Go Digit Life Insurance Limited

Anti-fraud Policy

A. Preamble

This Anti-fraud policy ("Policy") is being framed for fraud prevention and detection and is established to facilitate the development of controls which will aid in the detection and prevention of fraud against Go Digit Life Insurance Limited ("Digit/Company"). Digit has "Zero tolerance" approach towards any fraudulent act committed against its policy holders, shareholders, employees and associates. Through this Policy, Digit intends to promote consistent organizational behaviour by providing guidelines and setting a responsibility matrix for the development of controls and conduct of investigations.

B. Definition, scope and classification of frauds

As per the definition provided by the Insurance Regulatory and Development Authority of India ("IRDAI") vide circular dated 21st January 2013 on Insurance Fraud Monitoring Framework (Ref. No. IRDA/SDD/MISC/CIR/009/01/2013), fraud in insurance is an act or omission intended to gain dishonest or unlawful advantage for a party committing the fraud or for the other related parties.

For instance, fraud may be perpetrated by means of:

a) misappropriating assets;
b) deliberately misrepresenting, concealing, suppressing or not disclosing one or more material facts relevant to a financial decision, transaction or perception of the insurer's status;
c) abusing responsibility, a position of trust or a fiduciary relationship.
d) Aadhaar-related fraud

Fraud in insurance may be broadly categorized as below:

- Policyholder Fraud including 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.
- Intermediary Fraud: Fraud perpetuated by an insurance/micro-insurance agent, Point of Sales Person (POSP), insurance intermediary including any of the employees of such intermediary against the insurer or policyholders;
- Internal Fraud: Fraud/ misappropriation against the insurer and/or any of its policyholders by its Director, Manager and/or any other officer or staff member (by whatever name called)
- Fraud by Third Party: Fraud committed by third parties against the Insurer and/or the general public which primarily includes activities such as issue of fake/forged policies and cover notes in the name of the Insurer
- Aadhaar-related Fraud: Fraud committed related to Aadhaar information of customers, agents, intermediaries, employees, staff members, etc.

C. Procedures for fraud monitoring

This includes prevention, detection and response (investigations and reporting) while focusing more on fraud prevention and a proactive approach towards mitigating fraud risk.

I. Fraud prevention

(a) Following activities may be undertaken towards fraud prevention:

- Fraud Risk Assessment
- Training on code of conduct, anti-fraud policy, Anti Money Laundering, Anti Bribery/Corruption, etc
- Whistle Blower Policy
- Employee and third party due-diligence
- Data analytics and documents review

(b) The Fraud Monitoring function shall be responsible for deciding on the content and periodicity of training/information to be imparted.

(c) Employees shall have the responsibility to recognize potential fraud and should be familiar with the types of improprieties that might occur within his/her area of responsibility and be alert for any indication of irregularities.

(d) Each department shall be responsible for their business processes in order to identify and prevent potential fraud. Every Head of the Department shall be responsible to cascade relevant information to the employees working under his/her department.

II. Identification

a) In addition to Head of each department and employees' responsibility to report fraud, the Risk and Internal Audit function shall bear in mind identification of fraud while conducting risk assessment or audits till the time Digit has in place a dedicated Fraud Prevention/Control Unit.

b) The nature and extent of fraud risk assessment shall commensurate with the size of the Company's business/operations and complexity and shall be performed at all appropriate levels within the organization (i.e. entity level; significant account balance or business cycle/process level; and significant locations or business units).

c) Risk assessment or audit shall be performed, documented and updated periodically to identify potential fraud schemes, scenarios and events that need to be mitigated.

d) Updates shall inter alia include considerations of changes in operations, new information systems, changes in job roles and responsibilities, internal audit findings, new or evolving industry trends.

Annexure A provides an illustrative list of actions constituting fraud.

III. Fraud Investigation, Fact Finding & Corrective Action

a) Company shall initiate following actions in response to an alleged or suspected incident of fraud:

1) Conduct thorough investigation of the incident.
2) Take appropriate and consistent action(s) against violators including legal recourse where deemed necessary.
3) Identify areas of improvements in relevant controls.

b) All members of the Fraud Investigation Team shall be independent, and investigation shall be carried out without having any prejudice towards the incident which is being investigated and/or the accused.
c) Focus of investigation should also be towards weeding off any malicious or mistaken accusations.
d) Fraud Investigation Team will have access to necessary records and premises, whether owned or rented, and the authority to examine, copy and/or remove all or any portion of the contents of files, desks, cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.
e) The person alleged will be informed of the allegations as soon as reasonably practicable. This may not be until the initial stages of the investigation have taken place.

D. Co-ordination with law enforcement agencies

Digit shall extend necessary support to Government, law enforcement agencies and international bodies in their efforts to combat the use of financial service Industry for perpetrating fraudulent activities. Any public communications and comments by or on behalf of the management to the press, law enforcement agencies or other external parties in relation to incidents of fraud shall only be made by Digit's authorized personnel in co-ordination with the legal team.

E. Framework for exchange of information

The Company shall suo motu provide information to other insurance companies, either directly or through Insurance Council, in case the Fraud Investigation team is of the view that there is a possibility of impact on such other insurance companies as well. Any call for information made by IRDAI or the Insurance Council shall be promptly responded by the Company.

F. Due Diligence

The Company has put in place due diligence requirements while onboarding employees and engaging partners, third party vendors. The Company's Outsourcing Policy provides in detail the due diligence measures to be carried out while entering into arrangements with third party vendors for material activities falling under Outsourcing as per IRDAI (Outsourcing of Activities by Indian Insurers) Regulations, 2017.

G. Regular communication channels

The Company shall periodically as well as on adhoc basis sensitize employees through communication/training with a view to reinforce the Company's values, code of conduct and expectations. Necessary information shall also be given to the concerned departments which have an impact due to the fraud to put in place appropriate controls for avoiding repetition of such instances in future. The Fraud Monitoring Function shall also relay information to the Board or any of the Board delegated committees as deemed fit.

Reports to the Authority

The Company shall submit information to the Authority with respect to fraudulent cases (outstanding as well as closed) in the formats and timelines as may be prescribed by the Authority from time to time.

H. Preventive Mechanism

In addition to measures mentioned at Clause C(I) above, the Company shall have in place appropriate clauses in agreements, appointment letters, proposal forms, policy documents to highlight the importance of correct disclosure and consequences of wrongful disclosure/concealment.

I. Anti Fraud Officer

The Head of Legal & Compliance shall be nominated as the Anti-Fraud Officer of the Company. The Principal Officer is authorised to nominate any other official as Anti-Fraud Officer of the Company. Any deviation of the Policy shall be reported Life.Compliance@godigit.com.

J. Review

This Policy shall be reviewed by the Risk Management Committee annually or at any other frequency as may be deemed necessary. This Policy may be modified by the Managing Director and CEO and Head – Legal & Compliance of the Company jointly prior to any such review by the Risk Management Committee and such modifications shall be reported to the Board at its next meeting for approval / ratification. Any requirement under the law, to the extent applicable to the Company, that needs to be covered under the policy or any changes in the applicable laws, to the extent applicable, shall be deemed to be incorporated into this policy automatically.

Annexure A
Illustrative list of actions constituting fraud

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
   e) inflating expenses claims/over billing
   f) paying false (or inflated) invoices, either self-prepared or obtained through collusion with suppliers
   g) permitting special prices or privileges to customers, or granting business to favoured suppliers, for kickbacks/favours
   h) forging signatures
   i) removing money from customer accounts
   j) falsifying documents
   k) selling Company's assets at below their true value in return for payment.

2. Policyholder Fraud and Claims 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 Company
   b) Inflates the premium, passing on the correct amount to the Company and keeping the difference
   c) Non-disclosure or misrepresentation of the risk to reduce premiums
   d) Commission fraud - insuring non-existent policyholders while paying a first premium to the Company, collecting commission and annulling the insurance by ceasing further premium payments.

4. Aadhaar-related fraud:
   a) Misuse of Aadhaar related to information / documents in custody of the Company by and off the customer, intermediary, Vendor and employees etc.
   b) Fabrication of Aadhar documents and details submitted
   c) Impersonation of Aadhar information as well as details