



ANTI-FRAUD PLAN

1. PURPOSE:

Philippines First Insurance Co., Inc., as the oldest insurance company in the Philippines, is committed to the prevention, deterrence, detection and investigation of all forms of fraud. **Philippines First Insurance Co., Inc.** aims to apprise, advise and warn all of its staff, to be aware of, and to avoid, any opportunities for fraud, to report the same should they become aware of any instance of fraud and to take prompt action to investigate fully and address any instances of fraud.

2. CONTENTS OF ANTI-FRAUD PLAN:

DEFINITION:

Fraud is an operational risk. Generally speaking, it is defined as any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain. Specifically, fraud in insurance is defined as an act or omission to gain dishonest or unlawful advantage for a party committing the fraud or for other parties.

CATEGORIES:

Claims fraud: Fraud against the insurer in the execution of an insurance product by obtaining wrongful payment;

Intermediary Fraud: Fraud by intermediaries such as Agents, Corporate Agents, Third Party Administrators (TPAs) against the insurer or policyholders;

Policyholder Fraud: Fraud against the insurer in the purchase or in the execution of an insurance product by obtaining wrongful coverage or payment;

Internal Fraud: Fraud/misappropriation against the insurer by its Director, Manager and/or any other officer or staff member;

Third Party Fraud: Fraud committed by third parties against the Insurer and the general public which primarily includes activities such as the issue of fake/forged policies and cover notes in the name of the Insurer.

- Common examples include accepting kickbacks and engaging in conflicts of interest; and
- Fraudulent Statements, which generally involve falsification of an organization's financial statement. Common examples include overstating revenues and understating liabilities or expenses.



The Company does not tolerate any unethical or dishonest behavior, even if the result of the action benefits the Company itself.

The Company values integrity, honesty and fairness in everyone from the top to bottom. It encourages openness to prevent malpractice or any cover-up of malpractice and creates a positive workplace environment where employees have positive feelings about the Company and do not feel abused, threatened or ignored.

All employees within senior management, claims and finance function, as well as other employees in areas that are exposed to the risks of unethical behavior (e.g. procurement, claims handling, sales and marketing, cash, collection and disbursement) are required to sign (either electronically or manually) a confirmation statement at least annually, acknowledging that they have read, understood and complied with the Code of Business Conduct and the Compliance to ensure that Human Resources takes responsibility for the activity.

Management is responsible for designing and implementing systems, procedures and internal controls for the prevention and detection of fraud commensurate with the nature and size of the organization and, along with the Board of Directors, for ensuring a culture and environment that promotes honesty and ethical behavior.

Staff members are required to be aware and vigilant with respect to external frauds. If any external fraud comes to the attention of a staff member, he/she must immediately report the same to the department/branch manager. In the event of details received in respect of fake/forged policy by the customer service department or by any other employee of the Company, they must immediately contact the concerned persons/complainant/aggrieved customer and obtain in writing the complete facts and details in relation to such of fake/fraudulent policy to them and also obtain such person's personal contact details.

Sharing fraud knowledge across the Company allows business managers to learn from past incidences in other parts of the business, quickly improve internal control deficiencies in their purview, minimize repeat incidences of fraud and detect fraud by assessing if fraud schemes identified in other areas have also manifested themselves in their area.

In addition, the fraud database information shall be shared with all other insurers through the Philippines First Insurance Co., Inc. councils or any other common forum; a well-advised coordination platform shall be maintained for this purpose.

Alleged, credible or proven fraud cases (either internal or external) may be reported to the following parties as per table underneath:



Type of Fraud	Fraud Incident Report Recipient					
	Head of Fraud Control Unit	Head of Internal Audit	Principal Compliance Officer	Chief Risk Officer	C O O	Audit Committee
Internal Fraud (either alleged, credible or proven)	All	All	All	All	A l l	All
External Fraud (either alleged, credible or proven)	All	All	All	All	A l l	All
Any type of online or Cyber Fraud	All	All	All	All	A l l	All
Frequency of Fraud Incident Reporting	As soon as it occurs	Quarterly	Quarterly occurs	Quarterly	Q u a r t e r l y	Quarterly

INVESTIGATIONS:

Philippines First Insurance Co., Inc.’s investigations of suspected fraud, irregularities or improprieties will be led by the Fraud Control Unit in order to avoid mistaken accusations or alerting suspected individual that an investigation is under way.

The members of the Fraud Control Unit will have free and unrestricted access to all Company records and premises, whether owned or rented, and the authority to examine, copy and/or remove all or any portion of the contents of files, desks,



cabinets and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.

The suspected fraudster will be informed of the allegations as soon as reasonably practicable. This may not be until the initial stages of the investigation have taken place.

The Fraud Control Unit shall take into custody all relevant records, documents and other evidence to protect them from being tampered with, destroyed or removed by the suspected perpetrators of fraud or by any other party under his/her influence. The full records of the investigation, including interview, shall be kept secure.

The investigations shall be kept as confidential and private as much as can be reasonably accomplished, to ensure the least amount of disruption to the Company and maintain process integrity at all times.

Confidential information will be shared only on a “need-to-know” basis.

The conclusion and results of the investigations must be duly documented in writing. The fraud report regarding the results of the investigations and the corrective actions will contain at least the fraud incident description, the fraud perpetrator details, the estimated fraud loss and recovery amounts, the controls implications and the resolution. Management is responsible for resolving fraud incidents.

The final fraud report will be distributed to the Board of Directors through the Audit Committee and the Chief Operations Officer of the Company.

Once investigations are completed and risk findings are identified, thereafter the Legal & Compliance team shall initiate and take necessary action by approaching Law Enforcement Agencies, whenever appropriate.

DECISION:

Once the investigation is completed and if it substantiates that fraudulent activities have indeed occurred, the Fraud Control Unit shall recommend to the Chief Operations Officer of the Company to implement disciplinary or corrective actions (e.g. employee discipline, any referral to the applicable law enforcement agency, process changes to strengthen or internal controls, etc) as the Fraud Control Unit may deem fit.

Disciplinary or corrective actions may include: employee dismissal; business process remediation and/or internal control remediation i.e., determine whether internal procedures or controls need to be changed; termination of a contract; restitution



Philippines First Insurance Co., Inc.

ESTABLISHED 1906

agreement with the perpetrator; criminal prosecution, i.e., referral of the case to law enforcement authorities; civil lawsuits against the perpetrator to recover stolen funds; internal disciplinary action such as termination, suspension with or without pay, demotion or warnings; etc.

All actions taken in response to an established act of fraud must be approved by the Chief Operations Officer of the Company or by the Board of Directors of the Company, should they exceed the authority limits granted to the COO by the Board.

The Audit Committee will be informed, in a timely manner, of such decisions either through its Chairperson (in case of urgency) or at the subsequently scheduled meeting of the Committee.

The Fraud Control Unit will monitor the implementation of the resolution to ensure that proper corrective measures were taken and report to the Audit Committee accordingly.

Only after the resolution has been verified, can the case be closed.

Reporting Procedures – Communicating Concerns about Alleged or Suspected Fraud.

Employees shall promptly communicate any concerns about unethical behavior and report any actual or suspected incident of fraud or violations of the code of conduct or ethics policy on a confidential basis.

The Company offers several channels for reporting any actual or suspected incident of fraud. Employees and officers are encouraged to use the channel with which they are most comfortable, starting with their manager or supervisor. Other reporting channels include:

- Another Manager or Supervisor;
- The Principal Compliance Officer;
- The Head of Human Resources;
- The Head of Internal Audit;
- The Chief Operations Officer;
- The Head of Fraud Control Unit; and
- The Chairperson of the Audit Committee

Every manager or supervisor who receives a report shall treat the concern or allegation with discretion and treat the employee who brought the concern forward with respect.

Any employee who suspects dishonest or fraudulent activity shall notify the above-mentioned parties immediately and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent activity.



Philippines First Insurance Co., Inc.

ESTABLISHED 1906

Any alleged or suspected incident of fraud shall be reported in writing so as to ensure a clear understanding of the issues raised. Anonymous disclosures or disclosures containing general, nondetailed or offensive information will not be entertained.

Management shall also lay down an appropriate framework for a strong whistleblower policy.

The following actions shall be taken in response to an alleged or suspected incident of fraud:

- A thorough investigation of the incident shall be conducted.
- Appropriate and consistent actions shall be taken against violators.
- Relevant controls shall be assessed and improved.
- Communication and training shall occur to reinforce the Company's values, code of conduct and expectations.

CONFIDENTIALITY:

The Fraud Control Unit shall treat all information received confidentially.

The detailed investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct.

PROTECTION:

Every person who reports a suspected or alleged incident of fraud will be treated fairly.

As a policy, the Company condemns any kind of discrimination, retaliation, harassment, victimization or any other unfair employment practices being adopted against a person who has reported in good faith a suspected or alleged incident of fraud.

Complete protection will be given to the person who has reported in good faith a suspected or alleged incident of fraud against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, etc.

The identity of the person who has reported the suspected or alleged incident of fraud shall be kept confidential to the extent possible and permitted under the law.

However, any abuse of this protection (for example, any false or bogus allegations made by a person knowing them to be false or bogus or with a bad faith intention) will warrant disciplinary action.



Philippines First Insurance Co., Inc.

ESTABLISHED 1906

If an employee or an officer reports a suspected or alleged incident of fraud for personal gain or to disrupt the working environment or, by making the disclosure, would be committing a criminal offense such as blackmail, he/she would not get any protection and his/her behavior would also constitute a disciplinary offense.

FRAUD COMMUNICATIONS

The Company shall formalize the information flow among the various operating departments as regards insurance frauds.

For this purpose, fraud investigations shall be communicated on a strictly no-name basis and without any references or evidence through internet messages, specific messages, newsletters and/or other regular communication to business managers.

The Fraud Incident Reporting shall capture crucial information regarding each fraud incident, including description, fraud perpetrator details, loss and recovery estimates, control implications and proposed or completed actions taken.

The Chief Operations Officer shall be provided with a summary of internal fraud cases (either alleged, credible or proven) that may jeopardize financial reporting.

At the meeting, the Audit Committee shall be provided with a condensed report for review of reported fraud cases [either internal (all cases) or external (above a defined threshold)], trends, early results from investigations underway and remediation taken by management to address any identified control weakness.

All public communications and comments by management to the press, law enforcement, or other external parties in relation to incidents of frauds shall only be made by authorized spokespersons and coordinated through legal counsel and corporate communications.

REPORTS TO THE AUTHORITY

As part of the responsibility statement which forms part of the management report filed with the Authority, the management is also required to disclose the adequacy of systems in place to safeguard the assets for preventing and detecting fraud and other irregularities, on an annual basis, January 31 of the following year.

PRACTICES TO PROMOTE THIS DOCUMENT:

The Company will include information about this policy document (as well as the Internal Fraud Policy Statement) in the employee or internal newsletter and on the Internet portal. A reference will be included in the employee handbook.



Philippines First Insurance Co., Inc.

ESTABLISHED 1906.
The Chief Operations Officer through the Head of Human Resources will send an email message to all employees at least once a year reminding them of this document, the Internal Fraud Policy Statement and their content. She will include this policy document and the Internal Fraud Policy Statement in the email message as an attachment.

Employees will be reminded of this policy document and the Internal Fraud Policy Statement by their supervisor during their performance evaluations.

New employees will be trained on this policy document and the Internal Fraud Policy Statement during the Orientation. They will be provided with a copy of this Policy document, the Internal Fraud Policy Statement and with examples of what should be reported.

The management of the Company shall inform both potential clients and existing clients about this Policy or any amendments thereof through online upload of this Policy via Company's website or other modes.

ADMINISTRATION AND REVIEW OF THIS DOCUMENT

The Chief Operations Officer of the Company together with all the departments heads are responsible for the administration, revision, interpretation and application of this document, as well as of the related Internal Fraud Policy Statement. These documents will be reviewed and revised as needed. Any revised version shall be submitted to the Audit Committee of the Board of Directors for review and the Board of Directors of the **Philippines First Insurance Co., Inc.** for final approval.

Signed this 16th of November, 2017 at Makati City, Philippines

Signed:

MARIA CONCEPCION N. SINGSON
Chief Operations Officer