



# INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

(Promoted by IRDA, Govt. of India)

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17/12/2019

Ref: - EOI/UIIC-19-20

Dear IIISLA Members,

Please realize the challenges we are facing as SLAs, in the present day market driven scenario in the insurance industry now a days. While we appreciate the need to upgrade and attune ourselves to the product developments, upgrading skills to assess and adjust the losses as per the terms & conditions of the coverage afforded by various variants of insurance policies, the business methodology adopted by insurers at times are found 'not in tune' with the acceptable mode of ethical corporate behaviour.

The cost of business procurement have gone up for insurance cos., with the advent of Brokers, and Dealer tie up business. MOUs with pre agreed labour rates (hyped @ 150 to 200% of normal rates), and promoting vehicles that come for servicing for insurance claims by such MOU dealers are the prime cause of increased loss ratio for the insurer. However, insurers and Regulator seem to think that increasing the NSL is the solution for cutting costs and improve of TAT, which unfortunately is not based on any facts or figures. The cost of getting the services of SLA, in present day scenario is miniscule with reference of the claim amount, but this cost is projected as the root cause of increased ICR of insurer.

We need to understand that even the EOI is not based on sound footing of logic and has the doubtful validity when viewed with the Act, outsourcing guidelines, and protection of policy holders rights. When SLA is identified as an intermediary, not aligned with either party to insurance contract, how can such neutral and just mechanism of SLA be deprived to some section of policy holders, whose quantum of loss is less or within a certain limit? Can we differentiate policy holders based on their quantum of claim, to get the in-built mechanism of loss assessment by an approved SLA?

We can see that there is no such limit in respect of 'Health Insurance claims', to get the services of a TPA, then why such discrimination in Motor and Property insurance? If the argument is there was such a limit in the Act when made, and that limit becomes several lakhs if inflation is taken into account; has no legs to stand that such leeway was given in olden days when there were not many Engineers around, there was no communication facilities (not even land lines which was a luxury those days); and getting SLA on job was herculean task and consumed several days. In contrast now a days the communications, logistics are so fast; that SLA is on job almost immediately on occurrence, if assigned for loss assessment.

Coming to the present issue of EOI by PSUs, it is seen that the members opting to partake in EOI process would be violating the provisions and clauses of Ch IV (d) and Ch VI



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-Quote:

Surveyor Regulations (2015).  
CHAPTER IV

## DUTIES AND RESPONSIBILITIES OF A SURVEYOR AND LOSS ASSESSOR

(d) ""conducting inspection and re-inspection of the property in question suffering a loss"";

## CHAPTER VI CODE OF CONDUCT

(9) ""at all times maintain proper record for the work done by him and comply with all relevant laws"";

(11) ""work only as Surveyor and Loss Assessor in insurance business and not undertake any business advisory or consultancy service or work which could give rise to conflict of interest"";

(12) ""not perform any outsourced activity other than those permitted by the Authority's Outsourcing Guidelines"".

-Unquote

In view of the above we are of the opinion that All the IIISLA members should refrain from participating in the EOI, either individually or as a part of some concern like firm or company. Please note that any action to the contrary is not only unethical on our part as SLA / Member of IIISLA, but would attract any punitive action from IIISLA, in due course of time.

We are trying to resolve the issue through negotiations with the insurers (presently with UIIC), and would be exploring all possible solutions, including but not limited to forming IIISLA Claim Hub / Digital Platform for Claim Process Solutions.

President

IIISLA