

**Fraud Risk Management Policy /Anti-Fraud Policy  
Standard Operating Procedure**

**Fraud trigger points**

**I. Fraud can happen at underwriting or claims stages.**

- Close proximity claims
- Unreasonable Delay in reporting the accident
- Misrepresenting material facts to make claim payable
- Documentary Frauds of different nature for different purpose
- Suspicious-looking or handwritten receipts for repairs or replacement of covered property. Corrections in receipts.
- Medical documentation that appears to be altered or fraudulent.
- Damages to vehicle exaggerated, non-existent, pre-existing
- Multiple claims under the same policy or successive policies
- Alterations made to the policy without sufficient/proper authorisation

**II. Fraud can also perpetuated by intermediaries.**

- An unscrupulous insurance agent might collect premiums from a customer without passing them along to the company. The consumer believes that their premiums are being properly handled while the insurance company thinks the policyholder is not paying their premiums and, therefore, cancels or not renews the consumer's policy. If the policyholder do not receive an insurance ID card or a copy of your policy in a timely manner, this could be an indication that the premiums have not been paid to the insurance company
- Intermediaries assuring clients coverage different from what has been negotiated with the insurer.
- Fake insurance documents carrying the company's logo.

**III. Internal Frauds**

- Misappropriation of funds by Cashier or others who handle cash/cheque
- Exaggerated/ false bills for expenses like LTS etc.,
- Transfer of business between development officers /intermediaries without appropriate authorisation
- Payments made on the basis of photocopies of bills
- Misuse of cheques

- Accepting gratification other than legal remuneration/favour from clients / vendors.

**Caveat :** The trigger points are illustrative in nature.

### **Fraud Detection**

1. Exception reports to be generated through IT
2. Data analytics tools may be deployed to see the pattern in order to detect frauds.
3. Escalation matrix to be in place when fraud is detected.
4. Investigation mechanism to be strengthened.

**Fraud Prevention :** Fraud can be prevented by:

1. Following a robust internal control mechanism
2. Imbibe an anti-fraud culture in the organisation
3. Obtaining proposal forms complete in all respects- all required details should be filled in.
4. Internal Manual to be updated and circulated
5. Internal audit to be strengthened and trained to detect fraud due to lapses in the systems so that such lapses can be plugged immediately.
6. Periodical reconciliation of bank accounts.

### **REVIEW:**

The SOP will be reviewed and updated as per the experience gained over the period.

## Fraud Prevention and detection procedures

1. **Placing the policy on the Intranet and Website:** The Fraud management policy will be placed on the Intranet and the Website (to enable outsiders to inform fraudulent activities to the nodal officer) of the company immediately on its approval by the Board
  
2. **Nomination of Nodal officer:** A senior level officer shall be nominated as the Nodal Officer to receive the information and take necessary action under the policy. The nodal officer shall report to the CRO of the company. The name of the person nominated as nodal officer shall be put on the website.
  
3. **Fraud Risk Management Committee:**
  - **Constitution:**
    - FRMC shall consist of three General Managers and CRO nominated by the CMD from time to time.
    - FRMC shall meet once in a quarter to discuss the matters relating to Fraud Prevention and monitoring.
    - The Quorum for the meeting shall be 2 GMs and CRO present in person.
    - The Nodal officer shall be the convenor of Fraud Risk Management Committee.
  
  - **Responsibilities:**
    - FRMC is responsible:
      - to devise the FRM policy /& whistle Blower policy and periodically review the same
      - to identify the departments /areas potentially prone to fraud
      - to design the procedures for reporting, investigating and for taking action against the persons committing fraud
      - for designing modules for creating awareness among employees to identify red flags
      - for recovery of the loss from the persons committing fraud against the company
      - Coordinate with the Internal Audit and Vigilance mechanism in the company to report to the RMC and Board
  
4. **Notification of fraud to the Nodal Officer:** Any outsider(s) or employees(s) who is in the knowledge or come across any fraud /fraudulent practices committed by an intermediary or policyholder or employee can notify the same through any Operating office(s) or to the Nodal Officer at Head Office, directly, if he deems it necessary. Suggestion box shall be kept

at HO and all ROs, initially. Subsequently after gaining experience suggestion box shall be placed at the Dos.

5. **Notification in Writing:** All such information shall be notified in writing to Nodal Officer giving complete information and the modus operandi of the instance of fraud. If the issue has already been investigated by the Operating office(s), then such investigation report shall also be forwarded to the nodal officer.
6. **Further Investigation:**
  - The Nodal Officer or the FRMC may decide to further investigate the matter by engaging professional investigators or rely on the report submitted by the operating offices.
  - Wherever, employees are involved the Nodal Officer shall refer the same to the Vigilance department for further investigation and action.
  - Wherever the case relating to outsider or employees has to be referred to CBI/ Law enforcing authorities, the nodal Officer shall route the same through the CVO.
7. **Initiating action and Recovery of pecuniary Loss:** The Nodal Officer is responsible to initiate action by law enforcing agencies including the Police authorities and the CBI against the persons who have been identified to have committed fraud through CVO.
8. **Reporting:** The Nodal Officer is responsible to file periodical returns to the Authority/RMC/Management and the Board as prescribed in the extant regulations/guidelines.
9. **Rights of Nodal Officer:** The Nodal Officer is authorised to take original records from any operating office /take copies /or emails/telephone calls or other communication and such other records and interrogate such persons as he may decide for the purpose of establishing the fraud committed.
10. **Creating Awareness:** The Nodal Officer shall implement the modules suggested by the FRMC to create awareness among the employees and officers in fraud detection and mitigation.

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## UNITED INDIA INSURANCE COMPANY LIMITED

HEAD OFFICE, 24, WHITES ROAD, CHENNAI

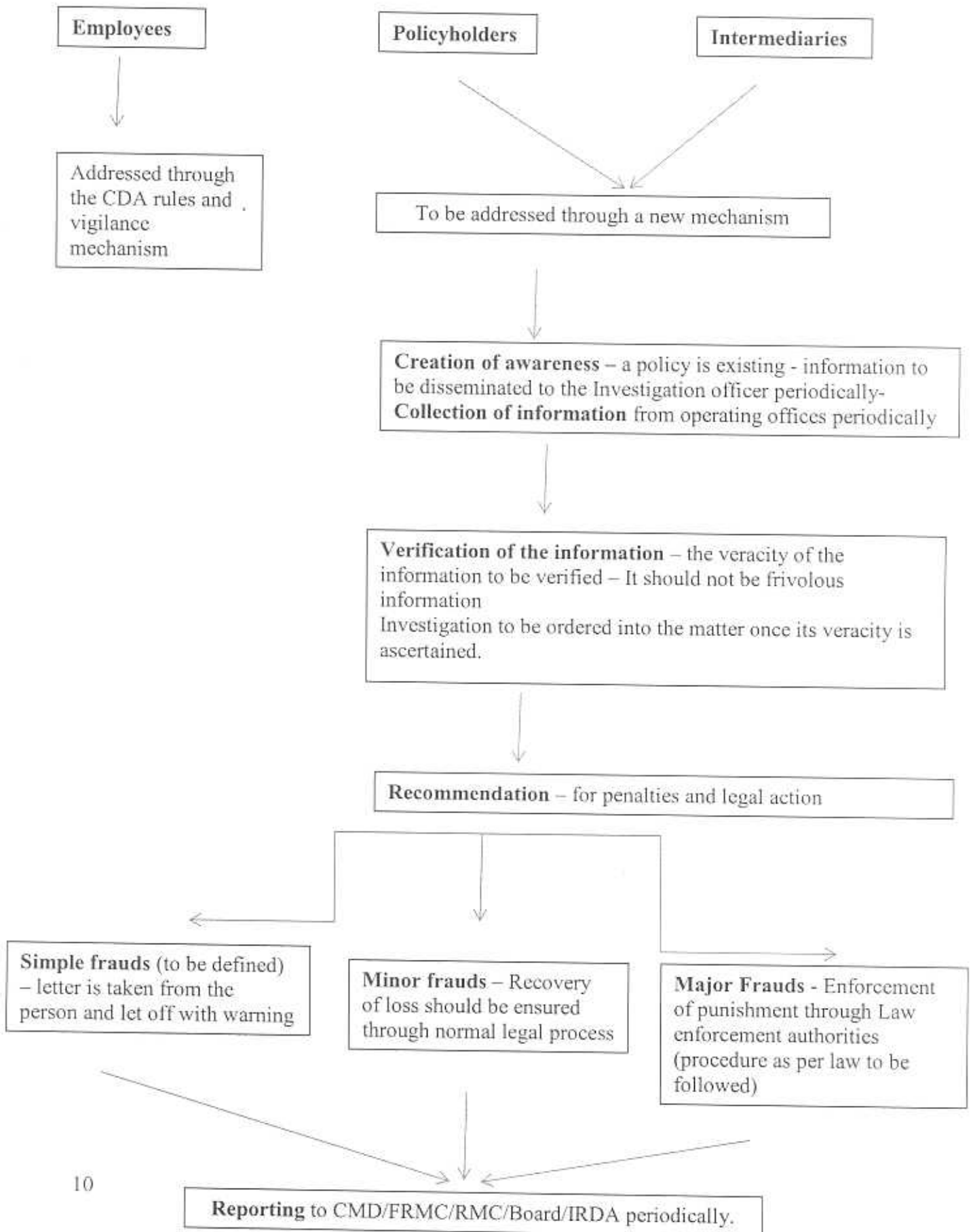
## FORMAT FOR REPORTING OF FRAUD

Name /Designation and address of the reporting person	
Business Segment (like Health/Motor etc.)-Policy number/claim number if available.	
Details of Fraud (Complete information and Modus Operandi/distinct pattern if any, of the instance of fraud)	
Name of the person alleged to have committed the Fraud	
Supporting documents a) If the issue has already been investigated by the operating office, investigation report to be enclosed. b) Any other document in support of the instance of fraud. c) If it is taken up with Law enforcing authorities like police etc., the details thereof d) If employee related, whether reported to vigilance department.	
Amount involved (Rs.)  Amount recovered, if any	
Corrective steps taken if any (any system corrections/procedural enhancements may be explained.)	
Any other details to be specified	

Place :

Date :

Signature



### Fraud Risk Management Architecture

