

<b>Document title</b>	<b>GRAG India Branch Anti-Fraud Policy</b>
<b>Version number</b>	V.1
<b>Author/ owner of document</b>	GRAG India Branch Chief Risk Officer
<b>Document Authoriser</b>	Executive Committee of GRAG India Branch
<b>Authorised date</b>	15.11.2023
<b>Overall statement on major, minor or no changes</b>	Initial Version
<b>Revision History (incl. dates and short description of changes)</b>	See <a href="#">Revision History</a>
<b>Related Documents</b>	<p>General Re Corporation's Code of Business Conduct</p> <p>Berkshire Hathaway Prohibited Businesses Practices Policy</p> <p>Gen Re Conflict of Interest Policy</p> <p>Gen Re Travel and Entertainment Expense Guidelines</p> <p>GRAG Governance Framework</p> <p>GRAG Documentation Policy</p>



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## ABBREVIATIONS

<b>BU</b>	Business unit
<b>CO</b>	Compliance Officer
<b>CRA</b>	Compliance Risk Assessment
<b>Gen Re</b>	General Re Corporation
<b>GRAG</b>	General Reinsurance AG
<b>IRDA</b>	Insurance Regulatory and Development Authority
<b>PO</b>	Principal Officer
<b>RMF</b>	Risk Management Function
<b>SU</b>	Service unit



## 1 INTRODUCTION

### 1.1 OVERVIEW AND OBJECTIVE

In accordance with the Circular of Insurance Regulatory and Development Authority of India stipulating the requirements on Insurance Fraud Monitoring Framework, the General Reinsurance AG – India Branch (India Branch) adopts this Anti-Fraud Policy (Policy) to minimize fraud risks it can be exposed to.

At the outset, the objective of this Policy is to establish the framework to ensure awareness, prevention, detection and reporting of identified fraudulent circumstances.

This Policy shall be reviewed and updated in line with the standards set out in the [GRAG Documentation Policy](#) to ensure, that this document is kept up to date to reflect changes as necessary. Hereto, the document owner will monitor relevant changes in the regulatory landscape and/or processes.

### 1.2 SCOPE

This Policy applies to General Reinsurance AG – India Branch and all associates and consultants it employs (employees). General Reinsurance AG – India Branch is a branch of General Reinsurance AG (GRAG), which is a wholly owned subsidiary of General Reinsurance Corporation (GRC), which is in turn owned by General Re Corporation (GRN). GRN is wholly owned by Berkshire Hathaway Inc.. GRN and its subsidiaries are referred to collectively as Gen Re, the Gen Re Group or the Group.

### 1.3 POLICY STATEMENT

The Gen Re Group is committed to preventing any and all financial crime or fraudulent activity. All Gen Re Group employees and consultants, including India Branch employees and consultants, must comply with the General Re Corporation's Code of Business Conduct, which sets the foundation for the Group's compliance program<sup>1</sup>.

Any involvement in fraud could cause financial loss or reputational damage to India Branch, its clients or to other entities or branches within the Gen Re Group. India Branch views any involvement by employees or consultants in fraud, including facilitating fraudulent misconduct undertaken by others, very seriously and will take appropriate action, including but not limited to internal investigations and dismissal.

Financial crime and fraud can also carry regulatory consequences. Failure to demonstrate compliance with legal and regulatory requirements on fraud preventions could lead to enforcement action being taken by the respective regulatory authority, including fines and public censure.

## 2 DEFINITIONS

Fraud risks may occur because of insufficient reporting mechanisms for known or suspected ethical or legal violations, lack of sufficient controls to detect wrongdoing or

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<sup>1</sup> [General Re Corporation's Code of Business Conduct](#): Employees are expected to deal honestly and fairly with the Company, its clients and other third parties. Fraud or misrepresentation will not be tolerated. Such behavior is unethical, harms the Company's reputation and may result in prosecution. Employees also may not engage in any activity that would aid or abet any person or entity seeking to engage in illegal or unethical conduct.

The Company strictly forbids the use of any reinsurance contract or other contract that is designed to deceive third parties – whether creditors, customers, regulators, auditors, shareowners or rating agencies – regarding the financial condition or results of the Company or a client company



improper financial reporting. Some examples of fraud that the India Branch can be exposed to are:

- fraudulent claims or improper payment requests from ceding insurers or intermediaries,
- underwriting misrepresentations,
- misappropriation of company's assets,
- fraudulent financial reporting.

Further examples are listed in [Appendix 5.2](#).

### 3 ROLES AND RESPONSIBILITIES

The GRAG Executive Board (Board) is ultimately responsible for GRAG's approach to fraud risks. The Board delegates responsibility for fraud management as follows:

#### **GRAG Compliance Function:**

- sets fraud risk management framework including policies, procedures, guidance, and training,
- evaluates fraud risks as part of regular Compliance Risk Assessment process,
- collects and evaluates information relating to fraud risks as part of regular reporting process or ad-hoc,
- counsels management and employees on adequate anti-fraud controls;

#### **Branch Chief Executive Officer and Chief Risk Officer:**

- ensures compliance with and awareness of relevant Gen Re, GRAG and local policies and procedures by all local employees,
- is responsible for timely reporting and notifications to respective supervisory authority,
- promotes reporting of any suspected frauds through company's reporting channels;

#### **Employees and Consultants:**

- are responsible for compliance with relevant Gen Re, GRAG and local policies and procedures,
- complete timely relevant mandatory training.

### 4 FRAUD RISK GOVERNANCE

Fraud risk governance is an integral part of overall GRAG's internal control framework. It is designed commensurate to company's operations (provision of reinsurance products), types of customers (insurance companies as regulated financial institutions), service providers or other external parties the company interacts with.

#### 4.1 FRAUD RISK ASSESSMENT

Fraud risk is evaluated on regular basis as part of GRAG's periodic Compliance Risk Assessment process, a process described in the GRAG Compliance Function Policy. The objective is to identify and evaluate fraud risks relevant to all individual GRAG's business and service units, its branches and subsidiaries including India Branch, as well as on an aggregated level for the entire GRAG entity. The risk assessment also considers the evaluation of the design and operating effectiveness of internal controls as well as the evidence and documentation thereof. The result of the risk assessment



is one of the pillars which determines whether any changes to the fraud risk management framework are necessary.

## 4.2 FRAUD PREVENTION AND DETECTION

India Branch has adopted proportionate controls to ensure fraud prevention in an adequate way. Some of these controls are:

- review for fraud red flags during the underwriting and claims process,
- review for fraud red flags as part of vendor governance process,
- approval authorities and segregation of duties principles,
- “4 eyes” invoice payment process,
- use of centrally developed and globally used T&E reimbursement process and tool,
- conflict of interest management,
- gifts giving and receiving guidance,
- awareness of applicable policies, guidelines, and training,
- attestation as part of quarterly PO questionnaires.

The effectiveness of controls is subject to regular reviews and audits as well as monitoring of suspicious activities.

## 4.3 INVESTIGATIONS AND CORRECTIVE ACTIONS

The Gen Re Group, including the India Branch, acknowledges that absolute protection against fraud cannot be ensured despite the different control activities in place. Therefore, Gen Re has established and actively promotes reporting channels to enable communication about any potential fraud. Through these channels, all employees can raise their concerns and communicate information on a potential wrongdoing or a breach. That information will be timely reviewed by dedicated personnel in order to determine and implement corrective actions, as necessary.

Any questions, suggestions or concerns about any aspects of Gen Re’s Code of Business Conduct, company policies, or the conduct of company’s businesses can be reported:

- to the manager, the Human Resources Department, the Legal Department, or the Internal Audit Department and in cases of suspected fraud, regardless of size or materiality, the managers of each of these Departments should be notified,
- by submitting an online report to the Berkshire Hathaway Ethics and Compliance hotline at [www.BRK-Hotline.com](http://www.BRK-Hotline.com),
- or by calling the Berkshire Hathaway Ethics and Compliance hotline<sup>2</sup>.

All details are available on Gen Re’s Legal and Compliance site [LegalNet](#) and summarized in the [Berkshire Hathaway Ethics & Compliance Brochure](#).

## 4.4 FRAUD REPORTING

Fraud incidents and suspicious activities reported by employees or other parties and their closure status are centrally documented and monitored by GRAG. The identified fraud incidents, as well as developments affecting the company’s fraud risk

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<sup>2</sup> Berkshire’s toll-free number in the United States/Canada is 1-800-261-8651 and a dedicated phone number in the U.S. at +1 (704) 752-9679 is available for international calls (the operator can be asked to place a reverse charge call to the U.S.).



management framework, are reported to the Board on regular basis or ad-hoc as appropriate.

India Branch Chief Risk Officer is required to report, any Fraud incidents and suspicious activities reported by employees or other parties and their closure status, to the Executive committee on regular basis or ad-hoc as appropriate.

Additionally in relation to India Branch, set of reports on frauds must be submitted to IRDA, in form of filing completed forms FMR 1 and FMR 2. These submissions will provide information to IRDA about:

- outstanding fraud cases, and
- closed fraud cases

every year withing 30 days of the close of the financial year.

The India Branch Compliance Officer is responsible for the accurate and timely submissions to IRDA and the details of information to be submitted are available in [Appendix 5.3](#) and [Appendix 5.4](#).

## 5 APPENDIX

### 5.1 REVISION HISTORY

Version	Date	Changed by	Description of Changes made
V1.0	15.11.2023	Lucie Reuter, Vijay Mudaliar	Initial Version

### 5.2 EXAMPLES OF FRAUD

Areas for committing a fraud are very broad and the following is an illustrative list of some additional examples as referred to in Section 2:

Internal fraud:

- misappropriating (theft or use) of company’s funds or assets for private purposes
- fraudulent financial bookkeeping, records retention and reporting
- overriding of decisions
- inflating reimbursement requests for T&E expenses
- paying false or inflated invoices
- permitting advantages or granting business to preferred to customers or third-party service providers including any form of bribery or corruption
- falsification of signatures or documents
- payroll frauds
- contract or procurement fraud

Cedent and claims fraud:

- exaggerating damages / losses

- reporting and claiming fictitious damages / losses
- underwriting misrepresentations

Intermediary fraud:

- premium diversion
- inflating premiums
- fees of commission fraud

### 5.3 IRDA FORM FMR-1

#### **Fraud Monitoring Report**

Name of the Insurer:
Report for the year ending:

#### **Part I**

##### **Frauds Outstanding- Business segment wise \*:**

Sl. No.	Description of Fraud	Unresolved Cases at the beginning of the year		New cases detected during the year		Cases closed during the year		Unresolved Cases at the end of the year	
		No.	Amount involved ( ` lakh)	No.	Amount involved ( ` lakh)	No.	Amount involved ( ` lakh)	No.	Amount involved ( ` lakh)
	<b>Total</b>								

#### **Part II**

##### **Statistical details: (unresolved cases as at end of the year) – Business segment wise\***

Sl. No.	Description of Fraud	No. of Cases	Amount Involved ( ` lakh)
	<b>Total</b>		

#### **Part III**



**Preventive and Corrective steps taken during the year- Business segment wise\***

Sl.No.	Description of the fraud	Preventive/Corrective action taken

**Part IV**

**Cases Reported to Law Enforcement Agencies**

Sl. No.	Description	Unresolved Cases at the beginning of the year		New cases reported during the year		Cases closed during the year		Unresolved cases at the end of the year	
		No.	` lakh	No.	` lakh	No.	` lakh	No.	` lakh
	Cases reported to Police								
	Cases reported to CBI								
	Cases reported to Other agencies (specify)								
	<b>Total</b>								

\* Business segments shall be as indicated under IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002

CERTIFICATION

Certified that the details given above are correct and complete to the best of my knowledge and belief and nothing has been concealed or suppressed.

Date:

Place:

Signed/-Name of the Chief Executive Officer of the Insurer:

**5.4 IRDA FORM FMR-2**

**Fraud Cases closed during the year**

Name of the Insurer:
Report for the year ending:

Sl. No.	Basis of closing a case	Number of cases closed
1.	The fraud cases pending with CBI/Police/Court were finally disposed off	
2.	The examination of staff accountability has been completed	



3.	The amount involved in the fraud has been recovered or written off	
4.	The insurer has reviewed the systems and procedures; identified the causative factors; has plugged the lacunae; and the portion taken note of by appropriate authority of the insurer (Board, Committee thereof)	
5.	<p>Insurer is pursuing vigorously with CBI for final disposal of pending fraud cases, staff side action completed.</p> <p>Insurer is vigorously following up with the police authorities and/or court for final disposal of fraud cases</p>	
6.	<p>Fraud cases where:</p> <p>The investigation is on or challan/ charge sheet not filed in the Court for more than three years from the date of filing of First Information Report (FIR) by the CBI/Police; or</p> <p>Trial in the courts, after filing of charge sheet / challan by CBI / Police has not started, or is in progress.</p>	

CERTIFICATION

Certified that the details given above are correct and complete to the best of my knowledge and belief and nothing has been concealed or suppressed.

Date:

Place:

Signed/-Name of the Chief Executive Officer of the Insurer:

**# Closure of Fraud Cases:**

For reporting purposes, only in the following instances of fraud cases can be considered as closed:

1. The fraud cases pending with CBI/Police/Court are finally disposed of.
2. The examination of staff accountability has been completed.
3. The amount of fraud has been recovered or written off.
4. The insurer has reviewed the systems and procedures, identified the causative factors and plugged the lacunae and the fact of which has been taken note of by the appropriate authority of the insurer (Board / Audit Committee of the Board).
5. Insurers are allowed, for limited statistical / reporting purposes, to close those fraud cases, where:
  - a. The investigation is on or challan/ charge sheet not filed in the Court for more than three years from the date of filing of First Information Report (FIR) by the CBI/Police, or



- b. The trial in the courts, after filing of charge sheet / challan by CBI / Police, has not started, or is in progress.

Insurers should also pursue vigorously with CBI for final disposal of pending fraud cases especially where the insurers have completed the staff side action. Similarly, insurers may vigorously follow up with the police authorities and/or court for final disposal of fraud cases and / or court for final disposal of fraud cases.