

Insured should seek surveyor's report, claim penalty for delays

Inform the insurer about the damage within two to three days

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At a recent seminar of insurance brokers and surveyors, Insurance Regulatory and Development Authority of India (Irdai) Chairman T S Vijayan admitted that delays with regard to settlement of commercial claims like motor, fire, marine and others continued to be an issue. Lack of access to surveyors' reports is another hurdle, especially for small and medium enterprises (SMEs). Besides, while retail (individual) policy holders can approach the Insurance Ombudsman with a grievance, in the case of commercial claims there is no such recourse.

According to Irdai guidelines, any non-motor claim where the estimated amount is more than ₹50,000 would require the appointment of an independent surveyor.

Are surveyors truly independent? "These surveyors, though appointed by the insurance company, are independent intermediaries, as they are

licensed and regulated by Irdai. They are accountable for the loss they assess to Irdai and not the insurance company. Hence, their reports are not biased towards either the insurance company or the insured," says Sasikumar Adidamu, chief technical officer, non-motor, Bajaj Allianz General Insurance.

Sanjay Radhakrishnan, chief executive officer (CEO), JLT Independent Insurance Brokers, says policyholders have a right to choose from a panel of surveyors jointly agreed upon by the insurer and the company (policyholder).

However, while this could be true in case of large companies, for SMEs it is not so, says Kapil Mehta, founder of Secure Now Insurance Brokers. "Small businessmen don't have the wherewithal to ask for surveyors on their own. That is why the insurance company usually appoints the surveyor. And due to this, the surveyor's loyalty tends to be with the insurance company, rather than with the policyholder," he says.

Two factors insurance companies look into are whether the claim is payable and the claim amount. If the claim is payable and only the amount needs to be verified, the insurance company may appoint an in-house surveyor instead of an external surveyor.

Ideally, a surveyor must be appointed within 72 hours of claim intimation. The surveyor must give the report within 30 days but can seek an extension of up to six months. As part of the investigation, the surveyor would visit the site or speak to the local authorities. After submission of the report, the insurer is liable to offer a settlement within a month. Once the customer accepts the claim amount, the payment has to be made in seven days. For any delay in payment, the insurer is liable to pay interest on the amount, calculated at a rate which is two per cent above the bank rate. "However, if the customer is not okay with the claim amount offered and has requested further negotia-

FOR QUICK CLAIMS

- Take photographs of damage immediately
- Read policy warranty, exclusions before making claim
- Documents should be accurate, up to date
- File claim application correctly



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tions, the penalty is not applicable," Adidamu says.

He insists that the policyholder/broker can demand the surveyor report from the insurance company. "If the insured has valid technical grounds to counter the survey report, he can contest with proper documents," he adds.

Documentation bottleneck: Documentation is another issue for SMEs. "Sometimes, the company may not have enough documents. Or the company may have the same document but in a different format.

Some companies use proxy documents, for instance, for assessing the value of an asset. But, this has to be agreed upon by the company and the insurer at the time of buying the policy itself. Else, there could be delays in claim settlement. This is where brokers should help by filing the claim in a proper manner," says Radhakrishnan.

Adidamu agrees that the most common reason for delay in claim settlement is non-submission of the required/mandatory claims documents. "This information is conveyed to both policyholder and bro-

ker right from the inception of the claim process. But, despite various reminders, if this requirement is not fulfilled, it results in delays in claim settlement. Any significant delay in final claim settlement in property policies happens mostly due to the time taken by policy holders in actual reinstatement of damaged property under re-instatement value basis of these policies," he says.

To ensure smooth claim settlement: Before filing for claims, be aware of the warranty and exclusions mentioned in the policy, says Mehta. For instance, in a burglary claim, most policies will have a warranty that there should be 24-hour security on the premises. Many small companies might only have day security. In such a case, the insurance company may not admit the claim. Or for a fire claim, the warranty might say there should be fire extinguishers certified by the fire department on the premises. Else, the claim may not be admitted. For motor claims, the warranty could say repairs of the vehicle

should be up-to-date. Again, the claim could be dismissed if this is not done. Or if the vehicle is stolen because keys were left in it, the claim may not be paid.

The way the claim application is worded is also important. Radhakrishnan cites an example where a company reported damage to its premises on account of an explosion. It was actually on account of implosion. This is a technical difference — explosion implies collateral damage outside the structure, while implosion is when the structure collapses within and there is no external damage. So, the insurance company said it was a case of wrong reporting and the claim was delayed.

Always intimate the insurance company on time, generally within 24 to 72 hours of the damage. "Sending an e-mail will also suffice. If you inform them after two weeks or so, the insurance company will have a doubt," says Mehta. Take pictures of the damage as soon as it occurs. While filing a police complaint, write a detailed report and don't leave it to the police alone.

