AVIVA
Life Insurance

Aviva Life Insurance Company India Limited

AVIVA ANTI FRAUD POLICY

Version – 2013.01

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ANTI- FRAUD POLICY

Objective

Aviva India is committed to a "Zero Tolerance" approach to any fraudulent act committed against its policy holders, shareholders, employees and associates. The objective of this framework is to promote consistent legal and ethical organizational behaviour by assigning responsibility for the development of controls to detect and prevent frauds and provide guidelines for reporting and conduct of investigations of suspected fraudulent behaviour.

Aviva India values integrity and strives to maintain the highest standards of governance, personal and corporate ethics, compliance with all laws and regulations. Aviva India believes in dealing fairly and values integrity and honesty on dealings with all employees, customers, suppliers and other stakeholders.

Aviva India is committed to supporting government, law enforcement and international bodies to combat the use of the financial services sector to facilitate financial crime.

Scope

The framework applies to any fraud or suspected fraud in Aviva India, involving employees (including contractual employees) as well as shareholders, customers, insurance agents, corporate agents, consultants, vendors, suppliers, service providers, contractors, lenders, borrowers, outside agencies and / or any other parties with a business relationship with Aviva India.

Fraud Categories and Definition

Fraud is a false representation or concealment of a material fact or any other illegal act committed intentionally to cause wrongful gains to self or others and /or wrongful loss to others.

Fraud in Insurance is an act or omission intended to gain dishonest or unlawful advantage for a party committing the fraud or for other related parties. This would include, but not be limited to, any situations in which applicants intentionally present false information on an application for insurance or in connection with the renewal or reinstatement of insurance or in support of a claim for benefits. Broadly, Insurance frauds can be categorized into following:

a) 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.

b) Intermediary fraud – Fraud perpetuated by an Insurance agent/Corporate Agent/Intermediary/Third Party Administrators (TPAs) against the insurer and/or policyholders.

c) Internal Fraud – Fraud/mis-appropriation against the insurer by its Director, Manager and/or any other or staff member (by whatever name called).

Actions Constituting Fraud

Based on the nature, size and distribution of business, following are the potential fraud areas:

- Forgery or alteration of any document relating to the Company's insurance policies or insured parties.
- Forgery or alteration of checks, bank drafts, or any other financial documents.
- Fraudulent alteration, addition or removal of information on the Company's management information systems.
- Any dishonest or fraudulent act or attempted act by employees of the Company
- Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions
- Disclosing confidential and proprietary information to outside parties
- Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Fraudulent financial reporting
- Stealing cheques
- Inflating expenses claims/over billing
- Paying false (or inflated) invoices, either self-prepared or obtained through collusion with suppliers
- Permitting special prices or privileges to customers, or granting business to favoured suppliers, for kickbacks/favours
- Forging signatures
- Removing money from customer accounts
- Selling insurer's assets at below their true value in return for payment
- Reporting and claiming of fictitious damage/loss
- Medical claims fraud
- Fraudulent Death Claims

- Signature Forgery
- Misselling which has resulted in Refund of premium or fund value including rebating the customer
- Split of policies: Multiple policies of the same product category sold to the same customer with same beneficiary and term and conditions (within 60 days)
- Policy document submitted for nonexistent customers / person was dead before policy was issued
- Same address proof/ telephone number for multiple unrelated customers
- OSV done for forged documents
- Posting of renewal premium into new business or in other policy or Churning of policies basis customer complaint
- Fraudulently surrender of existing policy of customer by advisor/SM
- Influencing the doctor to conceal information/ alternatively coercing the doctor to submit report without conducting tests or sending a dummy person to attend medicals
- Premium diversion-intermediary takes the premium from the purchaser and does not pass it to the insurer
- Inflates the premium, passing on the correct amount to the insurer and keeping the difference
- Disclosing to other persons the confidential or private business activities of the Company.
- Accepting or seeking anything of material value from applicants, beneficiaries,
- The improper withholding of any money or premiums paid on an insurance policy, if the insurance contracted for is not ultimately provided.
- Any false statement made to law enforcement agencies, prosecutors or the insurance departments of any state.
- Any similar or related irregularity.

Detailed department wise Fraud Procedures to mitigate the above fraud areas are documented in the Fraud Procedural Manual

Fraud Identification & Detection

All employees of the Company 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. All irregularities must be reported to the Fraud Monitoring Function immediately but not later than 7 days of identification.

All departments are responsible within their business processes for prevention and detection of fraud and for implementing the Fraud Policy. It is the responsibility of every department to ensure that there are mechanisms in place within their area of control to:

a. Familiarise each employee with the types of improprieties that might occur in their area and perform a risk assessment to identify the anti-fraud procedures in their respective function

b. Lay down anti fraud procedures and controls which will define ways to identify fraud, detect, monitor and mitigate the risks factoring within their function. Anti fraud procedures should detail out the detection techniques, monitoring procedures, data mining techniques, evaluation of results along with process changes and reporting procedures. The anti-fraud procedures should be signed off by the Function Head and Chief Risk Officer before the implementation.

c. Appoint a SPOC in their respective functions who will be responsible for implementing the anti-fraud procedures identified and will coordinate with fraud monitoring function. The identified SPOC will also be a part of the anti-fraud committee and will discuss the frauds identified and the changes required in the processes thereon. List of all SPOCs are documented in the Fraud Procedural Manual.

d. Educate and train employees about fraud prevention and detection. Fraud Monitoring Function will facilitate such trainings for the user departments.

e. Create a culture whereby employees are encouraged to report any fraud or suspected fraud which comes to their knowledge, without any fear of victimization.

Fraud Monitoring Function

Fraud Monitoring Function in Aviva is managed by the Internal Audit team. Internal Audit team is an independent team who directly reports to the audit committee. The audit team has an access to all the data, documents and information flowing within the organization and does independent investigation of all suspicious activities without prejudice and takes action accordingly.

With commitment to integrity and accountability, internal audit provides value to governing bodies and senior management as an objective source of independent advice. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

SPOCs of every department needs to interact directly with the fraud monitoring function and report suspicious activities within their departments or identified during their anti-fraud procedures. Any employee, intermediary or supplier can whistle blow to the Fraud Monitoring Function. The Fraud Monitoring function (FMF) is committed to independently investigate such allegations in confidentiality.

Considering the nature, size and the distributed environment of the business, the following are authorized to conduct investigations and initiate actions.

- Business Protection Team – Investigations related to Data Leakage cases
- Sales Compliance – Investigations pertaining to monitoring of branches and sales resources.
- Human Resources – Employee grievances

Different departments such as Business Protection (BP), Sales Compliance and HR who does independent evaluation and initiate the Show Cause Notice procedures needs to send a monthly report to Fraud Monitoring function of the suspicious activities identified, investigation details, details of employees/intermediary involved and the action proposed.

Actions against the Specified Persons (SP) of channel partners against whom forgery is established by either refunding the money to the customer or identified during Data Mining procedures, will be routed through Sales Compliance team who will then coordinate with the Channel Partners and the Project Managers and decide on the action against the SP. All Project Managers of the Bancassurance Model along with the Sales Compliance team needs to form an investigation procedures and action mechanism against such employees. All such cases will be reported to the FMF of suspicious activities identified, investigation details, details of intermediary involved and the action proposed.

Instances where the allegations are proved against an employee or an intermediary, action will be taken, as per the defined and approved action matrix. All exceptions to the action matrix need to be raised to the HR Director. Half yearly review of such actions taken vis-à-vis action matrix will be done by the FMF and exceptions will be highlighted to the Audit committee. The action matrix will be approved by the Ethics Committee and will form part of the Fraud Procedural Manual.

Following broad level investigation procedures to be adapted while conducting independent investigations:

- Develop Investigation plan
- Analyze relevant documents and call for required information from different functions
- Conduct company database searches
- Coordinate with investigate agencies wherever required
- Coordination with Legal and Sales Compliance, if required
- File investigation reports and identify involvement of any Aviva employee/intermediary if fraud is proven basis investigation
- Share the summary with function head and Governance before SCN is issued
- Issue SCN/Clear SCM to the employee/intermediary basis function head response
- Analyse revert received from the involved person basis the facts of the case
- Recommend action as per grid to function head and give them an opportunity to present their facts of the case
- Take action as per grid if fraud is proven or the involved person do not respond within defined timelines

Detailed investigation procedures are documented as part of the Fraud Procedural Manual.

Quarterly meetings will be held between department SPOCs, FMF, Legal, HR and Risk to deliberate on types of fraud reported in their respective functions and process improvements required to implement preventive controls. Minutes of such meeting will be documented and actions decided will be monitored by FMF.

Reporting Procedure

Fraud Monitoring Function will report quarterly, details of all cases investigated along with the actions taken to the Audit Committee and the Board of Directors.

An annual report of all outstanding cases and closed ones will be done before 30th April of every year to the IRDA in the format prescribed by the authority. Refer FMR – 1 and FMR – 2 for the IRDA prescribed format for reporting.

FMF will publish quarterly dashboards to the Leadership team by 15th of the following month segregating complaints received function wise, proven frauds and details of action thereon.

Exchange of Information

Government, law enforcement agencies and international bodies must be supported in their efforts to combat the use of financial service Industry for the laundering of the proceeds of crime or the movement of funds for criminal purposes. Aviva is committed to provide the necessary support & information required for such purposes. Requirements of dealing with law enforcement agencies have been broadly categorized in following two categories:-

- Coordination for frauds detected by the Company and frauds reported to the Company by Court/Policy Authority.
- Coordination for policy related information sought by a Statutory Authority like CBI/Income Tax etc.

Periodic information pertaining to frauds will be communicated to Life Councils, details of which form part of the Fraud Procedural Manual.

Aviva is part of Insurance Risk Forum & Council wherein the FMF coordinates with the SPOCs from all other Life Insurance companies. The Insurance Risk Forum also meets regularly for discussion on various anti-fraud procedures and discuss on the investigations conducted. Contact details of the other Insurance companies Anti-fraud SPOCs are detailed in the Fraud Procedural Manual.

Detailed wise process forms part of the Fraud Procedural Manual

Due Diligence

Aviva conducts adequate due diligence on the employees by conducting background verifications, following IRDA checks on the agents/Corporate agents/intermediary/TPAs are conducted before appointment/agreements with them. Employees name are also run through CRP tool (database maintained by Banking and Insurance Industry) before employment. These procedures are documented as a part of respective functions processes as well as the anti-fraud risk assessments.

Communication channels

Aviva encourages all the employees to report all incidences which are of suspicious in nature and paramount to forgery. Aviva has the following channels of reporting such incidents:

a. Line Managers and Functional Directors

b. Human Resources Director

c. Fraud Monitoring Function: Any incidents can be directly reported to FMF through fraud.management@avivaindia.com (only FMF team has access to the email ID) or to transparency@avivaindia.com (only Audit/FMF head has the access to the email ID).

d. Ombudsman Programme: The position of HR Ombudsperson has been established at Aviva India to make available the services of an impartial intermediary to address the employment-related problems of employees. The principal aim is to provide assistance in resolving issues in a manner that contributes to an improvement in the overall working environment at Aviva, thus greater organizational and operational efficiency. HR Director is the Ombudsperson of Aviva India and can be reached through governance@avivaindia.com

AVIVA
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