BHARTI AXA LIFE INSURANCE

FRAUD CONTROL POLICY

Table of content

A. Policy Statement

Bharti AXA Life Insurance is committed to fraud control with an emphasis on proactive prevention and detection measures in an effort to reduce opportunities which could lead to loss. The Company's approach to fraud control revolves around maintaining a legal, regulatory and ethical climate which encourages all stakeholders to protect the Organization's assets and escalate any suspicion of fraud. Bharti AXA has a zero tolerance to fraud.

When a fraud is detected, suspected or alleged, Bharti AXA will fully investigate the matter, and implement measures to recover, minimize and prevent further loss to the Company. Loss may be judged in financial, reputational or regulatory terms. Bharti AXA considers as fraudulent wrongdoings intended to cause a loss but detected before the occurrence of such loss. Internal controls will be reviewed in the light of detected fraud events to further reinforce mitigation measures.

B. Related Standards and Policies

This policy should be read in conjunction with the following policies:

a) The Anti-Money Laundering and Counter Terrorist Financing policy

b) The Compliance and Ethics guide, including the Whistle blower policy

c) Policyholders Protection and Grievance redressal policy

d) The Enterprise Risk Management Policy

e) Entity level policy (e.g. Conflict of interest)

C. Objectives and Scope

a) **Objectives** This Policy outlines an organisational approach to managing fraud. It:

- Defines what fraud means for Bharti AXA Life
- Fraud Detection & Mitigation measures
- Sets out the elements of the Fraud Control Framework
- Roles and responsibilities of management and staff in proactively reducing fraud, through prevention and controls

- Required elements of an investigation response function
- Periodic reporting requirements to the regulator (IRDAI)

b) **Scope**

This policy applies to all types of fraud (including ISNP Fraud) that may be experienced by Bharti AXA Life, regardless of the origin of that risk.

Fraud in insurance is an act of omission intended to gain dishonest or unlawful advantage for a party committing the fraud or for other related parties.

Some examples:

- 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 state.
- Abusing responsibility, a position of trust or a fiduciary relationship.

The policy applies to all staff, be they employed on a permanent or temporary basis, regardless of seniority and position in the organisation. Management should ensure that all staffs make themselves aware of this policy. This Policy applies to any fraud or suspected fraud involving employees as well as shareholders, consultants, vendors, contractors, outside agencies doing business with the Company and/or any other parties having a business relationship with the Company including insurance advisors/brokers/corporate agents of the Company. The policy would also be applicable to policyholders and beneficiaries. Any investigation activity required will be conducted irrespective of the suspected wrongdoer's length of service, position/title, or relationship to the Company. Management should ensure that all staffs make themselves aware of this policy.

D. Definitions

Bharti AXA defines fraud as a deliberate action or omission carried out by an individual or organisation which intends to create a loss to Bharti AXA or its business partners, or

a gain to the perpetrator. Fraud is a conduct issue, having at least one of the following features:

a) False representation or misstatement**:** a representation is false if it is untrue or misleading and if the person making it knows that it is or might be untrue or misleading.

b) Failure to disclose information**:** a person becomes a fraudster if he dishonestly fails to disclose to another person, information which he has duty to disclose and intends by doing so to make a gain for himself or another, or to cause loss to another, or to expose another to a risk of loss.

c) Abuse of position**:** a person becomes a fraudster if they dishonestly fail to safeguard the financial interests of another person, in a way that exposes that person to the risk of or actual financial loss.

d) Repository and Sharing**:** We shall maintain repository of fraudsters and shall share it relevant authorities/ other market participants as and when information is sought. [The Company shall now mandatorily participate in the Insurance Information Bureau (IIB)'s technological framework and contribute to/utilize Industry Caution Lists to comply with the revised Fraud Monitoring guidelines.

A genuine error becomes a fraud if the responsible person fails to disclose it to management and Bharti AXA suffers a loss. Any intentional wrongdoing intended to cause a loss but which is prevented by controls is still considered to be a fraud. The actual or suspected loss to Bharti AXA or its business partners and gain to the perpetrator may be of a financial, regulatory and reputational nature. Manner of detecting and identifying fraud and details of such malpractices & illustrative list of Insurance frauds are highlighted in the internal Fraud Control manual. We will also have a repository of those committing frauds and sharing with other market participants as and when they will seek it from us.

E. Fraud Risk Governance

The fraud management committee (FMC) as constituted and authorized by the Board shall be responsible for operationalizing the Fraud risk management framework and

oversee activities, as appropriate, to ensure fraud deterrence, prevention, detection, reporting and remedying.

1. **Fraud Monitoring Framework**

All employees of the organization owe responsibility towards the organization to safeguard organization and its assets from frauds, report and prevent misuse of assets or breach of procedures.

The Company has adopted a well-defined Anti-Fraud Framework to identify, detect, investigate and report insurance frauds. The controls deployed by the Company shall include measures to protect the Company from the threats posted by the above broad categories of frauds. Bharti AXA will ensure the "Three Lines of Defence Model" is well defined and instituted, that defines the roles and responsibilities for each line in detecting and deterring fraud.

i. **1st Line of Defence**, comprising of business management, operations and supported by process / system redesign team, shall have accountability over control health and risk protection, and will be responsible to identify, measure and mitigate fraud risks.

In this regard, each department will evaluate the processes under its responsibility and identify opportunities of fraud risk and implement the required procedures and controls to reduce risk exposure. Policies and procedures in writing are mandatory and should be updated based on changes in operations.

Monitoring controls must be comprehensive enough to ensure that each transaction is adequately supported, approved, aligned to local regulations, in accordance with company policies and adequately recorded in the administrative systems and accounting. This line of defence is also responsible for implementing adequate segregation of duties during transaction processing and to establish controls to avoid possible conflict of interest.

The Fraud Monitoring Unit (FMU) would proactively identify suspected cases basis red flags and referrals from other unit such as Underwriting, Business Intelligence, Actuarials and others. Post investigations, actions based on Malpractice Matrix should be undertaken.

Departments maintain alertness to frauds and notify the Fraud Monitoring Unit of the suspected frauds. Members of management may also use the confidential

channels implemented by the Company to bring suspicions of fraud or other matters of concern to the attention of FCU or Chief Risk/Compliance Officer - Non Financial Risk. Business units can also investigate fraud aspects related to their business keeping second line of defence informed and share findings with concerned stakeholders including Fraud Monitoring Unit. FMU would also ensure that Annual Comprehensive Fraud Risk Assessment is carried out to identify potential vulnerabilities across business lines and activities for fraud, using past experiences, emerging trends & Red Flag Indicators (RFIs), etc.

ii. **2nd Line of Defence**, comprising of Compliance and Risk Management function, and others shall be responsible for facilitating and monitoring the implementation of effective fraud risk management practices by operational management. It shall also provide advisory and support services to management.

The Fraud Monitoring Unit will be an independent investigative unit and shall provide assistance with investigations relating to employee-related frauds and sales practices fraud in particular. In relation to other fraud types (such as customer fraud), FMU shall provide an oversight / advisory role to the business. Among other responsibilities, FMU will monitor compliance with the anti-fraud policy, evaluate the adequacy and effectiveness of Bharti AXA's anti-fraud controls and will be responsible for reporting on fraud to the Board and the Regulator.

Risk Management shall assist the risk owners in the reporting of fraud risk in the company, as part of the Operational Risk reporting framework.

Legal team shall assist in legal recourse towards relevant cases and shall co-ordinate with law enforcement agencies for reporting frauds on timely and expeditious basis and follow-up processes thereon.

iii. **3rd Line of Defence**, comprising of Internal Audit shall perform independent reviews and validate control health and provide objective opinion.

The Internal Audit shall incorporate fraud-sensitive checks when doing business audits wherever deemed necessary, with a focus on evaluating the adequacy and effectiveness of existing controls.

F. Fraud control framework

Bharti AXA Fraud Control 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. The Company will have well defined procedures to identify, detect, investigate, report frauds and take suitable action against the perpetrators and take steps to mitigate occurrence of such frauds.

The framework includes measures to protect the insurer from the threats posted by the following Five broad categories of frauds ensuring granular classification across the entire insurance value chain

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.

- Exaggerating damage/loss.
- Staging the occurrence of incidents.
- Reporting and claiming of fictitious damage/loss.
- Medical claims fraud / Inflation of claim.

f) Fraudulent Death Claims.

b) Distribution Channel 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).

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 insurance risk to reduce premiums.
d. Commission fraud.

c) Internal Fraud: Fraud/misappropriation against the insurer by its director, manager and/or any other officer/employee or staff member (by whatever name called).

a. Misappropriating funds.
b. Fraudulent financial reporting.
c. Misappropriation of financial instruments.
d. Overriding or influencing decisions to facilitate benefits to self or family & friends.
e. Inflating expenses claims/over billing.
f. Paying false (or inflated) invoices, either self-prepared or obtained through collusion with vendors.
g. Permitting special prices or privileges to customers or granting business to favored vendors, for kickbacks/ personal favors.
h. Forging signatures.
i. Removing money from customers account.
j. Falsifying documents.
k. Selling Company assets at below their true value in return for personal benefit.

d) External Fraud: Fraudulent activities perpetrated by third parties, vendors, or outside agencies against the Company without internal collusion.

e) Affinity/Complex Fraud: Specialized fraud schemes involving affinity groups or highly complex multi-party arrangements

G. Roles and Responsibilities

a) **Governance Structure** ~~The Fraud Control Officer has the overall responsibility for the oversight of fraud controls in the Company in accordance with the Fraud Monitoring framework and guidelines. The Company shall mandatorily define following committees/Units to active fraud monitoring and governance:

b) Fraud Monitoring Committee (FMC)**:** A mandatory committee headed by a Key Management Person (KMP) responsible for the oversight of the fraud risk management framework

c) Fraud Control Unit (FCU): An independent unit responsible for the day-to-day operationalization of fraud controls and investigations.

Roles & responsibilities:

Role	Responsibility
Fraud Management Committee	• Recommend and regularly update, based on experiences, appropriate measures on fraud risk management to various functions. • Oversee prompt responses to instances or suspicions of fraud. • Facilitate collaboration with industry peers / bodies, law enforcement agencies and regulatory bodies. • Conduct an Annual Comprehensive Fraud Risk Assessment • Identify areas for improvement and adaptation of the Fraud Risk Management Framework. • Reporting to LRMC on fraud trends/actions taken
Bharti AXA's Personnel	• Comply with this anti-fraud policy
	• Report observed suspicious activities or potential fraud
Lines of Business and Corporate Functions	• Implement Fraud Risk management framework
	• Ensure Bharti AXA Personnel are aware of and adhere to his Policy
	• Identify and assess Fraud Risk and implement adequate and effective controls

	• Escalate Fraud Risk matters to local, regional, enterprise governance as appropriate
	• Stay alert to potential exposures (including red flags) and maintain a heightened alertness to potentially fraudulent activities
	• Report suspicions/matters of concern
	• Maintain effective systems of internal control and ensure compliance with established processes
Accountable Leads	• Design and implement controls to manage Fraud Risk
	• Own and manage Fraud Risk in accordance with this Policy
	• Monitor exposure to applicable fraud types and assess control effectiveness
	• Identify and remediate control gaps, raise issues per the Issue Management Standard
	• Escalate fraud risk events in accordance with the Risk Event Standard
	• Maintain relevant playbooks, standards, and procedures.
	• Participate and contribute to the Fraud management committee either directly or through appropriate delegate(s)
Fraud Control Unit (FCU)	• Investigate concerns received in accordance related to allegations or suspicions of potential misconduct,

	waste and abuse or violations of Bharti AXA's Code of Conduct and related policies, applicable laws, rules, and regulations and other referrals and market information • Monitor trends based on RFIs
	• Proactively identify suspected cases, prevent fraudulent claims basis red flags and referrals from other unit such as Underwriting, Business Intelligence, Actuarials and others. Post investigations, actions based on Malpractice Matrix should be undertaken
Legal	• Provide advice and support in filing police complaint during fraud or misconduct investigations to protect Bharti AXA's legal rights and ensure that legal privilege is maintained, when required or considered appropriate
Internal Audit	• The Internal Audit shall incorporate fraud-sensitive checks when doing business audits wherever deemed necessary, with a focus on evaluating the adequacy and effectiveness of existing controls • Internal Audit should provide assurance on the efficiency of the Fraud Control Framework.

- Management is responsible for establishing and maintaining an effective control system at a reasonable cost which includes designing and operating fraud controls, fraud investigation responsibilities.
- All permanent, temporary and contract staff are required to make themselves aware of this policy, report all suspicions of fraud to the Fraud Control Team or management and to co-operate fully during investigations. Disciplinary action may be initiated against the employee(s) for not reporting or withholding information related to suspected or actual fraud.

d) **Fraud Control Officer**

The Fraud Control Officer has the overall responsibility for the oversight of fraud controls in the Company. The Fraud Control Officer should be responsible for an Annual review of Fraud Control policy & submit recommendations to Risk Management Committee, if any. In addition, following needs to be done:

- Implementation of a Fraud control policy approved by the Board.
- Fraud awareness campaigns to increase staff understanding of the impact of fraud risks on the firm.
- Co-ordination of fraud control efforts across businesses to include.
- Oversight of the assessment of fraud risk.
- Foster fraud detection and prevention controls.
- Oversight of adequate resources and implementation of procedures to respond to fraud events as they are detected.
- Dissemination of fraud control best practice.
- Provision of regular reports to the Board, Risk Management Committee and Executive. Committee on the impact of frauds detected and the measures taken to mitigate identified fraud risks
- Reporting to the Regulator for detected, suspected or alleged internal and external frauds in accordance with the reporting standard prescribed in section “Reports to the Authority (IRDA)”.

Fraud Control Officer must have direct access to the CEO of the company and to the Chair of the Risk Management Committee to escalate concerns. Fraud Control

Officer must maintain oversight of all fraud investigations carried out, will be authorized to access any data and personnel in the context of fraud investigations.

H. Escalation

Bharti AXA encourages all employees to escalate suspicions of fraud within the framework set out in the Compliance and Ethics Guide and Fraud Control Policy.

Bharti AXA encourages any complaint to be nominative to facilitate the investigation. Nevertheless, the complainant's name can be kept confidential at all stages of the investigation if required so by the complainant.

I. Fraud Detection & Mitigation

a. Statement of intent

Bharti AXA will maintain cost effective mechanisms that ensure suspected fraud is thoroughly and appropriately investigated, so that the company understands the impacts and root causes of all such events, and responds consistently to each issue as it arises.

b. Cybersecurity & New Age Fraud:

The Company shall implement a specific mandate for a Cybersecurity Framework to combat "Cyber or New Age Fraud," addressing the increasing incidence of technology-driven frauds within the insurance sector.

c. Procedure for Fraud Monitoring

Fraud monitoring in the entity is an independent function. The procedures to identify, detect, investigate and report insurance frauds are detailed in the Fraud Control manual.

d. Identify Potential Areas of Threat

Entity has a detailed Operational risk assessment process conducted once in a year to identify operational issues, frauds (internal & external) for all the departments. The Company shall conduct a Mandatory Annual Fraud Risk Assessment and ensure a regular refresh of Red Flag Indicators (RFIs) to meet the framework's requirement for structured, periodic assessment. These items are then rated according to their impact and action points to address them are

identified. Different functions also trained to identify potential areas of risk/fraud and report to Risk Monitoring Function.

e. **Framework for Exchange of Information:**

Sharing of critical fraud related information through Life Council (as and when called for)- Company shall mandatory participate in IIB (Insurance Information Bureau)'s technological framework and Caution Lists is required to comply with industry-wide intelligence-sharing mandates

f. **Investigation Standard:** All fraud investigations will be overseen by the Fraud Monitoring Unit (FMU). Investigations will conclude with a final report detailing findings, conclusions, proposed punitive actions and corrective steps.

J. Fraud Monitoring Function*

1. FCU Responsibilities:

The Fraud Monitoring function (FCU) will be responsible for:

a. Laying down procedures for Internal reporting.
b. Creating awareness among employees/intermediaries/policyholders.
c. Furnishing various reports on frauds to the Authority (IRDAI).
d. Furnishing periodic reports to the Board for review.
e. Coordination with Law Enforcement Agencies

The Fraud Control Unit to report complex cases of fraud (Cash defalcation, Employee fraud, etc.) to Law enforcement authorities.

Reportable cases needs to have management approval and internal FIR policy to be referred for the same.

f. Framework for Exchange of Information**:**

Sharing of critical fraud related information through Life Council (as and when called for), which would help the industry in fighting with organized frauds.

K. Preventive Mechanism

Bharti AXA shall inform both potential clients and existing clients about their anti-fraud policies. We would include necessary caution in the relevant servicing documents, duly highlighting the consequences of submitting a false statement and / or incomplete statement, for the benefit of the policyholders, claimants and the beneficiaries. Caution statements already part of Proposal form (Declaration) & Policy bond in form of Section

45 of the Insurance Act 1938. Fraud Control Policy is also available on our company website.

L. Fraud Reporting

a. Internal Reporting: Fraud events are reported and presented at relevant Committees held periodically, with details of fraud cases, resolution and action etc

b. Reporting: The Company submits annual report on various fraudulent cases to IRDAI in forms FMR 1 and FMR 2.

* Internally department is named as Fraud Control Unit (FCU)

The FMU shall ensure all reporting adheres to the new KMP-led oversight requirements effective April 1, 2026 In addition to the above, the Company shall adhere to any other requirements / directions for reporting of frauds as may be issued by IRDAI from time to time

M. Miscellaneous:

a. Due Diligence

Bharti AXA Life has a process in place to carry out due diligence of the employees (basis certain criteria set by HR department), Outsourcing Vendors and other intermediaries before appointment**.**

b. Regular Communication Channels

Whistle blower policy is available and communicated to all. Training & awareness in form of communication to all the functions are done on a periodic basis.

c. Red flag indicators

The Company shall be guided by the Red Flag Indicator Guidelines, which will serve as a comprehensive reference for recognizing potential indicators of fraudulent activity across all business processes. These guidelines will:

- Include all relevant red flag indicators based on industry standards, regulatory expectations, and internal risk assessments.
- Be reviewed and updated on a regular basis to ensure continued relevance and effectiveness.
- Incorporate insights from past fraud cases, investigative learnings, analysis of customer grievances associated with fraud and emerging fraud trends, as well as

changes in the external fraud landscape.

- Be communicated to all relevant stakeholders to promote awareness and adherence.

d. Blacklist of employees and agents

The Company shall internally blacklist employees/agents found to be involved in fraud, forgery, or any other integrity-related violations. Such individuals will be barred from future employment within the organization. As part of the hiring due diligence process, the Company shall verify candidate/agents details against the Insurance Information Bureau (IIB) database and internal blacklist to ensure ethical and compliant recruitment practices.

e. Conflict of interest

The Company shall ensure that no individual with an actual or perceived conflict of interest is designated to conduct or participate in any fraud related investigation. This includes situations where the investigator has a personal, financial, or professional relationship with the subject of the investigation that could compromise objectivity or independence. All investigative assignments and fraud management constitutions and meetings shall be subject to a conflict-of-interest check to maintain impartiality, integrity, and adherence to governance standards.

f. Investigation Standard

All fraud investigations will be overseen by the Fraud Control Team. Entities will maintain escalation criteria, response procedures and protocols which describe how they will manage identified fraud events, which specifically describe the resources which will be made available to undertake investigations in compliance with laws and regulations. These protocols must be reviewed by the Fraud Control Officer. Investigations will be concluded with a final report detailing the allegation, inquiries undertaken, findings, conclusions, resolution and corrective steps to be undertaken, and control improvements recommended. The report will be prepared in a manner which meets the needs of the Bharti AXA Board whilst complying with legal requirements to avoid putting prejudicing legal and criminal prosecution.

g. Investigation Objectives

A fraud investigation consists of gathering sufficient information to determine whether fraud has occurred, who was involved, the methods used to circumvent controls, and

the loss or exposures arising. Investigations will be sensitive to the rights of individuals but will be conducted on an independent basis regardless of the suspected wrongdoer's length of service or position in the organisation.

Key elements which must be taken into account in undertaking an investigation include:

- Confidentiality
- Maintaining the integrity of the investigator, ensuring no possible conflict of interest with the area being investigated.
- Evidence collection, preservation and presentation standards.
- Documentation of the investigation steps and decisions taken.

The Fraud Control Team will also assist the Complaints Resolution Unit in the investigation of mis-selling cases however these cases would be reported in the Complaints Management Report presented to the Policyholders Protection Committee.

h. Response to Investigation Findings

Where suspicions are confirmed by the facts, Bharti AXA will take such actions as it deems appropriate:

i. Disciplinary action if the matter involves employees, salaried or non-salaried agents, in compliance with relevant Human Resources policies and regulatory requirements.
ii. Civil action to recover funds from the alleged perpetrator(s), wherever required.
iii. In case of confirmed fraud, Bharti AXA Fraud Control Team along with Legal to consider reporting the matter to the local Police Station or other regulatory authorities or any other law enforcement team. Internal FIR policy to be followed.

i. Governance

Bharti AXA Life has detailed Malpractice matrix (disciplinary action matrix) in place which is approved by the Chief Executive Officer and the process is governed by Market Conduct Committee.