

Company Name BPI / MS Insurance Corporation.	Manual Title Guideline	Document Code G-Com-01
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Document Title Dishonest and Unlawful Acts (DUA)		Revision No.01 Revision Date: August 24, 2017

## REVISION HISTORY

Issue No.	Rev No.	Description of Change	Approved by	Effective Date
01	00	Initial Issue a. Control of Regulatory Issuances b. Guidelines on Handling Dishonest or Unlawful Acts	LG Bellen LG Bellen	March 27, 2009 April 01, 2011
02	01	<p><b>a. Document Title</b>  <b>b. Document Number</b>  <b>c. 4. REFERENCE</b>  <u>Board approved guidelines dated April 1, 2011.</u></p> <p><b>d. 5.2. INVESTIGATION AND REPORTING OF DISHONEST AND UNLAWFUL ACTS</b>  2. The Head of the Unit or supervisor so informed shall immediately report the incident to the Compliance Officer who, in turn, depending on materiality and substance, shall report the incident to the <u>Compliance Working Committee</u> and table the issue for evaluation in the succeeding meeting.</p> <p>7. The Head of the unit concerned shall, as soon as possible, submit a report to his superiors and to the <u>Compliance Working Committee</u> of the results of his investigation. If the investigation extends beyond a month, the progress of his investigation should be reported, at least monthly, until the conclusion of the investigation.</p> <p>9. Causes of every occurrence of dishonest or unlawful acts shall be analyzed by the investigation team and concrete preventive measures shall be established and reported to the <u>Compliance Working Committee</u>.</p>	DMS Tort	August 24, 2017

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## 1. OBJECTIVE

To define guidelines in handling dishonest or unlawful acts, from initial reporting until the closure of the incident.

## 2. SCOPE

All dishonest and unlawful acts committed by officers and staff and intermediaries.

## 3. DEFINITION OF “DISHONEST OR UNLAWFUL ACTS”

Dishonest or unlawful acts relating to insurance are defined as follows, but not limited to:

- Theft of company property and / or money – including information assets
- Forgery or alteration of company documents
- Unauthorized destruction of company records
- Unauthorized disclosure of confidential information outside the company
- Use of company assets for personal gain
- Undertaking or assisting any illegal activity
- Undertaking or assisting any money laundering activity
- Accepting or soliciting bribes
- Unauthorized premium discounting
- Deliberately paying false claims or invoices
- Falsifying claims expenses

## 4. REFERENCE

Board approved guidelines dated April 1, 2011.

## 5. GUIDELINES

### 5.1 PREVENTION OF DISHONEST AND UNLAWFUL ACTS

1. In order to prevent unlawful acts, BPI/MS employees shall:

- Enforce checker-maker control procedures in all required transactions.
- Implement the five-day straight mandatory leave for all employees
- Strictly enforce Unibank Systems and Control-Operating Risk Management (USC-ORM)-approved procedures and signing/approval authorities approved by the Board in all transactions.
- Employ personnel job-rotation on a regular basis.
- Implement proper management of complaints being received.
- Establish a clear and open communication process within the company

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2. BPI Internal Audit will conduct regular audit of BPI/MS operations.

## 5.2. INVESTIGATION AND REPORTING OF DISHONEST AND UNLAWFUL ACTS

1. Anyone who discovers or learns of an employee's dishonest and unlawful acts, including mere suspicion of such occurrence, must immediately report the incident to the Head of the Unit involved or the supervisor of the employee concerned or the Compliance Office.
2. The Head of the Unit or supervisor so informed shall immediately report the incident to the Compliance Officer who, in turn, depending on materiality and substance, shall report the incident to the Compliance Working Committee and table the issue for evaluation in the succeeding meeting.
3. Dishonest or Unlawful Acts, including suspected cases, shall be reported by the Compliance Officer, directly to the Compliance Office of MSI and the Chief Risk Officer of BPI using the Dishonest or Unlawful Act Incident Reporting & Closure (F-HR-09). The following items and matters shall be reported:

Outline of the case

Necessity for notification to local authorities and the reason

Career of persons concerned

Background to discovery

Method of investigation

Confirmation of amount of embezzlement and supporting evidence

Amount of recovery

Disciplinary action (including supervisors and related persons)

Preventive measures

4. The Head of the Unit or supervisor shall conduct an investigation, in coordination with HR and the Compliance Officer, to determine the necessary measures to be taken. The assistance of Audit, Legal, and/or Security may be secured, as warranted. Care and discretion shall be required in conducting the investigation. Due process should be observed and coordinated with HR throughout the investigation. Documents pertinent to the case, including written statements of the witnesses and the employee concerned shall be secured. Problems and complaints shall not be directly fed back to the person or persons concerned, and investigation shall begin by examining the background of the situation.
5. If the investigation of the Head of the Unit indicates that there is substantial evidence showing the guilt of the employee, the Head should inform the employee in writing of the findings and ask him to explain in writing why no disciplinary action, which may include termination of his employment, should be taken against him.
6. If the nature of the wrongdoing warrants the preventive suspension of the employee, the Head of the Unit shall obtain the clearance/approval of his Division Head and coordinate all aspects of the measure, including duration and implementation, with HR.

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7. The Head of the unit concerned shall, as soon as possible, submit a report to his superiors and to the Compliance Working Committee of the results of his investigation. If the investigation extends beyond a month, the progress of his investigation should be reported, at least monthly, until the conclusion of the investigation.
8. Misappropriated funds should be collected immediately from concerned employee/s. BPI-Legal may be consulted if deemed necessary.
9. Causes of every occurrence of dishonest or unlawful acts shall be analyzed by the investigation team and concrete preventive measures shall be established and reported to the Compliance Working Committee.
10. The Compliance Officer and Internal Auditors shall check the status of implementation of the preventive measures as it will be part of the standard procedures of the concerned department/s.
11. Any dishonest or unlawful act that is required to be reported to local authorities under the laws/ordinances in the area shall be reported to the relevant local authority without delay.
12. If a dishonest or unlawful act results in loss to a policyholder (or is liable to result in such loss), prompt countermeasures shall be taken to determine the actual loss for the purpose of protecting the policyholder(s) concerned.

### 5.3. DISCIPLINARY ACTION

Disciplinary Action for the employee/s concerned is a Line Management responsibility. The head of the department (where the employee concerned is assigned) will be directly in charge of each disciplinary case, in coordination with HR, from beginning to end.

Procedures in handling unlawful and dishonest acts and their corresponding sanctions shall follow what is prescribed in the BPI-Employees Manual.

### 5.4 CLOSURE PROCEDURES

1. Reporting template (F-HR-09) will include sections on closure request, recommendation and instructions. This is shown in page 3 sections 4, 5 and 6.
2. Compliance Officer shall submit each closure request to RHC Compliance Officer in charge of fraud/dishonest act by completing Section 4.
3. The closure request must also include the latest updated information on investigations, disciplinary, recovery and legal actions taken. If no action is taken please indicate the reason(s), proposed and confirmed remedial as well as preventive actions taken should also be described.
4. RHC Compliance Officer will review each request received and make recommendations to MSIHO ISD to close or keep the file open.
5. MSIHO ISD will revert to RHC with their instructions/decision.
6. RHC Compliance Officer will communicate to local Compliance Officer with MISHO ISD instructions/decision.
7. UIU will be advised when incident is closed.