

1. Background of SLA profession:

1.1: SLA profession came into existence with specific reasons and objects as spelt in the Gazette Extraordinary way back in the year 1968 ([Annexure1](#)). From the Gazette it is clear that 'approved surveyor' and getting the losses claimed surveyed by such approved surveyor is one of the effective supervision and control over insurers; to promote and develop the general insurance business on the desired lines and to eliminate the undesirable practices.

1.2: Accordingly, 64UM of Insurance Act provided for such mechanism of 'approved surveyor' ([Annexure2](#)). Spirit of the Act is very clear. Every claim has to be surveyed by an 'approved surveyor'. For claims below Rs.20,000 limit, where it is not practicable to employ an approved surveyor without incurring expenses disproportionate to the amount of claim only, the insurer is permitted to employ any person (who is not a person disqualified to be a surveyor - for a flee time) other than 'approved surveyor'; as per 64UM(6) quoted below.

"(6) Where, in the case of a claim of less than twenty thousand rupees in value on any policy of insurance it is not practicable for an insurer to employ an approved surveyor or loss assessor without incurring expenses disproportionate to the amount of the claim, the insurer may employ any other person (not being a person disqualified for flee time being for being employed as a surveyor or loss assessor) for surveying such loss and may pay such reasonable fee or remuneration to the person so employed as he may think fit."

1.3: Also the Act spelt clearly the validity of licence; vide 64UM 1(C) as follows;

"(C) Every licence issued under this section shall remain in force, unless cancelled earlier, for a period of five years from the date of issue thereof, and may be renewed for a period of five years at a time, on payment of such fee, not exceeding rupees two hundred, as may be determined by the regulations."

Here again the Regulations went beyond the Act in respect of validity of SLA licence by reducing validity period to 3 years from the Act specified validity period of 5 years. The reason given is to be on par with other intermediaries. The matter to ponder is when the Act specified validity, can it be overlooked or overcome by the Regulations.

1.4: IRDA Act defined SLA as an intermediary.

(f) "intermediary or insurance intermediary" includes insurance brokers, reinsurance brokers, insurance consultants, [surveyors and loss assessors](#); ([Annexure-3](#))

1.5: IRDA has published an Exposure Draft on the SLA profession in the year 2012 and proclaimed as follows;

From Exposure Draft 2012:([Annexure-4](#))

"1.02: Ensure that contractual relationship of SLAs with insurer and the insured is governed professionally and that fiduciary obligations casted upon them are performed in the interest of the insurance consumers and development of consumer confidence in the Insurance market

3.40: The legislative intent of : section 64 UM of the Insurance Act, 1938 and rules made there-under, the regulations notified by IRDA for the profession of SLA, circulars and guidelines issued on this subject do



enforce an objective that the assessment of loss is based on the principle of independent neutral third party i.e. SLA whose code of conduct, professional ethics, duties and responsibilities do not permit him to align with any of the interests of the parties to the contract of insurance."

1.6: Also, the following publication on the website of IRDA at that time (2013) stated who is SLA;
From the webpage of IRDA at that time, 30th August 2013: [Annexure-5](#)

1.7: In all the above references starting from the Act, various publications on the public domain reveals and affirms the fact that SLA is an independent third party entity; not aligned with either party to insurance contract. This factual position is sought to be diluted by the stake holders in the Industry and the IRDA who has the authority to regulate and develop the insurance sector on ethical lines; for reasons not properly published / declared are promoting such cause of such unethical elements; to the utter dismay and blatant violation of their own proclamation and evidence on record.

1.8: IRDA has deviated in the licence procedure in Regulations 2000 by bringing in the new class of 'Corporate Surveyor' and later licensing the 'Employees of Insurers' as SLAs; while the Act specified only 'approved surveyor'.

1.9: Authority introduced Categorisation, Restriction of Departments, Financial Limits to SLAs; stifling growth of the fraternity. Categorisation sought to be reviewed from time to time, was left unattended resulting in stagnation of cadres of SLAs for over 15 years; and coupled with restriction of departments to only 3 though were practicing in more than 3 (up to 5 + LOP in addition if qualified) as at the time of categorisation and financial limits attached to the A, B, C grades; not only stifled the growth of SLA fraternity; but caused deprivation of valid and available services to the Industry ; thus harming the interests of policy holders.

1.10: PSU insurers and SLA practitioners who religiously followed such regulations and restrictions lost their premium positions in the Industry; while the private insurers and their employee cadres indulged in such practices in clear violations prevailed at the time.

2. Formation of IIISLA, the Institute:

2.1: Indian Institute of Insurance Surveyors and Loss Assessors (IIISLA) was promoted by IRDA, based on recommendations by various Committees viz., Malhotra Committee, Bhandari Committee, KPN Committee, Law Commission etc., and was incorporated by IRDA in the year 2005. The initial enrolment of SLAs was carried out by the IRDA themselves. Approx. 5500 SLAs got enrolled in the initial exercise carried out by IRDA.

2.2: The institute was formed as a section 25 of companies Act 1956 (amended 2013 act sec 8), which is governed by a Central Council (BOD), and 4 Zonal Councils at the 4 Metros (Mumbai, Delhi, Kolkata, Chennai) and Chapter councils at each of the States (or combination of States). IIISLA is governed by a CC, comprising of 12 elected and 3 nominee directors from Govt. of India, IRDA and GI Council Chairman as ex-officio member.

2.3: IIISLA was formed and constituted thus with representation of nominee directors; as per the recommendation which has studied the then existing surveyor body/s and opined that they constituted



splinter groups and does not qualify to be considered as representative body of SLAs across India. Hence, IRDA was to promote an all India body; and to establish and 'hold hand' in the initial years. However, after the initial enrolment of practicing SLAs; there was no effort on the part of the Promoter and succeeding CC to establish the institute with the envisaged admin structure or systems in place. On the other hand, inaction on many issues for ex; removal of restriction of departments as agreed in a meeting with IIISLA office bearers in the year 2008, absence of timely revision of Survey Fee though IRDA has the authority as per the IRDA Act, non-response or inaction on the violations of 64UM of the Act by the Insurers; have resulted in losing faith of the fraternity members on the Regulator as well as IIISLA.

2.4: SLA fraternity members are /were from different backgrounds, having worked all through the years in unorganised manner as Individual professionals not affiliated to any one association; found no hope or benefit with the attitude towards the profession, restrictions imposed and un-remunerative career; even after getting a label for IIISLA as promoted by IRDA. However, making the membership mandatory changed the scenario; but still IIISLA suffered because of non-holistic approach by the CC members (elected) and absence of any interest of the nominee directors (barring exceptions) in setting the systems in IIISLA, in order. The very purpose of having the high ranking officials in the IIISLA CC as nominee directors did not convert into advantage, with issues relating to their representing parent departments left unresolved.

3. The Basic Issues thwarting progress of SLAs & IIISLA:

3.1: IIISLA is now a statutory body representing the SLA fraternity; for its membership is mandatory for any person holding the prescribed qualification as in Regulations by the Authority; to be SLA. And various submissions above indicate that SLA is an intermediary, practicing independent individual, and not an Employee. Authority and Industry needs to understand this basic concept and allow IIISLA to perform its affairs within the frame work of existing law provisions and not pressurise to deviate, citing practices elsewhere.

3.2: Membership process is already in place, and it will be further improved by bringing in on-line portal in place, with clear deadlines for each stage of process.

3.3: Pending issues like removal of restriction of departments needs to be notified and released by the Authority; to bring back the semblance of order in the profession and Industry. This is now done but with a catch that such release is "subject to qualifications prescribed in the regulations 2015". This aspect is clear violation of 'principles of natural justice', as the authority opting for ignoring of its own validation criterion of SLA licences that existed as at the time of categorisation in the year 2001, forgetting the basic principle that any revision in the qualifying criterion should be with prospective effect, but not with retrospective effect.

3.4: Anomalies like notifying the existing SLAs to acquire qualifications newly laid; have to be rationalised by notifying as in earlier amendments quoted below;
"Provided that any licence issued immediately before the commencement of the Insurance Regulatory and Development Authority Act, 1999 shall be deemed to have been issued in accordance with the regulations providing for such licence."



3.5: Surveyor department is at Delhi, while the Authority is headquartered at Hyderabad. Relegating the SLA affairs to a Regional Office location; unlike any other department; does not appear fair or reasonable. Also, restricting timings to contact over landline phone only; does not serve any purpose, if the idea is to facilitate smooth functioning SLA licensing functions.

3.6: Also reducing the licence validity period to 3 years, while the Act as at 64UM 1 (C); citing to be on par with other intermediaries; has resulted only in manifestation of travails of licence holders with all such restrictions and not at all 'user friendly' BAP portal response time.

3.7: If the intention is to bring all the intermediaries on par then, an already existing intermediary cannot be put to any disadvantage by such new rule; especially when the validity period of SLA licence is specified in the Act itself. It is also not understood as to why the same yard stick or phenomenon is not thought of in case of SLAs being entertained as employees of insurers!? Is there any other intermediary who is allowed by the Authority to be in employment of insurers? Then why SLAs only?

3.8 Fresh inflow to the profession: This has to be enabled by bringing in proper remunerative system for the SLA profession and by mandating all the claims to be surveyed by professional SLAs only. IRDA specifies the remunerative pattern for other intermediaries like Brokers, Agents but not to SLAs. It would be prudent that the Authority step in to fix the remuneration pattern for SLAs; for adoption by all the insurers. SLAs income is assignment based and there are no benefits like salary, PF, Health Cards, Pension etc. Hence the need for an immediate attention of the Authority towards living conditions and prospects of this profession. Only if there is any defined path of progress, new inflow to the profession can be assured.

4. Response to the Chartered Status Committee Report:

4.1: Critical Remarks: [Annexure-6](#)

4.2: Finance and Process Audit: [Annexure-7](#)

4.3: Points of Action: [Annexure-8](#)

4.4: Key Recommendations of the Committee: [Annexure-9](#)

4.5: Way Forward and Recommendations: [Annexure-10](#)

5. Road Map for IIISLA:

5.1: Organisation Structure: [Annexure-11](#)

The biggest constraint to bring in full-fledged admin machinery in place for IIISLA is costs involved. Complete staffing from HO down to Chapter level, at moderate salary levels amounts to Rs.30,25,000 P.M; totalling to Rs.3.63 Crores. This alone works out to Rs.3,600 per member per annum for a membership strength of 10,000.

5.1.1: However, the need for having an effective admin machinery has to be initialised and this will be brought into place on full strength at HO and Zonal Offices, to be extended to Chapters in due course of time.

5.1.2: In view of such heavy recurring expenditure on admin machinery at all levels, IIISLA can evolve process automation route bringing in digital solutions for Office routine, Membership process and Accounts compilation. Such software solutions will bring down expenditure on physical strength of admin machinery, but would involve sizable one-time investment. Appropriate or hybrid solution would be evolved after cost benefit analysis of the alternatives.



5.1.3: Office space, space for training centres is a big budget; where IIISLA seeks the help of the Industry and Regulator to establish in own premises.

5.2: Educational Activity: [Annexure-12](#)

As of now training programs / workshops / seminars are held in hotels on self-contribution basis across India. Since last few years IIISLA has conducted many such activities and the details are furnished in Annexure. Joint programs are also held along with Insurance Institute of India at Mumbai and Kolkata.

5.2.1: We are in the process of preparing various modules for entry & middle, middle & higher levels; for different departments / subjects. Further steps will be taken to devise ways and means to conduct examinations to validate entry into the profession.

5.2.2: IIISLA seeks help and assistance from Industry and Regulator to establish necessary infrastructure for the education activity to be carried out in conducive atmosphere.

5.3: Membership Process:

On line portal will be developed and made available shortly. The applicant can apply on line, which shall be validated at various stages; starting with IRDA to validate the qualifications aspect and then IIISLA processing at Chapter, Zonal and CC level with time bound dead line to recommend or reject with reasons. If the dead line allocated at one stage is over without any action, then the application gets escalated to next level automatically.

5.3.1: Similar process will be adopted for upgradation from one level of membership to higher level.

5.4: Internal Governance in IIISLA:

Compliance issues, proper recording of business meetings, two-way communication with members, debate forums to standardise loss assessment, loss adjustment, and reporting practices will be standardised and documented for reference and guidance to all its members and other stake holders.

5.4.1: Participation of nominee directors in IIISLA CC, in the governance issues of IIISLA is a must to set the best of practices in order and properly monitored. IIISLA CC has all the powers vested in it, and being part of the governing body, the nominee directors representing their parent departments of Govt of India, IRDA and GI Council have a definite stake in making the IIISLA a success; for the simple reason for making or breaking any institution its BOD is responsible jointly and severally.

5.5: Research and Publications:

Research needs to be oriented for damage analysis, forensic examination of losses, crash tests, salvage retrieval techniques etc. This function requires infrastructure for lab and equipment; besides support for research projects. This will be programmed for a later stage implementation by IIISLA, once its presence, functions, stature is established in the Industry at the desired level.

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