

Presentation By:

CA R. C. Bajpai

***Practical
Aspects In
Conducting
and Facing
Survey***

Who is Surveyor ?

A person who satisfies the requirement of Sec. 42D of The Insurance Act 1938 (as amended by the IRDA Act 1999) which specifies the basic entry qualification possess such technical qualification as may be specified by the authority, has undergone a practical training of not more than 12 months and has passed the prescribed examination.

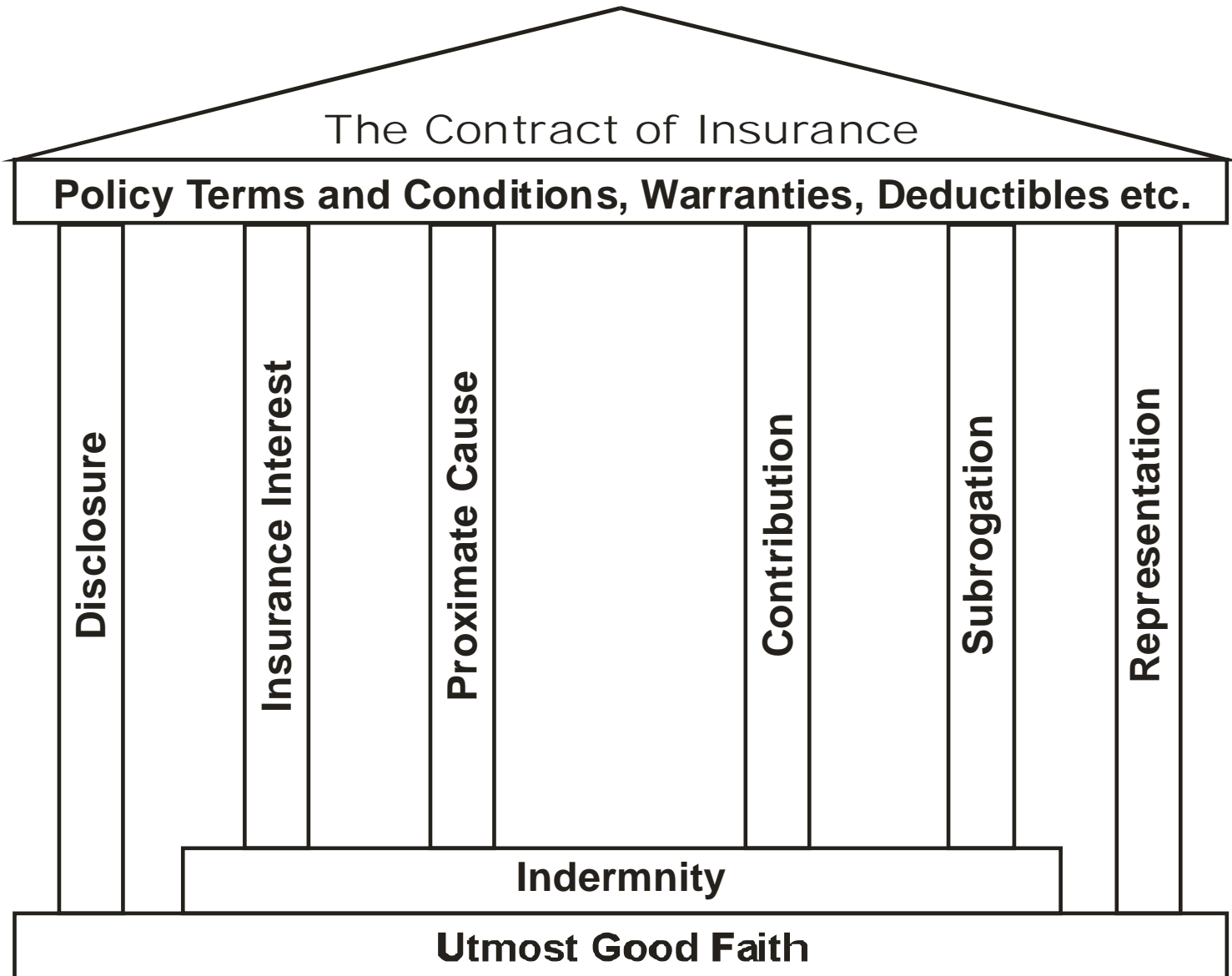
FUNCTION OF SURVEYOR

A Surveyor and Loss Assessor shall, for a major part of the working time, Investigate, Quantify, Validate and deal with losses (whether insured or not) arising from any contingency, and report thereon, and carry out the work with competence, professional integrity by strictly adhering to the code of conduct expected of such surveyor and loss assessors.

FUNCTION OF SURVEYOR

- Ω Examining, inquiring, Investigating, verifying and checking upon the causes and circumstances of loss
- Ω Conducting Spot and Final surveys, as and when necessary and comment upon the Franchise, excess/ under insurance and other related matters.
- Ω Estimating, measuring and determining the quantum and description of the subject under loss.
- Ω Advising the Insurer/ Insured about loss minimization, loss control, security and safety measures to avoid further loss.

The Edifice of Insurance Contract



GENERAL POLICY CONDITION

“If the claim be in any respect fraudulent, or if any false declaration be made or used in respect thereof or any fraudulent means or devices are used by the insured or any one acting on his behalf to obtain any benefit under the policy or if the loss or damage be occasioned by willful act or with the connivance of the insured, all the benefit under the policy shall be forfeited.”

INDEMNITY UNDER FIRE INSURANCE POLICY

- Ω “If the property insured or any part of such property be destroyed or damaged by any of the perils specified during the policy period, the company shall pay to the insured the value of the property at the time of happening or its destruction or the amount of such damages.”
- Ω “The property damaged must be the subject matter of insurance. The loss should occur due to the insured peril. In the event of loss, company will pay the value of property just prior to the loss”.

Principles of Insurance Law

Ω **Utmost Good Faith**

- + Disclosure
- + Representation

Ω **Indemnity**

- + Insurable Interest
- + Proximate Cause
- + Contribution
- + Subrogation

MODUS OPRENDI OF SURVEY

Ω First Visit For Survey

- + Site Inspection
- + Photographs
- + Ascertaining Cause of Loss
- + Written Statements of Insured and Eye-Witness
- + Physical Verification of damaged and unaffected Stock
- + Physical Verification of debris to be quantified by volume, weight, physical and chemical property.
- + A list in triplicate containing description, quantity and condition of each item (damaged and/or sound) be prepared on the spot.
- + Sound value (estimated) as well salvage value be recorded.

Collection of Documents

- Ω Collection of Claim bill must be obtained at an earliest with basis of claim (Preferably on first visit).
- Ω Books and Records available for inspection at site must be scrutinized and signed to rule out any possibility of adjustments.
- Ω If details are not provided the closing balance of stock register and general ledger and signed to avoid manipulation.
- Ω It is suggested that a complete list of required documents/information must be handed over to Insured for earliest compliance from his side.

PREPARATION OF A SURVEY REPORT

- Ω **Preface**
- Ω **The Occurrence**
- Ω **Policy Particulars**
- Ω **General Information about the Insured**
- Ω **Construction and Occupation**
- Ω **Cause of loss**
- Ω **Proceedings of survey**
 - + **Inspection and observation**
 - + **Inquiries & investigation**
 - + **Books and records**
- Ω **Inquiries at Bank**
- Ω **Fire Brigade Report**
- Ω **F.I.R**
- Ω **Adequacy**
- Ω **Extent of Damage**
- Ω **Verification**
- Ω **Assessment of loss**
- Ω **Insurer liability**
- Ω **Comments on observation of warranties and policy condition**

- Ω Date of deputation.
- Ω Name of deputing office.
- Ω Name of insured.
- Ω Date of fire.
- Ω Policy number.
- Ω Location of risk.
- Ω Property damaged.
- Ω Date and time of loss
- Ω Name of first eyewitness
- Ω Address of Insured premises.
- Ω Block where fire broke out.

THE OCCURRENCE

- Ω Reproduce relevant part of the statement of first eyewitness.
- Ω Reproduce relevant part of the statement of insured.
- Ω Discuss extent of fire fighting.
- Ω Discuss nature and extent of damage to the insured property.
- Ω Discuss the details of losses in Newspaper, If Any.

POLICY PARTICULARS

- Ω Name of the Insured
- Ω Address of Insured
- Ω Name of Insurer
- Ω Policy No.
- Ω Period of Coverage
- Ω Nature of Risk Covered (With Details of Sum Insured for each item)
- Ω Details of Item Affected under the policy.
- Ω Bank Agreed Clause, If Any.
- Ω Disclosure of Goods held in trust, If Any.
- Ω Observation of the Surveyor on policy in case of any deviation.

GENERAL INFORMATION ABOUT THE INSURED

- Ω Year of Establishment
- Ω Nature of Business
- Ω Brief Details of business activities
- Ω Details of Turnover, Closing Stock, G.P. Ratio (for last 3 years).
- Ω Brief comments of moral hazard, If Any

CONSTRUCTION AND OCCUPATION

- Ω Total Plot area
- Ω Brief Details block wise -> Area, Class of Construction.
- Ω Sketch of affected Area, along with activities carried out and installation of Plant & Machinery being clearly marked on it.
- Ω Type of Electrical Wiring.
- Ω Comments on fire fighting arrangements.
- Ω Whether construction is as per policy construction?.

CAUSE OF LOSS

- Ω Discuss physical observation made at site, such as location of short circuiting, condition of fuses, electrical installations and protective devices.
- Ω Outcome of enquiries with first eyewitness and Insured.
- Ω Discuss nature of fire spread.
- Ω Abnormality, If Any to be investigated and reported accordingly.
- Ω Clear observation on coverage of cause of loss under the policy or not.

- [Case Study \(Cause of Loss\)](#)

PROCEEDINGS OF SURVEY

Ω Inspection and observation

- + Give observation of scene of site.
- + Discuss location and origin of fire.
- + Nature and extent of damage.

Ω Investigation and Observation

- + On any abnormalities relating to cause of loss, quantum of loss, documents, books of accounts recommending to the Insurer for suitable action.

Ω Books and records

- + Verification of accounting records to calculate value of risk.
- + Checking and scrutiny of purchase's, Sales and stock of damaged items.
- + Cross verification from the suppliers by asking copy of statement of account.
- + Checking in depth the Balance Sheet and Profit and loss along with G.P. ratio and other key factors which directly affect the Stock level as on date of loss.
- + Proximity purchases are to be investigated and commented on.

NOTE: Ultimately THERE has to be a cross verification of claimed amount with books and records rather than creation of stock out of books of accounts.

INQUIRIES AT BANK

- Ω Certified Bank Stock Statement for last 6 months to be obtained.
- Ω Credit Report of the Insured.
- Ω Copy of Inspection report for last 6 months.
- Ω Latest copy Financial statements submitted by Insured.

NOTE: This enquiry and collection of documents must be done at an earliest.

FIRE BRIGADE REPORT

- Ω Name of fire station.
- Ω Date and time of intimation and by whom.
- Ω No. of Fire Tenders.
- Ω Total time consumed in fire fighting/Pumping Time.
- Ω No. of fire tenders engaged.
- Ω Probable cause of loss as per fire officer.
- Ω Loss estimated by fire officer.
- Ω Comments of Surveyor on abnormalities pointed out in fire brigade report.

Ω Fire Claim

- + Name of P.S. where F.I.R is lodged and by whom.
- + Date and time of loss as mentioned in FIR.
- + Loss estimated in FIR.
- + FIR/ GD No. and date.
- + Brief Comments on FIR.

Ω Burglary Claim

- + In addition to above details following are utmost important in Burglary Claim:
- + Forcible Entry i.e. FIR to be lodged U/S 380 & 457 of IPC.
- + List of Stolen Items given to police
- + Charge sheet/Recoveries
- + Police Final Report.
- + Comments of Surveyor.

- Ω Discuss value at risk of building, Plant and Machinery and stock separately**
- Ω Compare total Value at Risk with Sum Insured**
- Ω Thus calculate Under Insurance**

EXTENT OF DAMAGE

- Ω Description must cover all locations affected by fire.
- Ω Description of loss up to the extent fire affected stock/building/Plant & Machinery.
- Ω Description must cover all types of losses i.e. fully burnt, semi-burnt, water affected or fresh.

Ω Describe Segregation, Quantification of damaged goods in following categories:

- + Superficially Damaged/Affected Stocks
- + Extensively water damaged stocks
- + Totally burnt/damaged Stocks.

Ω Damaged and unaffected stock are to be co-related with the stock register, purchase bills and confirmation and overall cross-check by trading, Profit & loss as on date of loss.

ASSESSMENT OF LOSS

Ω Loss = Value before loss –
value after loss.

Ω Value before loss:-

- + Physical verification
- + By books and records

INSURER LIABILITY

Insurer liability is computed after under insurance (if applicable) and deduction for policy excess clause

Comments on observation of warranties and policy condition

Ω Any Breach of policy condition are to be reported with adequate and complete observation.

NOTE: In case of any breach having impact on assessment and settlement of claim to be clearly OPINED.

THANK YOU

***Presented By:
CA R.C. BAJPAI
CFE (Certified Fraud
Examiner)***

rcb@rcbajpai.com

www.rcbajpai.com