



IRDA/SUR/ORD/MISC/094/04/2017

Ref. IRDAI/SUR/ORD/MISC/20 171

24th April, 2017

ORDER IN THE MATTER OF SHRI RAJINDER KUMAR SINGHAL AND M/S. R. K. SINGHAL AND COMPANY PRIVATE LIMITED, SURVEYOR AND LOSS ASSESSOR UNDER LICENSE NO. 15513.

IN THE MATTER OF THE INVESTIGATION REPORT OF CBI DATED 16.02.2015 IN RESPECT OF THE CLAIM LODGED BY M/S BAJRANG RESINS PRIVATE LIMITED AND M/S PRABHAT POLYMERS PRIVATE LIMITED.

1. That CBI, Head Branch New Delhi vide their letter no. DP 219 2015/691/RC EOU-III 2011-E-0012 and DP 219 2015/693/RC EOU-III 2011-E-0012 dated 18.02.2015 sent the CBI report dated 16.02.2015 in respect of case RC No. 219-2012-E-0002, EO-I, CBI in the above matter to the Authority recommending for cancellation of license in view of the alleged violations committed by Shri Rajinder Kumar Singhal (hereinafter referred to as Shri. R.K.Singhal) and M/s.R.K.Singhal and Company Private Limited in verification of the bills submitted by M/s. Bajrang Resins Private Limited and M/s. Prabhat Polymers Private Limited while carrying out the survey and loss assessment in respect of the claim made by the aforesaid companies.
2. The Authority vide its Notice No. IRDA/DRO/Surv/SLA15513(CBI Case)/15-16 dated 16.04.2015 and further letters dated 23.06.2015, 18.08.2015, 09.09.2015, 30.10.2015, 05.04.2016 and 23.11.2016 called upon Shri. R.K.Singhal to make submissions under regulation 20(c)(1) of IRDA Insurance Surveyors and Loss Assessors (Licensing, Professional Requirements and Code of Conduct) Regulations, 2000 (hereinafter referred to as regulations).
3. Shri.R.K.Singhal made submissions vide various letters and, in specific, dated 03.07.2015, 13.10.2015, 14.10.2015, 12.04.2016 and 02.05.2016 and during the personal hearing granted on 16.12.2016 at IRDAI Office, Parishram Bhavan, Hyderabad.
4. Shri. R.K.Singhal attended the personal hearing held on 16.12.2016. During the hearing, Shri. A.Ramana Rao, General Manager and Shri. V. Pranav, Assistant were also present.
5. **Brief Observations contained in the Investigation Report of CBI:**
Shri. R.K.Singhal of the Survey Firm M/s.R.K.Singhal and Company Private Limited has conducted the loss assessment in respect of Oriental Insurance Policy No.271400/11-2008/33, 2008/33/02 and 2008/613 issued to M/s.Bajrang Resins Private Limited, Dadar and Nagar Haveli for fire incident occurred on 14.10.2007 on the basis of records such as balance sheet, purchase register, invoice bills etc. provided by the insured. Shri R.K.Singhal has carried out assessment on the basis of

fictitious bills and submitted inflated assessment report advancing undue benefits to the accused company. As regards to claim made on the damage caused to building, the assessment was done on the Reinstatement value(RIV) basis. The Report has specifically found out the bills issued by vendors including M/s.Dungar Mal Kahn Chand and M/s.Jai Vaishno Devi Enterprises are fictitious.

Shri R.K.Singhal conducted loss assessment in respect of New India Policy No.323500/11/08/1100000308 issued to M/s. Prabhat Polymers Private Limited, Kharkoda, Sonipat, Haryana for fire incident of 28.03.2009 on the basis of fictitious bills from companies, submitted by the insured and misrepresenting about his verifications in his assessment. The Report has specifically listed out the bills issued by non-existent companies M/s.Radhey Shyyam Traders, M/s.Ram Patel & Co., M/s.B.V.Traders, M/s.Rampal & Co and M/s.Vardhman Engg. some of the invoices issued to M/s Diamond Paints Pvt. Ltd. by M/s Prabhat Polymers were found to be manipulated. Shri R K Singhal assessed the loss based on the manipulated Audit Report submitted to the Insurance company.

Therefore, the report recommended that license of Shri.R.K.Singhal and M/s.R.K.Singhal and Company Private Limited may be cancelled and appropriate action thereof may be initiated.

6. Brief Submissions of Shri.R.K.Singhal and on behalf of M/s.R.K.Singhal & Company Private Limited made in his written communications and during the personal hearing dated 16.12.2016:

- a. They have carried out due care to the extent possible to verify all the relevant bills, documents etc. and worked out the assessment in loss.
- b. In RIV claims, they inspect the damaged machines and building and when they are reinstated normally re-inspect them. Normally compare repairing/replacement charges from general market and discuss with the insured before estimating the loss as per the professional acumen. M/s Prabhat Polymers was re-inspected in this regard.
- c. At initial stage, they were not aware that both the clients with different names and locations/state were managed by same group of management. But later, at the time of submission of the report of the second claim, they learnt that both the companies are managed by same group.
- d. CBI has merely charge sheeted before the hon'ble court and court yet to take cognizance of the same. Shri Singhal was not found guilty and provision of sec. 42D are not violated.
- e. Regarding verification of the bills/invoices
 - i. they match them to the limited extent with the insured books of accounts, balance sheets, P& L Account, sales tax/VAT. In these cases, also, no suspicion was there at the time of survey.
 - ii. administrative process of verification of bills have been done with the insured and the principles of the good faith have been followed and no other criminal investigation has been carried out.

- iii. the duties of the surveyor do not authorize him to verify the accounts of the original suppliers, who have supplied goods/services to the insured.
- iv. surveyor does not have quasi-judicial Authority like CBI to summon the records of original parties

Decision

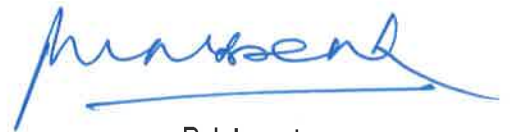
On a careful perusal of the CBI Reports dated 16.02.2015 forwarded vide letter dated 18.02.2015, the submissions made by Shri.R.K.Singhal of M/s.R.K.Singhal and Company Private Limited vide various written communications as well as his oral submission made during the hearing dated 16.12.2016, the Authority is of the opinion that even though the surveyor claimed that he has carried out due care to the extent possible in the assessment of loss in the above CBI cases, he should have verified the genuineness of bills and existence of the entities/firms diligently before giving final recommendation. Surveyor has to carry out his professional work with due diligence, care and skill with proper regard to technical and professional standards as stipulated in Regulation 16(7) (previously Reg. 15(7) of the IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015 which they failed to comply.

Therefore Shri R.K.Singhal and M/s.R.K.Singhal and Company Private Limited (SLA No.15513) are hereby warned for the aforesaid non-compliance and advised to exercise due care in future dealings.

However, the Authority reserves its right to take any other regulatory action as deemed necessary, in case Shri R.K.Singhal and M/s.R.K.Singhal and Company Private Limited are found guilty by the Hon'ble Court in the case filed / to be filed by CBI in the matter.

Place: Hyderabad

Date : 24-09-2017



P J Joseph
Member-Non Life