
UCPB GENERAL INSURANCE COMPANY, INC.

Anti-Fraud Plan

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I. Policy

UCPB General Insurance Company, Inc. or UCPB GEN is a non-life insurance company duly licensed by the Insurance Commission of the Philippines to sell non-life insurance products. It has, accordingly, a fiduciary obligation to the shareholders, employees and the insuring public. Thus, UCPB GEN is bound by law, industry regulations and internal policies to observe and implement the highest order of ethical practices. UCPB GEN, therefore, does not tolerate fraud in whatever manner or form, be it internal or external, and whether committed by its employees, officers, business partners, customers and/or sales associates.

All suspected fraud shall be fully investigated and dealt with to the full extent of pertinent laws, rules and regulations, and where appropriate, it will be immediately reported to law enforcement or regulatory authorities and those implicated will be pursued through the courts in order for the UCPB GEN to seek conviction, compensation and/or recovery of assets.

II. Objective

The purpose of UCPB GEN's Anti-fraud Plan is to establish consistent and accountable actions to prevent and/or detect fraudulent activities in the company's operations. It outlines the authorities and responsibilities of UCPB GEN's employees, sales force, business partners and other stakeholders to ensure following:

- A company culture based on the core values of reliability, excellence, teamwork, integrity and empathy that does not tolerate fraud in any form or manner;
- A dynamic monitoring program to mitigate or minimize exposure to fraud;
- A fraud-awareness education and training program that encourages the reporting of fraud and other irregularities; and,
- A procedure to assure that reported incidents are thoroughly investigated and as may be necessary, elevated to higher authorities for appropriate disciplinary action.

III. Awareness Training

A. Employees

All officers and employees of UCPB GEN are required to read, understand, observe and follow UCPB

GEN's Anti-Fraud Plan, which shall be readily accessible in the Company's intranet and website, and other similar channels. The company's sales and support units are expected to establish their specific anti-fraud policies and procedures that shall be published in manuals as well, and made available to their respective staff. These policies and procedures will show the controls that were designed to prevent and detect misconduct and fraud.

Branch personnel are given updates on company and industry rules and regulations well as various fraud-detection procedures, such as fake money, signature identification and the like, during the on-boarding orientation, through regular updates and during their periodic meetings. On-the-job training personnel shall also be oriented in awareness of fraud policies, procedures and controls specific to the units and respective position.

Management shall emphasize the importance of adhering to these policies, procedures and controls to discourage fraud. As needed, manuals and control procedures may be updated and revised to add enhancements and to include new policies and procedures to prevent and detect suspected fraudulent acts.

Training will address specific aspects of fraud associated with UCPB GEN's product lines. It will specifically include but will not be limited to:

- Claims Fraud, including the recognition of suspicious claims as detailed in the Claims Procedure Manual; and,
- Application Fraud, including underwriting fraud in general.

New employees will receive education and training regarding the detection of fraud within six (6) months from their effective date of employment. Employees will be presented with updated educational materials within the specified period and at least once every two years thereafter. Underwriting associates and officers will undergo annual fraud training consistent with the Company's policies against fraud. Internal and external training programs may be developed and conducted by the Company.

Annually, in-house training related to fraud is provided to all underwriting employees. Training covers well known fraud "red flags" as well as high profile current events and topics that relate to fraud in insurance underwriting. All personnel performing functions relative to fraud identification have been provided with a list of potential red flags that are referred to during the review of the application data and title, beneficiary and information on the policy.

Training and education is further accomplished through attendance at professional and industry trade association seminars. Membership in such associations also provides literatures on the specific area of insurance business, which may include fraud-related issues. All employees are most certainly encouraged to cascade and share the information and knowledge they obtained from said seminars and conferences.

UCPB GEN encourages and provides financial assistance for educational programs to develop and improve non-life insurance-related professional qualifications. The education and training programs include, but are not limited to, courses provided by the following institutions:

- Insurance Institute of Asia and the Pacific;
- Philippine Insurers and Reinsurers Association, Inc.;
- Actuarial Society of the Philippines;
- Philippine Association of Surety Underwriters, Inc.;
- Association of Claimsman, Inc.; and
- Other professional organizations of non-life insurance professionals.

B. Sales Force

All brokers, general agents, agents of regular agencies and all other agents engaged in the selling of UCPB GEN's products are independent contractors. In signing an agreement with the company, these independent insurance producers agree to abide by the provisions of their respective contracts. These legal documents set forth the responsibilities and delimitations of authority as agents/representatives of the company, including those that pertain to fraudulent acts.

UCPB GEN also offers to members of the sales force who have a valid contract with the Company, the opportunity to participate in various trainings to recognize and identify suspicious applications, claims and other transactions. UCPB GEN also periodically distributes guidelines and bulletins to the sales force regarding insurance, products, market conduct, compliance and related matters which may include information pertaining to prevention, identification, and notification of suspected fraudulent acts.

IV. Committees and Units with Anti-Fraud Functions

Presently, there are three cross-functional management committees that undertake specific anti-fraud activities.

1. The Committee on Employee Discipline (CED) – this is a cross-functional management group tasked with the review, investigation and judgment of employee misconduct cases, especially those where the penalty of termination of employment may imposed. The core members comprise representatives from Human Resources with the HRASD Head as Chairperson, and Heads of Internal Audit and Legal Services, among others. UCPB GEN Code of Conduct and Discipline comprehensively covers proper employee work decorum and behavior and imposes penalties on internal fraud. The CED reports to the President.
2. A Committee on Sales Discipline (CSD) shall be organized. The Committee shall monitor proper agent conduct and sales activities, as these are to be detailed in UCPB GEN Code of Sales Conduct. The

Committee shall submit recommendations for disciplinary action, and when warranted, the termination of members of the sales force. The CSD shall report to the President.

3. Claims Committee – All suspicious claims detected by the Claims Department are immediately raised to the Claims Committee for more thorough evaluation, investigation and if found fraudulent, rescission action. The Claims Committee is chaired by the EVP for Technical Services and Operations, with representatives from Internal Audit, Legal, Underwriting and other operations units.

V. The Anti-fraud Plan

A. Fraud Prevention and Detection

UCPB GEN's policies, procedures, practices and internal controls detailed below create an environment and corporate culture that seek to deter and detect fraud.

Fraud against the company may be broadly classified into External Fraud, which are committed by agents, clients, business partners and other individual not directly employed by the company, and Internal Fraud, which are those committed by company personnel.

1. External Fraud

1.1. Fraud Committed by Suppliers and Service Providers

Suppliers provide the equipments and materials needed for the day-to-day operations of the Company, which can be as critical and expensive as computers and telecom equipment or can be as mundane as bond paper. Service providers are entities that are engaged by the company to occasionally provide specialized services such as motor car repair shops, adjusters, equipment maintenance servicers, travel agencies, and the like.

Fraud may be detected in the form of supplying sub-standard materials or poor services that grossly violate the terms of agreement or contract, or it could be outright defrauding the company of money.

To prevent such fraud from occurring, the Company has put in place Accreditation and Evaluation of Suppliers Process to serve as deterrent, particularly in tandem with the Company Code of Ethics in screening suppliers and service providers to make sure that their performance and business conduct are reviewed and consistently found to be above reproach; and to make sure that the selection process is objective and based purely on merits.

1.2. Intermediary-Related Fraud

An insurance intermediary is defined as any independent insurance producer who is duly licensed by the Insurance Commission of the Philippines and has a valid contract with the company, such as brokers, general agents, regular agents, and the like. They are engaged in selling UCPB GEN's products and services as contractors.

The following are the measures, requirements and procedures followed to prevent and detect fraud committed by an agent:

1.2.1 Intermediary licensing, contracting, appointments and terminations are processed by the Sales Support Services Department. The selection process requires an agent to complete a background information questionnaire (personal history form) which the agent is required to fill out, review and sign. This form is documented and filed by the Sales Support Services Department. If the information provided by the agent indicates any adverse history, a further background investigation is done.

1.2.2. As detailed in the Code of Sales Conduct and Discipline, fraudulent acts commonly committed by the agent are:

- a. Non-remittance, misappropriation or withholding of funds received or held by the agent if the funds represent premium payment by the client. To detect such fraud, audit of agents include reviewing and reconciling premium payment records.
- b. Product misrepresentation – To make sure that there is no misrepresentation and the product and/or service features and benefits are accurately and properly presented, sales pitches or spiels have to be approved by the Marketing Department.

Advertising, sales literatures, flyers and miscellaneous marketing collaterals made by the agent which are printed and/or disseminated in traditional as well as social media outlets such as the Facebook, are likewise submitted for review and approval by the Marketing Department to make sure that, primary among other considerations, neither false advertising nor product and service misrepresentation is committed.

- c. Fraudulent acts in the process of transacting business with the Company – there are instances when the agent would intentionally and knowingly commit, or coach his clients to commit misrepresentation, concealment, tampering of official forms, forging of signature and other acts that violate underwriting, claims and other company rules and requirements.

To prevent such acts, personnel in departments that interact with clients and agents are regularly trained to screen documents to validate their completeness, timeliness and authenticity, as specified in their respective procedures and work instructions.

1.2.3. Activities of agents in sales, customer service and policy transactions are accordingly reviewed regularly by respective units to discern indications of actual or potential fraudulent activities. The sources of information include, but may not be limited to records and documents of the following:

- premium collection and remittance
- customer feedback and complaints
- advertising and sales collaterals
- sales presentations and spiels
- policy replacements
- data base for validating sales drive criteria

1.2.4. The Company's employees, particularly those managing the branches and Head Office personnel involved in direct transactions with the sales force, act as liaisons between UCPB GEN and the sales agencies. It is understood that through regular orientations and seminars by HRASD, the staff are made knowledgeable of relevant company policies and procedures and can identify activities that are not in compliance with said policies and procedures.

1.3. Insurance Application Fraud

Fraud may be committed in the form of misrepresentation on the part of the insurance prospect, client or customer. The following are the measures, requirements and procedures followed to prevent and detect fraud by an applicant for insurance policy or surety bond:

1.3.1. UCPB GEN has adopted detailed guidelines and procedures to detect suspicious and potentially fraudulent transactions. Said guidelines to detect fraud in the process of underwriting an application for insurance or surety bond are to be outlined in the Company's Underwriting Anti-Fraud Measures.

1.4. Claims Fraud

The guidelines to prevent and detect fraud in Claims are broadly outlined in UCPB GEN Claims Anti-Fraud Measures. The detailed procedures are in the ISO Procedures and Work Instructions for Claims.

2. Internal Fraud

Internal fraud happens when an employee engages in acts that circumvent the regulations, law, or policies of a company, for personal gain. It could range from cases of plain theft, false representation, wrongful disclosure of information, to abuse of position of trust and confidence.

2.1. Policies and Guidelines

Such offenses are generally in violation of pertinent sections of the Company Code of Conduct, specifically:

- Section IV (A) – Offenses Against Honesty, which specifies theft, malversation, fraud, breach of trust and confidence, falsification or forgery of company records, concealment and cover-up and misrepresentation. These are classified as major offenses and employees found guilty of these offenses are given penalties ranging from suspension to termination of employment.
- Section IV (C) – Offenses Against Confidentiality of Records, which by its very nature, is presumed fraudulent. It includes misuse of records or property resulting in damage to the Company and disclosure / leaking, posting or publishing confidential information. These are also classified as Major Offenses and given the same penalty as above.

2.2. Preventive Measures and Procedures

The measures and procedures put in place to discourage and prevent internal fraud are enumerated in various Company guidelines and policies. These are gleaned from respective ISO Procedures and Work Instructions of different units, with particularly focus on inter-departmental financial control procedures. All employees who are involved in these transactions are regularly trained and reoriented in their respective job responsibilities.

B. Notification, Investigation and Reporting Process

1. Notification

Employees, officers, sales associates and other stakeholders are encouraged to report all suspected fraud to his/her direct superior or directly to the Head of the Legal Services Department.

Any manager who has an employee who reported a suspected fraud activity or transaction is expected to immediately notify the Head of the Legal Services Department, in accordance with the UCPB GEN's Whistleblower Policy. If for any reason, an employee is not comfortable reporting a suspected fraud to the Head of the Legal Services Department, he can report it directly to the Head of HRASD who shall then decide on the proper action to take.

2. Investigation

The Head of the Legal Services Department, Head of Internal Audit, the Head of HRASD and the Heads of Claims are the point-persons responsible for initiating and conducting fraud investigations in their respective areas of responsibilities. All investigations shall be conducted on an internal basis under the direction of the Head of the Legal Services Department.

As a first step, an initial assessment will be made as to whether the circumstances appear fraudulent. If upon review of the circumstances, it is determined that the cause of the critical incident is not the result of an error and it is determined that an instance of suspected fraud has been detected, a full investigation will be initiated. Each matter will be handled in a manner appropriate to its nature. Thus:

Investigating Groups:

1. Cases reported directly to higher authorities:

- a. Alleged violations of AMLA rules and regulations - the report goes directly to the AMLC Secretariat for further action and decision.
- b. Major fraud cases detected or uncovered by the Internal Audit Department – these are reported directly to the Audit Committee, which is at the Board level, with the Chairman as the Presiding Officer.

2. Cases that require investigation:

- a. Internal fraud cases involving employees - the Head of the Legal Services Department or the Head of HRASD will convene the Committee on Employee Discipline (CED), chaired by the Head of HRASD.
- b. Agent-related cases – these shall be forwarded the Committee on Sales Discipline (CSD), chaired by the Head of Sales Support Services Department.
- c. Suspicious claims detected by Claims Department – these will be raised to the Claims Committee.
- d. Applications fraud detected by the Underwriting Department – these shall be reported to the Senior Vice President – Underwriting Division.

3. No employee or member of the sales force is to engage in any activity that will impede the investigation of suspected fraud. In extraordinary cases of suspected fraud, the Head of Internal Audit and/or the Head of the Legal Services Department, in consultation with the CED or CSD, will

determine if an outside investigation or audit is warranted. If warranted, the investigation or audit will only be undertaken by those with specific experience, training and has proper licensing.

4. Depending on the gravity of the fraud committed, the Head of the Legal Services Department will decide whether the case will be elevated to the Executive Committee or the Board of Directors, in accordance with the notification and reporting procedures.

3. Reporting

3.1. The investigating unit or person will submit an initial report to be distributed to the members of the respective committee and/or person in authority. Depending on the size and complexity of the case, the report may cover the following:

- summary of the case / issue;
- outline of procedures for the investigation;
- liaison with or notification of law-enforcement or regulatory authorities;
- insurance coverage implications;
- press or social media implications;
- regulatory issues;
- investigation timetable; and
- other areas for which the fraud might be relevant.

3.2. Upon completion of the investigation, a final report covering all aspects of the case will be prepared to provide a formal record of the events and resultant action. Content of this report will include:

- the circumstances of the fraud and its discovery;
- the amounts involved;
- regulatory position;
- statement that appropriate action has been taken to seek restitution;
- any legal actions instituted against the erring party;
- necessary controls to prevent future abuse; and
- implementation schedule for improvements.

3.3. If the Head of the Legal Services Department , who is a standing member of all investigating committees, with the consent of the members of the respective committees and/or persons of authority, decides that a major fraud has been committed, he shall report it in writing to Insurance Commission and/or to the appropriate law enforcement authorities, as may be required.

C. Plan Summary Table

The table below outlines the notification, investigation and reporting process, with the responsible units or lead-persons:

	Types of Fraud	Perpetrators	Reporters	Persons / Units Notified	Investigating Unit Reported To	Final Authority/ Decision-Maker On Action to Take
1	Fraud by company suppliers and providers	<ul style="list-style-type: none"> • Suppliers • Service Providers 	Employees	Unit Head / Direct Superior	<ul style="list-style-type: none"> • Internal Audit, in coordination with reporting source • Legal 	<ul style="list-style-type: none"> • President • Legal & Audit Comm. / Board
2.	Agent-related Fraud: <ul style="list-style-type: none"> • Non-remittance • Misrepresentation • Other Fraudulent Acts 	<ul style="list-style-type: none"> • Branch Service Associates • Branch Heads • Regional Heads • Sales Division Head • Agents • Brokers • General Agents 	<ul style="list-style-type: none"> • Clients • Employees / Branch personnel • Agents 	CSD	<ul style="list-style-type: none"> • CSD, in coordination with reporting source • Legal 	Head of Sales and Marketing
3	Anti-Money Laundering Infractions	Client / Policyholder	<ul style="list-style-type: none"> • Frontline employees 	<ul style="list-style-type: none"> • Unit Head / Direct Superior • AMLA Reporting Officer • Legal 	<ul style="list-style-type: none"> • Unit Concerned 	AMLA Secretariat
4	Insurance Application Fraud	Client / Prospect / Insurance Applicant	<ul style="list-style-type: none"> • Frontline employees / Underwriting Department 	Unit Head / Direct Superior	Unit Concerned	Senior Vice President – Underwriting Division



5	Insurance Policy Transactions Fraud	Client		Unit Head / Direct Superior	Unit Concerned	Senior Vice President – Underwriting Division
6	Claims Fraud	Claimant / Beneficiaries	<ul style="list-style-type: none"> • Frontline Personnel / • Claims Department 	Claims Committee	Claims Committee	Chairman of Claims Committee
7	Internal Fraud: <ul style="list-style-type: none"> • Theft, • Malversation of funds • Conflict of interest • Violation of Related Party Transactions (RPT) 	Company Officers and Employees	Co-employee / whistleblower	<ul style="list-style-type: none"> • Direct superior • Chief Legal Counsel • Compliance Officer • HRASD Head 	<ul style="list-style-type: none"> • Committee on Employee Discipline • Legal and Audit Committee 	<ul style="list-style-type: none"> • President • Board / Legal & Audit Comm. / Chairman

VII. Investigation by External Agencies

Requests from law enforcement officers to assist with the investigation of a suspected fraud involving an employee or agent of the UCPB GEN must first be approved by the Head of the Legal Services Department. If a direct request is received in matters that affect UCPB GEN, it must immediately be forwarded to the Chief Legal Counsel or any person he nominates. To safeguard UCPB GEN's duty to protect confidential information against disclosure, it is necessary to require legal approval before the information is released.

UCPB GEN shall fully cooperate with the Insurance Commission and/or law enforcement agencies, in any criminal investigation. However, it reserves the right to protect any trade secrets, proprietary information and privileged information from being disclosed, to the extent permitted by law.

VI. Document Custodians

This Anti-Fraud plan, including the reporting policies, shall be kept in the Head of the Legal Services Department's office and will be open for inspection by the Insurance Commission.

The Legal Services Department and/or the Internal Audit Department will maintain all documentation pertaining to fraud investigations, with the exception of investigations and documentation pertaining to Claims, which will be retained by the Claims Department.