing on the correct amount to the Company and keeping the difference
- Non-disclosure or misrepresentation of the insurance risk to reduce premiums
- Commission fraud - Insuring non-existent lives while paying the first premiums to the Company, collecting commission and annulling the insurance by ceasing further premium payments.

The above list is only illustrative and not exhaustive. The Company would also ensure deployment of proactive fraud detection measures to protect its e-commerce activities.

3. Fraud Governance Framework Overview

The Company seeks to establish and maintain a robust framework to provide reasonable assurance that dishonest acts are prevented or promptly detected and actioned upon, which have been reinforced through this Policy, which outlines the procedures in relation to the following:

a. Oversight: The Company has built adequate procedures and policies to oversee that the Fraud Risk Governance Framework is established, implemented and adequate internal controls exist to prevent, identify, detect, investigate, deter fraud and report insurance frauds. As the primary responsibility of fraud prevention set up lies with operational heads, they are responsible to ensure proper declaration within 72 hours from the detection of any confirmed, attempted or suspected fraud via the following generic email ID: Vigilante@nivabupa.com. Any person with knowledge of confirmed, attempted or suspected fraud or who is personally being placed in a position by another person to participate in a fraudulent activity will have to report the case to FRCU. If during an investigation, it appears that the case was known by Niva Bupa employees but not reported to the FRCU, the same will be considered very seriously and disciplinary actions will be initiated against the person for withholding the information.

b. Prevention: The Company will strive towards prevention of fraud at the first place. The Company has well defined procedures to carry out due diligence on the Employee, Agents, Intermediaries, Third Party administrators, etc. In addition, the Company shall conduct the following activities :-

- Fraud detection through data analytics and documents review;
- Awareness on Fraud among existing and prospective customers, its implication and importance of complying with the Company's policies & procedures and identifying/ reporting of suspicious activity;
- Investigate the whistle blower complaint, if any, received from time to time;
- Establish a strong Fraud Risk and Control Assessment; and
- Identifying the control weakness and adopting the learning's for process enhancement

c. Detection: All employees of the Company have a responsibility to detect potential fraud and should be familiar with the types of fraud that might occur within his/her area of responsibility and be alert for any indication of irregularities. Every employee shall immediately report any suspected fraud or dishonest act or omission to his/ her Supervisor/ Manager.

The employee may choose to remain anonymous and report the matter for investigation on the whistle blower ID mentioned herein below. The identity of the complainant will be maintained confidential and it shall not be disclosed.

Detection techniques have been established to uncover fraud events when preventive measures fail or unmitigated risks are realized. The Company detects fraud through means including but not limited to data analysis, investigation, verifying trends, interviewing the alleged etc.

d. Response: The Company has zero-tolerance against any fraud instance, and the Company is committed to ensure timely and adequate response to such events. The Company ensures that the matter is investigated until the root-cause is determined, appropriate action as per disciplinary matrix is undertaken, and learning's from such events are identified and implemented. The response may thus include action on fraudster(s), process improvements, enhanced controls, further training and monitoring etc. Niva Bupa will take appropriate steps, including legal action if necessary, to recover any loss arising from fraud. This may include action against third parties involved in the fraud or whose negligent actions contributed to the fraud. Any legal action will be managed by the legal department.

e. Internal Process: Framework shall be established to determine possible fraud trends and investigation of Suspected Fraud. All instances of fraud including financial or systemic frauds are investigated by FRCU wherein, collaboration with subject matter experts including Internal Audit is established basis nature of investigation. The functions designated for investigation are empowered with suitable Authority, thereby facilitating investigation of cases. Code & Ethics Committee (CEC) is formed especially to represent, discuss, deliberate and implement findings of investigations concerning variety of frauds. All efforts shall be made to complete investigations within 90 days of receipt of the complaint or on identification of the fraud. Exceptions, if any will be approved by the Head – Fraud Risk Control Unit or his designate.

Where there are reasonable grounds of suspicion that a fraud has been committed, the Management shall take prompt actions in order to:

- Minimize potential exposure of losses, and
- To prevent suspected person from removing the evidence of fraud.

f. Due Diligence measures to control Fraud: The Company shall carry out due diligence on the employees as well as agent / intermediaries in the following manner:

- Pre-screening of Employees (HR), Intermediaries, Customers, Third Parties including TPAs.
- Verify background of insurance agents, intermediaries and TPAs before appointment/ agreement with them.

g. Disciplinary Action:

- The Company sends a Show Cause Notice, evaluates the responses, investigates and submits its findings to the CEC as the case may be.
- CEC is responsible for considering the findings of investigations relating to employees, intermediaries, vendors, providers and determines appropriate disciplinary action as prescribed in the charter of Code & Ethics Committee.

h. Regular Communication Channels:

The Company shall ensure that appropriate trainings are conducted on periodic intervals to sensitize employees against susceptible frauds across the organization. In its regular communication on fraud prevention and ethical conduct, the Company shall prominently mention the independent whistle blow mechanism for raising anonymous complaints. The various modes of raising instances of frauds are as follows:

Phone line: 011-30902000; Extension – 5444 or 6107

Email: myvoice@nivabupa.com and vigilante@nivabupa.com

In addition, the Company may receive fraud instances also through internal / external audits, process control identification, etc.

4. Fraud Reporting

a. Management Reporting: For each fraud case regardless of the amount involved, the investigator will submit the investigation report to the CEC for appropriate disciplinary action.

- For all fraud cases investigation shall be completed post considering response received from the concerned person or entitiy against the allegations raised. As per the findings of the investigation, the vendors or distribution partner or providers shall be informed to take appropriate action against their employees involved in the fraud.

b. **Learning from fraud:** The learning from these cases shall be further evaluated to understand the reasons for failure of controls and initiate necessary corrective measures. The Company shall ensure quarterly reporting of all frauds identified to the Management Risk Committee.

c. Reporting to Law Enforcement: On a case to case basis, where it is reasonably believed that a fraud has been committed, the Company shall report the case to appropriate law enforcement authorities. CEC is authorised to take this call.

d. Fraud reporting to the Authority: The Company shall ensure necessary reporting's of fraudulent cases in the formats and timelines prescribed in the Framework.

e. Framework for Exchange of Information: The Company shall closely work with market participants, industry players and the Regulator and promote multiple avenues to enhance mutual cooperation and best practice exchange.

5. Review

The Board shall review the Policy upon recommendation of the Management Risk Committee, on annual or at such other earlier frequency as it may be considered necessary.

Annexure 1: Anti Fraud Policy - Responsibility/Decision Matrix

Action required	FRCU	Internal Audit	Finance Acctg.	Exec Mgmt.	Risk Mgmt.	HR	Public Relations	Legal
1. Controls to Prevent Fraud	SR	S	S	P	SR	S	S	S
2. Incident Reporting	P	S	S	S	SR	S	S	S
3. Investigation of Fraud	P	S				S		S
4. Referrals to law enforcement	P							S
5. Recovery of monies	P							S
6. Internal controls review		S			P			
7. Handle sensitive cases	SR	S			S	S		P
8. Publicity/ press releases				S			P	SR
9. Civil litigation	SR			S		S	S	P
10. Corrective action/ recommendations to prevent recurrences	SR	SR		P				SR
11. Monitor recoveries	S		P					
12. Proactive fraud auditing	S	P						
13. Fraud education/ training	P			SR	S	S		S
14. Risk analysis of areas of vulnerability	S	S			P			
15. Trend Analysis	SR	SR			P			
16. Investigation case analysis	P	SR			S			
17. Whistleblower complaint monitoring	S	SR						P

P (Primary Responsibility) S (Secondary Responsibility) SR (Shared Responsibility)

Annexure 2: Code & Ethics Committee Charter

CODE &ETHICS COMMITTEE CHARTER

Purpose	**Enhancement of Code & Ethics Committee (C&E) Charter scope and procedure along with addition of the same in Anti Fraud Policy (annexure)**
Proposed by	Alok Saraswat, GM – Fraud Risk Control Unit
Reviewed by	Partha Banerjee, Director & Head – Legal, Compliance & Regulatory Affairs
Approved by	Tarun Katyal, Director & Chief Human Resources Officer; Satyanandan Atyam, Chief Risk Officer; Smriti Manchanda (BPMA)
In Scope:	Fraud risk across Max Bupa or incidents of Fraud impacting Max Bupa
To be Approved by:	Board
Effective date:	01st Jan 2019

1. **Purpose & Scope:**
   - A thorough investigation of the incident shall be conducted
   - Appropriate and consistent actions shall be taken against violators.
   - Relevant controls shall be assessed and improved.
   - Communication and training shall occur to reinforce the Company's values, code of conduct and expectations.

The Code & Ethics Committee (the "Committee") of Max Bupa is a standing committee of selected group of Executive Leadership members ("Members"). The purpose of the Committee is to oversee Management's efforts to foster a culture of ethics within the organization. The Committee's role is one of oversight, recognizing that Management is responsible for instilling Max Bupa's ethics and culture throughout the organization and in its dealings. The Committee is empowered to approve and amend policies and programs falling under its purview.

2. **Committee Constitution & Governance Principles:**

The Committee shall be comprised of at least three members of the Executive Leadership team. The Committee will constitute of Director, Legal & Compliance; Chief Human Resource Officer, Head of BPMA and Chief Risk Officer. Director & Head – Legal, Compliance & Regulatory Affairs shall Chair the Committee proceedings. Head – Fraud Control Unit will be the coordinator of the proceedings and shall oversee the overall functioning of the committee. There shall be a representation from other functions upon identified need basis extended invite. A minimum of two (2) members of the Committee needed to convene and conclude C&E meeting. C&E committee members constitute to reflect gender diversity. While hearing any matter relating to Whistle Blower Complaint the Internal Audit Head shall be an invitee to the Code & Ethics Committee.

C&E Committee shall meet as often as it determines the need, but not less frequently than monthly. The Committee may form and delegate authority to subcommittees, comprised of one or more members of the Committee, as necessary or appropriate. Each subcommittee shall have the full power and authority of the Committee.

3. **Roles, Responsibilities and Authority:**

3.1. Committee role:

- Oversight of Max Bupa's Ethics and Culture Initiatives and oversee and help shape the definition of Max Bupa's value proposition.
- Review and assess the culture of the organization to determine if further enhancements are needed to foster ethical decision-making by employees and other constituents.
- Oversee Management's efforts to support ethical decision-making in the organization, evaluate Management's progress, and provide feedback on these efforts.
- Provide oversight over Max Bupa's Market Conduct Risk Program, whose objective, under Max Bupa's Market Conduct Policy, is to enhance Max Bupa's culture of compliance and control through the management, minimization, and mitigation of Max Bupa's conduct risks.
- The implementation and effectiveness of Max Bupa's ethics and culture initiatives, including training on ethical decision-making and the processes for the reporting and resolution of ethics issues.
- Whether Max Bupa's Code of Conduct and the Code of Ethics for Insurance Professionals and Max Bupa's other internal ethical policies and guidelines instill appropriate ethical behavior in Max Bupa's culture, business practices and employees. The Committee may also review employee & distributor training materials regarding either Code prior to distribution to Max Bupa personnel.
- Max Bupa's response to behavioral issues and its communications with employees on these issues.

- Compensation issues, including making recommendations to the Nomination Remuneration and Compensation Committee (NRC) on possible employee compensation actions, such as claw backs and other remedies, to reward ethical behavior and discourage unethical behavior.

3.2. Committee responsibility:

- The efficiency of C&E committee functioning will be reviewed through trends reporting on Claims Fraud, Market mis-conduct incidents, Conflict of interest scenarios and incidents of information security breach.
- Review and assess the adequacy of this Charter annually and recommend any proposed changes to the Risk Committee.

3.3. Committee authority:

In furtherance of its duties, the Committee shall have direct access to information or reports from, Management. All business functions would need to provide the Committee with any information that the Committee requests relating to its responsibilities. The Committee shall have the power to conduct or authorize investigations into any matter within its scope of responsibilities, and to engage independent professional advisors as it considers appropriate.

The Code & Ethics Committee shall function as an independent Body to recommend actions against Employees, Distributors, Service Providers (including Hospitals) of Max Bupa or other personnel or entities in case of them causing adverse impact on Max Bupa in cases of Misconduct. For this purpose, the Committee shall review all findings of Fraud Risk Control Unit's investigated cases of established improprieties i.e. fraud, forgery, misconduct, breach of IT policy etc. including the cases referred under Whistle Blower Policy.

For the purpose of investigation C&E committee authorizes Fraud Risk Control Unit to have unlimited access to information, people and assets. This is in accordance with expectation laid down in Guidelines for Corporate Governance for insurers in India (IRDA/F&A/GDL/CG/100/05/2016). With regard to unlimited access to information, investigation officers shall respect the confidentiality principle of the code of conduct. Access does not necessarily mean that Fraud Risk Control Unit has the right to further share (sensitive or classified) information. With regard to unlimited access to people, investigation officers have the right to interview employees without formally respecting the hierarchical lines. However, investigation officers shall always demonstrate respect for the organization's culture and habits. With regard to assets, investigation officers shall respect the organization's procedures to access assets. Investigation officers may use approved (Approval from C&E committee & CISO) software or data extraction tools to access data. On system based data accesses to investigation officers shall at all time have "read-only" access as user rights. The C&E committee at any periodic intervals could revoke the privileges of the investigative team if the actions of the investigative team are found to be not in expectations as per the guidelines laid down in the Guidelines for Corporate Governance for insurers in India (IRDA/F&A/GDL/CG/100/05/2016).

Recommendation binding of Committee decision:

- All corrective (including disciplinary) actions as recommended by the Committee or its sub-committee's shall be implemented by responsible personnel within 21 days (calendar days) or as instructed by Committee of decision communication date. Any deviations need to be approved by the Committee.
- All matters of relevance for the purpose to foster a culture of ethics within the organization will be under the scope of governance & review of the Committee except the matter falling under POLICY FOR PREVENTION OF SEXUAL HARASSMENT (POSH).

4. Ombudsmen procedure

Any and all appeal on the decision of Committee can be referred to the CEO & Managing Director of Max Bupa. The decision of CEO & Managing Director shall be final in all such matters. However, the appeal needs to be made within 21 days (calendar days) of C&E committee decision communicated to business function for execution by Fraud Risk Control Unit.