



INSURANCE INSIGHTS

Who are Surveyors?

Section 64 UM (Surveyors or loss assessors) of the Insurance Act, 1938 stipulates that an insurer is required to obtain a report from a 'surveyor' licensed with the Insurance Regulatory and Development Authority of India ("IRDAI"), for settling a claim in respect of a loss that has occurred in India.

The Role of a Surveyor from a Judicial Perspective

Insurance Surveyors and Loss Assessors play a crucial role in claims assessment. In fact, the IRDAI Regulations (Surveyors and Loss Assessors) 2015 (amended upto 2020) mandate that for all motor vehicle claims above Rs.50,000/- and all other claims above Rs.1,00,000/-, a Surveyor must necessarily be appointed.

In essence, Surveyors are the designated experts that physically verify the claim, review documents, liaison with the Insured, interpret terms of the policy, and provide their loss assessment to the Insurer in the form of a Survey Report.

In this write-up, we analyse some key judicial precedents on the role of Surveyors in loss assessment.

In 2014, highlighting the importance of the Surveyor and the Survey Report, the Madras High Court in the case of *SA Raghunathan Vs United India Insurance Co. Ltd. & Anr.*[1] observed that the Surveyor is presumed to be an expert in his field, and his survey has a statutory character, inasmuch as it is mandated by the Insurance Act 1938 and is conducted by a licensed professional. Thus, the Madras High Court observed that the Survey Report carries great weight.

In 2015, the National Consumer Disputes Redressal Commission ("**NCDRC**"), in the

case of *Oriental Insurance Company Limited Vs Duroflex Pvt Ltd*[2], observed that the assessment of the Surveyor is the foundation for the settlement of a claim.

As the position emerges, a Surveyor is mandatorily appointed for assessing all claims above the stipulated threshold, and the Surveyors generally rely on Insurers for their appointment. Thus, there is an inevitable inter-dependence between the Surveyors and Insurers, which can be detrimental to the Insured.

To prevent this, the IRDAI has put into place various guidelines that streamline the process of claim assessment, such as the IRDAI (Protection of Policyholders' Interests, Operations, and Allied Matters of Insurers) Regulations, 2024, read with the Protection of Policyholders Interest Master Circular 2025, which stipulate, *inter alia*, the timeline within which the assessment of a claim ought to be completed, and the IRDAI (Licensing Professional Requirements and Code of Conduct Regulations) 2013, which provides a Code of Conduct that the Surveyors must follow. Additionally, as per the IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015 (amended up to 2020), Insurers are required to file annual reports with the IRDAI on the misconduct of licensed Surveyors.

Another aspect that has been much debated and is often deliberated at length in contentious claims is the binding value of a Survey Report. To this, Courts have clarified time and again that a Survey Report is not binding on the Insurer, who



[1] 2014 SCC Online Mad 697

[2] FA 105 of 2015

can deviate from it but must do so basis sound reasoning. This has ensured that an Insurer cannot simply take shelter behind the Survey Report in cases where the assessment is not done properly. It also ensures that Surveyors can remain impartial whilst providing flexibility to an Insurer to deviate when required. Some of the Court rulings on this aspect are notable.

In the case of *New India Assurance Company Ltd vs Pradeep Kumar*[3], the Supreme Court observed that although the assessment of loss by the Surveyor is a pre-requisite for payment of an insurance claim, the Surveyor's report is not the final say and is not so sacrosanct that it cannot be departed from. Thus, the Supreme Court observed that the approved Surveyor's Report may be the foundation for the settlement of a claim but is neither binding on the Insurer nor the Insured.



The inevitable challenge in treating the Survey Report as non-binding is that of balancing the wheel and ensuring that a Survey Report does not lose all sanctity and reduced to a formality. This was addressed by the Supreme Court in the case of *United India Insurance Co Ltd & Ors vs Roshan Lal Oil Mills Limited and Others*[4]. The case arose from a Civil Appeal filed by the Insurer against the order of the NCDRC directing the Insurer to settle the claim despite the Insurer

having placed on record a Survey Report clarifying in detail the reasons for which the Insured's claim was not payable. The Court held that the Survey Report is an important document, and non-consideration of the same by the Commission had resulted in a serious miscarriage of justice.

Additionally, the Supreme Court in *Sikka Papers Limited Vs National Insurance Company Limited & Ors*[5] observed that while a Survey Report is not the last word, there must be legitimate reasons for departing from such a report. This view has been reiterated in a plethora of judgements, including the judgement of the NCDRC in *Oriental Insurance Company Ltd Vs Duroflex Pvt Ltd*[6], where the Commission held that rejecting the Surveyor's assessment requires substantial and valid reasons, which must be clear and cogent.

Interestingly, multiple cases have also brought to light issues such as a second Surveyor being appointed by an Insurer, resulting in conflicting reports.

To address this, the Supreme Court in the case of *Sri Venkateshwara Syndicate Vs Oriental Insurance Company Limited & Anr*[7] clarified that an Insurer cannot go on appointing Surveyor after Surveyor so as to get a tailor-made report. The Supreme Court also held that the Insurer must give valid reasons for not accepting the report of the first Surveyor and for the need to appoint a second Surveyor. Further, the Supreme Court clarified that if reports are prepared in good faith with due application of mind and in the absence of any error or ill motive, the insurance company is not expected to reject the report of a Surveyor. Turning to the responsibility of the Surveyors, in 2021, in the case of *Khatema Fibers Limited Vs New India Assurance Co. & Anr*[8], the Supreme Court observed that the Insurance Act, 1938, assigns an important role to the Surveyor but also casts an obligation under Section 64UM to comply with the code of conduct in respect of their

[3] (2009) 7 SCC 787

[4] (2000) 10 SCC 19

[5] (2009) 7 SCC 777

[6] FA 105 of 2015

[7] (2009) 8 SCC 507

[8] 2021 INSC 565

duties, responsibilities, and other professional requirements.

The Supreme Court also observed the Surveyor would be liable to claims of deficiency in service against him in case of breach of the code of conduct.

Regulatory Provisions Governing Surveyors in India

Licensing

IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015 ("**Surveyor Regulations**") prescribes the procedure for obtaining the license to act as '*Insurance Surveyor and Loss Assessors*' ("**Surveyor**"). An application seeking license to act as Surveyor can either be filed by:

- an individual, i.e., a Student Member (a member of the Institute enrolled with the IRDAI to pass the examination and complete practical training to be eligible to apply for a license under the Surveyor Regulations); or
- by a corporate desiring to obtain a Corporate Surveyor and Loss Assessor license (the directors / partners of the company / firm meeting the eligibility criteria so set Student Member seeking license to act as Surveyor).

Appointment of Surveyors

Surveyor Regulations provide that a Surveyor is appointed either by the insurers or the insured to assess the loss under a policy, in respect of:

- Motor insurance – above INR 50,000.00;
- Other than motor insurance – above INR 1,00,000.00;

Further, the Surveyor has to be appointed within 72 hours from the time the occurrence of loss was known to the insured or the insurer.

Duties and Responsibilities of a Surveyor

The Surveyor Regulations, *inter alia*, list the following duties and responsibilities of a Surveyor:

- declaring whether there is any conflict of interest in the subject-matter in question;
- maintaining confidentiality and neutrality without jeopardising the liability of the insurer and claim of the insured;
- examining and verifying the causes and the circumstances of the loss in question, including the extent of loss, nature of ownership, and insurable interest;
- conducting spot and final surveys, as and when necessary, and comment upon excess/under insurance and any other related matter;
- commenting on the admissibility of the claim and assessing the liability of the insurer as per the policy terms;
- surveying and assessing the loss on behalf of insurer or insured;
- satisfying queries of the insured/insurer in respect of the claim/loss;
- recommending applicability of depreciation, percentage, and quantum of depreciation;
- giving reasons for repudiation of claim, in case the claim is not covered by policy terms;



A Surveyor is required to submit a report to the insurer as expeditiously as possible, but not later than 30 days of his appointment. Further, the Surveyor is also required to submit a copy of the report to the insured, giving his comments on the insured's consent or on the assessment of loss.

In cases of complex claims, a Surveyor may seek an extension (with intimation to the insured), in any case not exceeding six months from the insurer for submission of the report.

Code of Conduct

Surveyors are bound by the 'Code of Conduct' as provided under the Surveyor Regulations. A few of the expected standards of practice so prescribed are:

- behave ethically and with integrity in the professional pursuit and strive for objectivity, and act impartially when acting on instructions from an insurer in relation to a policyholder's claim;
- not accept any direct or indirect benefits in any manner whatsoever other than the fee agreed upon for insurance survey and loss assessment;
- not disclose any information pertaining to a client or employer or policyholder acquired in the course of his professional work, to any third party, except, where consent has been obtained from the interested party, or where there is a legal right or duty enjoined upon him to disclose;
- at all times maintain proper record for the work done;
- comply with all the provisions of the Insurance Act, 1938, and the rules, regulations, orders, and circulars issued by IRDAI from time to time.

In the event of a violation of the Code of Conduct, the insurer is required to conduct an enquiry against the concerned Surveyor.

Conclusion

Surveyors play a critical role in the insurance industry, ensuring transparent claim assessments as per policy terms. However, in the context of the Indian insurance ecosystem, there is often an inordinate delay in the assessment of claims on account of the survey report taking much longer than the regulatory timelines.

The common reasons for these delays are delay at the end of the Surveyor, delay in coordination between the Surveyor and Insurer, and delay in communication and information exchange between the Surveyor and the Assured. At times, even the information that is sought by the Surveyors is not relevant to the claim assessment and becomes another cause of delay. At the end of the process, it is only the Assured that stands to lose when there is a delay in claim assessment. That apart, there have been cases before courts where the courts have been constrained to question the practice of "tailor made survey reports."

Such issues not only undermine the credibility of the claims process but also erode trust between policyholders and insurers. To strengthen the role of Surveyors and enhance the efficiency of claim settlements, it is essential to ensure stricter enforcement of regulatory provisions, greater accountability, and improved transparency.



Quarter At a Glance

December 2024 – March 2025

| S. No. | Date | Description |
|--------|------------|--|
| i. | 26.03.2025 | <p>Circular on cyber incident or crisis preparedness</p> <p>The circular has been issued to respond effectively to prevent or minimize damage to information assets, including customer data, and ensure business continuity. It also provides timelines with respect to reporting of a cyber incident.</p> |
| ii. | 18.03.2025 | <p>Filling of vacancies in the Insurance Advisory Committee</p> <p>IRDAI released a notification regarding the members being appointed for the reconstituted Insurance Advisory Committee.</p> |
| iii. | 13.03.2025 | <p>Press Release of 129th Authority Meeting</p> <p>The meeting involved discussions of registration of M/s Valueattics Reinsurance Limited; identification of Domestic Systemically Importing Insurers; status update on the Bima Sugam – Insurance Electronic Marketplace and progress on implementation of the State Insurance Plan.</p> |
| iv. | 10.03.2025 | <p>Application for the post of Chairperson – IRDAI</p> <p>Notification inviting applications for the post of Chairperson of IRDAI.</p> |
| v. | 10.03.2025 | <p>Exposure to forward contracts in Government Securities (Bond Forwards)</p> <p>Insurers are permitted to undertake transactions in bond forwards as users for hedging purposes with subject to conditions.</p> |

| S. No. | Date | Description |
|--------|------------|---|
| vi. | 28.02.2025 | <p>Guidelines on Hedging through equity derivatives</p> <p>Insurers will be able to buy hedges in stock & index futures and options against their holdings in equities subject to the exposure and position limits.</p> <p>The guidelines lay down the permitted instruments, funds allowed to use equity derivatives, exposure and position limits, etc.</p> |
| vii. | 28.02.2025 | <p>Obligatory Cession for the Financial Year 2025 – 2026</p> <p>IRDAI has released cession percentages of the sum insured on each general insurance policy to be reinsured with the Indian Re-insurers in respect of insurance attaching during the financial year 2025-2026, with certain terms and conditions regarding commission and profit commission.</p> |
| viii. | 19.02.2025 | <p>Order in the matter of UIB Insurance Brokers Private Limited</p> <p>Owing to delays in remittance to cedants/ reinsurers/ reinsurance brokers ranging from 36 days to 1151 days, the authority imposed a penalty of Rupees One Crore for the violation of the IRDAI (Insurance Brokers) Regulations, 2018.</p> |
| ix. | 18.02.2025 | <p>Circular - One-time Mandate for blocking the amount towards premium through UPI for issuance of life and health insurance policies- Bima-ASBA</p> <p>The facility of “Bima Applications Supported by Blocked Amount (Bima - ASBA)” provides for the transfer of money from the prospect to the insurer, which happens only when the insurance policy is issued.</p> |
| x. | 17.02.2025 | <p>Handbook on Indian Insurance Statistics 2023 – 2024</p> <p>The authority has issued a handbook of Indian insurance statistics for the year 2023 – 2024.</p> |

| S. No. | Date | Description |
|--------|------------|--|
| xi. | 05.02.2025 | <p>Reconstitution of Inter-Disciplinary Standing Committee on Cyber Security</p> <p>There are modifications made regarding the constitution of the Inter – Disciplinary Standing Committee of Cyber Security.</p> |
| xii. | 30.01.2025 | <p>Circular - Review of revision in premium rates under health insurance policies for senior citizens</p> <p>The circular has been issued for the benefit of senior citizens, the regulatory framework requires all insurers to establish a separate channel to address their health insurance related claims and grievances. The key update of the circular is that the insurers shall not revise the premium for senior citizens by more than 10 % per annum.</p> |
| xiii. | 24.01.2025 | <p>Order in the matter of Royal Sundaram General Insurance Co. Ltd</p> <p>An order was issued pertaining to excess payment to vendors and non-reporting of the same in the outsourcing returns filed with the authority. A penalty of Rupees One Crore for the violation of the IRDAI (Outsourcing of Activities by Indian Insurers) Regulations, 2017 was imposed.</p> |
| xiv. | 10.01.2025 | <p>IRDAI(Meetings)(Amendment) Regulations, 2025</p> <p>The amendment has been issued to enhance the clarity and efficiency of the meetings of the authority.</p> |

| S. No. | Date | Description |
|--------|------------|--|
| xv. | 10.01.2025 | <p>IRDAI (Maintenance of Information by the Regulated Entities and Sharing of Information by the Authority), Regulations 2025</p> <p>The regulations are released to enable insurers to maintain data as required for its operations in electronic form, to ensure security and compliance with applicable laws, and to adopt an established data governance framework.</p> |
| xvi. | 10.01.2025 | <p>IRDAI (Regulatory Sandbox) Regulations, 2025</p> <p>The objective of these regulations is to facilitate innovation in the insurance sector and to relax such provisions of any existing regulations framed by the authority for a limited scope and limited duration.</p> |
| xvii. | 10.01.2025 | <p>IRDAI (Insurance Advisory Committee) (Amendment) Regulations, 2025</p> <p>The amendment is issued to enhance clarity and efficiency in the advisory functions of the Insurance Advisory Committee.</p> |
| xviii. | 23.12.2024 | <p>Annual Report 2023-24</p> <p>IRDAI has published an annual report for the year 2023 – 2024, with relevant sections on (i) policies and programmes; (ii) review of working and operations; (iii) statutory and developmental functions of the authority; and (iv) organizational matters.</p> |

DID YOU KNOW?

- The Indian Institute of Insurance Surveyors and Loss Assessors (“ISLA”) is the primary body responsible for training and developing Surveyors.
- An Insurance Surveyor is required to qualify an Exam conducted by the Insurance Institute of India and enrol as members of ISLA.
- There are around 91 Insurance Institutes in India that offer training for Surveyors.
- In India, penalties for surveyors and loss assessors for delay in assessment of claim, violation of the code of conduct, and other malpractice are governed by the IRDAI (Insurance Regulatory and Development Authority of India) Regulations of 2015 and can range from financial fines to license suspension or cancellation for violations.
- A Survey Report is not binding on the Insurer or the Insured, and therefore, the Insurer can deviate from the Report, and the Insured can dispute its contents and conclusions.
- In the event of a dispute, the Survey Report is treated as one of the most vital pieces of evidence.
- Delay in providing information to the Surveyor can delay claim assessment and disentitle the Insured from an interest claim in future litigation.
- A Surveyor is only entitled to information relevant for claim assessment. Therefore, requisitioning of irrelevant information can be questioned by the Insured.
- The Master Circular on Protection of Policyholders’ Interests, 2024 stipulates that a Surveyor must issue its Survey Report within 15 days of appointment, except in cases where settlement is on Reinstatement Value, failing which a penalty of Rs. 500 is payable to the Insured per day for each day of delay.





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