

An Outlook on CSR Practices In Private Insurance Companies In India

¹S. Abdul Rafi & ²Dr.P. Saritha

¹Research Scholar, Department of Business Management, Yogi Vemana University, Kadapa (India)

²Assistant Professor and Research Supervisor, Department of Business Management, Yogi Vemana University, Kadapa (India)

ARTICLE DETAILS

Article History

Published Online: 30 July 2018

Keywords

Corporate Social Responsibility (CSR), initiative, interventions, child care centres

*Corresponding Author

Email: rafishaik786[at]gmail.com

ABSTRACT

Corporate Social Responsibility (CSR) is the commitment of companies to provide resources and support activities focused on enhancing economic and social development. It is the effort made by companies to improve the living conditions of the local area in which they operate and the society at large. The activities taken up as part of corporate social responsibility reflect the intent to create a positive impact on society without seeking any commensurate monetary benefits. CSR has been a long-standing commitment by the industries and forms enormous services. The part of industries Contribution to social sector development includes several pioneering interventions, and is implemented through the involvement of stakeholders within the Company, the Group and the broader community. Corporate Social Responsibility (CSR) refers to the initiatives an individual corporate entity undertakes as an extra effort for the welfare of the society, environment as a whole. This initiative is a kind of gratitude shown by the corporates towards the society from whom they earn wholesome profits. These CSR activities not only help in building a brand name but also makes one a good employer and an employee. Many kinds of CSR activities are undertaken by the corporate nowadays, which consists of bringing up a school, houses, old age home, orphanage, building up a hospital at a needy place, free medical camps, vocational courses for the generation of employment, distribution of free computers and other necessities to the underprivileged ones, heavy donations and charity to child care centres etc. Thus it could be regarded that there is no limit for CSR, an individual corporate has to choose a way to give back to society and being thankful to it.

1. Introduction

In today's competitive market environment, corporate social responsibility (CSR) represents a high-profile notion that has strategic importance to many companies. As many as 90% of the Fortune 500 companies now have explicit CSR initiatives (Kotler and Lee 2004; Lichtenstein, Drumwright, and Bridgette 2004). By dedicating ever-increasing amounts to cash donations, in-kind contributions, cause marketing, and employee volunteerism programs, companies are acting on the premise that CSR is not merely the "right thing to do" but also "the smart thing to do" (Smith 2003, p. 52). Social responsibility is the core responsibility of an organization for the effects of its decisions and activities on society and the environment through clear and ethical behavior that is consistent with sustainable development and the benefit of society, consider the prospects of stakeholders. (Revathy, 2012) The concept of CSR has increased importance from all avenues. Organization must recognize that government without the help of their contribution will not able to get accomplish in its effort to uplift the downtrodden of society. There is increasing demand for the companies to take on their responsibilities towards society. (Yadav and Rokade, 2012). Every company must reassess its management methods and take into consideration what individuals and companies, who are directly or indirectly affected by its activities, expect from them. Managers must focus essentially on grappling with the unpredictable and risks in finances, social conflicts, pollution, image, reputation, etc. Insurance business based on the Ethics and utmost good faith.

Through the opening of globalization and privatization, insurance industry in India is growing more than 15% per annum. It is second highest after IT industry. The GDP in expected to grow by 10.00 per cent agriculture by 4 per cent and industry by 12.00. Government made a paradigm shift in the economic policy by adopting the process of liberalization, privatization and globalization at the end of previous decade. Consequently, Insurance Regulatory and Development Authority (IRDA) has been established under IRDA Act, 1999 to regulate the insurance business in the country. Insurance industries in India has grown significantly over the past decade, and becoming a customer-driven and customer-centric (Balachandran, 2001). The mushrooming insurance market in India has been able to generate significant interest and awareness among people (Sharma, 2008). India is vast populated country and insurance players have a big opportunity to touch the untapped market in India (Vijayakumar, 2009). A well developed and evolved insurance sector is a boon for economic development of a country. It provides long-term funds for infrastructure development and concurrently strengthens the risk-taking ability of the country.

2. Milestones of Life Insurance business in India

1818: Oriental LIC, the first LIC on Indian soil started functioning.

1870: Bombay Mutual Life Assurance Society, the first Indian LIC started its business.

1912: The Indian Life Assurance Companies Act enacted as the first statute to regulate the life insurance business.

1928: The Indian Insurance Companies Act enacted to enable the government to collect statistical information about both life and non-life insurance businesses.

1938: Earlier legislation consolidated and amended to by the Insurance Act with the objective of protecting the interests of the insuring public.

1956: Nationalization of life insurance business in India.

1972: Nationalization of general insurance business in India.

1993: Setting-up of the Malhotra Committee.

1994: Recommendations of Malhotra Committee released.

1995: Setting-up of Mukherjee Committee.

1996: Setting-up of an (interim) Insurance Regulatory Authority (IRA).

1997: Mukherjee Committee Report submitted but not made public.

1997: The Government gives greater autonomy to LIC, GIC and its subsidiaries with regard to the restructuring of boards and flexibility in investment norms aimed at channeling funds to the infrastructure sector.

1998: The cabinet decided to allow 40% foreign equity in private insurance companies – 26% to foreign companies and 14% to non-resident Indians (NRIs), overseas corporate bodies (OCBs) and foreign institutional investors (FIIs).

1999: The Standing Committee decided that foreign equity in private insurance should be limited to 26%. The IRA Act was renamed the Insurance Regulatory and Development Authority (IRDA) Act.

1999: Cabinet clears IRDA Act.

2000: President gives assent to the IRDA Act.

3. Impact Of CSR Activities In Insurance Sector

CSR initiatives with an objective to bring about effective change as a Responsible Corporate Citizen. Through various CSR initiatives, Company intends to create the conditions of the people from the underprivileged sections of the society by facilitating them with education, adequate health care services and contributing towards making their lives better. CSR teams works for the environment by initiating the plantation drive, road and surrounding cleanliness, creating awareness about hygiene and other healthy habits among children and adults etc. The above mentioned CSR initiatives were undertaken at a corporate level. Though locally at every branch level, the CSR initiatives differ are undertaken especially wherever the need is sensitized. Senior Officials of Reliance Life Insurance states that the CSR activities influence the Brand of the company highly at the local level and national level. The company utilizes various media communications like radio, newspapers, and journals to create awareness about the CSR activities undertaken by the company on a local level. It is true that CSR is a way to give back to the society and also with its promotion; the company gets a remembrance in the minds of the prospective customers.

4. Overview of private insurance companies and their CSR initiatives

The insurance companies in public and private sector are involved in the CSR initiatives. Life insurance companies always believed that establishing strong and ethical businesses is a prerequisite for long-term sustainable growth. Life Insurance companies focuses on maintaining the quality of business and

creation of long-term value for policy holders and stakeholders. The Insurance business recognizes the importance of CSR initiatives must go hand in hand with a sense of responsibility towards the society. Corporate Social Responsibility initiative- aims to play a positive role by contributing towards easing distress and aiding in advancement of society while engaging with stakeholders thereby becoming a socially responsible corporate citizen.

5. Corporate Social Responsibility Activities By ICICI

ICICI Prudential LIC is a joint venture between ICICI Bank, a premier financial powerhouse, and prudential plc, a leading international financial services group headquartered in the United Kingdom. ICICI Prudential was amongst the first private sector insurance companies to begin operations in December 2000 after receiving approval from Insurance Regulatory Development Authority (IRDA). For the past decade, ICICI Prudential Life Insurance has maintained its dominant position amongst private life insurers in the country, with a wide range of flexible products that meet the needs of the Indian customer at every step in life. (www.iciciprulife.com)

Health Care

The healthcare challenge in India spans a number of dimensions, including access to affordable healthcare for the poor; awareness of health issues, available facilities and benefits among the less privileged segments of society and specific vulnerable sections of the population; and child malnutrition, which impairs the capacity of a child to lead a healthy and productive life. Addressing this challenge is essential to achieve the objective of inclusive growth. The ICICI Foundation will continue to focus on developing innovative models with the potential to scale up and bring about improvements in the delivery of healthcare to the marginalized segments of society. These will seek to enhance the availability of affordable healthcare to low income households, improve health seeking behavior among low-income and vulnerable groups through higher awareness and improve child nutrition. Initiatives to promote access to healthcare backed by insurance will continue to be a focus area. The ICICI Foundation will support initiatives to make available clean and safe drinking water. Sanitation and hygiene being a key enabler for public health, the ICICI Life's will extend support for advocacy as well as for projects that improve and enhance overall sanitation and cleanliness.

Skill Development And Sustainable Livelihoods

Enabling India's youth to gain skills that can provide employment is key to realizing the potential of India's demographic dividend and driving inclusive growth. Improving employability of the youth from lower-income sections of society is hence an important focus area. The ICICI academy for skills has been set up across the country to provide job-oriented skill training to youth. Several centers have been set up across the country. In this initiative, ICICI Foundation is also leveraging the skills and training capabilities of large corporates in developing training modules in their respective domains. ICICI Foundation is also liaising with corporates and businesses to get the trained youth employed, through a job portal.

Financial Inclusion

The Company strongly believes that to improve the overall economic condition of the low income population and to empower them with means to overcome adversities or inequalities, access to financial services is an important factor. Increasing the participation of the rural population as well as the urban poor and migrant workers in the economic mainstream and the formal financial system is imperative for India to leverage its growth potential. The Company recognizes the need for critical interventions in promoting rural development and will initiate programs that would empower the rural people. The Company will continue to provide micro-insurance to India's low-income population, as part of its commitment to make life insurance accessible to low income groups and rural population, including the urban poor and migrant workers. The Company will focus on further expanding its reach using distribution channels, branches and leveraging technology to make life insurance available to rural and under penetrated segments of society.

Support Employee Engagement in CSR Activities

The Company supports the involvement of its employees in CSR activities. The Company will encourage employees to participate in CSR activities of the Company and ICICI Foundation. The ongoing initiatives by the Company for its employees are:

- Payroll giving program;
- Employee volunteering program, including Teach for India program and Marathon.

Capacity Building For Corporate Social Responsibility

The Company and ICICI Foundation will continue to promote incubation of expertise for implementing corporate social responsibility initiatives. It will also work towards providing a platform for organizations engaged in social initiatives, and discussion and thought leadership on critical challenges to inclusive growth. The Company and ICICI Foundation will continue to support initiatives that promote individual and corporate philanthropy. The Company, both directly and through ICICI Foundation, will continue to work with state governments and other non-profit organizations to improve the quality of education in government and municipal schools, which account for the vast majority of school-going children in the country. The Company will continue to work with institutes of higher education for focused capacity-building in specified disciplines, particularly Life Insurance, Finance and Management. With the growth and rising complexity of financial needs and available products and services, financial education and counselling along with life insurance and retirement planning is a key area requiring attention. The Company will continue to work on initiatives that guide individuals in understanding financial products including increasing awareness of life insurance, health insurance and pension products as a long term tool for protection and wealth creation.

The CSR Committee of the Company would consider and approve the projects or programs that the Company should undertake as CSR in India. Any project or programme that is exclusively for the benefit of the Company's employees would

not be considered as CSR. The Company's primary focus areas for CSR activities are:

Education

Education represents a critical area of action to realize India's growth potential as also make it inclusive, by enabling children from all sections of society to have access to quality basic education that equips them for taking up higher education or job-oriented skill training. At the same time India's institutions of higher learning also require investment in capacity building to support India's growing and evolving needs and become global centers of excellence.

6. CSR Activities Of Bajaj Allianz LIC In India

The Bajaj Allianz LIC has been involved in the CSR activities from the inception of its business through the Jamnalal Bajaj Foundation. It was established in 1977, in the memory of Jamnalal Bajaj, a close associate of Mahatma Gandhi. It was inaugurated on 4th November, 1977 by Shri Morarji Desai, Prime Minister of India. He blessed the Foundation for what it set out to do for the spread of philanthropy and promotion of Gandhian philosophy, values and constructive work for the society. The concept of CSR is relatively recent. But the philosophy of social responsibility and commitment to give back to the society underlines the Bajaj way of conducting its businesses for a number of years now. The wide spectrum of community development endeavors undertaken by Bajaj Auto Ltd embracing everything from health and education to women empowerment and more has touched, and changed, many lives. But the real credit for positive change is always to those whom we have enabled on the path of "Sustainable & Inclusive Growth" & well being.

CSR areas in which the foundation takes into the consideration are:-

- Community Welfare
- Education
- Employee Welfare
- Environment
- Healthcare
- Poverty Eradication
- Rural Development
- Vocational Training
- Women

7. CSR Activities In Birla Sun Life Insurance (BSLI)

BSLI CSR means managing business responsibly and sensitively, and to include social, economic and environmental factors in every decision to ensure long - term business success. The company has partnered in several community programs through the well-known 'Terry Fox Run' and 'Save the Children' initiatives in addition to in-house energy and paper conservation drives. Birla Sun LIC Ltd. (BSLI) has won the prestigious 'Good Corporate Citizen Award' for the year 2009-10 in Mumbai under the newly introduced category of 'Banking and Financial Institutions.' 'Good Corporate Citizen Award', introduced by Bombay Chamber of Commerce and Industry in 1993, aims to recognize and honour conspicuous achievement

by corporate in terms of service to the civic community, in addition to outstanding operational performance. (<http://insurance.birlasunlife.com>) Industry in 1993, aims to recognize and honour conspicuous achievement by corporate in terms of service to the civic community, in addition to outstanding operational performance.

Payroll Contribution Programme

BSLI provide a platform to its employees to give back to the society with greater ease. Company follows the structured & periodic communication process to drive awareness amongst employees to contribute to society at large and develop a "GIVING" culture. Employees are too much motivated that's why they come ahead on their own and contribute to society. GiveIndia's Payroll Contribution Program is one of the most important CSR initiatives driven by BSLI. (Giveindia.org)

Books & cloths distribution: -

BSLI organized books and stationary contribution campaign to support education of children in an orphanage. Also run drives to donate clothes, medicines etc to reputed NGO's

Help Poor People

BSLI employees formed communities by themselves to take up voluntary initiatives of supporting under-privileged families with food grains, provisions and medicines on a monthly basis and regularly organize blood donation camps in partnership with well-known blood banks.

Help school children

BSLI participates in the Mumbai Marathon 2013 in support of holistic education and development (education, health care, uniforms, meals, daily commute to school and educational tours), vocational training and improving the quality of life of underprivileged children.

Contribute funds for relief and rehabilitation

During the recent natural calamity at Uttarakhand, BSLI as an organization & employees came forward and contributed funds towards rehabilitation for those affected people.

Awards and Recognition

BSLI have various employee recognition categories and to award employee for their good deeds one such recognition is christened as "Nobel Deeds" -company appreciate the steps of employees who contribution to society beyond work, across the country where employees have contributed in saving human life, contributing to the needy, volunteering at old age homes etc.

8. CSR Initiatives by HDFC Life

Children Education Project

Navjeevan Hindi Medium School, Turbhe, Mumbai- HDFC Life partnered with United Way of Mumbai & Aarambh to support 500 municipal school children at Turbhe, Maharashtra. The objective of the project is to support underprivileged children to continue formal education and aid their holistic development of children studying in Grade 5 to 10.

Children Education Project through NGO's

Educo, a registered nongovernmental organization (NGO) aims to provide quality school education to impoverished children. HDFC Life and Educo provide education for better future career prospects for these children. Through this project HDFC Life and its employees support 180 children in the Saibaba Path Mumbai Public School based in Lalbaugh.

Teach for India

HDFC Life has been partnering with 'Teach for India' – non-profit organization engaged in supporting education for underprivileged children, by sponsoring two employees each for the 2010-12 and 2012-14 Fellowships. Teach for India Fellowship is a two-year paid assignment during which Fellows are placed as full-time teachers in low income English Medium schools.

Payroll Giving

Employees are encouraged to give a small part of their salary to establish their own charity account through the Payroll Giving program implemented in partnership with GiveIndia, an organization dedicated to helping individuals donate to credible NGOs. HDFC Life has been successfully running the programme with an exponential increase in the number of enrolments since 2008 and till date, has effectively channelized Rs.56.81 lakhs worth of donations.

Swabhimaan Calendar Activities

The Swabhimaan calendar activities are driven by 45 Swabhimaan Champions. The objective is to instill and encourage social giving amongst employees and other stakeholders. CSR activities on local level like Old age home visit, Blood donation camps, Clothes collection drives, Woolen clothes donation drive, Aadhar (UIN) melas, Fundraisers for charity, etc. were organized pan India.

Joy of Giving Week

The India Giving Challenge, one of the events initiated by GiveIndia during the Joy of Giving Week is a country wide initiative which aims to engage every single Indian in giving back to society in a way that she or he chooses. HDFC Life has been participating in the challenge since 2010 and collectively raised funds for NGOs like the Akshaya Patra Foundation, Akanksha Foundation and National Society for Equal Opportunities for the Handicapped by involving employees through different activities

9. Conclusion

As the market moves from an emerging to an emerged, a change in approach is necessary. There is very good competition among the private insurance companies on the level of new trend of advertising to cover a major part of Customers. The entries of more private Players in the Insurance Sector have expanded the product segment to meet the different level of the requirement of the customers. It has brought about greater choice to the customers. The firms should have a clear vision and mission that should be known to all the stakeholders like employees, agents, customers and business associates. As a life insurance company, core proposition is to

meet the savings, investment and protection needs of its customers. The product portfolio addresses needs across all life stages, thereby helping customers build a better future for

themselves and protect their families from financial distress in the event of a personal tragedy.

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