

Section 4 (1) (b) (xiv): Details in respect of the information, available to or held by it, reduced in an electronic form

The following documents are available and held by company in electronic form as on date:

1. Annual Reports
2. Popular policies
3. Data pertaining to employees
4. Office Circulars

NIC Outsourcing Policy

1. *Introduction:*

In order to ensure proper corporate and regulatory oversight over the outsourcing of activities of insurers, the IRDA has issued Guidelines on Outsourcing of activities by insurance companies dated 1st February 2011. The guidelines inter alia stipulate that - an insurer intending to outsource any of its activities shall put in place a comprehensive Outsourcing Policy, approved by the Board of the Company. The guidelines further provide that the Board of Directors shall review the performance of all third party service providers every year.

Accordingly, the following policy on outsourcing is formulated, in accordance with the said guidelines, which shall guide various departments of the company while outsourcing any functions at the department level.

2. *Definition of an Outsourcing activity*

Insurer's use of a third party (either an affiliated entity within a corporate group or an entity that is external to the Corporate group) to perform activities on a continuing basis that would normally be undertaken by the insurer itself, now or in the future.

3. *Classification of activities*

3(a) CORE Activities: The following core activities shall not be outsourced.

1. Underwriting,
2. Product design and all Actuarial functions and Enterprise wide Risk Management
3. Investment and related functions

4. Fund Accounting including NAV calculations
5. Admitting or Repudiation of all Claims
6. Bank Reconciliation
7. Policyholder Grievances Redressal
8. Approving Advertisements
9. Market Conduct issues
10. Appointment of Surveyors and Loss Assessors
11. Compliance with AML, KYC etc.
12. All integral components of the above activities shall be treated as Core Activities

Policy Servicing & related activities:

For the activities listed below, receipt of request in physical/ electronic/ telephonic form and transmission of the same to us without accessing our original database can be outsourced. However, execution of the activities will remain as core activity and will not be outsourced.

1. Issuance of Policy Document / Certificates of Insurance
2. Change of Name / Address
3. Fund Switching/ Premium Redirection
4. Surrender, Maturity, Withdrawals Free look Cancellations Payouts
5. Loan Against Policy
6. Change of Policy Terms and Conditions / Details Change
7. Registration of Assignment / Nomination
8. Revival / Cancellation of Policy
9. Transfer of Policy
10. Substitution of Vehicle Communications, Reports, Printouts
11. to Policyholders / Claimants
12. Laid up Vehicles
13. Withdrawal of No Claim Bonus
14. Declarations Update
15. Extension of Cover
16. Duplicate Policy
17. Document Collection and Investigation for complying with AML and KYC norms. Company shall not outsource the core activities.

3(b) Activities that support the CORE activities: Annexure-I, Col. 3: subject to Risk Management Principles

1. May be outsourced.
2. Reported to the Authority in the prescribed format within 45 days from the date of entering into such agreement.

Underwriting:

1. Data collection of prospect/insured details, Submission of proposals
2. Data Entry

Premium Collection

1. Printing of receipt
2. Dispatch
3. Data entry of details
4. Issuance of receipt

Data Storage

1. Scanning
2. Indexing

3(c) Annexure-I, Col. 4: Functions normally assigned to outside professionals, regulated either under different laws or provide outside expertise and economies, may be outsourced to such entity as otherwise legally permitted to carry out those activities, such as:

I. Underwriting:

1. Data Analysis
2. Medical Examination
3. Risk Management service at Policyholders/insured premises
4. Reinsurance

II. Premium Collection

1. Collection by RBI approved banks, institutions, business correspondents of banks
2. Government private partnerships like AP-Online, e-mitra, e-Seva, MP online etc.,
3. Government Offices like Post Office
4. Payment aggregators -eg. VISA, Mastercard, Bill Desk
5. Payments through RBI approved gateway, RBI cleared Payment collectors e.g ECS,
6. Licensed insurance intermediaries (which includes agent/micro insurance agent/corporate agent/Broker who are authorised and who himself procured the policies related to the premium being collected)

III. Cheque pick up and Banking by IRDA approved entities

1. Cash Management services of Banks
2. Picking up arrangement with couriers, Post Office, Drop Box

Cheque Pick-up and Banking of policies where the services of an agent/ a corporate agent are no more available.

Where the services of the agents/ corporate agents who procured the business are no longer available to the Company, then premium collection and cheque pick- up for such businesses may be outsourced to other Agents and Corporate Agents. The DO/ BO Incharges shall carry out due diligence on such agents/ corporate agents to whom this activity to be outsourced. And this outsourcing activity is subject to the following conditions:

- I. Such agents/ corporate agents should be our agents for at least 2 years.
- II. The total amount entrusted to be collected and picked up by agents/ corporate agents for a given financial year shall not exceed three times the renewal commission that the said agent earned in the preceding financial year.
- III. The Operating Office should assign the activities to Agents/ Corporate Agents by allocating only a specified list of policies.
- IV. In such cases the Operating Office will take proper receipt for the same and will monitor and be accountable for the same.
- V. Office shall notify the customers about the various options available for premium collection.

Bank Reconciliation:

The company will be solely responsible for reconciliation of various bank accounts, cash and other instruments and will be accountable for any liability arising out of such activities. Clerical activities like sorting and organizing of instruments may be outsourced to schedule Commercial Banks but the activity of tallying may not be outsourced.

I. Data Storage:

Physical storage of documents

II. Admitting and repudiation of claims

- Legal/Expert Professional opinion investigation
- Forensic analysis
- Salvage /sue and labor
- Average adjustors
- Recovery agents
- Third party claims negotiators
- Claims document aggregator
- Accident/road assistance
- International travel and medical assistance services
- Global re-pricing

3(d) NON-CORE activities

- May be outsourced,
- Reported to the Authority within 45 days from the end of every half-year.

I. Facility management i.e. Housekeeping, Security, Catering, etc.

II. PF Trust

III. Internal audit, Internal / branch / concurrent audit etc. (Note: However, the Board of Directors shall appoint the internal / branch / concurrent auditor based on the recommendation of the Audit Committee / Investment Committee respectively as mandated by the Authority in Corporate Governance Guidelines. The report of internal auditor / concurrent auditor shall be placed before the Audit Committee / Investment Committee / Board Meeting for their information and necessary action)

IV. Website Development and Management / Software and other IT Support

V. Pay Roll Management

VI. HR Services

VII. Service Tax Consultancy and Support

VIII. TDS filing

IX. Compliance with labour laws

X. Data entry Including Scanning, Indexing Services

XI. Printing and posting of reminders and other documents

XII. Pre employment medical checkups

XIII. Reminders for Premium Payment

XIV. Call Centre and outbound calling for registering complaints or answering enquiries

XV. Claim Processing for Overseas Medical Insurance Contracts

XVI. Tele-marketing

XVII. Consultancy Services pertaining to Service Tax, Income Tax and any other taxes payable by our company

XVIII. Other Employee Benefits

XIX. Deployment of personnel within the premises / offices of the company on a contract basis

Data Storage for Policies issued in electronic form

In case of issuance of policies in electronic form, data storage shall be with the repository authorized by IRDA. Company will seek prior approval of the terms and conditions, text format and policy documents of such policies

In case of any ambiguity on classification of activity as core or non-core (not listed in the IRDA Guidelines), company shall refer the matter to IRDA for clarification.

4. General Principles

- I. The company shall not outsource the internal audit to the statutory auditors.
- II. The third party service providers engaged by our company are subject to the various provisions of Insurance Act, 1938, IRDA Act, 1999, Rules, Regulations or any other orders issued there under. The third party service provider shall comply with provisions of Regulations, Guidelines and any other law under force and the company shall be responsible for all acts of omission and commission of its third party service providers in this regard.
- III. Agents, Corporate Agents, Brokers and Third Party Administrators would be governed under the respective Regulations issued by the Authority and hence outside the purview of the policy. However, they should not be contracted to perform any outsourced activity other than those permitted by the respective Regulations.
- IV. In accordance with the Guidelines issued by the Authority, Agents, Corporate Agents, Brokers, TPA's and Surveyors and other regulated entities shall not be contracted to perform any outsourced activity other than those permitted by the respective regulations/instructions governing their licensing and functioning.

5. Criteria for Selection of Service Providers:

The company shall adhere to the Risk Management Principles enumerated by the Authority vide Guidelines 9.1 to 9.15, 10 & 10.1 of the IRDA Outsourcing Guidelines.

However, while selecting the service provider, the following criteria should be taken into account as special precaution.

1. The service provider shall not fall within the group, the company is part of. In case the service provider is a group entity, within the meaning of Section 2(ca) of Investment Regulations, having a common director with the company, the transfer pricing shall be fixed at sound principles and disclosed to the Authority immediately on completion of the contract and before the payment is made.
2. Conflict of interests shall be avoided. The company shall ensure that the third party service provider does not have any conflict of interest. The third party service provider or any of their group entities shall not be able to derive any benefit by causing loss to the company or policyholder. For instance the third party service provider shall not have the responsibility of repairing the damaged vehicle, supply of spare parts and marketing of the policy. In case of existence of conflict of interest among group entities, our company shall avoid outsourcing to such entities.
3. None of the employees of our company shall be directly or indirectly involved in the creation of or any outsourced activity of the outsourced entity.
4. Quantitative, qualitative, financial, reputational, operational factors should be considered.
5. Capability and compatibility of systems with our systems should be examined.
6. Past experience and competence to implement & support the proposed activity should be assessed.
7. Financial soundness and ability to service commitments even under adverse conditions shall be examined.
8. Business reputation & culture, compliance, complaints and outstanding or potential litigation if any should be examined.
9. Security issues, internal control, audit, reporting and monitoring and Business continuity management concerns should also be examined.
10. Due diligence of the employees of the service provider should also be carried out.
11. Independent reviews and market feedback may be obtained.

Wherever, tendering is required for selection of the outsourcing agency, due procedure as per the existing guidelines of the company and CVC should be adhered to.

Evaluation of the Outsourced Service Provider

Company shall observe due diligence w.r.t the Para 10.1 (itovi) as per the IRDA Guidelines on Outsourcing.

6. *The agreement*

- a. All outsourcing relationships shall be governed by WRITTEN contracts. The contracts shall,
 - i) Clearly explain the rights, responsibilities, expectations of all the parties to the contract.
 - ii) Clearly describe the activities that are outsourced
 - iii) Define the performance levels and how the same will be assessed
 - iv) Not restrict the right to access all books, records and information relevant to the outsourced activity
 - v) Provide for continuous monitoring and assessment by the insurer
 - vi) Contain termination clause and minimum period to terminate the contract shall be clearly defined.
 - vii) Not restrict the rights of the insurer to transfer the services to another third party
 - viii) Have clauses for insolvency or other material changes
 - ix) Provide for delineation of ownership of intellectual property, including transfer of information back to the insurer
 - x) Clearly protect confidentiality of information of both the insurer and the insured and shall have protection and compensation clauses for intentional or inadvertent disclosure to unauthorized persons.
 - xi) All disputes shall come within KOLKATA jurisdiction
 - xii) Arbitration provisions may be addressed in the agreement.
 - xiii) Shall not restrict the right of the company to audit the functions of the outsourced entity so far as it is related to the outsourced activity.
- b. Where there are more than one service providers, the contract shall contain such precautionary clauses to safeguard the interests of the company.

- c. All the contracts shall contain a clause for termination of the contract by giving minimum period of notice and also without imposing any penalty on the part of the service provider for premature cancellation of the contract.
- d. The company shall ensure that outsourcing arrangements neither diminish its ability to fulfill its obligations to Policyholders nor impede effective supervision by IRDA.
- e. The agreement shall neither prevent nor impede the company from meeting its respective regulatory obligations, nor the regulator from exercising its regulatory powers of conducting inspection, investigation, obtaining information from either the company or the third party service provider.
- f. In case of any of the third party service provider becomes a group entity as defined vide IRDA (Investment) Regulations, 2000, the company shall report the fact to the Authority within 30 days of such an event.
- g. In case of termination of contract between the company and third party service provider, the compensation or penalty or any payment in lieu of foreclosure shall be reasonable and shall not be excessive.

7. *Risk Management and Contingency Plans*

Company shall establish a comprehensive Risk Management Programme. Such programme consider the factors enumerated vide 9.6 (i to ix) in the IRDA Guidelines on Outsourcing. Care should be taken that outsourcing arrangement shall neither diminish the company's ability to fulfill its obligations. The company shall ensure that there is no risk of loss of control over outsourced activity and potential impersonal treatment of policy holder / agents, before outsourcing any activity.

Data Protection

Data protection, security and other risks may be adversely affected by the geographical location of an outsourcing service provider. To this end, specific risk management expertise in assessing country risk related, for example, to political or legal conditions, could be required when entering into and managing outsourcing arrangements that are taken outside of the home country.

Contingency Plan:

The company and our third party service providers shall establish and maintain contingency plans, including a plan for disaster recovery and periodic testing of backup facilities.

Protection of Confidential information

The company shall take appropriate steps to require that third party service providers protect confidential information of both our company and our clients from intentional or inadvertent disclosure to unauthorized persons

8. *Board Approval for existing outsourcing agreements*

All the existing outsourcing agreements entered by the company prior to 30th September 2011 and which do not contravene the provisions of the Regulations/ guidelines, are deemed to have been approved by the Board with retrospective effect from the date of entering into such contracts.

9. *Delegation of Authority:*

The authority for entering into any outsourcing agreement in terms of the policy, as amended from time to time, vests with the Deputy General Managers of respective Departments in the Head Office. In respect of Regional offices, the authority vests with the Regional In Charges.

10. Implementation and monitoring of the policy

All the departments in Head Office and Regional Offices are required to inform the details of the existing contracts to the Nodal department to be notified in this respect. They are required to inform the nodal department whenever any contract is entered into or terminated and the reasons there for.

11. Grievance Redressal

The company shall direct in house Grievance Redressal Machinery (CRM Deptt.) to deal with grievances relating to services provided by the outsourced agencies. Wide publicity has to be given through print and electronic media about this. The Grievance Redressal Machinery shall deal with every grievance in a fair, objective and just manner and issue reasoned speaking reply for every grievance rejected

The TAT's for redressal of grievances shall be as notified by the Authority from time to time.

12. Termination of contracts

If any contracts are terminated for reasons of mischief, fraud, non compliance, the same shall be intimated to the Authority with reasons for such termination.

13. Administration and amendments of the Policy:

The Board may delegate the authority to effect amendments to the Outsourcing Policy to the CMD/ a Committee/ nominated officer subject to the condition that overall compliance of the IRDA Guidelines is not affected through such amendments.

14. Review by Board of Directors

The Board of Directors shall review the performance of all third party service providers every year with respect to compliance with provisions of Insurance Act 1938, Regulations, Rules or any other order issued there under.

15. Effective Date

The policy shall come into force with effect from the date of approval by the Board of Directors.

