EDELWEISS GENERAL INSURANCE COMPANY LIMITED

ANTI FRAUD POLICY

VERSION CONTROL

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ANTI-FRAUD POLICY

1. Objective

- The Company is committed to conducting business in an environment of fairness and integrity and adopts a 'Zero-Tolerance' approach to fraud. In accordance with the Insurance Regulatory and Development Authority of India ('IRDAI') circular, dated 21 January 2013, on Insurance Fraud Monitoring Framework, the Company is required to have in place an 'Anti-Fraud Policy' duly approved by the Board of Directors and also place detailed set of procedural guidelines that enlist the steps and approach adopted by the insurer to successfully mitigate fraud.
- Further, as laid down in the IRDAI Guidelines on Insurance E-Commerce, dated 9 March 2017, the Company is required to have a pro-active Fraud Detection Policy for the insurance e-commerce activities. Accordingly, Edelweiss General Insurance Company Limited **('the Company')** has formulated the Anti-Fraud Policy considering the various types of frauds including e-commerce frauds.

2. Applicability

The Policy applies to any fraud involving the Company's employees, directors, insurance agents, corporate agents, insurance intermediaries, business partners/associates, policyholders, assignees, claimants, nominees, third party administrators and service providers/vendors.

Fraud Risk Department will have the sole discretion on deciding the applicability of this policy & initiating the investigation process without regards to the suspected wrongdoer's length of service, designation/position/tittle, or contractual relationship with the Company

3. Scope

The Company shall place high emphasis on prevention, detection, control and deterrence through below mentioned components:

- Create an ecosystem and culture of honesty & high ethics via awareness of Fraud risk & control
- Implementation of processes, procedure and controls to identify, assess and mitigate fraud risk & reduce opportunity of fraud

This policy should be read in conjugation with the other related policies of the Company i. e. Fraud Monitoring Policy & Framework, Risk Management Policy, Whistle-blower Policy, Internal Audit Policy and Compliance Policy

4. Definition of Insurance Fraud

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

As defined in Section 447 of Companies Act 2013, 'Fraud' 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 interest of, the Company or its shareholders or its creditors or any other person whether there is any wrongful gain or wrongful loss.

5. Types and Classification of Frauds

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

- **Intermediary Fraud:** Fraud perpetuated by an insurance agent/corporate agent/ insurance intermediary/Third Party Administrator (TPAs) against the insurer and/or policyholder across distribution channels including e-commerce (ISNP Portal).
  - 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

- **Internal Fraud:** Fraud/misappropriation against the insurer by its director, manager and/or any other officer/employee or staff member (by whatever name called).
  - Misappropriating funds
  - Fraudulent financial reporting
  - Misappropriation of financial instruments
  - Overriding or influencing decisions 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 favored vendors, for kickbacks/ personal favors
  - Forging signatures
  - Falsifying documents
  - Selling Company assets at below their true value in return for personal benefit

6. Zero Tolerance Policy

The Company has adopted Zero tolerance policy for fraudulent activities or attempts to commit a fraud. Prompt & strict action shall be taken against perpetrators and/or personnel attempting to conceal instances of fraud.

7. Anti-Fraud Framework

The Anti-Fraud Framework aims to ensure that the Company is adequately equipped to protect its brand, reputation and its assets from loss or damage resulting from suspected or confirmed incidents of internal or external frauds/misconducts.

This section should be read in conjugation with Fraud Monitoring Policy & Framework.

8. Procedures for Fraud Monitoring

A. Fraud Risk Identification

As the primary responsibility of fraud declaration lies with all employees of the Company, they are responsible to ensure escalation to the Fraud Risk Department.

Any person with knowledge of confirmed, attempted, or suspected fraud, who is personally being placed in a position by another person to participate in a fraudulent activity, will have to report the case at the aforesaid designated mechanism. Fraud Risk Department shall, on receipt of such communication, analyse and decide on further course of action. Fraud Risk Department can also suo moto take cognizance of complaints received from other sources like whistle blowing, customer complaints, etc.

Any withholding of known information about any committed, attempted or suspected fraud by any person could be taken very seriously and would results in disciplinary action.
The frauds may be differentiated based on the involvement of employees and can be classified as External Fraud and Internal Fraud.

B. Investigation

The Fraud Risk Department is entrusted with full authority for the investigation of all suspected/actual fraudulent acts. The examination of a suspected fraud (or a transaction) shall be undertaken by the Fraud Risk Team or the appointed investigation agencies (as appropriate). Fraud Risk Team shall investigate the frauds (including internal frauds and employee misconduct) within the Company in an unbiased manner.

The first step in an investigation process is gathering and validation of case facts. In order to investigate suspected cases, the Fraud Risk Department would adopt various techniques during the course of investigation. The investigation team may conduct oral interviews of customers, employees, advisor, and partner employees as the case may be, to understand the background and details of the case. In case an interview of the person accused of fraud is required to be undertaken, the investigation team will follow a prescribed procedure and record statements appropriately. The investigation activities will be carried out discreetly and within a turnaround time (TAT) as may be specified.

The investigation report will conclude whether a suspected case is a fraud and if there is any form of involvement of employee or any other party/individual in the act of fraud. In special circumstances, the investigation into suspected fraud cases may be assigned to external specialised agencies considering various circumstances.

The complainant and everyone involved in the investigation process shall maintain complete confidentiality/ secrecy of the matter and shall not discuss the matters under this Policy in any informal/social gatherings/ meetings.

C. Taking Corrective Action

The Company during the course of investigation may be required to call for explanation or send a Show Cause Notice to seek formal response, The Fraud Risk Department will evaluate the responses, investigate further, if required, and submit its findings for internal review and final decision as the case may be.

The Fraud Risk Department, on conclusion of the final decision shall share it with the Function Head and shall convey it to Head – Human Resource (or any other authorized representative) in case of an employee and to the respective Sales Channel Head (or any other authorized representative) in case of an insurance agent or insurance intermediary, for necessary disciplinary action.

9. Reporting Mechanism

The statistics on various fraudulent cases, which come to light and action taken thereon shall be filed with the authority in forms FMR1 and FMR 2 as prescribed by IRDA, vide its Circular bearing ref. no. IRDA/SDD/MISC/CIR/009/01/2013, dated January 21, 2013

10. Awareness Sessions

The Company shall ensure that appropriate trainings are conducted on periodic intervals to sensitize employees against susceptible frauds across the organisation and create awareness among employees, insurance intermediaries and policyholders to counter insurance frauds.

The Instances of frauds can be raised on email ID- EGI_Vigilance@edelweissfin.com

11. Review of the Policy

The Risk Management Committee is authorised to make amendments to this Policy at any time, when considered appropriate to do so, within the overall framework stipulated by IRDAI. The amendments approved by the Risk Management Committee shall be put up to the Board, at its next meeting, for ratification.

The Board of Directors of the Company shall review and approve the Policy on an annual basis and at such intervals as may be considered necessary.