



भारतीय बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY OF INDIA

No. IRDA/ENF/ORD/ONS/ 280 /11/2021

**Final order in the matter of
M/s. Innovative Insurance Surveyors and Loss Assessors Pvt Ltd**

[Based on reply to the Show Cause Notice dated 27th April 2021 and submissions made during Hearing held via Video Conferencing on 1st October 2021 at 4 PM, chaired by Member (Non-Life)]

Background: -

1. The Insurance Regulatory and Development Authority of India (Authority) had conducted during 26th to 30th August 2019 an onsite inspection of M/s. Innovative Insurance Surveyors & Loss Assessors Pvt. Ltd. (SLA).
2. The Authority forwarded a copy of the Inspection Report to the SLA on 21st October 2019 seeking comments and the SLA responded to the inspection report vide their letter dated 4th November 2019. Upon examining the documents on hand and submissions made by the SLA, the Authority issued Show Cause Notice (SCN) to the SLA on 27th April 2021 which was responded to by the SLA vide letter dated 18th May 2021.
3. As requested therein, a hearing through video conference was given to the SLA on 1st October 2021. Mr VB Sehgal, Managing Director attended the hearing, on behalf of the SLA. On behalf of the Authority Mr. P.K. Maiti, GM (Enforcement), Mr Pankaj Kumar Tewari, GM (Surveyors), Ms Nimisha Srivastava, DGM (Surveyors) & Mr Udit Malhotra, AM (Enforcement) attended the hearing.
4. The submissions made by the SLA in their written reply to the Show Cause Notice and those made during the hearing through video conference and the documents submitted by the SLA in evidence of their submissions have been considered by the Authority and accordingly the decisions on the charges are detailed below.

Charges, Submissions in reply thereof and Decisions:

5. Charge No. 1:

Violation of Regulation 16(9) of the IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015

The SLA has not been maintaining the records properly and adequately.

The SLA was asked to provide survey reports in two sets of sample reports for years 2017-18 and 2018-19 respectively. However, they could provide 21 out of sample of 39 reports and 17 out of a sample of 19 reports.

Summary of Submissions of the SLA:

The SLA submitted that it has no intention to conceal or not to provide any information/data to the Authority. The SLA further stated that it is maintaining proper records after the inspection.

Decision:

The SLA was not maintaining the documents as required under the Regulations. The SLA is cautioned for the lapse. The SLA is further directed to maintain proper record for the work done by it in compliance with Clause 9 of Regulation 16 of IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015.

6. Charge No. 2:

Violation of Clause 1 of Regulation 12 and Clause 15(1), 15(3) & 15(4) of Regulation 4 and Clause 5 and 7 of Regulation 16 of IRDAI (Insurance Surveyors & Loss Assessors) Regulations, 2015.

For a sample of surveys conducted by them, the SLA could not provide documents to substantiate that the surveys are done by the licensed surveyors. Most of the cases of the limited survey reports made available by the SLA, were unsigned indicating that the surveys work were not being done by the licensed surveyors. It was observed that those surveys were done by the part time employees, trainee surveyors or part time surveyors.

Further the SLA had provided the list of transactions made with certain individual persons which indicate that these individual persons had conducted surveys for the SLA. These persons were neither included in the list of the qualified surveyor nor in the list of employees of the Corporate Surveyor.

Also, the SLA has also been assigning work to employee surveyors in those departments which they are not authorized to perform as per the surveyor license being held by them.

Summary of Submissions of the SLA:

The SLA stated that it is abiding by the rules and regulations of the Authority and not doing any outsourcing activity. The SLA is arranging documents Verifications like permit, driving licence, registration copy, fitness etc. from RTOs Pan-India and Spot Inspections and Investigations at the spot regarding actual driver at the time of accident, any third party loss, injuries to the occupants etc. from part time employee's/training surveyors.

Apart from this, the SLA stated that it was having investigation work like death & theft investigation across the country. For investigation & document verification purpose, SLA was having certain setup with people all over India. For document verification from RTO, licensed surveyor is not required.

On the matter of assigning work to surveyors in the departments which they are not authorized to perform; the SLA submitted that they assigned such work in case claims were below the specified limits of the Regulations.

Decision:

The findings indicate that for certain cases, the Licensed surveyors have not been utilised for survey work and on this the SLA submitted that these cases were of inspection and verification of the documents and there was no assessment of losses involved. In view of the explanation given, the SLA is cautioned that they should engage only licensed Surveyor for survey works and maintain proper records regarding the same.

On the matter of assigning survey work to Surveyors in the departments for which they were not authorised; as per the cases identified, the SLA assigned survey works to two surveyors in the departments for which they were not authorised. This is violation of Regulation 15(3) of IRDAI (Insurance Surveyors & Loss Assessors) Regulations, 2015.

In view of the above mentioned violation, by virtue of powers vested under Section 102 (b) of the Insurance Act, 1938, the Authority levies on the SLA a penalty of Rs. 2,00,000/-(Rupees Two lakh only), which is calculated based on two Surveyors (at the rate of Rs.1 lakh per individual) observed to have been assigned Survey jobs in those departments which they are not authorised to perform as per the Surveyor License being held by them.

The SLA is further directed to ensure compliance with Clause 1 of Regulation 12 and Clause 15(1), 15(3) & 15(4) of Regulation 4 and Clause 5 and 7 of Regulation 16 of IRDAI (Insurance Surveyors & Loss Assessors) Regulations, 2015 in letter and spirit.

7. Charge No. 3:

Violation of provisions of Authority's circular IRDA/INSP/CIR/ONS/157/09/2018 dated 19th September 2018.

The SLA was asked to provide the Form 26AS of the individual directors and employees who are entitled to conduct survey work for the financial year, 2016-17 and 2017-18 and 2018-19. In response, the SLA had submitted the copies of Form 26 AS of only one Director.

Further, certain information pertaining to Form 26 AS sought from SLA was also not provided.

Summary of Submissions of the SLA:

The SLA submitted that, at the time of Inspection, certain surveyors were engaged just 1 year before, so their Form 26 is available after 1 year. The Surveyors were on the rolls of the company. The Inspection team has verified the bank accounts. Their salary was regularly debited from its account. At that time, there was some problem in server so SLA couldn't submit the data.

Decision:

The SLA was unable to submit the requisite data to the Inspection team. The SLA is cautioned for the lapse. The SLA is further directed to ensure that it submits the requisite information to the Inspection team in compliance with provisions of Authority's circular IRDA/INSP/CIR/ONS/157/09/2018 dated 19th September 2018.

8. Charge No. 4:

Violation of Clause 2 and 3 of Regulation 13 of IRDAI (Insurance Surveyors & Loss Assessors) Regulations, 2015

The corporate surveyor has conducted about 13487 (6882 in FY 2017-18 and 6605 in FY 2018-19) surveys during the two financial years. Out of these surveys, in 745 cases the survey reports were submitted after expiry of 30 days of survey job allotted to the SLA.

Further, out of 25 sample cases submitted by the Surveyor, it was observed that in 17 cases, the survey reports were submitted after expiry of 30 days without seeking written extension from the respective insurers.

The SLA has not sought extension of time from respective insurers for submission of survey reports. In case the survey reports are pending due to non-submission of documents, the surveyor has to issue final survey reports based on the available documents with it and the SLA did not comply with this requirement.

Summary of Submissions of the SLA:

The SLA submitted that, it is providing information to the insured through telephone and also through reminder letters in case of a delay in submission of documents by the

insured. It further stated that, 90% of its Surveys were done on time. The SLA also stated that it received appreciation letters from the Insurer and insured, however due to some problem in its server it could not submit the correspondence.

Decision:

It is evident that the SLA neither sought an extension from the Insurers for submission of Survey report nor complied with the requirements of Regulation 13(3) of IRDAI (Insurance Surveyors & Loss Assessors) Regulations, 2015 by submitting the survey report based on the available documents. The SLA is cautioned for the lapse.

The SLA is further advised to ensure that it submits the survey report within stipulated timeline and seek extension from Insurer, in case of a delay in submission of Survey report due to any circumstances, in adherence with Regulation 13 (2) & 13(3) of Chapter IV of IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015 to be read with Regulation 15 (5) of IRDAI (Protection of Policyholders Interests') Regulations, 2017.

9. Charge No. 5:

Violation of Clause 4 (a) of Regulation 3 of IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015

On examining the Board resolutions shared by the SLA, it was noticed that two resolutions were passed on 24.08.2019 to appoint two surveyors as Directors in the company. These Board resolutions were submitted to the Authority beyond the time limit of 15 days.

Summary of Submissions of the SLA:

The SLA informed that both the Surveyors refused to join as they were interested to work as Individual Surveyors. The details of appointment/resignation are shared with the Authority every year during submissions of Annual returns. The SLA stated that due to System error , it could not be upload on the IRDA portal, however hard copies were submitted at New Delhi Office .

Decision:

The SLA did not intimate the Authority about the appointment of Directors within the stipulated timeline. The SLA is cautioned for the lapse and is further directed to ensure compliance to Clause 4 (a) of Regulation 3 of IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015 in letter and spirit.

10. Summary of Decisions:

The following is the summary of decisions in this order:

Charge No.	Brief Title of charge and the provisions violated	Decision
1	Charge: Non maintenance of records Provision: Regulation 16(9) of the IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015.	Caution & Direction
2	Charge: Surveys conducted by other than Licensed person Provision: Clause 1 of Regulation 12 and Clause 15(1), 15(3) & 15(4) of Regulation 4 and Clause 5 and 7 of Regulation 16 of IRDAI (Insurance Surveyors & Loss Assessors) Regulations, 2015	Penalty of Rs Two Lakh & Caution & Direction
3	Charge: Non submission of requisite information Provision: Provisions of Authority's circular IRDA/INSP/CIR/ONS/157/09/2018 dated 19 th September 2018.	Caution & Direction
4	Charge: Not seeking extension from Insurer Provision: Clause 2 and 3 of Regulation 13 of IRDAI (Insurance Surveyors & Loss Assessors) Regulations, 2015.	Caution & Advisory
5	Charge: Intimation regarding appointment of Directors Provision: Clause 4 (a) of Regulation 3 of IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015	Caution & Direction

11. As directed under the respective charges, the penalty of Rs Two Lakh shall be remitted by the SLA within a period of 45 days from the date of receipt of this Order through NEFT/ RTGS (details for which will be communicated separately). An intimation of remittance may be sent to Mr.Prabhat Kumar Maiti, General Manager (Enforcement) at the Insurance Regulatory and Development Authority of India, Sy. No. 115/1; Financial District; Nanakramguda; Gachibowli; Hyderabad – 500032.

12. The SLA shall confirm compliance in respect of all the directions within 21 days from the date of receipt of this order. The order shall be placed before the Audit committee of the SLA and also in the next immediate Board meeting and the SLA shall submit to the Authority a copy of the minutes of the discussion.

13. If the SLA feels aggrieved by any of the decisions in this order, an appeal may be preferred to the Securities Appellate Tribunal as per Section 110 of the Insurance Act, 1938.

The SLA is required to acknowledge receipt of this order

Sd/-
(T.L. Alamelu)
Member (Non Life)

Place: Hyderabad
Date : 8 / 11/ 2021

