

Annexure 10.

Incentive Scheme for continuous improvement and effective upkeep and upgrades to the Fraud Analytics System.

The scheme shall be effective from the date of phase-2 Go-Live. The review of performance shall be done at the end of every year after phase-2 Go-Live and the records/data relevant to this exercise shall be maintained and produced by the IA for IRDA/IIB to consider.

- 1 **Usage of the application:** Number of Insurers who have integrated or established an interface with FAS and started using the system for any functionality for the purpose of preventive/detection of fraud:

Number of Insurers	Incentive as a percentage of the total project cost	Remarks
Up to 25	No incentive	
26 . 30	1%	
31- 35	2%	Includes 1% stated above
36 . 40	3%	Includes 2% stated above
41 . 45	4%	Includes 3% stated above
45 plus	5%	Includes 4% stated above

- Maximum incentive shall be capped at 5% for the project duration here.
- For the improvements on a year on year basis, marginal increase as appropriate shall be payable.

- 2 **Number of transactions made by the Insurers through the FAS system at Underwriting:**

Year	Bench Mark Threshold level	Incentive as a percentage of the total project cost for a stated year	Remarks
1	25%	1%	
2	35%	2%	Includes 1% stated above
3	50%	3%	Includes 2% stated above
4	65%	4%	Includes 3% stated above
5	75%	5%	Includes 4% stated above

- Multiple transactions for a single policy shall be treated as a single transaction.
- Incentive shall be payable only on reaching the minimum benchmark threshold level relevant for that year.
- Maximum incentive shall be capped at 5% for the project duration.
- For the improvements on a year on year basis, marginal increase as appropriate shall be payable.

3 Number of transactions made by the Insurers through the FAS system at Claims:

Year	Bench Mark Threshold level	Incentive as a percentage of the total project cost for a stated year	Remarks
1	25%	1%	
2	35%	2%	Includes 1% stated above
3	50%	3%	Includes 2% stated above
4	65%	4%	Includes 3% stated above
5	75%	5%	Includes 4% stated above

- Multiple transactions for a single policy shall be treated as a single transaction.
- Incentive shall be payable only on reaching the minimum benchmark threshold level relevant for that year.
- Maximum incentive shall be capped at 5% for the project duration.
- For the improvements on a year on year basis, marginal increase as appropriate shall be payable.

4 Frauds detected by the system and concluded as Fraudulent minus Frauds detected by the Insurers but not by the system

Net of frauds (Frauds detected by the system minus those detected outside) to the total fraud triggers	Incentive as a percentage of the total project cost for a stated year for each year of the Project duration	Remarks
Up to 50 % of the total frauds	No incentive	
51 . 60	0.2%	
61- 70	0.4%	
71 . 80	0.6%	
81 . 90	0.8%	
90 plus	1.0%	

- Maximum incentive per year will be 1% of the total project cost
- Maximum incentive shall be capped at 5% for the project duration.