

The Role of a Surveyor

Introduction

The proof of the pudding, they say, is in the eating.

Likewise, the real test of an insurance policy is in the claim settlement, as we all know.

Insurance users pay their premiums, year after year, trusting their policies to protect their lives or businesses in the event of a loss. However, there are innumerable instances where a genuine insurance user with a genuine loss and a seemingly valid claim, has been denied his claim amount – in full or part. When this happens, the client is, quite naturally, disappointed and hurt and very often (where the claim relates to property damage), the object of his 'strong feelings' is the Surveyor. Surveyors have been around for decades - we have all heard of them and some of us have had occasion to use their services but it is quite surprising how little is actually known and understood about them – their job, their duties & responsibilities, their role vis-à-vis insurers and insureds, and the insured's rights and duties vis-à-vis surveyors. We, therefore, considered it appropriate to throw some light on this very important player in the Insurance market, for the benefit of our readers.

History of Loss Adjustors

While, the roots of insurance might be traced to Babylonia, it was the Great Fire of London in 1666 which heralded the beginning of the loss adjusting profession. It is believed, with the introduction afterwards of fire insurance on buildings, independent surveyors and builders were soon relied on for their expertise in settling claims. By the late eighteenth century, the major fire offices were appointing "Assessors" to act exclusively for them and a number of today's leading loss adjusting firms can trace their roots back to these early days of the emerging profession.

The word "Adjuster" appears to have been first used in 1941 with the founding of the Association of Fire Loss Adjusters which was a grouping of prominent claims experts who found themselves actively involved at a time when the nation was suffering from enormous fire damage as a result of bombing.

Who is a Surveyor?

Surveyors are individual persons authorised by the regulator of government whose services are utilized for assessing or adjusting "property" damages.

A Surveyor, although appointed by an Insurance company, is an independent entity. However, he has a fiduciary duty towards the insured too to assess the loss impartially and objectively. The word "Surveyor" is used almost universally to include loss adjusters, loss assessors etc. Although many adjusters, appraisers, examiners and investigators have overlapping functions and may even perform the same job, the insurance industry generally assigns specific roles to each of these claims workers.

The surveyor is the first communication or contact from the remote Insurance Company. The Insured is informed that the Surveyor has been appointed by the Insurance Company to assess the loss. The hapless and battered Insured, in most cases does not have a clue as to the role of a Surveyor and in most cases he feels that the surveyor is the final authority to decide how much claim amount he will receive from the Insurance Company, if at all he is eligible to get it.

Regulations pertaining to Surveyors in India

A surveyor is an independent professional who has been licensed to act as a surveyor and loss assessor by an Authority which was constituted by the Insurance Act, 1938, amendment 2015.

A person having the requisite qualification and experience can apply to the Authority for a license to work as a surveyor. On obtaining a license, a person must apply for membership of Indian institute of insurance surveyor and loss assessor to make him eligible to conduct survey in department and category allotted by authority and institute respectively. Based on qualification authority issues licences and departments, depending upon their experience and expertise the institute categorized the surveyors as Category of Fellow, Associate, Licentiate. then surveyor applies to various Insurance Companies for registration and depending upon his expertise and experience, he is allotted surveys by the Insurance Companies, The Insurance Company is bound to allot surveys as per their category on the basis of the estimate of loss.

Generally Prevalent myths about surveyors / surveys

In spite of Surveyors having been around for several decades and innumerable clients having benefited from their services, there are still several myths surrounding the functioning of Surveyors. Let us address a few of them here.

"The Survey Report is the ultimate document towards claims settlement."

A Surveyor's job is first to assess the quantum of loss and then comment on the admissibility of the claim i.e. whether, in his opinion, the losses are due to the peril covered by the policy and are payable under the terms of the policy. His report is recommendatory. He assesses the liability on the basis of physical inspection and going through the books of account and other relevant documents and explanations given by the client to substantiate the loss. His job is to strictly go by the wordings of the policy, though he may make additional comments and observations relevant to the loss. Any genuine losses the client may have suffered, which could not be substantiated at the time of the survey, can still be taken up with the Insurance Company. If the quantum of loss is in dispute and/or the Insurer is not convinced by the client or vice versa, legal recourse is available under the Arbitration Clause.

The surveyor only assesses the loss and recommends an amount. It is for the Insurer to accept it or otherwise. After all, it is the Insurance Company which ultimately picks up the tab and not the surveyor Insurance company cannot ignore the survey report."

The Insurance Company cannot ignore the report in toto if it is based on facts and figures. However, it can always call for additional information from the surveyor or the Insured if it is not satisfied with the loss assessment or even go for second opinion or assessment. It can also obtain a specialist's opinion. In an extreme situation, where it has strong reasons to do so (eg; mala fide on the part of the Surveyor), it can ignore the Report and order a fresh survey to be conducted

"Clients cannot demand to see the survey report."

While the surveyor's report definitely is privileged and confidential (except in case of Marine Losses) and the insurance company may not divulge all the details of the report; it is definitely bound to furnish to the insured the working of the claim amount i.e. how the surveyor has arrived at a particular figure of the final claim amount

"Clients cannot demand a re-survey."

Contrary to popular belief, the insured can demand a resurvey if they feel that the surveyor has grossly erred in assessing the loss. The insured will have to convince the insurer that there was a gross mistake in assessing the loss.

Some of the large Broking houses have a panel of surveyors whose help can be taken by the Corporate in event of a claim. In the event of a loss, the surveyors can work with the Corporate in properly presenting the claim to the surveyor deployed by the Insurance Company. If the papers are presented in sync with the requirements of the surveyor, it helps him in getting

more focused and the turnaround time for submission of the report and the settlement of the claim is drastically reduced.

How Does a Surveyor fix the value of a loss?

How a Surveyor finalizes an amount for a claim is one of the most hotly discussed issues. The claimant would, quite naturally expect and make a demand for at least as much as is required to replace or re-instate the damaged property. What the Surveyor recommends normally is, however, only a part of it. How does a surveyor decide on a particular value as the right figure?

The policy clearly defines the basis of indemnification in case of losses. It could be market-value or reinstatement-value or some other basis depending upon the option chosen by the insured. However, the assessments and/or adjustments are done based on documentary facts or market practices or the experience of the appointed surveyors. These methods or basis are to be adopted in a way that best suits the indemnification methodology taking depreciation, salvage, underinsurance and the policy excess into consideration.

'Loss Assessing' and beyond.....

Presently, in view of the growing competition in the Insurance Industry, surveyors are being approached by Insurers and Insurance Intermediaries to assist in (in addition to assessing insurance losses) Risk Analysis, Valuation and Investigations related to insurance claims. Surveyors who have specialized in certain industries have been carrying out Risk Audits for clients which go on to look beyond the insurance angle too. Companies often look to them for valuation of their assets prior to renewing cover, so that they are fully covered for Market/ Re-instatement Values. In view of their wide and varied experience, surveyors are happy to assist the industry where ever they can add value. They are being consulted in designing covers as per insured's specific requirements and advising them to critically examine the potential risks and quantify the probable losses too.

Conclusion

Historically, surveyors have learned to thrive in an environment of change- enhancing and developing new services all the time. Internally, the industry is intensely competitive and entrepreneurial. Clients recognize the "people skills" of the surveyor, who will always strive for an amicable, cost effective and fair settlement between the parties involved. Surveyors are also valued for their flexible approach. They have no geographical boundaries - and are prepared to work unsociable hours. Fires, subsidence and burglaries often occur at the least convenient times for all concerned. The Surveyor fraternity has amassed substantial knowledge and expertise on property claims and insurance clauses. Some of them command such high respect among Insurance veterans that their verdict on a claim is almost like a "judicial" pronouncement.

Due to changing circumstances and demands, surveyors are also professionalising their operations – converting from family-run businesses to corporates in some cases, investing in technology (digital cameras, scanners, e-mail etc) and capturing their findings in electronic databases for future reference. In the days to come surveyors are just as likely to provide cost effective claims and risk management services to large corporations, local authorities, health services or brokers as they are to traditional insurance and reinsurance companies.