

# **Magma General Insurance Ltd**

(erstwhile Magma HDI General Insurance  
Company Limited)

To set forth a fraud monitoring framework to enforce policies, procedures, and controls to aid prevent, detect, monitor, and mitigate the risk of fraud in the Company.

## **Anti-Fraud Policy**

Effective Date: 01.11.2023

Approval Date: 24.10.2024

Version No. 8

Approved By: Board of Directors

Policy Owner: Chief Risk Officer

This document is confidential in nature and supersedes any Anti-Fraud Policy existing in the Company, and should be read in conjunction with the most recent policies and procedures documented and held on file.

<b>Governing Guideline Policy</b>	<b>:</b>	<b>IRDAI Circular No. IRDA/SDD/MISC/CIR/009/01/2013 dated 21st January, 2013</b>
<b>Initial Document Prepared by</b>	<b>:</b>	<b>Umesh Chaudhary</b>
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## **1. Purpose of this document**

This Anti-Fraud policy has been created to support Magma General Insurance Limited (hereinafter Magma or the Company) in its commitment to protecting its reputation, revenues, assets, and information from any attempts of fraud, deceit or other improper conduct by employees, policyholders, claimants, intermediaries or any other third parties.

This document sets forth a fraud monitoring framework to enforce policies, procedures, and controls to aid prevent, detect, monitor, and mitigate the risk of fraud in Magma.

The intent of the policy is to promote consistent legal and ethical organizational behavior by assigning responsibility for the development of controls, and providing guidelines for reporting, conduct of investigation and undertaking corrective action in respect of any suspected fraudulent behavior or fraud. The Company will also endeavor to work towards creating deterrents to prevent or mitigate frauds on the Company by suitably working with law enforcement agencies.

This Anti-Fraud Policy is intended to supplement all applicable laws, rules and regulations and other corporate policies, including the code of business conduct and ethics.

## 2. Scope of Policy

This policy applies to any fraud or suspected fraud in Magma, involving employees (including contractual employees), policyholders / their nominees, insurance agents / Corporate agents / intermediaries as well as consultants, vendors, suppliers, service providers, contractors, outside agencies and / or any other parties with a business relationship with Magma.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/ title, or relationship with Magma.

## 3. Definition and Classification of Insurance Fraud

The term "fraud" generally means an act of deception, bribery, forgery, extortion, theft, misappropriation, false representation, conspiracy, corruption, collusion, embezzlement, or intentional concealment or deliberate omission of material facts to cause wrongful gains to self or others and /or wrongful loss to others. Fraud is a violation of trust that, in general, refers to an intentional act committed to secure personal or business advantage.

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.
- abusing responsibility, a position of trust or a fiduciary relationship.

There can be different forms of fraud. It may be a simple act involving one person or it may be complex operation involving a large number of people from within and outside the company.

In order to adequately protect itself from the financial and reputational risks posed by insurance frauds, Magma has put in place through this policy a framework to detect, monitor and mitigate occurrence of such insurance frauds within the Company. This framework includes measures to protect the insurer from the threats posed by the following broad categories of frauds:

- a) **Internal fraud** – Fraud / misappropriation against the insurer by its Director, Manager and /or any other office or staff member (by whatever name called) on his/her own or in collusion with others who are either internal or external to the insurer.

- b) **Policyholder fraud** – Fraud against the insurer in the purchase and/or execution of an insurance product, including fraud at the time of making a claim by one person or people in collusion by obtaining wrongful coverage or payment.
- c) **Intermediary fraud** – Fraud perpetrated by an insurance agent / Corporate agent / Intermediary/Third Party Administration (TPA)/MISP/POSP/Web aggregator against the insurer and/or policyholders.
- d) **Vendor fraud** – Fraud/Misappropriation against the Company by vendors/third party service providers
- e) **Insurance Self Network Portal (ISNP)/Self Network Platforms** (ecommerce portals) - The company may also be exposed to cyber/digital or online frauds perpetrated by third parties and/or employees. The frauds would also include cyber threats such as illegal hacking, cyber-attack, denial of services, credit card theft, data leakage incidents.

**Appendix I** provides an illustrative list of actions which can be considered as Insurance frauds. These instances include frauds perpetrated internally; by insurance agent/ Corporate Agent/intermediary/TPAs; and instances of claims / policyholder frauds.

\*Source: IRDAI circular on Insurance Fraud Monitoring Framework

#### 4. Purview of the Policy

The anti-fraud policy will comprise the following sections:

- a) Fraud Framework
- b) Roles and responsibilities for fraud monitoring
- c) Procedures for fraud monitoring
- d) Reporting requirements
- e) Identify potential areas of fraud
- f) Co-ordination with law enforcement agencies
- g) Framework for exchange of information
- h) Due diligence

##### 4 (a) Fraud Framework

The company shall have the following framework to prevent, detect and respond to fraud



- a. **Prevention of fraud:** Though absolute prevention of fraud may not be possible, but the Company shall focus on prevention of fraud so that the fraud can be prevented from entering in the system. Fraud can be prevented by taking following steps into consideration.
  - i. Robust internal control processes
  - ii. Data analysis to identify potential areas of fraud and suggest change in processes
  - iii. Training & awareness of employees at all levels
  - iv. Customer awareness programs
  - v. Identification, implementation, and periodic review of fraud triggers into the system and processes of the Company
- b. **Detection of Fraud:** There will be frauds which cannot be prevented even after taking strong fraud prevention measures, to detect such frauds the company must have elaborate mechanism in place broadly covered below.
  - i. Fraud reporting tool for employees or associates of the company in the form of a common e-mail id and IFCU portal
  - ii. Analysis of claims and underwriting data such as claims frequency report
  - iii. Seeding in functions prone to fraud
  - iv. Specialized projects for detection of fraud
- c. **Response to Fraud:**
  - i. **Fraud Investigation:** Investigation of fraud is one of the most important and sensitive part conducted by fraud control function of the Company. While investigation of fraud, internal or external, following shall be taken into consideration.
    - a) The investigation shall be carried on in unbiased manner by Fraud Control Unit of the Company.
    - b) The Head of Fraud control unit would have access to data & system of the Company.

c) Interested party/employees shall not participate in investigation

**Reporting of Fraud:** Established frauds shall be reported periodically to in the following manner.

- (a) Employee/Associate related fraud shall be reported to Disciplinary committee
- (b) External frauds shall be reported to suitable law enforcement agencies
- (c) The Risk Management Committee on quarterly basis as per the severity/relevance framework

**Components to Fraud Framework:**

**Anti – Fraud Governance:**

The Board of Directors, Managers and Officers set the “tone at the top” for ethical behaviour by behaving ethically and openly communicating expectations for ethical behaviour to employees.

The Anti-Fraud policy is clearly communicated to all officers and staff members of the Company in an understandable fashion. The policy shall be communicated by the Head of Legal and Compliance to all the employees of the Company and other persons dealing with the Company, through email, circular, or display on the Notice Board/ display on the Intranet, etc. In addition, regular and periodic training (including new-hire orientation and refresher training) shall be provided to all personnel, upon joining the organization and throughout their association with the Company, in order to clearly communicate expectations for ethical behavior to staff members. Directors, employees and contractors shall internally self-disclose potential or actual conflicts of interest to Head of Legal and Compliance / HR. As part of the Company’s due diligence for fraud detection and mitigation, background checks on new employees and personnel (management and staff) / insurance agent / corporate agent / intermediary shall be carried out in order to prevent fraud at the source.

**Fraud Risk Assessment:**

IFCU along with Risk team shall be working with each Vertical Heads to perform fraud risk assessments for each department of the Company as part of the periodic risk assessment process, in accordance with the Magma’s Risk Management procedure.

The process of Fraud Risk Assessment will be as follows.

- Identifies fraud risks that affect achievement of goals and objectives
- Identifies various means of perpetrating fraud by creating fraud scenarios / indicators

- Determines the most appropriate business response to each fraud risk
- Evaluates health of existing internal controls and reports on how well the chosen responses are being implemented
- Assess the extent of exposure and determining action plans to address gaps, if any, to address the fraud risks

**Identification of fraud risks and fraud risk scenarios / indicators** shall be carried out by each vertical of Magma as per fraud framework above.

**Fraud risk assessment** provides a standard and consistent process for Magma and its business verticals to consider the extent to which potential fraud risks might have an impact on achievement of its objectives.

**Risk response** relates to the policies, procedures, processes, controls, and other actionable steps implemented to address the identified fraud risks associated with specified future events. Response to a fraud risk must be considered in light of costs to be incurred and consequent benefits (typically measured in terms of as estimate of the quantum of reduction in risk exposure).

The risk of fraud may increase if a control is inadequate. As the Company's operations change, the fraud risk assessment should be updated, where feasible, and the adequacy of the operating controls used to prevent or detect fraud should be evaluated.

These fraud risk assessments shall be subject to review and comment by the IFCU staff when performing their routine or special audits.

**Anti – Fraud Procedures:**

The fraud risks / triggers identified through the Fraud Risk Assessment process shall be monitored by respective Verticals on regular basis. Any case qualifying the criteria shall be reported by the respective Verticals to IFCU for investigation.

Magma shall have detailed Anti-Fraud procedures / process for detection and investigation of fraud risks. This process shall include the procedure for detection, investigation, reporting of fraud along with the process for actions to be initiated on investigation findings and various reporting to be done to the regulator, Board and Risk Management Committee

**Fraud Investigations:**

Cases reported to IFCU shall be investigated independently by IFCU or with the help of an external agency. The investigation reports shall be discussed with the respective Vertical Heads and needs to be placed at the Disciplinary Committee, if the case requires initiation of Disciplinary action.

The document for Anti – Fraud Procedures shall incorporate the process to be followed for Fraud Investigations.

In conjunction with Annual Code of Conduct training to all employees, The Anti-fraud Policy should be reviewed annually

#### **4 (b) Roles & Responsibilities for Fraud Monitoring**

In summary, the specific roles, and responsibilities for preventing and responding to fraud in Magma are the following:

##### **Board**

- Responsibility for effective and responsible fraud governance.
- Setting the tone for fraud risk management within the organization.
- Oversee and monitor management’s actions to manage fraud risks.
- Ensure that management designs effective fraud risk management policies that encourage ethical behaviour, including processes for employees, customers, and external business relationship partners to report instances where those policies are violated.
- Maintain oversight of the fraud risk assessment by ensuring that fraud risk has been considered as part of the organization’s risk assessment and strategic plans.
- Review reports on fraud investigations and corrective actions taken by the management to manage fraud risks and obtain reasonable assurance on the effectiveness of the fraud risk management program and controls addressing fraud risks.

##### **Risk Management Committee**

- Sponsors the fraud monitoring framework.
- Provides concurrence to the fraud monitoring strategy, policy, and process.
- Evaluates the effectiveness of fraud monitoring framework, policy, process, and structure in the organisation. Evaluate management’s identification of fraud risks and the implementation of anti-fraud measures, and to provide the tone at the top that fraud will not be accepted in any form.
- Oversee controls to prevent or detect management fraud.
- Oversee the organization’s assessment of fraud risks and use internal auditors, or other designated personnel, to monitor fraud risks

##### **Audit Committee:**

- Oversee senior management’s compliance with appropriate financial reporting and for preventing senior management override of controls or other inappropriate influence over the reporting process.
- Establish mechanisms to ensure it is receiving accurate and timely information from management, internal and external auditors, and other stakeholders regarding potential fraud occurrences.



- Require information on frauds based on investigation reports and management responses through disciplinary and / or legal actions and improvements in fraud related internal controls and any other measures taken.
- Provides the external auditors with evidence that the committee is committed to fraud risk management and will discuss with the external auditor the auditors' planned approach to fraud detection as part of the financial statement audit.

### **Investigation and Fraud Control Unit (IFCU)**

The IFCU oversees the process by which business verticals detect, monitor, and mitigate occurrence of insurance fraud risks within Magma.

IFCU's primary role is to ensure effective implementation of the anti-fraud policy of the company and is also responsible for the following:

- Set the overall tone to reinforce the message that fraud will not be tolerated.
- Designs, develops, and periodically update the anti-fraud policy and framework, including an appropriate control environment and a fraud response plan.
- Promote and implement the anti-fraud policy by enhancing the level of risk awareness within the Company and through the development of appropriate procedures and the commitment of resources.
- Ensure adherence to anti-fraud policy and procedures and that the fraud monitoring framework is sustainable by continuously evaluating its effectiveness.
- Oversee the fraud risk management process by which business verticals' prevent, detect, monitor, and mitigate occurrence of fraud risks within the company.
- Assesses the vulnerability of Magma to fraudulent activity by development of an organizational risk profile, including consideration of fraud risks, and regular review of the fraud risks associated with organizational objectives.
- Create awareness among employees, customers, and external business relationship partners to counter and report frauds.
- Establish mechanisms and procedures for reporting suspected fraud and issues with fraud risk management.
- Investigation of whistle-blower cases as referred by HR.
- Ensure that staff knowledge of anti-fraud policies is sufficient, and that appropriate training is provided.
- Encourage staff to report reasonable suspicions of fraud, treating all allegations seriously, and promptly reporting allegations to IFCU, HR or Line Managers.
- Shall carry out Investigations and take appropriate actions.
- Ensure that swift action is taken to respond to allegations and substantiated cases of fraud.
- Review information on frauds reported and their status based on investigation reports and management responses through disciplinary and / or legal actions and improvements in fraud related internal controls and any other measures taken.

- Report to the Board on what actions have been taken to manage fraud risks and regularly reporting on the effectiveness of the fraud risk management program. This includes reporting any remedial steps that are needed, as well as reporting actual frauds.
- Establish procedures, checks and controls to prevent fraud and detect fraud as and when it occurs.
- Ensure that regular feedback is given to the respective departments so that control systems can be strengthened continuously
- Create a culture through words and actions where it is clear that fraud is not tolerated, that any such behaviour is dealt with swiftly and decisively, and that whistle-blowers will not suffer retribution.
- Interview and communicate regularly with those conducting the organization's risk assessments, as well as others in key positions throughout the organization, to help them ensure that all fraud risks have been considered appropriately.
- All the actions on non-employees would be routed through IFCU
- Action to be initiated on agents / intermediaries and PI agencies actions would be decided by IFCU post seeking views from respective departments
- For any action to be taken on any employee, IFCU team to inform HR for the same along with all the relevant details.

#### **Human Resource**

- For actions of employee:
  - Issuance of Show Cause Notice to concern employees under investigation, seeking explanation on the incident reported, where applicable.
  - Based on the recommendations of the Disciplinary Committee / investigation report, take appropriate actions against perpetrators of fraud and / or supervisors whose failures have contributed to the commission of fraud, and ensure that appropriate action is taken to recover assets, modify processes and restore company's reputation and goodwill.
- Take appropriate measures in case of frivolous or bad faith allegations.
- Keep updated records of any reported fraud or suspected fraud allegations made, any subsequent actions taken, and the ensuing result.
- Assist management in educating and providing training sessions to staffs on anti-fraud policy and program.

#### **Disciplinary Authority / Committee**

Cases requiring actions on employees would be placed at the Disciplinary Committee for their decision.

Note: In case of any fraud or suspected fraud case related to HR / Finance / Internal Audit and Risk, the respective member of the Disciplinary Committee will be substituted by an employee nominated by MD & CEO.

### **Compliance Officer**

Compliance Officer is responsible for the following:

- Communicate with HR and IFCU to obtain relevant fraud related information.
- Keep updated records on the corrective actions taken on the reported fraud or suspected fraud incidents by the Verticals and HR.
- Liaison with Regulatory Authority on fraud reporting requirements.
- Furnish various reports on frauds to the Regulatory Authority as stipulated in this regard.
- Promote and assist in the deterrence and prevention of fraud by evaluating the adequacy and effectiveness of internal controls, and report periodically on their adequacy to the Audit Committee.
- Evaluates and reports whether anti-fraud policy and processes have been fully complied with and implemented.
- Review the implementation of the changes made to the system of internal control subsequent to a case of fraud to evaluate their efficiency and effectiveness.
- Be alert to the signs and possibilities of fraud within an organization.
- Detect the symptoms that accompany fraud.
- Review the comprehensiveness and adequacy of the fraud risks identified by management — especially with regard to management override risks.
- Provide objective assurance to the board and management that fraud controls are sufficient for identified fraud risks and ensure that the controls are functioning effectively.
- Consider the organization's assessment of fraud risk when developing their annual audit plan and review management's fraud management capabilities periodically.
- Assist management in establishing effective fraud prevention measures by knowing the organization's strengths and weaknesses and providing consulting expertise.
- Keep senior management and the audit committee informed of special investigations in-progress and completed at the appropriate time when enough information has been obtained.
- Spend adequate time and attention to evaluating the design and operation of internal controls related to fraud risk management during audit engagements.
- Conduct themselves lawfully and properly in the use of the Company's resources.
- Have a basic understanding of fraud and be aware of the red flags (fraud indicators).
- Understand their roles within the internal control framework and how their job procedures are designed to manage fraud risks.
- Read and understand policies and procedures (e.g., the Anti-fraud policy, code of conduct, and whistle-blower policy), as well as other operational policies and procedures.

- Remain alert to the possibility of fraud and report suspicious behaviour or incidences of fraud to their Line manager, or the IFCU, or HR.
- As required, participate in the process of creating a strong control environment and designing and implementing fraud control activities, as well as participate in monitoring activities.
- Co-operate in investigations.
- Attend in-house training courses on Fraud Prevention.

#### **4 (c) Reporting requirements**

Reporting to IRDAI:

In order to file reports to IRDAI under fraud monitoring, date of IFCU's investigation report would be considered as date of detection of fraud and Chief Compliance Officer would file the case specific reports to IRDAI within the time frames stipulated by the IRDAI.

The Chief Compliance Officer, with the assistance of IFCU, will submit fraud monitoring reports on yearly basis with the statistics on various fraudulent cases which come to light and action taken thereon in the prescribed forms i.e., FMR1 and FMR 2 to IRDAI

#### **Reporting to Risk Management Committee of the Board:**

Critical cases wherein fraud has been established would be reported to the Risk Management Committee of Board on quarterly basis. The criticality matrix shall form part of the Standard Operating Procedures and would be reviewed and updated on regular basis.

#### **4 (d) Identify Potential Areas of Fraud**

##### **Risk Management and Internal Control:**

Risk management is at the heart of effective fraud control, especially through the development of risk criteria and implementation of effective controls. Magma will undertake a comprehensive evaluation of its overall vulnerability to fraud as well as the scope and magnitude of fraud risk in specific areas at least every two years, or more frequently as part of an on-going rolling risk assessment process. Findings will be reported to the Board and Risk Management Committee of Magma. The Board and Risk Management Committee of Magma:

- Expect the Chief Risk Officer to exercise proactively his/her responsibility for the overall management of fraud risk and for the management of specific fraud risks.
- Will monitor the implementation of mitigation measures /actions designed to reduce or mitigate fraud risk.
- Where there is insufficient or lack of management response to fraud, report the matter to Board and Risk Management Committee with recommendations for appropriate action.

**IFCU will:**

- Establish internal controls to detect, report and deter fraud that are cost effective and commensurate with the magnitude of identified risks.
- Ensure that staff is comfortable to report fraud without any fear.
- Initiate and facilitate fraud detection and reporting.
- Determine whether each risk, judged according to its probability and severity, should be prevented, mitigated, transferred, or accepted.
- Report on the implementation of actions designed to reduce fraud risk.

**The company shall follow the Fraud Risk Assessment procedure, as defined in this policy**

**4 (e) Co-ordination with Law Enforcement Agencies**

Any communication or co-ordination with law enforcement agencies like Police, CBI, etc. in connection to a fraud or suspected fraud shall be represented by IFCU in consultation with Legal team of Magma.

A log of all such communications with law enforcement communications is to be maintained by IFCU.

This communications log shall include:

- Date of communication(s);
- Name, department, and location of the law enforcement official.
- Applicable Fraud Case number and details (to be assigned by IFCU) and
- Information sought by law enforcement.

This communication log will be maintained by the IFCU and shall be produced for the regulatory authorities upon request.

**4 (f) Exchange of information between insurers**

Relevant information about internal fraudsters and fraudulent policyholders, claimants, beneficiaries, intermediaries and other third parties faced by the Company to be shared with General Insurance Council on a periodic basis.

The Company will also provide full cooperation with other insurance stake holders.

**4 (g) Due Diligence**

Due Diligence procedures followed by the Company on their personnel (management and staff) / Insurance agent / Corporate Agent / intermediaries/Vendor before appointment / agreement with them as below:

i. **Personnel (management and staff)**

After selection of candidate by the Concerned vertical and HR, Branch / HO HR team on receipt of duly filled Application Form (AF) and required documents perform all the below scrutiny and checks:

- a) Completeness check of AF
- b) Documents verification
- c) Background verification by external agency

ii. **Intermediaries – Insurance Agents / Corporate Agent/Vendors, etc.**

Due Diligence shall be conducted by the respective sales team and the Agency Support team at the time of appointment of insurance agents / intermediaries. And for vendors due diligence shall be conducted by respective stake holders/vertical heads at the time of appointments.

**5. Reporting of Fraud**

- If employee of company prefers to report fraud, they can by sending an email to **'fraudalert@magmainsurance.com'**
- Write a letter to The Chief Risk Officer, Equinox Tower 3, Second Floor, Ambedkar Nagar, Corporate Park, Kurla (West), Mumbai, Maharashtra – 400070
- Directly report the suspected fraud cases on IFCU portal using the below link <https://fasttrack.magmainsurance.com/IFCU/Complaint/Home/RaisedComplaint#>

**6. Confidentiality**

No employee or person acting on behalf of Magma in attempting to comply with this policy shall:

- Be dismissed or threatened with dismissal.
- Be disciplined or suspended or threatened with discipline or suspension.
- Be penalized or have any other retribution imposed; or
- Be intimidated or coerced.

based upon the fact that the employee or other person has reported an incident or participated in an investigation in accordance with the requirements of this policy. Violation of this section of the policy shall result in disciplinary action, up to and including dismissal.

If an allegation is made in good faith, but is not confirmed by the investigation, no action will be taken against the originator. However, malicious allegations will result in disciplinary action against such individual.

## 7. Administration of the Policy

IFCU is responsible for administration, interpretation, application, and periodical review of this policy. However, the decision of Board will be final in the case of difference in the interpretation of any of the clauses in the Policy.

Magma's Board of Directors shall review and ratify this policy based upon recommendation of the Risk Management Committee on annual basis and at such other intervals as it may be considered necessary.

## 8. Conclusion

Fraud Prevention and Control is extremely important in the context of Magma. It is always preferable to prevent frauds from occurring in the first place. The enunciation of the anti-fraud policy and implementation of the same in letter and spirit will go a long way in achieving the said objective.

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Appendix - I

### **Illustrative List of Insurance Frauds**

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

#### 1. **Internal Fraud:**

- a) Misappropriating funds
- b) Fraudulent financial reporting
- c) Stealing cheques
- d) Overriding decline decisions so as to open accounts for family and friends paying false (or inflated) invoices, either self-prepared or obtained through collusion with suppliers
- e) Permitting special prices or privileges to customers, or granting business to favoured suppliers, for kickbacks / favours
- f) Forging signatures
- g) Removing money from customer accounts
- h) Falsifying documents
- i) Selling insurer's assets at below their true value in return for payment.

#### 2. **Policyholder Fraud:**

- a) Exaggerating damages / loss
- b) Staging the occurrence of incidents
- c) Reporting and claiming of fictitious damage / loss
- d) Medical claims fraud
- e) Fraudulent Death Claims

**3. Intermediary Fraud:**

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

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**Change Control Record**

Version No.	Change Request by	Memorandum of Change	Approval Date
2.0	Sajjan Kumar Kedia	Changes made in reporting of fraud, investigation of the fraud/suspected fraud, reporting to IRDA and insertion of process modification.	24.10.2013
3.0	Anand Roop Choudhary	Ownership of the policy redefined Responsibilities has been bifurcated between Audit Committee and Risk Management Committee Responsibility for carrying out investigations and other activities listed in the policy has been shifted to the Fraud Control Unit	04.05.2017



4.0	Anand Roop Choudhary	<p>The Fraud Risk Management Structure and various channels of communications have been replaced with a comprehensive Fraud Framework which encompasses the following;</p> <ol style="list-style-type: none"> <li>1. Fraud Risk Assessment</li> <li>2. Anti-Fraud Procedures</li> <li>3. Fraud Investigations</li> <li>4. Anti-Fraud Culture</li> <li>5. Anti-Fraud Governance</li> </ol> <p>Investigation of whistle-blower cases referred by HR</p> <p>Two tiers of Disciplinary Committee defined:</p> <ol style="list-style-type: none"> <li>1. Consisting of Head of HR, Head of Internal Audit and CFO for cases having involvement of employees with grades above Sr. Manager</li> <li>2. Consisting of Head of Internal Audit, Financial Controller and Zonal Head HR for cases having involvement of employees with grades of Sr. Manager and below</li> </ol> <p>Procedures of Fraud Monitoring has been detailed in a separate SOP. This policy mentions the various aspects that needs to be covered in the SOP</p> <p>The log of communications with Law enforcement agencies for cases pertaining to fraud is to be maintained by IFCU</p>	27.07.2018
5.0	Anand Roop Choudhary	Included Head of Legal and Compliance as the permanent member of the Disciplinary Committee	18.07.2019
6.0	Amit Bhandari	<p>Chief Risk Officer (CRO) is the new policy owner</p> <p>Quorum of any Disciplinary Committee shall consist of at least three members</p> <p>Critical cases and update on fraud is to be provided to Risk Management Committee every quarter</p>	24.07.2020
6.0	Amit Bhandari	No change in policy	22.07.2021
7.0	Amit Bhandari	Change in constitution of Disciplinary Committee	21.10.2021
8.0	Amit Bhandari	<p>Changes in Classification of Insurance Fraud- it is further classified in to</p> <ol style="list-style-type: none"> <li>1. Vendor Fraud</li> </ol>	09.11.2022

		<p>2. Fraud relating to Insurance Self Network Portal (ISNP) and e-commerce</p> <ul style="list-style-type: none"> <li>• Changes made in Fraud Framework</li> <li>• Changes made in Components to Fraud Framework <ol style="list-style-type: none"> <li>1. Anti- Fraud Governance</li> <li>2. Fraud Risk Assessment</li> <li>3. Fraud Investigation- Anti Fraud policy should be reviewed annually</li> <li>4. Anti- Fraud Culture: Awareness Raising and Training- Shifted under Fraud Investigation due to repetition</li> <li>5. Constitution of Disciplinary Committee excluded from Disciplinary Authority / Committee definition</li> <li>6. Excluded Procedure for Fraud Monitoring</li> <li>7. Reporting Requirements</li> </ol> </li> <li>• Co-ordination with Law Enforcement Agencies shall be represented by IFCU in consultation with Legal team of Magma</li> <li>• New addition in Due Diligence – Due diligence of Vendors has been added in Due Diligence</li> <li>• Reporting of Fraud – different modes of reporting incorporated</li> <li>• Modified Appendix I: Illustrative list of Insurance Fraud: list of insurance fraud for Vendors and Insurance Self Network Portal (ISNP) incorporated.</li> <li>• Modified Appendix II: Illustrative List of Cyber Frauds in the insurance sector: Various cyber frauds incorporated.</li> <li>• Excluded Fraud Monitoring Template and Guidance for Fraud Cases to be considered as Closure for reporting from Appendix II</li> </ul>	
8.0	Amit Bhandari	No change in policy	
9.0	Amit Bhandari	<p>Change made in Roles &amp; Responsibilities for Fraud Monitoring:</p> <ol style="list-style-type: none"> <li>1. New addition in Roles &amp; Responsibilities for Fraud Monitoring: Investigation and Fraud Control Unit (IFCU) - For any action to be taken on any employee, IFCU team to inform HR for the same along with all the relevant details.</li> <li>2. New addition in Roles &amp; Responsibilities for Fraud Monitoring: Human Resource - For actions of employee, Issuance of Show Cause Notice to concern employees under investigation, seeking</li> </ol>	24.10.2024

		explanation on the incident reported, where applicable.	
		3. Excluded from Roles & Responsibilities for Fraud Monitoring: Compliance officer - Sign and accept the Anti-Fraud Policy as an integral part of their employment contract	
Subject:		Original Issue Date: 26.04.2013	Effective Date:09.11.2022
Anti-Fraud Policy		Revision Dates: 24.10.2013, 04.05.2017, 27.07.2018, 18.07.2019, 24.07.2020, 21.10.2021,09.11.2022, 01.11.2023,24.10.2024	Policy No: 9.0