



INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS

(Promoted by IRDA, Govt. of India)

Regd Office:- D.No.-3-5-890315,Paras Chambers, HimayatNagar,Hyderabad-500029(A.P)

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Ref: IIISLA / CC 2019/President Desk

Date:05 October 2019.

Dear IIISLA Members,

We as part of CC are eager to interact with members. But let us see what we are doing as of now. We had our first meeting on 29-07-2019. along with previous CC, in which we have requested for appraisal of pending issues and charge hand over. It was verbal information only that was provided to us that everything was with Admin and they have nothing to hand over. When we actually got down to business, it was seen a lot more mess was in place, than expected.

The very next day, an online membership application was afloat on website, the access and methodology was a mystery. We already had a few hundreds of applications pending approval for various reasons, the delay of which fell on our shoulders. There were on line applications, and no hard copies to verify from. The process was to seek approval and then admin to get the hard copies, with print option exercised by the Applicant. This lead to a scenario that the CC to either accept or reject with a click, and then admin get to the task of verifying with hard copy. Then we had to change to getting the hard copies first, verify them, consider the objections and then proceed with the clearance of the Membership applications. Thus we have cleared, either accepting or rejecting, all the applications as at end of August 2019, by the middle of September 2019; except such of applications with some complicated issues that needed further investigation.

Our priority was to hold AGM in time, for which completion of Accounts 18-19 is a prerequisite. There was a peculiar scenario in this aspect. There was an internal audit team in place, whose role wasn't what we normally comprehend about the matters. Internal audit was to provide replies to the audit queries of the statutory auditor. Their term was to end by May 15, 2019, which means there was ample time for completion of accounts, by the time the charge was handed over to the present council.

Having regard to the arrangement made by the previous CC, we continued and pursued. However, there was no improvement in the finalisation aspect, as the internal auditors and statutory auditor could not provide us the needed output of finalisation of accounts for the year 18-19, even after a month.

CC in its next meeting 27-08-2019 reviewed the position and urged both to produce results, such that our AGM can be held before due date of 30-09-2019. As it was turning out to be crystal clear that the task will not be complete, even as on 05-09-2019, we moved to seek extension of time to hold AGM. When ROC was approached for this purpose, it came to light that there are several such violations by IIISLA earlier, and our request for extension may not be accepted.

Extension was given for the last year AGM also (17-18 accounts), up-to December 15, 2018, but the AGM took place later to that, which needed some regularisation mechanism of Compounding. We gave undertaking to that effect and filed necessary documentation with the help of a Practicing Company Secretary Firm. The extension is now granted, and there is a liability of compounding which can go upto About Rs.7 lakhs.



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Meanwhile, we had another meeting with the Company Secretary, to review our M & AOA Clauses being in line with the amended Act 2013, and also to propose a few needed changes.

On the same day, we had another meeting with the Attorneys who had been appointed to deal with our Service Tax liability issue, which has a liability (demand notice served for an amount of Rs.2.38 crores). The Attorneys informed of a Sabka Vikas Sabka Viswas scheme that applies to such situations, which envisages to pay 50% of original demand, and get discharged. This is not mandatory, but further proceeding if launched, would involve fine / penalty, interest till the date of decision, and a result which may or may not be in our favour. At that time, we may have to shell down much more than the original demand. Also, the demand is raised on President also for the like amount.

We have requested for an advice in writing explaining the implications, which will be placed before CC and then AGM for a decision, for which we have time upto December 2019.

We have planned for interaction meetings with Industry stake holders, like GI Council, All Insurers. Accordingly, we have written to all the insurers and GI Council. In our interactions, we are aiming at providing solutions to the Industry, and trying to impress upon them that ALL the claims be handled by our members. We have requested GI Council to call for a conclave of ALL Insurers, where we can interact and provide solutions for handling ALL claims by our members.

We have informed IRDA about new body taking charge of IISLA, and officials of IRDA were present in the very first CC meeting (29-07-2019), for a brief time. But meeting the Chairman, IRDA, did not take place, till now. In a meeting with Member (Distribution), ED and General Manager (Surveyors) of IRDA, with me on 24-09-2019; it was informed to me that the Authority could not interact with new body earlier, because of some complaints about elections, which they have cleared by then. I have mentioned that there were no such complaints from our members to the Council. The election regulations require that any body aggrieved should complain to IISLA CC, and if their decision is not agreeable, then they can approach IRDA as an appellate authority.

The General Manager and other officials, quickly ran through the draft regulations, which they propose to put up to their Board (IRDA), after which an exposure draft would be released, and after compiling the stake holders views, shall be placed before IAC; and this may happen in the IAC meeting by December 2019. IRDA proposes to accept the principle of "Any new act or regulations should be with prospective effect, and shall not affect the existing SLAs". Also confesses there are no restrictions of departments (This I countered explaining that the licensing department is not following this - and renewing only 3 departments, though the categorisation letter having more departments was submitted as proof).

Regarding raising NSL to 75,000 and 1,50,000, I have submitted that it is not in the interest of policy holders, and requested to make it Zero. In the exchange of views, I have also submitted that moral hazard or reluctance to pay, does not depend upon the quantum of claim. It should ideally be zero, and have assured that those jobs under such limits shall be used by IISLA members, as Trainers to train @ two each fresh entrants to the profession, duly sharing the fee, as per guidelines of IISLA. This way, we can get 10,000 more fresh



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surveyors in just 1 year; if availability of adequate number of SLAs is the real concern of the Regulator and Industry.

I have also informed that we are starting our interaction with Insurers, and we will provide solutions to the Industry in loss assessment and providing service to the policy holders, in the most unbiased and judicious manner. I have also submitted that it is not sufficient to ensure 'No Complaints' from policy holders; but essential to ensure that the outflow from insurance is not siphoned out in the form of MOUs of Insurers with Dealers and Tie Up business.

Regarding giving IIISLA membership to employees of Insurers, I have submitted that it is against the principles of the Act, as Intermediary - SLA cannot align with either party to insurance contract, and results in 'conflict of interest'. To the query as to where it is specified that Employees are not be licensed, I have replied that only Individuals, and Partners / Directors of Firms / Cos., can be licensed and not others. Any entity employee is identified as part of that entity and not as an individual. With such reaction and submissions, the meeting concluded that we will make our submissions accordingly.

We had a meeting with CMD, NIA and Secretary General, GI Council at Mumbai; in which part of the CC - 6 members - participated. We had good interaction, and further follow up will be made in the coming days.

While the above are just narration of happenings so far, there are a few things, which are pursued and / or in progress. We have tried to strengthen the Staff of HO. However, the place is a constraint to accommodate any additional hands. Help Desk mechanism is finalised, and we are trying to find additional hand to get it going. We have identified a new office premises, and the movement shall be over by end of November 2019. There are bulk of old records in physical form, which we have arranged to digitalise, and preserve in soft form, to prevent further damage and facilitate destroying when decided.

We hope to conduct our affairs in a judicious manner, to resolve pending issues; and pave way for progress in our profession in a desirable manner. We have plans to open a discussion forum on our website, and members will be encouraged to debate our issues on this forum; and refrain from making unsavoury remarks in social media. We are in the process of developing SOPs, in our effort to standardise things; which we will be making available on the website, as and when ready.

Wishing you all happy Dusserah and Diwali

Thanks & Regards,

(DCS Raju)
President,
IIISLA, Hyderabad.