



THE NEW INDIA ASSURANCE CO LTD  
UK BRANCH  
*Best Practice*

# **Anti-Financial Crime Policy**

Tackling Money Laundering, Fraud & Bribery Risks



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## 1. Policy Statement

The New India Assurance Co Ltd, UK (NIA UK or the Company) intend to conduct all of our business with absolute adherence to ethics, honesty, reasonableness and fairness. Our approach to bribery and corruption is that of 'zero tolerance' and we are committed to acting professionally and with integrity in all our relationships and business dealings wherever we operate and to implementing effective systems to counter bribery.

The Company has been functioning in the UK since 1920, building up for itself a name for good practices and ethical conduct. We remain bound by the laws of the UK, including those specifically targeted at fighting financial crime, bribery and corruption, both in their letter and spirit.

## 2. Purpose of this Policy

The purpose of this policy is to:

- i. understand the nature of financial crime and bribery
- ii. recall how these can harm our organisation, the industry and the people at large and identify key areas of risk potential
- iii. set out our responsibilities, and of those working for us, in observing and upholding our position on bribery and corruption; and
- iv. provide information and guidance to those working for us on how to recognise and deal with bribery and corruption issues.

## 3. Costs Entailed by Financial Crime

Financial crime, bribery and corruption cause financial loss to the Company, erode its image and goodwill and seriously hamper growth. It could entail the Company facing potentially unlimited fines, other punitive measures and attention of the negative/adverse sort from regulators, law-enforcement authorities, government, media and the general public.

Bribery and corruption attract severe punishment (including imprisonment) for individuals with attendant effects on career, family and quality of life.

Crime of this nature also impacts the industry as a whole, costs the economy severely in the long term and destroys public faith in institutions and mechanisms. Proceeds of financial crime often (typically in case of money laundering, for instance) end up feeding other serious crimes and ultimately end up imposing huge costs on the country and its people.

## 4. Who does this Policy apply to?

This policy applies to all individuals working at all levels and grades, including the Chief Executive – UK, senior managers, team leaders, officers, employees (whether permanent, fixed-term or temporary), consultants, contractors and vendors, trainees, seconded staff, interns, agents, external partners like lawyers and loss adjusters or any other person

associated with us, or any of our subsidiaries or their employees, wherever located (collectively referred to as workers in this policy).

## **5. Which Areas of Our Activity Present Risk Potential?**

We have identified that certain of our activities create particular risks for our organisation, in particular:

- (a) Collaborations and partnerships with business providers like brokers, agents and MGAs;
- (b) Collection and accounting of premiums and payment of claims and intermediaries' remunerations;
- (b) Purchases and procurements;
- (c) Giving and receiving of gifts, mementos and entertainment/hospitality;
- (d) Recruitment and employment;
- (e) Interface with customers/clients

## **6. Key Markers in Financial Crime**

### **(1) Bribery**

A bribe is an inducement or reward offered, promised or provided (in cash or kind) in order to gain any commercial, contractual, regulatory or personal advantage.

### **(2) Hospitality, Entertainment and Gifts**

The practice of giving gifts or mementos in connection with festivals or special occasions is common in almost countries and entertainment or hospitality is very common in doing business. It is when these take on the nature of bribes (when offered with a clear expectation of a 'return' or a business advantage), when reasonable proportions are breached, when there is secrecy involved or when an impropriety is clear in some manner that we have a problem.

### **(3) Facilitation payments and kickbacks**

Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action by a government official. They are not commonly paid in the UK, but are common in some other jurisdictions. Kickbacks are typically payments made in return for a business favour or advantage.

### **(4) Fraud**

'Fraud' is a wilful act committed by an individual or entity by deception, misrepresentation, suppression, cheating or any other fraudulent or other illegal means, thereby causing wrongful loss to someone and wrongful gain to someone. Fraud is typically associated with claims and is a major risk faced by the insurance industry. Insurance fraud is responsible for losses amounting to billions every year.

## (5) Money Laundering

The term 'money laundering', is used to describe the techniques, procedures or processes used:

- to convert illegal funds obtained from criminal activities into assets, to conceal their true origin so it appears the money comes from a legitimate or lawful source.
- to disguise the origin and ownership of the proceeds of criminal activities in order to avoid prosecution, conviction and confiscation”

Money laundering risk facing general insurance, is much lower in comparison to other branches of the financial sector. However, there are a few classic ways in which general insurance could become a tool or conduit for “regularising” funds obtained from illegal or dubious sources and also for channelling money in a manner that is below the radar of tax or law enforcement authorities.

The law requires us to be vigilant about money laundering; it requires us to ensure that we avoid assisting such activities by either acts of omission or commission and that we do not fail to disclose any actual instance of or reasonable suspicion of money laundering activity. It is not difficult to understand why – money laundering is a serious crime in itself, in that (a) the origin of such funds is invariably mired in criminal or illegal activity; (b) the purpose of such activity is to evade scrutiny and thereby taxes or duties; and (c) it ensures the creation and sustaining of a “parallel” or “black” economy that causes serious damage to the economy and the country. An even more frightening prospect, especially in the prevailing climate of today is that terrorism is often fuelled by laundered money.

Based on insurers' experience all over the world, we can identify some of the common *modus operandi* that are used to try and launder money using insurance companies. These are described below under 7 (5) wherein basic due diligence measures are enumerated.

## 7. Employees' Responsibilities

- (1) It is not acceptable for an employee of NIA to offer or accept any bribe, kickback or facilitation payment.
- (2) This Policy does not prohibit normal and appropriate hospitality (given and received) and the giving or receipt of gifts, provided such a gift or hospitality/entertainment:-
  - (a) is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
  - (b) complies with local law;
  - (c) is given in NIA UK's name, not in the employee's own name;
  - (d) does not include cash or a cash equivalent (such as gift certificates or vouchers);
  - (e) is appropriate in the circumstances (for example it is customary for small gifts to be given around Christmas or Diwali);
  - (f) taking into account the reason for the gift, is of an appropriate type and value and given at an appropriate time;

(g) is given openly, not secretly; and

(h) is not offered to, or accepted from, government officials or representatives, regulators, politicians or political parties.

(3) An Employee shall not:

(a) give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;

(b) give, promise to give, or offer, a payment, gift or hospitality to a government or regulatory official, agent or representative to "facilitate" or expedite a routine procedure;

(c) accept payment that the employee knows or suspects is offered with the expectation that it will obtain a business advantage for them;

(d) accept a gift or hospitality if the employee knows or suspects that it is offered or provided with an expectation that a business advantage will be provided by us in return;

(e) threaten or retaliate against another employee who has refused to commit a bribery offence or who has raised concerns under this Policy; or

(f) engage in any activity that might lead to a breach of this policy.

(4) It is the duty of every employee to prevent fraud and to report any instance of fraud that comes to his or her attention in the course of work.

(5) It is the duty of every employee to practice due diligence for prevention of money laundering by asking relevant 'commercial questions', ensuring Customer Due Diligence (CDD) also called Know Your Customer (KYC) and looking for unusual occurrences during routine business transactions like:-

- Large premium payments by cash or by a third party
- Request for payment of claim to a different person/entity
- Insuring assets which appear inconsistent with the customer's economic profile
- Unusually ready acceptance of even a very high premium quote or a substantial overpayment of premium followed by a request to refund to a different entity
- Policies quickly taken and cancelled for no clear reason
- Unusually complex placing chains with multiple levels of intermediaries including those whose roles appear superfluous or insignificant  
(this list is only indicative, and not exhaustive)

## 8. Record Keeping

Clear and verifiable financial records are to be filed and maintained in office for all our transactions, outward (expenses) and inward (receipts). We must have appropriate internal controls in place consisting of requests, sanctions, budget-monitoring and oversight of all business related payments to various parties.

Every employee must ensure all expenses claims relating to hospitality, gifts or expenses incurred are submitted in accordance with our expenses policies and rules and specifically record the reason for the expenditure. Wherever required, appropriate approvals must be obtained and filed.

All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers and business contacts, should be prepared and maintained with strict accuracy and completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.

## **9. Reporting Financial Crime**

It is the duty of every employee to provide to the management information which is within his/her knowledge about any financial crime or potential financial crime. An employee must notify his team leader or Manager as soon as possible if he believes or suspects that a conflict with this policy has occurred, or may occur in the future. If he deems it necessary for safety or for reasons of confidentiality, he may directly bypass 'proper channels' and inform the Chief Executive directly on any such matter.

## **10. Protection**

NIA UK encourages openness and will support anyone who raises genuine concerns in good faith under the Policy even if they turn out to be mistaken. We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. If an employee has raised concerns or has reported a wrongdoing and he believes that he has suffered any detrimental treatment (including dismissal, disciplinary action, threats or other similar unfavourable treatment), he should take recourse to the 3-step Internal Grievance Procedure immediately.

## **11. Compliance**

All employees must ensure that they read, understand and comply with this policy.

All employees are required to avoid any activity that might lead to, or suggest, a breach of this policy. Non-compliance shall be deemed a violation of terms and conditions of employment/engagement or terms and conditions of contract (as the case may be) and shall be dealt with per the Company's disciplinary procedures/terms of engagement/terms of the particular contract(s) or the law as applicable and appropriate.

## **12. Training, Awareness and Communication**

This Policy recognises that proper awareness is the main pillar of fraud prevention effort. It will be our endeavour to provide all employees and especially those who work in areas that are perceived as 'high risk' with periodic training and awareness workshops. This Policy document will be circulated to all employees.

Our business partners and business providers, principal vendors and other intermediaries will also be made aware of this Policy.

### 13. Custodian of the Policy

The Chief Executive – UK will be the custodian of this Policy and have overall oversight of compliance with the Policy. The Deputy Chief Executive – UK at London shall have responsibility of monitoring its use and effectiveness and to suggest suitable modifications as and when necessary. This Policy may hence be amended from time to time.

### 14. Version Control

Version Name	Action	By Whom	Date
No Name	First Final Version	NIA UK	16.1.2016
Version 2.0	Second Version incorporating (1) Change in Title, (2) Amendments and updates of provisos; and (3) Inclusion of a Version Control section	NIA UK	27.1.2017