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Date: 27th September 2012

**Exposure Draft on the issues pertaining to the profession of Surveyors and Loss Assessors and the
Institute (IISLA)**

Objectives:

- To revamp the Indian Institute of Surveyors and Loss Assessors (IISLA) to make it more vibrant, responsible and professional in line with the intentions and objectives for which it was incorporated u/s 25 of the Companies Act vide registration number 47675 of 2005-06 at Hyderabad, Andhra Pradesh.
- 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.
- The IISLA held its first meeting of the elected council on 15th December'2007. After a period of three years of the functioning of IISLA, it has become necessary to review its functioning and take further steps to strengthen and re-organize the Institute and make norms for its governance.
- Before the Institute is considered for a statutory status as recommended initially by various committees, its functioning will be supervised by the Authority for a further minimum period of two years with effect from the revised notification on the Amendments to the Regulations pertaining to SLAs and the changes necessary be brought into the Memorandum and AOA of IISLA.

1) Background:

Surveyors and Loss Assessors (SLAs) play an important role in performance of their duties and responsibilities specified in the regulations in respect of assessment of losses in the general insurance business when a contingency insured under the contract of insurance arises. SLAs are necessary under section 64UM of the Insurance Act'1938 which requires that a duly licensed SLA has to submit a report in respect of any claim where the loss is over Rs.20000/- in value, on a policy issued by any of the general insurers registered with IRDA. This limit of loss is not applicable in respect of policies that have been exempted vide government (Ministry of Finance) notification no.203 (registered No.D221) S.O.1983 dated 30th May'1970 Jyaistha 9, 1892 in the Gazette of India, Extraordinary Part-II – Section 3 – Sub-Section (ii).

2) This draft takes into consideration, in order to achieve above objective, the following information : provisions of law applicable, documents, reports, relevant pronouncements/ judgements of the Hon'ble judiciary, feedback received from routine onsite & offsite supervision of the General Insurance industry, representations / suggestions and complaints received so far from SLAs, policyholders, various orders and guidelines issued by IRDA from time to time.

2.1) Section 64 UM of the Insurance Act, 1938; **Rules 55, 56 and 56A** of Insurance Rules 1939; **IRDA Regulations**, 2000 pertaining to SLAs. The text of these provisions is available on the website of the IRDA and IISLA (www.irda.gov.in and www.iisla.com)

2.2) Other relevant information

Integrated Surveyors Licensing Management System(ISLMS)

- IRDA would be implementing a web based licensing portal for surveyor licensing which would facilitate online enrolment of eligible applicants as trainees, online submission of applications, documents and license fee payment by surveyors for grant of fresh/renewal licenses.
- The portal would provide information about license status to insurers, policyholders and other stakeholders.
- The date of implementation would be informed and circular in this regard would be placed in the website of the Authority.
- User training manual would be placed in our website for information of all concerned.
- The list of licensed surveyors whose licenses are expiring in the next 3 months would be placed in the website along with their user names. These surveyors have to provide their email id to t.kiran@irda.gov.in, to enable us to provide the password.

2.3) Relevant comments of **Malhotra Committee** report which interalia include the following:

- It is necessary to setup an institute of professional surveyors, loss assessors and adjusters
- The participation in the institute should be wide enough comprising survey professionals
- The institution should be financed primarily by the fees it would collect from its members
- Since the cost of establishment could be substantial and would require other inputs, insurance industry may provide financial and other professional support
- It would be useful if the insurance industry is represented on the governing board of the institution during its formative period (say five to seven years)

- The institution should have the responsibility to create, nurture and sustain high levels of skills among survey professionals (its members)
- Institute should evolve a code of conduct for its members
- Institute should take action as necessary against unprofessional conduct of its members. This could also include permanent disqualification from its membership.
- It should be mandatory for a prospective surveyor to pass an examination to be conducted by the Institution and to work thereafter as an apprentice for two years under a senior licensed surveyor before obtaining a certificate from the institution to practice the profession of surveyor and loss assessors.
- The institution's development on desirable lines would be of interest to the Insurance Regulatory Authority, especially in so far as evolution of the code of conduct and disciplinary matters are concerned
- The Regulatory Authority should develop a promotional association with the institution taking care that this does not diminish the latter's autonomy.
- For this purpose, a representative of the Regulatory Authority should be nominated to the governing board of the institution.
- After the proposed institution has acquired a good standing and representation, the government should consider granting it an appropriate charter to reinforce its position in the industry.
- Insurers should encourage surveyors to acquire, where necessary, further qualifications, especially regarding the subject of insurance.

2.4) Relevant comments of Shri.K.N.Bhandari Committee Report, which was setup by the Government of India 2002, which interalia include the following:

- A professional institute of Surveyors and Loss Assessors should be established and for other aspects relating to the institute he recommended the adoption of recommendations of Malhotra Committee.
- The institution of the SLAs is an important intermediary in the general insurance sector and it needs to be strengthened. It observed that the licensing system had stifled the growth of professionalism amongst surveyors.
- Surveyors profession may also be given the identical status and recognition as is available to the charter institutes such as ICAI
- Self regulatory model can be effectively achieved only if the institute has a statutory support. He also recommended that IRDA and insurance industry should do everything possible to promote the institute and fix the benchmarks for its functioning

- The IRDA must carryout a comprehensive review of the functioning of the institute at the end of three years of its establishment and advise the Government to confirm the institute a statutory status if it is satisfied that the affairs of the institute are being carried out in accordance with its objectives.

2.5) Government of India, while examining the recommendations of the above Bhandari Committee Report, noted that IRDA would promote (and not establish or manage) the Institute as a self financing and self regulated on the model of institutes of Company Secretaries or Chartered Accountants. It also suggested that a comprehensive review of the functioning of the institute should be carried out at the end of three years and then a decision could be taken to confirm a statutory status to the institute. The Government also pointed out that recommendations of the Bhandari Committee are acceptable and requested IRDA to take further action (Government Reference:F.No.23/6/2002-Ins.IV dated 13th October, 2003)

2.6) 41st Standing Committee of Parliament on Finance while examining Amendments to the Insurance Act has recommended that:

- Only licensed and independent surveyors and loss assessors should be allowed to survey claims so as to be in the interest of the policyholders.
- Further measures need to be taken to strengthen the professional body (IISLA) to function as a regulatory body for this profession.

2.7) Issues pertaining to Memorandum and Articles of Association of Indian Institute of Insurance Surveyors and Loss Assessors. For details and proposed steps, please refer to 3.16.

2.8) Judicial pronouncements

2.8.1) Civil appeal (No 4882/ 2012 from order no. 141 of 2012 before High Court Ahmedabad) by Iqbal Hussein Ismail Bhai Tadha vs K.V. Krishnan of General Insurance Council, Govt of India representative, IRDA and others.

This was filed challenging the election of 4th Council of IISLA by the applicant (previous president of IISLA) and also on matters relating to taking possession by IISLA – the records and documents of the Institute. The Court has recently decided the matter in favour of IISLA & IRDA and available record has been taken over by the IRDA and handed over to the institute at Hyderabad to enable smooth functioning of the institute. The records are under examination to find relevant information to hold election of 4 council members retired in the course of litigation & also to finalise pending books of accounts of the institute to hold AGM at the earliest.

2.8.2) Writ Petition No. 10048 of 2009 & M.P. (MD) No, I before Madurai Bench of Madras High Court contending that Insurers should not engage in-house surveyors as against external independent surveyors. High Court passed an order dated 09/12/2009 directing IRDA to dispose of the representation dt 5/9/2009 of the petitioner on merits. IRDA, heard the petitioner and passed necessary order No. IRDA / Legal/ MAD/ HC/ Madurai/ C-8 dt 5/8/2010 in all the issues raised in the representation. The decisions that have been communicated in IRDA's order dt 5/8/2010 are being taken into consideration for strengthening IISLA & profession of SLAs.

2.8.3) Various writ petitions have been filed before High Court, Patna seeking relief for: working in all departments by removing restriction of three departments & also for removing financial limits & issues of upgradation of allocated categories. These petitions have relevance to WP No 43369 of 2002 filed by Sh P. Soundara Rajan in High Court Madras on which final judgement is awaited.

The interim relief dated 19/3/2004 that was granted to six petitioners allowing them to work in all categories/ departments of survey works and that final decision in the matter shall depend upon the decision of the Madras High Court which shall have effect from the date of final judgement of Madras High Court. This issue is proposed to be resolved and the final decision communicated to the Hon'ble Court for seeking final verdict.

2.8.4) Writ Petitions filed before High Courts: Andhra Pradesh; Alhabad; Patna; Calcutta; Guwahati; J & K; Karnataka; Madras; Orissa; Punjab & Haryana; Rajasthan; on the issue of categorization / up-gradation of allotted category, etc. The empanelment process of surveyors normally done by insurers, out of licensed and categorised surveyors, is also challenged by few surveyors. Exposure draft proposes to address this issue.

3) Important issues and the approach which IRDA proposes to follow on these issues, are furnished in the following paragraphs.

The Views and Comments of the General Insurance Council, IISLA and observations from other members of the public on the proposed structure are invited within 15 days from the date of placing this draft on IRDA website so that further steps are taken firmly and quickly. The views / comments / observations may please be addressed to (a) Ms.Sudha Ramanujam, Deputy Director (sudha.r@irda.gov.in), and/or (b) Mr. Suresh Mathur, Senior Joint Director (suresh@irda.gov.in), Department of Surveyors and Loss Assessors. Postal Address: IRDA, 3rd Floor, Parishrama Bhavan, Basheerbagh, Hyderabad – 500004.

3.1) Issue – Secretarial and Administrative support to IISLA:

Proposed Action:

- It is necessary that the institute should have its own permanent secretariat and administrative staff to perform necessary functions delegated to it from time to time by the Council and the directions received by the council from IRDA in this regard. The permanency and continuity of such functions is the back bone for the performance of the council activities.
- IRDA has therefore decided to pay a grant of Rs.75000/- per month to IISLA to enable it to have its secretariat. IRDA has also approved the proposal of IISLA to select a suitable person so that all the secretarial and treasury functions are properly performed.
- M & AoA shall cover broad functions and duties to be performed by this Secretariat/Admin Office.

3.2) Issues pertaining to Membership of IISLA

Proposed Action:

- Membership of IISLA must be made compulsory for all surveyors who wish to obtain a license to act as surveyor and loss assessor. Appropriate and consequential amendments into the IRDA regulations / Memorandum and AOA of IISLA will be carried out. This will enable the institute to function more effectively and help in achieving objectives for which it has been setup.
- Membership shall be restricted only to individuals as was recommended by Shri.K.N.Bhandari Committee and as is presently provided in IISLA's MOA and AOA. SLAs may form a company or a firm as is provided under the Act but every Director / Partner must hold license in his name and be an individual member of the institute.
- All the licensed surveyors (SLAs - including directors or partners of survey companies and firms passing one or more of the required qualifications specified in the regulations and Section 64 UM of the Insurance Act) would be deemed Members of the Institute with effect from the date of notification made by the Authority and they will have option to pay membership fee prescribed herein below at the earliest but not later than one month before the date of renewal of their SLA license.
- Duties and responsibilities of each of the members of the institute shall be such as are specified by the Institute in its ; MoA & Memorandum of Understanding, code of ethics, contractual and fiduciary obligations. These obligations shall be in addition to their obligations specified in the IRDA regulations and provisions of Insurance Act.
- Every person who has/ or would enrol himself for practical training (not exceeding 12 months) in terms of IRDA's (Surveyors and Loss Assessors) Regulation 3 (2) (d) read with regulation 16 must also be made a compulsory student member of the institute as a condition precedent to his enrolment with an SLA.

The institute is advised to devise the system, form and manner to implement this proposal and also make appropriate amendments to its MOA & AOA. This would enable students to receive

proper guidance, education and training to require necessary skills to perform their duties and responsibilities within the Code of Conduct prescribed in the regulations and the code of Ethics specified by the institute when they finally hold the license granted by the Authority.

Institute, while finalising its approach/ guidelines for student membership, shall follow the principles (to be modified to the requirements of SLA profession) specified in the regulations applicable to the institute of Company Secretaries and Chartered Accountants.

- The Membership fees shall be : (a) one time entry fees of Rs.2500/- (b) Annual fee Rs.1000/- for Licentiate, Rs.1500/- for Associate and Rs.2000/- for Fellow Membership. c) The Annual fee for Student Membership is proposed to be 750/-

3.3) Issues pertaining to Register of Members including that of Student Members:

Existing regulations require an SLA to (a) maintain proper records of work done by him (b) maintain a register of survey work in the prescribed form 11 and furnish annual returns to IRDA in form 12 . IRDA is also maintaining a register of licensed surveyors, with minimum information required for the purposes of grant and renewal of SLA's license.

IIISLA has also empowered itself vide Article 13 of its M&AoA to maintain a register of its members but the information contained therein is on the lines of IRDA Register which need to be enlarged to cover the **following matters*** on the pattern of register maintained by Institute of Chartered Accountants of India and Institute of Company Secretaries.

***A1** Membership Number, date of enrolment & entry into the register, date of becoming licentiate or associate or fellowship member, date of renewals thereafter, details of removal - if any, details of restoration of membership, change in category of membership,

***A2** IRDA License Number, details of the number of years of having held the license as on 30th September, 2012,

***A3** Name in full, date of birth, Father's name, fax number, email id including website address - if any, contact details (like land line(Both official as well residential) - cell number), PAN number, Passport Number and its date of validity.

***A4** Domicile, permanent address, address where residing currently, professional address from where the profession of SLA is being practiced and previous addresses from where it was practiced. Details whether the member including director/partner and employee whether he is incharge or not of the principal place of business or other places of business. Duty is casted upon the member to timely inform in writing

to IISLA about any change in the address/s. The details of the address must include inter alia : House Number or actual number of the place of work, Street/Gali/Shop Number, Name of Town/City, Tehsil/Taluka, Post Office, Postal Pin Code, Police Station Jurisdiction, District, State

***A5** Details of Qualifications – including : academic, technical as required for the license under the rules and regulations, any other professional qualification, details of the training and professional development courses including continuing education etc. received from IISLA and/or any other such institute

***A6** Details whether the member is practising independently as an individual SLA, details if he is director of an SLA firm or SLA company, details of working as an employee with particulars of the employer and the date/period in employment - mode of payment and remuneration received from the employer (whether it is based on monthly salary and/or percentage of the fee charged on the survey fee received by the employer on the specific surveys conducted by him. The employee must also furnish details whether he is in the employment other than the employment with SLA related jobs, details of the SLA's other occupation or profession (if he is so engaged).

***A7** Details of regulatory intervention, if any, or any other disqualification attracted at any point of time during the course of the license. Details of period, with reasons thereof, when the concerned SLA/Director/Partner/Employee SLA was not performing the SLA duties and functions.

***A8** Details of membership fees - renewal fees – any other subscription or payment to the institute with particulars of : date, DD Number, bank on which it is drawn, amount, etc.

***A9** Additional details about the student/trainee members indicating the : SLA Number/Name of the Surveyor under whom he is seeking training, enrolment number and date with the IRDA, names of the department for which he is seeking training, details of the payment/fees or charges - if any -paid by the student to IISLA or any other person for the purposes of seeking training, details of stipend or remuneration - if any - received by the student/trainee or any other such particular which the IISLA may decide to incorporate.

***A10** Incorporate either directly or from the records of the IRDA, particulars of the Form 11 and 12 prescribed in the regulations which pertains to format for keeping the records and submission of returns by an SLA about the quantum of losses assessed in the previous year(s).

***A11** The appropriate forms shall be designed by IISLA for : membership, enrolment, fees/training and other connected activities in which the information that is required in the above register shall be captured to ensure that time and again information received by IISLA is not called from the concerned SLA.

3.4) Issues pertaining to System of Categorization, its up-gradation, evaluation, removal of restrictions on allocation of survey departments, financial limits for allocation of survey work, etc.

Proposed Action:

- The present system of A,B,C categorization will be replaced with standard system of: - Licentiate, Associate and Fellow as is done in other similar professional institutes. This three tier system of membership shall be based on number of years of tenure an SLA / Director / Partner has held his license continuously i.e., for a licentiate – upto 8 years, for Associate – 9-16 years, for Fellow Membership over 16 years. It is mandatory that before a surveyor moves from one category to higher category he should undergo a specified hours of training mandated by IISLA. The evaluation of this training will be made for necessary up-gradation from junior category to higher category. In order to ensure that the new structure is stable, the first categorization will be done on ad-hoc basis in consultation with the IRDA based on the evaluation and above stated number of years a license is in existence and having regard to the total cadre strength. Thereafter, the periodicity will be determined by the standards issued by IISLA.
- A licensed surveyor will be allowed to operate in more than presently allotted three departments subject to completion of relevant exam of III and based on their : academic/professional/technical/insurance qualifications. Notice No.4 dated 11th February'2002 about the approved Syllabus is relevant in this regard till further orders and amendments made thereto.
- However, as a one time measure, SLAs who are eligible for more than three departments at the time of initial first categorization exercise, but were restricted to maximum three departments, would be permitted to opt for the categories originally allotted and communicated to them. It would be necessary that these SLAs availing one time option shall undergo a continuing education program of IISLA within a period of three years on the additional departments they will be now allowed and furnish a certificate from IISLA in this regard. IISLA will prepare a syllabus for such a program and file it with the Authority before it is used.
- For the purposes of up-gradation of surveyor's categorization, it is also necessary that the IISLA introduces a continuing evaluation and skill development training, the period of which shall not be less than 100 hours for Licentiate, 50 hours for Associate, 25 hours for Fellow Members. The Evaluation Committee will involve a representative of IRDA and that of the Insurance Industry. In addition, number of Seminars and Workshops to be attended shall not be less than: 5 in case of Licentiate, 8 in case of Associate, 10 in case of Fellowship.
- The financial limits upto which each category of surveyor could carryout a survey were revised in the year 2003. Thereafter, further revision was effected vide circular no.26/IRDA/SUR/CIR/DEC-08 dated 22nd / 28th December'2008 to the effect that insurers may have their own internal limits in allocation of survey/ loss assessment work in terms of the policy adopted by the board of the each

general insurance company. There have been representations received from time to time on this issue for removal of the internal limits permitted to the insurers because there are huge variations in the quantum applied by different insurers which harms the interest of the consumer and the competition. Specific views are sought on this issue.

3.5) Issues pertaining to Outsourcing of Survey work(excluding exempted category under the Government notification referred to in para 1 – (background), employee surveyors and empanelment of surveyors

Proposed Action:

- (a)** Outsourcing of survey work is prohibited, being a core activity as per Outsourcing Guidelines issued by IRDA and it has not to be resorted to by any direct or indirect means either by the insurer or by the licensed surveyor and loss assessor himself.

The insurer and insured are two parties to the contract of insurance in terms of which payment of the loss having occurred within the scope of the contract is the obligation of the insurer to discharge and in that context the insured has to substantiate the loss. It is in this context that the survey report becomes an important document with required evidential value wherein the inputs are primarily that of the insured by virtue of which he has a reasonable propriety on the documentations supporting the report.

Consequently, the insurer is obliged to engage, in respect of claims equal to or exceeding Rs. 20,000/- in value, only the services of a licensed SLA (or the Director/Partner authorised by IRDA in the SLA license) for examination of report for making an equitable and fair decision on the settlement/payment or denial of the claim of the insured.

Even in the case of claims valuing less than Rs. 20,000/-, Equity and fairness demands that insurer should utilise the services of their employees who are **eligible** to be the licensed SLA and who have acquired training/skills/competence to assess such losses. Outsourcing even in this context is not permitted as admission or repudiation or the administration of the claim lodged by the insured is a core activity and all its integral components have to be dealt by the skilled persons internally employed on the rolls of the insurer.

Survey firms and companies licensed by virtue of section 64UM (1)(d)(ii) read with SLA regulation 4 are subjected to the same discipline as an individual licensed surveyor and their directors/partners are mandatorily required to perform their duties and functions – code of conduct and other regulatory requirements prescribed in the regulations in addition to the professional standards issued by IISLA when the membership is made mandatory. The employee SLAs of such firms and

companies, which they might have hired in view of IRDA circular dated 14.5.2002 issued at the time of categorization, shall also be governed accordingly.

These firms and companies shall make disclosure to IISLA and IRDA about their SLA employee's terms and conditions of employment. These firms and companies are not permitted to undertake any outsourcing assignment of survey and loss assessment jobs and are also prohibited from franchising with other SLAs (including employee SLA of other SLA firms and companies and/or their directors or partners). This disclosure and compliance shall form part of their half yearly and annual returns to the IISLA and IRDA.

None of the employee SLAs, partner and directors (of SLA firms and companies) and employee SLA of insurers shall be permitted to change their job and assignment unless their obligations towards the consumer about the survey assignments undertaken are complete and NOC obtained from their employer is submitted to IISLA and IRDA.

It has come to the notice of the Authority that SLAs, specially SLA firms and companies, do take contracts from insurers for survey and loss assessment and instead of getting the job done by : the licensed SLA, partner/director named in the SLA License, they carry out such assignments through : employees who are not licensed SLAs or persons who may be SLA but not employees of the said firm or company whom they hire outside their geographical locations. Such contracting is prohibited and violative of regulatory norms and also against the corporate governance and professional standards.

The code of conduct provisions specified in SLA regulation 15(6) mandates that every SLA including SLA firm/company shall not accept or perform work for which he is not competent to undertake unless he obtains some advice and assistance, as to enable him to carry out the work competently. This provision is to enable the SLA to take that assistance or advice for which he himself is not competent and requires special inputs other than that of the core functions of an SLA. This provision should not be stressed to mean that the SLAs/ SLA firms and Co. can hire/contract out for the core job of survey and loss assessment which they are duty bound to perform themselves.

It is mandatory that not only the survey and loss assessment is to be done by : the licensed SLA, licensed SLA firm's partner and licensed director of SLA's Co, licensed SLA employee of such firms/Co/insurers but the survey report shall also be signed by him and evidence if any required in any judicial/regulatory forum furnished by him only in the form and manner required by such an Authority. Employees performing administrative duties of such SLA firms/companies and insurers shall not perform these duties.

The legislative and regulatory logic behind this provision is loud and clear that the person performing the job has to be licensed and governed by the regulatory provisions (including standards and code of ethics of IISLA) and be accountable legally to his acts of omissions and commissions which cannot be delegated to any one else than to himself. The sub-contracting or sub SLA mechanism/structure or franchising is not permitted and shall be treated as violative of section 42D (including clause (8) and (9), and section 64 UM (1) (A) of Insurance Act 1938/SLA regulations.

The persons enrolled to receive practical training from the senior licensed surveyor and loss assessors before they hold a valid SLA license from the Authority are not permitted to carry out survey and loss assessment job (which the licensed SLA has to do) and sign the survey report. They are only permitted to work under the supervision and guidance of senior SLA for the purposes of acquiring the survey and loss assessment skills and in the course have interaction with the insured and also the concerned senior SLA/the SLA Director/Partner (but not the employee surveyors). These persons shall not be used in the assessment of losses under the garb of outsourcing and franchising which in itself is prohibited activity. The code of conduct and professional standards for such trainee students shall be separately issued by the IISLA when they are enrolled as student members with the said institution.

If there is any practice of permitting automobile manufacturers and dealers to use the services of an interested SLA and SLA firms and companies, due diligence has to be applied by the insurer concerned and also by the said SLA firm/company to ensure that the interest of the policyholders is not prejudiced and that interest of the insurers does not suffer due to the acts of omission and commission of unprofessional conduct, if any. The agreement and/or MOUs that have been entered into by any of the SLAs/SLA firm and companies and the insurers with the said automobile manufacturers and dealers shall be submitted to IISLA and IRDA for the purposes of record and examination about the compliance of notified rules, regulations and matters of conduct. The empanelment with such dealers and manufacturers shall not be made without effecting a contractual obligation with the said entity.

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.

(b) Employees of the insurer, who are licensed surveyors, are obliged to follow the provisions of laws and regulatory framework on the profession and also comply with IISLA guidelines and professional standards that shall be issued from time to time. They would be bound by professional code of ethics which shall be shortly issued by IISLA with the due approval of IRDA. These standards will have the force of the law by virtue of contractual obligations between the SLAs and IISLA under Memorandum of Understanding. This MOU shall be agreed and consented upon with the IISLA by each of the SLA/the employee SLA/each of the Director/Partner engaged in the SLA profession and also the student trainees undergoing practical training required under the regulations. The mandatory membership conditions shall evolve this mechanism to be in operation.

The employee surveyor shall be in the employment of the insurer only and not in the employment of its group/associate/subsidiary companies

(c) The licensed Surveyors and Loss Assessors are displayed on the IRDA site www.irda.gov.in and this comprises the basic empanelment out of which the insurers and/or the insured person can choose the engagement of an SLA. The sub empanelment system used by the general insurers must keep in mind that it is not a permanent feature and they have to have a system of rotation of an empanelled SLA and SLA firm/companies so that the issues of developing clash of interest in the assignment over a period of time does not get developed to the prejudice of the interests of the policyholders. They shall be required to file Board approved policy in this regard to IISLA and IRDA in due course and if there is any concern expressed to them in this regard, the same shall be adhered by them.

3.6) Issues pertaining to Practical training and examination, integrated training, continuing education including refresher training program / course

Proposed Action:

A. sub clause (d) of SLA regulation and regulation 16 and 17 deal with practical training required to be undertaken by an applicant seeking an SLA license and then pass an examination conducted by an institution approved by the Authority. Presently, Insurance Institute of India (III) is approved for conducting the examination and the same shall continue till further orders and till IRDA considers it appropriate for IISLA to conduct this exam. However, IISLA shall set up a system to improve the standards of practical training and also introduce pre-examination online/class room level system of education and training to such applicants till they acquire SLA license as they shall be student members of IISLA before they become members of IISLA as licensed SLAs. Similarly, IISLA will graduate in a phased manner to take on the work of conducting examination for those SLAs who wish to add additional

subjects for the purposes of their qualifications and for seeking survey assignment in such disciplines in addition to their existing departments.

B. The IISLA shall also organize refresher training courses, integrated continuing education programme, training required for enabling a licensed surveyor to move up to the senior category of survey and loss assessment, training/education for persons needing to add more departments to their allotted categories of work and any other educational needs of the SLA profession. The committee that approves the syllabus, course curriculum and other details including the basic features of the workshops required to be organised by IISLA shall comprise one representative from the IRDA and minimum two representatives from the insurance industry and the approval of the Authority at one go shall be sought for implementation of such training courses/programmes. The IISLA will be required to do all that is necessary for the purposes of training, education, research and development of the profession and issue necessary certification in this regard. The IISLA shall also take into account the system of education and continuing training that is imparted, for the professional development, by The Institute of Company Secretaries and Institute of Chartered Accountants of India to their respective members

3.7) Issues pertaining to Grant and Renewal of Survey license

Proposed Action:

A. The provision for grant and renewal of license to an individual surveyor and to a firm or a company are specifically provided in section 64UM and the regulations of the Authority. These, in particular, are : (I) section 64UM (1)(B and BA), (C), (D), D(i), (E), Rules 56A(of Insurance Rules, 1939) pertaining to additional technical qualifications, disqualifications mentioned in section 42D read with section 42(4) of Insurance Act, 1938, SLA regulations : 3(1) Form-I-AF, (3)(2)(c to e), 4(1) Form IRDA-3-AF, fee as specified in regulation 5, regulation 7 pertaining to renewal and its applicable forms (Form – IRDA-4-AF for individuals, Form IRDA-6-AF for firms/companies, and renewal fee of Rs. 250/- , certification required in regulation 7(3)

B. Without prejudice and without diluting the importance of above statutory requirements, there are certain administrative requirements for seeking information from SLAs. These requirements shall be shortly updated and issued by IRDA as a **master circular** on receipt of views and comments, if any, from the stakeholders and/or from the public and general insurers. This shall further enhance the efficiency of the department and facilitate in bringing more standardization in the whole process. This will also facilitate SLA department to seek online information to expedite the issuance of SLA license and renewal thereof.

3.8) Issues pertaining to Engaging the services of an SLA, appointment of Second Surveyor, Investigation jobs

Proposed Action:

A. Undoubtedly, insurers have a first claim to depute an SLA when a loss under the policy/contract has been reported to them. The second provision in the Policyholders Protection Regulations [9 (1)], shall have an explicit provision to provide a choice to the insured person to engage the services of a licensed SLA when the loss has occurred to the insured's property. The SLA regulations [13(2)(vii and ix)] also makes it specific that insured may choose to engage the services of a licensed SLA to perform their duties and responsibilities in respect of the loss suffered by him and for seeking advice of loss control measures for future.

B. Insured, even otherwise has a right to use an IRDA registered entity for the purposes it has been licensed. It becomes more evident that when a policyholder is not satisfied with the performance of an insurer appointed SLA, it would be necessary for him to protect his interests and engage the services of another SLA.

No doubt, the recommendations and observations of the SLA are not binding on the insurer but due regard and weightage has to be given to his report and variations, if any, on the decision making process of the insurer in respect of the claims, needs to have a better rational and reasonableness without prejudice to the rights of the insured under the insurance contract. Since, no specific restriction, limitation or a bar has been imposed upon the insured by law that he cannot engage the services of a licensed SLA, it is more than fair that option of the insured if exercised must not be denied by the insurer being another party to the contract of insurance.

C. The job of an investigation, inspection of the facts/figures and circumstances by an SLA is in relation to the assessment of a reported loss. If any other investigation, or inspection or matters related thereto are carried out by an licensed SLA they do not form part of the regulatory requirements and the enquiries frequently asked on this subject have to be dealt accordingly by the insurers who utilise their services.

D. The question of engaging a second surveyor has been raised time and again by the insuring public and also by the insurers in addition to the issues raised by SLAs in this regard. IRDA is of the considered opinion that it has a right and a duty under section 64UM to call for a report on a particular loss from a second surveyor, called the independent surveyor i.e. surveyor independent of the first surveyor who assessed the loss, both being the licensed and approved surveyors under section 64UM and regulations there under. In addition to this, the insurer may engage the services of a second surveyor if he has cogent

and self evident reasons and credible rational that the first surveyor has not properly met the expectations of the insured customer or has failed to perform his duties and functions appropriately. Similarly, an insured person can exercise the option of a second surveyor if he is not satisfied, that prima facie and for reasons to believe, there is a ground to appoint or engage a second surveyor. However, we seek specific views on this matter.

3.9) Issues pertaining to Obligations and expectations from surveyors and IISLA

Proposed Action:

Insurers expect that the report of the surveyors and loss assessors to make a fair and impartial assessment of the insured losses. Insurer also expects that the report must contain responses to the listed duties and functions of the surveyors and the difficulties expressed by the insured. He should be available to the insured and insurer as and when required for necessary discussions and exchange of documents pertaining to the claims arising out of the loss. His advises must be professional and technical, in addition to be, honest, commitment for reporting clearly on the loss with necessary circumstantial and documentary evidence of the loss. The loss control measures recommended by him must form part of the report and insured must be satisfied on the clarifications sought by him. Regarding IISLA, not only the insurer or the customer but also the regulator, expect that they must perform their duties and functions within the prescribed: code of conduct, code of ethics and professional standards. It is, therefore, advised that IISLA takes into account these expectations in controlling and guiding the affairs of the Institute and also managing the conduct of its members.

3.10) Issues pertaining to Obligations and Expectations from Insurers and Insured persons towards survey related jobs.

Proposed Action:

Obligations of the insurers are specified in the insurance contract and also the regulations pertaining to protection of interests of policyholders in addition to other regulations within which they have to conduct the affairs of insurance business in the country. Insurer is a corporate entity, fully aware and equipped, with the knowledge and experience of running the general insurance business and it is more than fair that he acknowledges his social obligations in addition to contractual obligations made in the contract of insurance. It is expected by the insured that his reasonable expectations, when they arise in making the contract of insurance and in performing the same when the insured event occur, are fully satisfied and the insured has not to run making complaints to the regulator or fighting for his rights in the courts of law. Insured is also duty bound towards his obligations of full disclosure of the material facts required to be known by the

insurer at the time of underwriting the risk and at the time of discharging his liability when the claim arises. Regulator and the society expects nothing more than this and makes sure that these are discharged in letter and spirit and within the regulatory framework. IIISLA shall be obliged to ensure that its members fall in line in fulfilment of these expectations through their members.

3.11) Issues pertaining to the name of Surveyor companies / firms / SLAs reflecting the purpose of the license, one entity – one license norm

Proposed Action : The licensing form, vide which license to act a surveyor and loss assessor is granted carries the objective and the purposes of the professional assignment but in certain cases, names of the firms/companies/associates seeking the license does not distinguish itself with the other types of survey (like land survey, architect survey, valuers having jobs other than the duties and functions of SLA etc.) professions. It is therefore, necessary that henceforth each and every SLA (including firm/companies) must have the words “Insurance Surveyors and Loss Assessors” inserted in their Firm/Company’s name. This requirement must get complied within one year period from the date of revision effected in the SLA Regulations.

Each company or firm or group or their respective subsidiary/associate or group entity licensed to act as insurance Surveyors and loss assessors shall be governed by “**one entity one license norm**” and shall not directly or indirectly or through : partnership/ directorship/affiliation/franchisee/shareholding promote or establish or be a part of any such other SLA related duties and functions.

Use of the word “**S&LA**” before the name of the surveyor will be permitted to be used in the : invitation cards, telephone directory, appearance on radio/television and films, lectures - giving talks, appointment to the positions of local and national importance, writing articles or letters to the press on subjects connected with the profession and such other circumstances which the IIISLA may consider to enhance the image of the Institute and its members as is done by the Chartered Accountants Institute vide their respective regulations.

3.12) Issues pertaining to Ceiling on business from a single client.

Proposed Action: The profession of surveyors and loss assessors has to be carried in such a manner that, not more than 30% of the mandate of assessment of losses is entertained by an individual SLA or an SLA Company or the firm from a single source (being the insurer or the consumer) utilising the services of the said SLA. The limit of 30% has to be computed not only based on the number of surveys done but also on the scale of quantum of fees received. The disclosure towards this extent is mandated annually to be made to the IRDA and IIISLA in a specified format that will be introduced in this regard. This disclosure has also to be made by the general insurer in their financial statement.

3.13) Issues pertaining to Corporate Governance structure and code of Ethics

3.13.1 IIISLA is a corporate entity governed by : charter prescribed in its M&AoA under the Companies Act, code of ethics and suitably empowered by IRDA guidelines and regulatory framework vis-à-vis section 64 UM of the Insurance Act, 1938 prescribing provisions of law on the profession of survey and loss assessment and section 42D of Insurance Act, 1938. IIISLA, not only, has corporate objective to pursue and avail corporate opportunities, but also has a corporate name – image and identity. IIISLA has, therefore, to govern its affairs with : proper judgement, knowledge, upright administration, corporate bye laws – rules & regulations and uphold the corporate doctrine “that fiduciaries(i.e. directors – members – or officers) do not take to themselves the opportunities and powers offered to IIISLA”

IRDA proposes to issue comprehensive corporate governance guidelines to IIISLA with an objective that IIISLA’s : structure, role/responsibilities, accountability, main functions of members of the Council & its committees, membership obligations, sound and prudent principles – practices and such other matters are clearly defined to recognise the expectations of all stake holders.

3.13.2 Licensed SLAs, being members of IIISLA, act in public interest and carry a fiduciary and contractual responsibility in discharge of their duties and responsibilities. Hence, they must, not only satisfy the clients i.e. insured/insurer but also observe ethical requirements and fundamental principles of **code of ethics**. This code of ethics shall be in addition to the Code of Conduct specified in : IRDA regulation 15, M&AoA III(A)(5) in its main objects which mandates the Institute to develop and administer a Code of Conduct and Ethics on its members. Since, membership of all the license holders (S.L.As) shall be mandatory by IRDA’s regulatory provision; it is hereby advised that IIISA must publish its Code of Ethics as guidelines forming part of the provisions of M&AoA.

The conceptual framework approach must also be specified in the guidelines pertaining to code of ethics by the Institute whereas some of the basics which must form part of this code are given **hereinbelow***. These basics, by no means, be taken as exhaustive on the omissions and commissions which constitute professional or other misconduct determined by the institute or its disciplinary committee to distinguish between what is right or wrong. These principles and conceptual framework only : explain, elaborate, illustrate on various items and activities which ultimately comprise code of conduct.

***(i)** Integrity :- being honest, trustworthy and open - being reliable, dependable and respectful - not taking unfair advantage, not accepting or offering gifts where this might imply an improper obligation.

***(ii)** Objectivity : not being biased - not conducting assignment in which there is a conflict of interest or influence that overrides professional judgement - not to stress or act on belief or facts that are subjective or

individualistic – do not act or appear to act/ conduct the job in a manner that is objectionable to reason and logic.

***(iii)** Professional competence and due care :- Gaining professional knowledge from experience, continuing education, training, academic and technical qualification, ability to demonstrate its application with high standards. Sensitivity of professional responsibility with due diligence and sustained efforts and deliberate application of mind which is decisive to outcome, commitment to quality in all circumstances and orderliness management of tasks pertaining to assessment of insured losses.

***(iv)** Confidentiality :- Maintaining confidentiality and neutrality of information acquired in course of his functions and disclose it only as per legal requirements. Do not use the information so acquired for personal or third party gains.

***(v)** Professional Behaviour :- Place public and client's good above his own gain, interpret concept of public interest as broadly as possible, act and appear to act free of self interest, prefer pride of professional service to personal gain – litmus test, voluntarily and scrupulously follow : the established discipline, conventions of the profession and IISLA membership obligations, uphold excellence, independence and technical standards.

***(vi)** Promote public trust and confidence in the insurance market in performing the duties and responsibilities, enhancing professionalism, counter fraud and anti money laundering in handling loss assessment and claims made/lodged.

***(vii)** Abide by code of conduct and other regulatory provisions specified by IRDA for regulation of profession of SLAs. Furnish true and fair picture in : declarations, affidavits, documents and testimonials, application for license and renewal and for IISLA membership, returns submitted to the regulator, information furnished to IISLA, proceedings proposed for action by IISLA/IRDA/Government or any judicial body, compliance of M&AoA and such other matters.

***(viii)** Provide for procedure in inquiries for disciplinary mechanism and for conduct of IISLA members in matters of professional or other misconduct.

***(ix)** Guidelines for advertisement by IISLA members

***(x)** Recommendatory self regulatory measures which ensure : healthy growth of SLA profession, equitable and just flow of work to IISLA members and enhance prestige of the profession.

***(xi)** Guidelines permitting IISLA members to engage in certain categories (not forming part of the duties and responsibilities provided in the IRDA's SLA regulations) of occupation without requiring specific permission and categories of occupation in which specific prior permission needs to be sought. Issues pertaining to outsourcing (as explained in Point 3.5 of Exposure Draft) of survey and loss assessment work may also be considered in finalising the code of ethics

3.14) Issues pertaining to Complaints and Grievance Redressal and Appeal provisions.

Proposed Action: Complaints against the surveyors by the insured person and the insurer would be there in the natural course of transaction of duties, but the concern of the surveyor has also to be addressed as to why such a situation happens. IISLA is hereby advised to establish a system of grievance redressal against its members through a committee set up in this regard and respond to the aggrieved parties in a fair and equitable manner with the status of disposal furnished to the regulator on a quarterly basis. If the insurer or the insured or the concerned department of IRDA is not satisfied by the efforts made by the concerned member of the institute or the committee of the institute, the appeal shall lie to member (non-life) of IRDA and his decision shall be treated as final for disposal of such complaints.

3.15) Issues pertaining to adequacy of fees

Proposed Action

The professional fee or the charges or the remuneration by whatever name it may be called is paid to the : surveyor and loss assessor, director/partner of an SLA including their employee surveyors and loss assessors for the services they render in performance of their duties and functions notified in the regulations.

This consideration forms part of the expenses/liability of the insurer towards the claims arising out of an insured event. On the other hand, to a greater extent, it is this consideration which weighs very heavily towards the: conduct, the professional standards, integrity and the quality of the services rendered by the surveyors. Therefore, the fees has not only to be reasonably commensurate with the services but also has to be fair and equitable and paid not later than 30 days from the date of the receipt of the survey report as has been the case with insurance broking companies whose settlement of accounts by the insurers is done on a monthly basis(broking regulation 19 (2)).

IISLA has been authorised under Article 52(2)(xvi) of its M &AoA read with the provisions of the Companies Act, 1956to fix the schedule of minimum professional fee that may be charged by its members in performance of their duties and functions but the same has not been practically done so far. This is because presently the membership is limited and since IRDA is mandating every licensed surveyor and loss

assessor to be the members of IISLA, it shall be incumbent upon IISLA to decide and develop the schedule of minimum professional fee/charges and the same may be enforceable. IISLA is hereby advised to entrust this work to a professional committee comprising distinguished members of : its community, persons from the insurance industry, one of the past President of the Institute of Chartered Accountants of India, one representative of the policyholders recommended by IRDA and a senior officer from the Authority and decide upon the issue on seeking final approval from the Authority.

In the meantime, insurers are advised to review their existing practices and suitably update the scales of fees as it is understood from the members of the surveyors community that their fee schedule is not updated/revised since 2007.

3.16 Memorandum and Articles of Association of the Institute

Proposed Action :

In order to make the Institute more vibrant and to enable it to function on the lines of : Institute of Chartered Accountants and Company Secretaries of India, IRDA in exercise of its powers under the IRDA Act (section 14) read with Institute's existing Articles(Article 69) of M&AoA, advises the Institute to amend its M&AoA to incorporate the matters stated in **Annexure I** appended hereto. These amendments/changes shall be in addition to what the Institute may like to incorporate in its M&AoA, after seeking necessary approval of IRDA and RoC

**ADVISE TO IISLA TO MAKE THE FOLLOWING AMENDMENTS TO THE MEMORANDUM
& ARTICLES OF ASSOCIATION**

- 1.1 That the words and expressions used in the M&AoA, but not defined therein and in the Companies Act, shall have the same meaning as defined in the Insurance Act and regulations notified by IRDA for the profession of SLA.
- 1.2 The General Clauses Act, 1897 shall apply so far as may be to the interpretation of words and expressions used in the M&AoA.
- 1.3 The provisions of M&AoA shall be in addition to and not in derogation of the provisions of any other law[including Insurance Act, 1938, IRDA Act 1999, General Insurance Business (Nationalisation) Act 1972] for the time being in force.
- 2.1 Amend Article 15(2)(b)(II) to provide that Chairman of the General Insurance may, if he so desires, be represented in the Council by an CEO or second in command of General Insurance Co. by rotation.
- 2.2 Name of Mr. Mathew Verghese and Mrs. V. Vedakumari in Clause 5 of Article 15 be substituted with Member (Non Life) and Mr. Suresh Mathur respectively. Suitable changes may also be made for these names at page 4 & 18 of the M&AoA.
- 2.3 Suitable amendment may be made to Articles 18, 19, 20 and into any other Committee that may be constituted by IISLA to ensure that one senior officer of IRDA is the member of the Committee. These amendments may also consider that a more detailed procedure for the role and effective functioning of existing disciplinary and membership committee is provided on the lines of committees that are in existence in the Institute of Chartered Accountants and Company Secretaries.
- 2.4 IISLA shall cause to constitute, in addition to existing (Article 18 a. b., 19 and 20) disciplinary and membership, the **following committees*** and provide for their : time and place of meeting, quorum, procedure for transaction of business, casting vote, adjournment procedure, maintenance of records of minutes and agenda notes, holding meeting by circulation &/or conference call in emergent circumstances, reporting & discussions on the committee reports by the Council and any other such procedure the Council may deem appropriate to provide.

*** A Executive Committee** : to maintain the office of the Council, maintenance of true and correct accounts of all receipts and amounts on behalf of the council and other such matters, maintenance of register of members including the proceedings of the council, investment of the funds of the council, control and custody of the property-assets of the institute including previous assets - if any, other necessary disbursements, submission of reports and statements to IRDA and other statutory bodies, delegation necessary to be made to the officers and employees of the council, make review of decisions taken by the sub-committees through the active guidance of the President, and in his absence the Vice President

***B Examination, Syllabus, training & education facilities, Evaluation Committee to** : perform &/or assist the functioning of surveyors and loss assessors committee if formed by the IRDA, matters relating to holding of examination as and when permitted by IRDA, prescribe for the books for the examination, furnish information to the council for review of the decisions &/or recommendations of this Committee, enrolment of applicants seeking training & continuing education, organizing seminars & conferences, purchase of: books – magazines - equipment and the like for the library & arranging for its proper running and maintenance, suggesting to the council necessary modifications in the syllabus for all the training and examination courses of the institute, approving other organisations – if necessary – for providing necessary training and skill development of the members, evaluation norms of the training & issues pertaining to upgradation from one category to a higher category, framing such procedures and guidelines as may be necessary for the objectives and functions of the committee.

***C Professional research, publication & journal, and professional development committee.** This committee shall perform the functions such as : framing of research schemes on subject of relevance of the profession, seeking financial assistance from any of the institutions and entities connected with the profession/insurance industry – other trade & commerce, publication of the research pamphlets and other journals with the approval of the council, engaging research personnels, maintenance of proper standards and quality of the publications and the journals, keeping in constant touch with various professional bodies including chambers of commerce and government, organizing and collaborating for purposes of professional development with regional chapters of the Institute and student/trainee members, propagating amongst the members of the institute the advisability and necessity of observing the rules of professional conduct, enhancing the name and role of the institute and doing such other things as may be advised by the Council and IRDA.

3.1 Insert the following paragraph after the word “Council” in Article 45 of M&AoA as that would be in line with the powers and duties of President and Vice President in similar Institute of Chartered Accountants/Company Secretaries.

“President shall exercise such powers and perform such duties as are specified in the M&AoA and/or by special resolution of the council or any other delegation made to him by the standing executive committee or any other committee constituted by the council from time to time. He may direct any business to be brought before the council or before any of the standing committees or other committees. If the office of the President is vacant or if the President for any reason is unable to exercise or perform the duties of his office, the Vice President shall act in his place and shall exercise the powers and perform the duties of the President”.

3.2 In exercise of powers vested with the Council vide Article 55(1), it shall cause to establish under Article 15(1), a permanent Administration and Secretarial Section of the Institute and delegate to it necessary powers and functions. This section shall perform its duties and functions under the general supervision of President, in his absence the Vice President and/or Executive Committee constituted by the Council.

4. Amend Article 2 and 3 to provide for the following:

4.1 That every individual SLA, director of an SLA Company or partner of an SLA firm holding name in the SLA license granted by IRDA, SLA employee of a general insurance company or that of an SLA firm/company holding individual SLA license shall be eligible to be registered as a member of the institute on payment of prescribed fee as determined by the Institute and satisfying any other member condition that may be specified by the Institute from time to time.

4.2 That every student-trainee enrolled with the IRDA and/or IISLA for practical training for the purposes of seeking an SLA license shall be the student member of the institute on satisfying the criteria that may be specified by the Institute. The student-trainee members of IISLA shall be governed by Code of Conduct and professional standards as may be provided in the institute’s guidelines issued from time to time based on recommendations of a professional committee set up by IISLA.

4.3 Student-trainee member shall undergo : pre examination online and/or class room level training, continuing education programme of IISLA before they appear in III exam.

4.4 That there shall be licentiate membership in addition to existing Associate and Fellow in order to enrol as SLA who is categorized as such by IRDA.

4.5 That the number of years, a person holding a valid SLA license to qualify to be a licentiate or Associate or Fellow member shall be such, as may be determined by IRDA.

4.6 That Clause (o) of Article I shall also define a student-trainee member.

4.7 That Article 5 will specify that student-trainee member shall not have voting rights.

4.8 That every member who moves from one category of membership to a higher category shall have to undergo a specified hours of continuing evaluation and skill development training that may be specified by the Institute in its guidelines.

- 4.9 That members of the Institute who avail one time option of eligibility to work in more than 3 departments for which they were originally qualified at the time of first categorization, would undergo a continuing education programme of the institute on those additional departments within a period of 3 years w.e.f. date decided by IRDA or before the date of renewal, whichever is earlier.
- 4.10 That every member will attend minimum number of seminars and workshops organized by IISLA during his tenure of license i.e 5 years before his license falls due for renewal.
- 4.11 That every SLA, director of an SLA Company or partner of an SLA firm whose name is specified in the license issued by IRDA, employee SLA of such company/firm or an insurer shall be a member of the Institute and deemed to have signed a covenant to abide by the : Code of Ethics, other IRDA regulatory advises/directions, IISLA guidelines and provisions of M&AoA.
- 5 Article 13 provides the particulars of register of members which needs to be amended to incorporate the details that has been in para 3.3 of the exposure draft.
6. Article 16 may add a clause (3) to provide a provision for restoration of membership when a decision has been taken by the council on appropriate recommendation of the membership committee &/or disciplinary committee or any other concerned committee of the council.
7. Guidelines on Code of Ethics issued by IISLA from time to time and corporate governance guidelines issued by IRDA for the Institute shall form part of the M&AoA of the Institute.
8. Article 44 pertaining to powers and duties of the council shall be amended to empower the Institute and the council to seek nomination of outside experts into their council and committees for better achievement of their objectives and for developing the professional standards.
9. Amend the Article 50 to the effect that the council shall not elect the position of Secretary and Treasurer as no such position exists in the Chartered Institute of ICAI and Company Secretary and more so such functions needs to be performed by Administrative and secretarial section of the Institute.
10. Article 56 pertaining to Accounts of the Institute shall have an additional paragraph containing : “books of the accounts of the institute shall also include the accounts of four zonal offices and chapter offices [Article 21 (ii) (iii) (iv) and (v)].
11. Article 61 pertaining to audit of the institute shall have an additional paragraph containing the provisions of : “appointment and duties of the auditors of the council shall ‘*mutatis mutandis*’ apply to zonal and chapter offices”.

Date- 24.09.2012

Summary of Issues pertaining Surveyors and Loss Assessors and IISLA and proposed steps to resolve them

Objective of the exposure draft is as under:

- a) To suggest methods to reorganise, strengthen and professionalize IISLA by introducing sound corporate governance standards
- b) To set up structures to oversee the functioning of IISLA.
- c) To suggest necessary changes in the MOA/ AOA in order to facilitate it.
- d) To suggest mechanism for placing fiduciary obligations on surveyors and loss assessors in discharge of the duties.

2. Background of SLA profession and IISLA

Governing Law and Regulation

- i. **Section 64UM of the Insurance Act, 1938** – qualifications, disqualifications, licensing, mandatory survey for losses more than Rs 20,000.
- ii. **Rules 55, 56 and 6A of Insurance Rules, 1939**
- iii. **IRDA's Surveyors & Loss Assessors Regulations, 2002**

Reports, notifications and judicial pronouncements

- iv. **Government of India notification** no. 203 s.o. 1983 dated 30th May, 1970 – limit of loss not applicable to certain policies
- v. **Report of Committee on Insurance Reforms (Malhotra Committee Report)** – Important recommendations:

- setup an institute of professional surveyors, loss assessors and adjusters
- participation in the institute should be wide enough comprising survey professionals
- institution should be financed primarily by the fees it would collect from its members
- institution should have the responsibility to create, nurture and sustain high levels of skills among survey professionals
- evolve a code of conduct for its members

- After the proposed institution has acquired a good standing and representation, the government should consider granting it an appropriate charter to reinforce its position in the industry.

vi. K.N. Bhandari Committee Report – Important Recommendations

- professional institute of Surveyors and Loss Assessors should be established
- institution of the SLAs needs to be strengthened
- licensing system had stifled the growth of professionalism amongst surveyors
- Surveyors profession may also be given status and recognition on lines of ICAI
- IRDA and insurance industry should fix the benchmarks for its functioning
- IRDA must carryout a comprehensive review of the functioning of the institute at the end of three years of its establishment & advise Government to confer statutory status if it is satisfied that the affairs of the institute are being carried out in accordance with its objectives.

vii. Government of India observations

- IRDA would promote (and not establish or manage) the Institute as a self-financing self regulated institute on lines of Institute of Chartered Accountants of India and Institute of Company Secretaries
- Comprehensive review of the functioning of IISLA be carried out after 3 years before taking a decision on the statutory status
- Other recommendations of Bhandari Committee are acceptable and requested IRDA to take further action

viii. 41st Standing Committee of Parliament on Finance has observed

- Only licensed and independent surveyors and loss assessors should be allowed to survey claims so as to be in the interest of the policyholders
- Further measures need to be taken to strengthen the professional body (IISLA) to function as a regulatory body for this profession.

ix. Judicial pronouncements

- Madurai Bench of Madras High Court directed IRDA to dispose the representation of surveyors contending that Insurers should not engage in-house surveyors as against external independent surveyors. IRDA ruled that the insurers are free to utilise them so long they are licensed.
- Ahmedabad High Court decided in favour of IRDA & IISLA upholding the elections of IISLA and also directing the petitioner of hand over the necessary documents

- Patna High Court has granted interim seeking relief for a few surveyors allowing them to work in all departments by removing restriction of three departments, removing financial limits & issues of upgradation of allocated categories. The final outcome will be dependent on the final judgement of Madras High Court.
- Similar writ petitions are filed in other High Courts of Andhra Pradesh; Allahabad; Patna; Calcutta; Guwahati; J & K; Karnataka; Madras; Orissa; Punjab & Haryana; Rajasthan on the above issues. In addition the empanelment process of surveyors normally done by insurers, out of licensed & categorised surveyors, is also challenged.

3. Issues pertaining to IISLA

a. Amendments to MOA/ AOA

In order to make the Institute more vibrant and to enable it to function on the lines of Institute of Chartered Accountants and Company Secretaries of India, the following are the major amendments proposed to MOA/ AOA:

- i. Amend Article 15(2)(b)(II) so that Chairman of the General Insurance Council may be represented in the Council.
- ii. Suitable amendment may be made to Articles 18, 19, 20 and into any other Committees that may be constituted by IISLA to ensure that one senior officer of IRDA is the member of the Committee.
- iii. detailed procedure for the role and effective functioning of existing (disciplinary and membership) and proposed committees on the lines of committees of ICAI/ ICSA may be provided
- iv. IISLA shall cause to constitute, in addition to existing (Article 18 a. b., 19 and 20), the following committees:
 - **Executive Committee** to maintain the office of the Council, maintenance of true and correct accounts of all receipts and amounts on behalf of the council and other such matters, maintenance of register of members including the proceedings of the council, investment of the funds of the council, control and custody of the property-assets of the institute including previous assets, if any, other necessary disbursements, submission of reports, etc.
 - **Examination, Syllabus, training & education facilities, Evaluation Committee to** perform &/ or assist the functioning of surveyors and loss assessors committee, matters relating to holding of examination, prescribe for the books for the examination, enrolment of applicants seeking training & continuing education, organizing seminars & conferences, etc.

- Professional research, publication & journal, and professional development committee. This committee shall perform the functions such as: framing of research schemes, seeking financial assistance from any of the institutions and insurance industry, publication of the research pamphlets and other journals, engaging research personnel's, maintenance of proper standards and quality of the publications and the journals, etc.
- v. The rules of the committee may provide for their time and place of meeting, quorum, procedure for transaction of business, casting vote, adjournment procedure, maintenance of records of minutes and agenda notes, holding meeting by circulation &/or conference call in emergent circumstances, reporting & discussions on the committee reports, etc.
- vi. Specify expressly the powers and duties of President and Vice President on lines of ICAI/ ICSI
- vii. Establish a permanent Administration and Secretarial Section of the Institute and delegate to it necessary powers and functions.
- viii. Every individual SLA, director/ partner of corporate SLA, employee of general insurance company holding a license of SLA shall be registered as a member of institute on payment of fee.
- ix. Every student trainee shall also be enrolled by the Institute and shall be governed by code of ethics of the Institute and shall not have voting rights.
- x. Introduce: licentiate, associateship and fellowship levels of membership based on the years of experience and evaluation criteria.
- xi. Upgradation to higher category will be, initially on adhoc basis under the supervision of IRDA, based on specified hours of continuing education and skill development training
- xii. Remove restriction on the number of department in which a SLA can work. It should be based on passing necessary exams and undergoing specified training.
- xiii. Every member will attend minimum number of seminars and workshops organized by IISLA during his tenure of 5 years before his license falls due for renewal.
- xiv. Introduce a code of ethics for all members including trainee students of the institute
- xv. Every member would have been deemed to have signed a covenant to abide by the: Code of Ethics, other IRDA regulatory advises/directions, IISLA guidelines and provisions of M&AoA

b. Secretarial and Administrative Support

- i. Establishment of a permanent secretariat manned with administrative staff in order to perform various functions delegated to it.

- ii. Amendments to MOA/ AOA to include functions and duties of Secretariat/ Administrative Staff through framing of necessary Rules of IISLA
- iii. Utilization of IRDA's grant as seed money for the establishment of this Secretariat along-with administrative staff

c. Membership

- i. Amendment to IRDA Regulations and IISLA MOA/ AOA to make IISLA membership mandatory for all surveyors.
- ii. Membership will be open only to individuals, Directors of an SLA company, partners of SLA firm, SLA employee of insurers and such firms/ companies.
- iii. All the licensed surveyors & loss assessors including directors or partners of survey companies and firms would be deemed Members of the Institute with effect from the date of notification made by the Authority. They will have option to pay membership fee at the earliest but not later than one month before the date of renewal of their SLA license.
- iv. Duties and responsibilities of members shall be specified by the Institute in its MoA/ AOA, Memorandum of Understanding, code of ethics, contractual and fiduciary obligations. These obligations shall be in addition to their obligations specified in the IRDA regulations and provisions of Insurance Act.
- v. The Membership fee is proposed as: (a) one time entry fees of Rs.2500/- (b) Annual fee Rs.1000/- for Licentiate, Rs.1500/- for Associate and Rs.2000/- for Fellow Membership. c) The Annual fee for Student Membership is proposed to be 750/-.
- vi. The register of members could include various headings such as membership number, date of enrolment & entry into the register, date of licentiate/ associate/ fellowship member, change in category of membership, IRDA License Number, etc.

d. Register of Members including that of Student Members

- i. The approach for student membership may follow the principle applicable to ICAI/ ICSI.
- ii. Every person who is enrolling himself for practical training should also become a compulsory student member of the institute.
- iii. Amendments to MOA/ AOA to take into consideration enrolment, guidance, education and training of student members.
- iv. The register of members could include various headings such as personal details - Name, date of birth, Father's name, fax number, email id, contact details, phone

- no., PAN number, Passport Number, etc, domicile, permanent address, address where residing currently, qualifications (academic, technical), etc.
- v. Other part of the form could cover his experience, details whether the member including director/partner and employee where he is incharge or not of the principal place of business or other places of business.
 - vi. There could be details whether practising independently as an individual SLA, or whether he is director in SLA company/ firm, details of working as an employee with particulars of the employer and the date/period in employment.
 - vii. There could be column giving details of regulatory intervention, if any, or any other disqualification attracted at any point of time during the course of the license which will also include the period, with reasons thereof, when the concerned SLA/Director/Partner/Employee was not performing the SLA duties and functions.
 - viii. Lastly details of membership fees - renewal fees – any other subscription or payment to the institute with particulars of: date, DD Number, bank on which it is drawn, amount etc.

4. Issues pertaining to Surveyors and Loss Assessors

a. System of Categorization, up-gradation, evaluation, removal of restrictions on allocation of survey departments, financial limits for allocation of survey work, etc.

- i. To replace the present system of A, B, C categorization with standard system of: - Licentiate, Associate and Fellow.
- ii. This three tier system of membership shall be based on number of years of tenure an SLA / Director / Partner has held his license continuously i.e., for a licentiate – upto 8 years, for Associate – 9-16 years, for Fellow Membership over 16 years.
- iii. It may be mandatory that before a surveyor moves from one category to higher category he should undergo a specified hours of training mandated by IISLA.
- iv. The evaluation of this training will be made for necessary up-gradation from junior category to higher category.
- v. In order to ensure that the new structure is stable, the first categorization will be done on ad-hoc basis in consultation with the IRDA based on the evaluation and above stated number of years a license is in existence and having regard to the total cadre strength.
- vi. Thereafter, the periodicity will be determined by the standards issued by IISLA.
- vii. A licensed surveyor will be allowed to operate in more than presently allotted three departments subject to completion of relevant exam of III and based on their: academic/ professional/ technical/ insurance qualifications.
- viii. However, as a one time measure, SLAs who are eligible for more than three departments at the time of initial first categorization exercise, but were restricted to

maximum three departments, would be permitted to opt for the categories originally allotted and communicated to them.

- ix. It would be necessary that these SLAs availing one time option shall undergo a continuing education program of IISLA within a period of three years on the additional departments they will be now allowed and furnish a certificate from IISLA in this regard.
- x. IISLA will prepare a syllabus for such a program and file it with the Authority before it is used.
- xi. For the purposes of up-gradation of surveyor's categorization, it is also necessary that a continuing evaluation and skill development training is introduced, the period of which shall not be less than 100 hours for Licentiate, 50 hours for Associate, 25 hours for Fellow Members.
- xii. The Evaluation Committee will involve a representative of IRDA and that of the Insurance Industry. In addition, number of Seminars and Workshops to be attended shall not be less than: 5 in case of Licentiate, 8 in case of Associate, 10 in case of Fellowship.
- xiii. The financial limits upto which each category of surveyor could carryout a survey is an issue on which views may be given.

b. Outsourcing of Survey work (excluding exempted category under the Government notification, employee surveyors and empanelment of surveyors)

- i. Section 64UM of the Insurance Act, 1938 states that any claim more than Rs 20,000 shall be surveyed and assessed by a licensed surveyors & loss assessor.
- ii. The insurers and the companies/ firms employing licensed SLAs are equally governed by these provisions.
- iii. The employee SLAs, partner and directors of SLA companies/ firms and employee SLA of insurers cannot change their assignment unless the survey assignments undertaken are complete and NOC obtained from their employer is submitted to IISLA and IRDA.
- iv. The law and regulations do not permit SLA companies/ firms to have the survey and assessment of loss done through either employees who are not licensed or persons who may hold the SLA license but are not employees of the company/ firm. Such contracting is also against the corporate governance and professional standards.
- v. The code of conduct provisions specified in SLA regulation 15(6) mandates that every SLA including SLA firm/company shall not accept or perform work for which he is not competent to undertake unless he obtains some advice and assistance, as to enable him to carry out the work competently. This provision is to

enable the SLA to take that assistance or advice for which he himself is not competent and requires special inputs other than that of the core functions of an SLA. This provision should not be to mean that the SLAs/ SLA firms and Co. can hire/contract out for the core job of survey and loss assessment which they are duty bound to perform themselves.

- vi. It is mandatory that the survey and loss assessment is to be done by the licensed SLA and the survey report is also signed by him. Employees performing administrative duties of such SLA firms/companies and insurers cannot perform these duties.
- vii. The sub-contracting or sub SLA mechanism/structure or franchising is not permitted and shall be violative of the Insurance Act 1938/SLA regulations.
- viii. The persons enrolled to receive practical training from the senior licensed surveyor and loss assessors are not permitted to carry out survey and loss assessment job and sign the survey report. Necessary code of conduct and professional standards for such trainee students shall be prescribed.
- ix. The practice of permitting automobile manufacturers & dealers to use the services of an SLA should be done with utmost care to ensure that the interest of the policyholders is not prejudiced. An agreement entered into by the SLA, the insurers and the automobile manufacturers and dealers shall be submitted to IISLA and IRDA. The empanelment with such dealers and manufacturers shall not be made without effecting a contractual obligation with the said entity.
- x. Employees of the insurer, who are licensed surveyors, are obliged to follow the provisions of laws and regulatory framework on the profession and also comply with IISLA guidelines and professional standards that shall be issued from time to time. They would be bound by professional code of ethics to be issued by IISLA with approval of IRDA. These standards will have the force of the law through the MOU signed between the SLAs including trainee surveyor and IISLA.
- xi. The employee surveyor shall be in the employment of the insurer and/or SLA Co/Firm only and not in the employment of its group/associate/subsidiary companies/firms.
- xii. The licensed Surveyors and Loss Assessors are displayed on the IRDA site. In addition the insurers also have their own panel of surveyors. In order to streamline the surveyor empanelment process and to bring about transparency the insurers shall file Board approved policy in this regard to IISLA and IRDA in due course and if there is any concern expressed to them in this regard, the same shall be addressed.
- xiii. The rotation of the SLAs on a particular panel is mandatory. Hereditary and long term of engaging the same set of SLAs is not desirable.

c. Practical training and examination, integrated training, continuing education including refresher training program / course

- i. Presently an applicant seeking an SLA license should pass an examination conducted by Insurance Institute of India (III).
- ii. The proposal is to have IISLA conduct this exam. Examination by III shall continue for some time till IISLA graduates to that level. For this IISLA should set up a system to conduct practical training, undertake pre-examination online/class room level system of education and training.
- iii. IISLA should also organize refresher training courses, integrated continuing education programme, training required for enabling a licensed surveyor to move up to the senior category of survey and loss assessment, training/education for persons needing to add more departments to their allotted categories of work and any other educational needs of the SLA profession.
- iv. The committee that approves the syllabus, course curriculum and other details including the basic features of the workshops required to be organised by IISLA shall comprise one representative from the IRDA and minimum two representatives from the insurance industry and the approval of the Authority at one go shall be sought for implementation of such training courses/programmes.
- v. IISLA will be required to do all that is necessary for the purposes of training, education, research and development of the profession and issue necessary certification in this regard.
- vi. IISLA shall also take into account the system of education and continuing training that is imparted, for the professional development by ICAI/ ICSI.

d. Grant and Renewal of Survey license

- i. The provisions for grant and renewal of license to an individual surveyor and to a firm or a company are specifically provided in section 64UM and the regulations.
- ii. Without diluting the importance of the statutory requirements, there are certain administrative requirements for seeking information from SLAs.
- iii. These requirements shall be updated and issued by IRDA as a master circular. This will enhance the SLA department to seek online information to expedite the issuance of SLA license and renewal thereof.

e. Engaging the services of an SLA, appointment of Second Surveyor, Investigation jobs

- i. Both the insurer and the insured are permitted to appoint a SLA for a reported loss. Necessary mandate has to be in writing.

- ii. While the recommendations of the SLA are not binding on the insurer, but due regard has to be given to his report during the decision making process of settlement of the loss.
- iii. The question of engaging a second surveyor is therefore relevant. The insurer or the insured may appoint a second surveyor to call for a report on a particular loss from a second surveyor, called the independent surveyor. There must exist cogent reasons and credible rational that the first surveyor has failed to perform his duties and functions properly.
- iv. IRDA has the powers to appoint second surveyor to call for an independent report in the circumstances specified in Sec 64UM.
- v. The job of an investigation, inspection of the facts/figures and circumstances by an SLA is in relation to the assessment of a reported loss. If any other investigation, or inspection or matters related thereto are carried out by a licensed SLA they do not form part of the regulatory requirements and the enquiries frequently asked on this subject have to be dealt accordingly by the insurers who utilise their services.

f. Obligations and expectations from surveyors and IISLA

- i. Insurers expect the report of the SLAs to be fair, objective and impartial assessment of the insured losses.
- ii. Insurer also expects the report to be supported with necessary circumstantial and documentary evidence of the loss.
- iii. The insurer, customer and regulator expects SLAs to perform his duties and functions within the prescribed code of conduct, code of ethics and professional standards.
- iv. Therefore IISLA must take into account these expectations in controlling and guiding the affairs of the Institute and also managing the conduct of its members.

g. Obligations and Expectations from Insurers and Insured persons towards survey related jobs.

- i. Obligations of the insurers are specified in the insurance contract and regulations pertaining to protection of interests of policyholders.
- ii. Insured expects that his reasonable expectations are fully satisfied and his is not forced in making complaints to the regulator or fighting for his rights in the courts of law.
- iii. Insured is also obligated in making full disclosure of the material facts required to be known by the insurer at the time of underwriting the risk and at the time of discharging his liability when the claim arises.

- iv. Therefore IISLA shall be obliged to ensure that its members respect these expectations.

In addition the insured expectations from surveyors can be summarised as follows:

- i. Surveyors come promptly for survey and carry it out as systematically and as soon as possible.
- ii. Surveyors give correct advice regarding procedure and documentation relating to claims.
- iii. Have good behaviour, be honest, professional in their approach and technically sound.
- iv. Submit the report on time and give necessary clarifications for their doubts and respond to their queries.

Like-wise the insurers expectations from surveyors are as under:

- i. Surveyors are available when needed, knowledgeable and professional in their approach and advice the insured correctly about claim procedures and documentation.
- ii. They should update their knowledge with changing technology and times.
- iii. They should give a clear report including necessary photographs and other supporting information such as documents relating to the incidence of loss/damage, the required technical information, apart from facts relating to the quantum of loss.
- iv. They should submit the survey report on time and furnish timely response to clarifications sought.

On the other hand the surveyors expectations from insured may be stated as under:

- i. The insured is available or represented by a responsible person at the time of survey.
- ii. He cooperates fully for the survey and shows all that has to be shown and completes all the required information.
- iii. The insured is polite and treats him with respect.
- iv. He does not expect the surveyor to make dishonest or false statements and does not bring any kind of pressure from people with authority and power to manipulate the survey report.
- v. The Insured takes all required steps to minimize the loss and co-operates where the surveyor has to carry out segregation of stock etc.
- vi. Takes steps to inform the concerned authority like the police, fire brigade etc, as may be the case.

Similarly the surveyors expectations from insurer may be as under:

- i. The surveyor expects to get a fair chance in job allocation (through proper rotation)
- ii. The insurer does not bring in pressure of any sort for manipulation of the survey report.
- iii. The insurer facilitates improvement of professional knowledge by inviting surveyors for seminars and workshops
- iv. He gives details of insurance policy—with clear terms and conditions and other details that an insurer may need to give for finalization of the survey report.
- v. The insurer should advise the insured properly about procedure precedent to and post liability.

h. Name of Surveyor companies / firms / SLAs reflecting the purpose of the license, one entity – one license norm

- i. Currently the SLA license does not carry the words “Insurance Surveyor and Loss Assessor”. In order to distinguish IRDA licensed intermediary from other types such as land survey, architect survey, valuers having jobs other than the duties and functions of SLA etc., it is proposed that every SLA license will carry the words “Insurance Surveyor and Loss Assessor”.
- ii. This requirement must get complied within one year period from the date of revision effected in the SLA Regulations.
- iii. Each company or firm or group or their respective subsidiary/associate or group entity licensed to act as insurance Surveyors and loss assessors shall be governed by “one entity one license norm” and shall not directly or indirectly or through : partnership/ directorship/ affiliation/ franchisee/ shareholding promote or establish or be a part of any such other SLA.

i. Ceiling on business from a single client.

- i. The profession of surveyors and loss assessors may be carried in such a manner that, not more than 30% of the mandate of assessment of losses is obtained by an individual SLA or an SLA Company or the firm from a single source (being the insurer or the consumer) utilising the services of the said SLA.
- ii. The limit of 30% has to be computed not only based on the number of surveys done but also on the scale of quantum of fees received.
- iii. The disclosure towards this extent is mandated annually to be made to the IRDA and IISLA in a specified format that will be introduced in this regard. This disclosure has also to be made by the general insurer in their financial statement.

j. Corporate Governance structure and code of Ethics

- i. In addition to the Code of Conduct specified in regulation, the MOA/ AOA in its main object mandates the Institute to develop and administer a Code of Conduct and Ethics on its members.
- ii. Since the membership of all the license holders shall be mandatory in the regulatory provision, it is hereby advised that IISA must notify its Code of Ethics with the prior concurrence of the IRDA and ensure that its members comply with the same.
- iii. The code of Ethics must also include at least the following broad parameters in addition to what the Institute deems fit and proper on matters connected to the standards of professional ethics and conduct:
 - i. Integrity - being honest, trustworthy and open
 - ii. Objectivity - not being biased
 - iii. Professional competence and due care - Gaining professional knowledge
 - iv. Confidentiality
 - v. Professional Behaviour
 - vi. Promote public trust and confidence in the insurance market
 - vii. Abide by code of conduct and other regulatory provisions
 - viii. procedure in inquiries for disciplinary mechanism and for conduct of IISLA members in matters of professional or other misconduct.
 - ix. Guidelines for advertisement by IISLA members
 - x. Self regulatory measures
 - xi. Permitting IISLA members to engage in certain categories of occupation (not the SLA functions) without requiring specific permission.

k. Complaints and Grievance Redressal and Appeal provisions.

- i. The concern is the monitoring of activities of surveyors and enforcing the regulations and code of conduct. Since utilization of surveyors is by the industry, the insurers must ensure that they have systems in place to monitor the performance of surveyors and the quality of the survey reports.
- ii. For the benefit of the policyholders and for the betterment of the industry in the area of survey and loss assessment, the regulator, as the licensing authority has taken these steps to ensure that professionals are encouraged to become surveyors and loss assessors, especially in those fields where there is a dearth.

l. Adequacy of fees

- xii. The survey fee is paid to the SLA for the survey and assessment work carried out by him The fees has not only to be reasonable in relation to their services but also

has to be fair and equitable and paid not later than 30 days from the date of the receipt of the survey report as has been the case with insurance broking companies.

- xiii. IISLA has been authorised under its MOA/ AOA to fix the schedule of minimum professional fee that may be charged by its members in performance of their duties and functions.
- xiv. IISLA may therefore entrust this work of fixing survey fees to a professional committee comprising distinguished members of : its community, persons from the insurance industry, one of the past President of the Institute of Chartered Accountants of India, one representative of the policyholders recommended by IRDA and a senior officer from the Authority and decide upon the issue on seeking final approval from the Authority.
- xv. In the meantime, insurers may be advised to review their existing practices and suitably update the scales of fees as it is understood from the members of the surveyors community that their fee schedule is not updated/revised since 2007.