

IAC 27th Meeting of the IAC on 05-10-2015

Item No. 4

Remarks on Observations mentioned in agenda on (Insurance Surveyors and Loss Assessors) Regulations, 2015

The draft regulations along with schedules submitted with 27th Agenda of IAC seeking comments/ suggestions/ views from all stakeholders our submission in view of Act, Rules, Regulation and M&AOA of IIISLA as well as natural justice as under :

S.N	Agenda Ann.	Agenda Point	Our Opinion	Reasons
1.	4(14-ii)	<p>The limit of survey specified in the regulations is high and should be lowered. There should be a periodic review of the limits keeping in view the inflation. It was informed that the limits have been arrived considering that there has been no change since 1968 and given the inflationary trends these limits could be significantly higher. However in overall interest, these limits have been capped at Rs 50,000 – Motor and Rs 1 lakh- Other than Motor. As regards a periodic review of these limits it could be considered after every 3 years.</p>	<p><i>Talking of inflation while discussing the 'no survey limit' is ill-conceived. The purpose of such limit in 1968 should be kept in view, and why at all loss assessment by an approved was mooted should be studied.</i></p> <p><i>Comparing to the availability of qualified professionals, logistics, communication facilities that prevailed in 1968; and now; the 'no survey limit' becomes – redundant.</i></p> <p><i>Each and every claim reported in India irrespective of the quantum of claim amount needs to be assessed by an independent SLA; to be in the interest of policy holder and to avoid 'conflict of interest'.</i></p>	<p><i>'No Survey Limit' stipulated is not an expense or remuneration amount to link it to inflation. It was a facility provided or vested with the insurer to settle the smaller claims expeditiously, without waiting for a Surveyor report; since in those days finding a qualified SLA at the right place deputing him for survey and obtaining his report for settling the claim constituted time (and so cost).</i></p> <p><i>Handling of all claim irrespective of quantum of claim in Health Insurance by TPAs; is a case in support of our plea for ALL CLAIMS to be surveyed by an independent SLA; to be in the interest of policy holder in India.</i></p>

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2.	4(14-iii)	The transitory provisions should not be applied to old surveyor and loss assessors who already being in practice. It was explained that this too was an Act requirement.	<p><i>The existing SLAs are deemed to have complied with the requirements of basic qualifying parameters – like qualifications.</i></p> <p><i>Obtaining membership of IISLA is with prospective effect; and the same analogy of deemed stature cannot be applied for such requirements.</i></p>	
3.	4(14-iv)	IISLA may also be given access to records and details as is being allowed to the Authority. It was clarified that gaining access by the Authority was for the effective off-site supervision.	<p><i>IISLA is assigned statutory status, by making its membership a statutory requirement specified in the Act. Now, in order to fulfill its assigned role self regulatory body it may have to seek, monitor and control certain functions and activities of its members; for which the SLA deployment record of insurer is the basic record.</i></p>	<p><i>Making available such basic information for official purpose of Institution should be facilitated in desirable manner of confidentiality, or in the form of periodical reports of process flow of each and every claim reported to an insurer.</i></p>
4.	4(14-v)	It was suggested that the definition of fellow member may be modified to include experience of 16 years and not 8 years as it would otherwise lead to both Associate and Fellow members having the same years of experience.	<p><i>Fellow member may be modified to include experience of 16 years continuously and having 3 years experience as an Associate member and completed the Training, Workshop , Seminar as specified in regulations.</i></p>	<p><i>Because as it would otherwise lead to Fellow membership directly with out having any experience of activities of the Institute , code of conduct and ethics of IISLA as well as required Training as specified in the Regulation.</i></p>

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5.	4(14-i)	<i>It was suggested that reference to conflict of interest provision may be omitted. It was clarified that the conflict of interest principle is applied uniformly and is in overall interest of the profession.</i>	<p><i>Conflict of Interest has to be applied uniformly in the Industry.</i></p> <p><i>Like SLAs are barred from any consultancy or advisory role; business procuring entities like Brokers, Insurance Marketing Firms, Agents, Insurers through their employees; should be barred from taking up any role in loss assessment; claim consultancy and the like activities which give rise to conflict of interest.</i></p>	<p><i>What constitutes conflict of interest should be the base for such barring provisions.</i></p> <p><i>Enticing business by promising a claim; or treating favourably in a claim in return to further insurance premium; are the major constituent of Conflict of Interest.</i></p> <p><i>In order to prevent unethical business practices, and develop insurance business in an orderly manner; it is essential that the major constituent of ' conflict of interest' be avoided in totality.</i></p> <p><i>Allowing claim consultancy costs to Brokers; Allowing IMFs to employ SLAs also besides procuring insurance business are not in tune with the basic principle of avoiding 'conflict of interest'.</i></p>

With Warm Regards
For & on behalf of IIISLA , Hyderabad

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IIISLA , Hyderabad