



INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

(Promoted by IRDA, Govt. of India)

Head Office:-315,Paras Chambers,D.No.-3-5-890,HimayatNagar, Hyderabad-500029(A.P)
e-mail : iisla.ad2013@gmail.com, admin@iisla.co.in, Web-site : www.iisla.co.in.,
Telephone Numbers: 040- 66253666, 040-23261072, 040-23261073.

Ref No: IRDA/P/02/2014

February 17, 2014

The Chairman,
IRDA,
Hyderabad.

Respected Sir,

Re: Your directions under IRDA communication of February 03, 2014

Ref: IRDA/Intr/Sur/IISLA/2013/14

We have for implementation your directives carried under your communication ref no: IRDA/Intr/Sur/IISLA/2013/14 of February 03, 2014.

- 1.0 We at IISLA regretfully note your very clear stance of not holding elections to the IISLA Central Council till such time as unrestricted membership is granted to all licensed surveyors in the full time employment of Insurance Companies. This stand is unreasonable and unwarranted as issues related to membership are distinct from the administrative and management set up of what is visualized as a self regulating body.
- 2.0 We would once again appeal to you, to please hold the elections to the Central Council forthwith, without any further delay. Please also be advised that the constitutional collapse of this Institute, if it takes place, would be burdened by this decision.
- 3.0 With respect to the Amendments to the Articles of Association as had been approved by IRDA, the filing under the Companies Act 1956 is a process. A directive to have this done within 15 days, is not feasible, if the Companies Act is to be complied with.
- 4.0 In this respect, please be advised that a General Body Meeting of IISLA has been called on March 1,2014 to consider the verbatim approval of the amendments as had been approved by IRDA. You may wish to depute your personnel to this meeting.
- 5.0 We at IISLA Council cannot guarantee the approval of the complete text verbatim, as this requires the decision and approval of the General Body of members.
- 6.0 With respect to the details of the governing office bearers of the IISLA Zones and Chapters, please be advised that the term of the Zones & Chapters having expired, an elections has been called and is on going and in process. The results would be declared by end of March, 2014. The names of the elected office bearers would be advised in due course.
- 7.0 With respect to training as visualized under the amended regulations, please refer to the details made available to IRDA, vide our letter of October 31,2013. IRDA needs to appreciate that professionals from various fields of discipline have been issued licenses by IRDA without the need to clear a common platform of learning or training. The pool is drawn from engineers, accountants and insurance professionals and the last being agricultural graduates. Thus ,any one common *curriculum* as IRDA puts it, for these



INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

(Promoted by IRDA, Govt. of India)

Head Office:-315,Paras Chambers,D.No.-3-5-890,HimayatNagar, Hyderabad-500029(A.P)
e-mail : iisla.ad2013@gmail.com, admin@iisla.co.in, Web-site : www.iisla.co.in.,
Telephone Numbers: 040- 66253666, 040-23261072, 040-23261073.

Ref No: IRDA/P/02/2014

-2-

February 17, 2014

diverse set of professionals is not feasible. Please be advised that training workshops are on countrywide and are adequately made known on our website sufficiently in advance.

8.0 The other issues of training calendar, duration of workshops/seminars, panel of trainers, the format of compliance certificates etc are purely internal administrative issues for IISLA. These can be discussed. In fact, these issues are discussed at Council Meetings, which IRDA nominees generally skip rather than attend. These were discussed in our various meetings with IRDA from time to time

9.0 More particularly, your communication refers to:

9.1 Section 14(2) f of the IRDA Act 1999:- which reads

Quote :

Promoting and regulating professional organizations connected with insurance and insurance business:

Unquote

9.2 The Amended Regulations under IRDA/Sur/AREG/Cir/086/05/2013.

10.0 In this context, IRDA has drawn attention to the following matters:

10.1 Granting of membership to applicant surveyors engaged /employed with Insurers.

10.2 Amendment of Articles of Association and the Memorandum of Association of IISLA as have been worded and approved by IRDA.

10.3 You have further drawn attention to the IISLA notification restricting employees of Insurance Companies and underwriters from conducting surveys for the concerned Insurance Companies with respect to claims reported by the policy holders holding a policy of insurance from the concerned Insurance Company & underwriters.

10.4 You have also pointed out that the amendments to the IISLA Memorandum and Articles of Association, as had been approved by IRDA, have not been filed with the ROC, Hyderabad. These deal more particularly with facilitating free operations to surveyors employed with underwriters and Insurance Companies.

We shall now deal with all the aforesaid matters in seriatum:

11.0 With respect to the denial of membership of the Institute to all license holders who are employees of Insurance Companies:

11.1 You point out that you have received various complaints from Insurance Companies



INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

(Promoted by IRDA, Govt. of India)

Head Office:-315,Paras Chambers,D.No.-3-5-890,HimayatNagar, Hyderabad-500029(A.P)
e-mail : iiisla.ad2013@gmail.com, admin@iiisla.co.in, Web-site : www.iiisla.co.in.,
Telephone Numbers: 040- 66253666, 040-23261072, 040-23261073.

Ref No: IRDA/P/02/2014

-3-

February 17, 2014

pointing out that their employees have not provided with membership of the Institute. Although we have made several requests in person and in writing to IRDA, to forward such complaints to IIISLA, this has not happened. **However, you would perceive that all such complaints have been only from private Insurance Companies and Underwriters.**

- 11.2 The IRDA does not appear to have examined that there are no such complaints from the Public Sector, which still hold a 50% market share.
- 11.3 Please be advised that your statement of membership not been accorded is not factually correct. Membership has not been denied to any license holder, whether an employee of an insurance company or otherwise, unless:
- 11.3.1 The application form received from the licensed applicant is incomplete in some respect and carries infirmities such as:
- 11.3.1.1 The absence of recommendation from existing members and/or
1
- 11.3.1.2 The absence of recommendation from a member on council of Chapter/ Zone.
2
- 11.4 Thus whilst all such applicants being employees of insurance companies have been requested to rectify their applications, before being accorded memberships.
- 11.5 **This is a provision made under the application form, so that unknown applicants or applicants known with low credibility are kept away.**
- 11.6 **Surely IRDA is not suggesting that we do away with all such IIISLA compliances which were prescribed by the IRDA promoter members and founding fathers of the Institute.**
- 11.7 Section 64 UM of the Insurance Act, not would not have been needed at all, if insurance companies would have been visualized as offering fair settlement to policy holders. The provision implicitly seeks an independents look at a claim lodged, to provide for an unbiased and fair balance between the Insurer, (which would naturally be inclined in covering a claim settlement) ; and the Insured, (who would be naturally inclined to enhance a claim settlements).
- 11.8 Section 15 under Chapter VI of the Surveyors Regulation 2000 reads Inter-alia, as follows:



INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

(Promoted by IRDA, Govt. of India)

Head Office:-315,Paras Chambers,D.No.-3-5-890,HimayatNagar, Hyderabad-500029(A.P)
e-mail : iiisla.ad2013@gmail.com, admin@iiisla.co.in, Web-site : www.iiisla.co.in.,
Telephone Numbers: 040- 66253666, 040-23261072, 040-23261073.

Ref No: IRDA/P/02/2014

-4-

February 17, 2014

CHAPTER VI CODE OF CONDUCT

SECTION 15.

Every surveyor and loss assessor shall-

Behave ethically and with integrity in the professional pursuits. **Integrity implies not merely honesty but fair dealings and truthfulness;**

Strive for **objectivity in professional and business judgment;**

Act impartially, when acting on instructions from an insurer in relation to a policy holder's claim under a policy issued by that insurer;

- 11.9 It was for the maintaining fair balance between underwriter and the policy holder/consumer that the public sector, in a self disciplining mode, and in compliance with Section 64UM, the Public Sector did not engage in survey through licensed employees after nationalization and even after the setting up of IRDA.
- 11.10 The private sector in Insurance Companies are known to have a number of licensed surveyors as direct or indirect employees (contracted); and a very substantial number of assessment under the signature of such employees. A careful examination would indicate that each such employee reports on more than 300 plus losses each month, which as independent surveyor would know, is not humanly possible.
- 11.11 IRDA has been intimated and alerted, time and again, that the private Insurance Industry has been violating Section 64UM of the Insurance Act, through full time employed surveyors, who then carry out surveys for losses well in excess of more than Rs:20,000.00. A scrutiny at the offices of these companies would indicate that a very large part of the motor surveys at these companies, all exceeding the prescribed limit, have been executed by licensed surveyors, who are in direct or indirect full time employment with the concerned Insurance Companies.
- 11.12 We regretfully note, that whilst IRDA has not really responded to many such alerts and complaints from the fraternity, they have very quickly responded to the complaints of the private sector in Industry.
- 11.13 It is true that attention of applicants has also been drawn to the fact, that whilst in practice as a surveyor, they would need to avoid **a conflict of interest as this would lead to bias and impede his delivery of services. This stipulation is for appropriate and fair service to the policy holders.**
- 11.14 Has IRDA not stipulated that a surveyor not act as consultant particularly in a claim which he handles ?. Rightly so, as that would create a conflict of interest.



INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

(Promoted by IRDA, Govt. of India)

Head Office:-315,Paras Chambers,D.No.-3-5-890,HimayatNagar, Hyderabad-500029(A.P)
e-mail : iisla.ad2013@gmail.com, admin@iisla.co.in, Web-site : www.iisla.co.in.,
Telephone Numbers: 040- 66253666, 040-23261072, 040-23261073.

Ref No: IRDA/P/02/2014

-5-

February 17, 2014

- 11.15 Similarly, the surveyor cannot be seen as acting as such whilst assessing a loss under a contract issued by his own employer. That would create a natural bias in assessment and interpretation of Policy Contract.
- 11.16 Just as the Regulatory Authority has prescribed that the surveyor would breach the code of conduct, should he be unfair or biased, so also IISLA stipulates under Article 32, that the practicing surveyor should conduct himself as would augur well for the profession (implicit therein is fairness and equity in his professional conduct) and thus the stipulation that he keep conflict away. **Is this also not a part of the Code of Conduct in the IRDA approved amendments to the IISLA Articles.**
- 11.17 IISLA fails to see how the stipulation would cause any breach whatsoever of the revised regulation by IRDA; and as such is unable to appreciate how that could create any hardship to the policy holder, as is held out by IRDA.
- 11.18 What the IISLA stipulation would achieve, is that it would rule out bias in loss assessment, and thus, assist IRDA in making sure that the private industry in Insurance complies with Section 64 UM of the Insurance Act and that the Policy holder is offered a fair deal from underwriters
- 11.19 Does IRDA also visualize a license holder, being an employee of a Policy Holder, assessing losses for the Policy Holder. In which case various corporations with a plethora of marine claims would do well to employ persons with a license, to conduct surveys for their own cases, so that they may have the best possible loss assessments to present to the Insurers. However , this is not done. Rightfully so.
- 11.20 It must be appreciated that a surveyor has been recognized by IRDA as *an intermediary. Surely an intermediary would not be an employee of an insurance company and also their employee.* This has also been stated on the IRDA website, a print screen copy of which was forwarded to you vide our letter of September 16, 2013. That has since been removed.
- 11.21 The IISLA Articles of Association, as originally drawn by IRDA, also recognized this fact, under article (2) which reads.
- The Membership shall be restricted only to individuals holding a valid licence as defined herein and who are duly categorized as defined herein to practise as independent Insurance Surveyor and Loss Assessor....*
- 11.22 IISLA would wish that the IRDA recognize and appreciate that the purpose of ensuring fair practice of claims settlement, cannot possibly have an involved party with a clear conflict of interest, as an as assessor
- 11.23 IRDA's direction to IISLA would only prejudice the policy holders interest, hamper fair



INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

(Promoted by IRDA, Govt. of India)

Head Office:-315,Paras Chambers,D.No.-3-5-890,HimayatNagar, Hyderabad-500029(A.P)
e-mail : iisla.ad2013@gmail.com, admin@iisla.co.in, Web-site : www.iisla.co.in.,
Telephone Numbers: 040- 66253666, 040-23261072, 040-23261073.

Ref No: IRDA/P/02/2014

-6-

February 17, 2014

claim settlements and encourage and facilitate the violation of Section 64UM of the Insurance Act.

- 11.24 You would also appreciate that a member of the Institute in employment with an Insurance company would not be in a position to devote any time to the profession at all, unless he has been arranged purely and entirely for assessing losses for the employer.
- 11.25 On the other hand, all such employees of insurance companies, would be better classified as ~Claim Handlers/Managers~. (without a certificate for independent practice as surveyors) . In this regard, you would also appreciate that the ICAI , the ICWA and ICSI, Institutes set up under Acts of Parliament, restrict members in employment from independent practice.

We at IISLA would appeal to IRDA that the IRDA direction in this regard, please be reviewed.

- 11.26 Further we must not fail to point out that your assurance to various private companies that all their employees with licenses, would be admitted as members, has lead to very arrogant communications from such applicants in response to the letters of the Institute seeking compliance with complete filling of forms, that even seek to question the Institute's right to examine the credibility of the applicant, as they have been licensed by IRDA.
- 11.27 IRDA would appreciate that it is IISLA at the shop floor and if it sees any role for IISLA, then it must be accorded with the discretion of determining the manner in which all license holder be regulated and rendered suitably fit for their perceived role in society, with first being in compliance with the Institute's guidelines of fair practice as a professional.

Otherwise, as always, IISLA is available in any which way for the interest of the Policy Holder

Thanking you,

Respectfully Yours,
FOR the Indian Institute of Insurance
Surveyors & Loss Assessors

HON PRESIDENT

cc: Mr.D.D.Singh Member IRDA
Cc: Mr.Ranbhir Singh, Sr Joint Director IRDA