



CSR ACTIVITIES BY INSURANCE COMPANIES - A STUDY WITH REFERENCE TO HDFC LIFE INSURANCE COMPANY IN INDIA

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Abstract: *Insurance provides protection against loss of property and adequate capital to produce more wealth for the economic developments of the country. It acts as an instrumental force to fight against evils of poverty, unemployment, disease, old age and other calamities of nature. Corporate Social Responsibility (CSR) is concerned with treating the stakeholders of the organization ethically or in a socially responsible manner. CSR, on a larger plane, represents the goodwill a company can generate through various sustained external initiatives and programs that have a positive impact on society. The activities and programs of CSR are now quite an integral part of organizational objectives due to the fact that the survival, long-term viability and growth of organizations, to a large extent, depend upon how well it integrates ethical and social issues with other aspects of business. Hence, organizations are moving towards exhibiting their true corporate citizenship through the 'triple bottom line concept'. LIC, having recognized the importance of CSR, has undertaken a number of programs to satisfy their stakeholders. Further, it has introduced various social security schemes such as Janashree Bima Yojana, Swarna Jayanti Gram Swarajgar Yojana, Siksha Sahayog Yojana, etc., to uplift the poor and downtrodden. Apart from this, it invests a huge amount of funds in various social and developmental activities. LIC provides a feeling of security among the insured also creates self-confidence in them. Against this background, an attempt has been made to highlight the various CSR activities undertaken by HDFC Life Insurance Corporation of India. HDFC Life's business philosophy highlights the theme employment opportunity to the diseased policyholder's family. HDFC Life's Corporate Social Responsibility (CSR) 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. HDFC Life is committed to being a socially responsible corporate and its CSR framework is governed by a formal policy.*

Key Words: *CSR, HDFC Life, Organization Ethics, Social Security Schemes, Insurance Chronicle Magazine, LIC, Stakeholders, Varishta Pension Bima Yojana, Integrated Rural Development Program.*

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INTRODUCTION

The Insurance Industry as a financial service is considered as one of the important segments in an economy for its growth and development. Insurance is a 'business of solicitation' unlike a typical banking service; it requires great drive to market the insurance products. Indian insurance sector is regulated by IRDA (Insurance Regulatory Development Authority). IRDA was established in the year 2000 as an exclusive Regulatory Authority for the insurance sector through the enactment of IRDA Act, 1999. A number of amendments were brought in various insurance related statutes, namely, Insurance Act, 1938, LIC Act, 1956 and General Insurance Business Nationalization Act, 1972 (GIBA). The Progress in the overall developments in the insurance sector was swift and more prominent after the establishment of IRDA. It is a common belief that one of the most difficult products to sell is life insurance and one who sells life insurance can sell anything under the sun. There is no gain saying the fact that selling life is a difficult proposition because what is sought to be marked is an assurance, a belief and a faith. Life insurance may be defined as a contract in which the insurer, in consideration of a certain premium either in lump sum or other periodical payments, agree to pay to the assured or to the person for whose benefits the policy is taken, a stated sum of money on the happening of a particular event contingent on the duration of human life. HDFC Life is one of the leading life insurance companies in India offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings & Investment and Health, along with Children's & Women's Plan. HDFC Life has always believed that establishing a strong and ethical foundation is an essential prerequisite for long-term sustainable growth. HDFC Life focuses on maintaining the quality of business and creation of long-term value for policy holders and stakeholders. The people also believe that business must go hand in hand with a sense of responsibility towards the society.

REVIEW OF LITERATURE

Sabera (2014) indicated that Government decisions to liberalize the insurance sector has allowed foreign players to enter into the market and start their operations in India, which has resulted in restructuring and revitalizing of public sector companies.



Rao (2013) reported that insurance is a vital economic activity and there is an excellent scope for its growth in emerging markets. He also said that opening up of the insurance sector has raised high hopes among people both in India and abroad.

Jagendra (2013) pointed out the development of Indian life insurance industry during the globalization phase. He also mentioned about the reasons of high awareness, low penetration, and untapped potential of the industry.

Vijayakumar (2012) argues that opening up of the insurance sector will foster competition, innovation, and product variations. However, in this context one has to consider various issues at stake including demand for pension plan, separateness of banking from insurance sector, role of IT, possible use of postal network for selling insurance products and above all, the role of Insurance Regulatory Authority.

Sukla (2012) reviewed that in last six years into competitive market, the Indian insurance industry exhibited a healthy growth trend of new business and market share. He also viewed that with liberalization, India is penning the script of “insurance convergence (catch up) and not insurance divergence (falling behind)”.

Jain (2011) revealed that liberalization of Indian insurance industry has done wonders to raise the insurance occupation to the status of a career with bright future. He pointed out that these changes in insurance industry will be capable of bringing corrections to average mindset, particularly of younger generation in India.

‘Transformation of insurance in India’ (2009) indicated that during the last three decades, global insurance penetration as a percentage of the gross domestic product has more than doubled from around 3.5 per cent in 1970. The insurance sector thus has grown more strongly than the overall economy. Insurance is one sector whose contribution to GDP has been quite significant.

OBJECTIVES OF THE STUDY

The study is under taken with the following objectives:

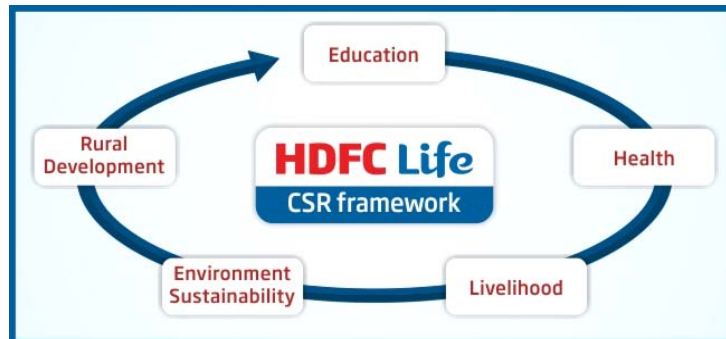
- To study the HDFC Life Insurance which is committed to being a socially responsible entity.
- To identify the HDFC Life employment opportunities to the diseased policyholders family.



- To know to what extent HDFC life Insurance policies serve to be the best way to save tax.

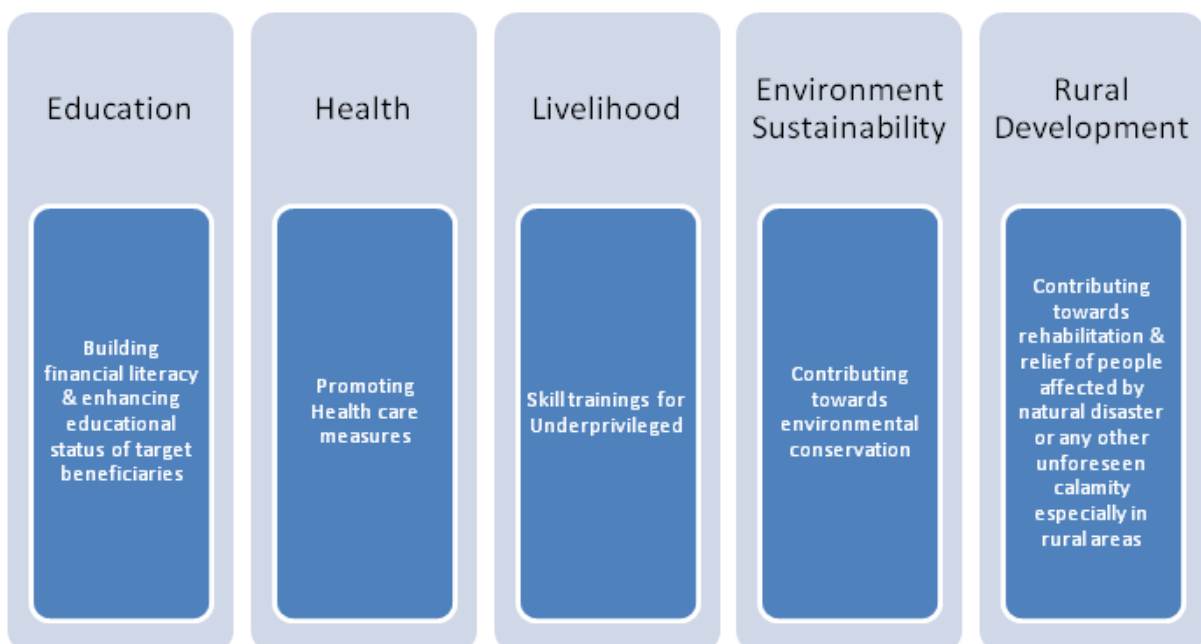
I HDFC LIFE - CSR FRAMEWORK

HDFC Life is committed to being a socially responsible corporate and its CSR framework is governed by a formal policy.



HDFC Life as a responsible and accountable corporate has always been open and receptive to changing requirements of the Society/Community, socio-economic situations and/or compliance required by statute. In the light of Companies Act, 2013, HDFC Life reviewed its CSR policy, processes & framework to make it compliant to mandated CSR guidelines. Apart from being compliant, past experience, opinions of stakeholders and societal needs were also considered in the process of revision CSR policy and framework.

The new CSR framework focuses on the following five areas of intervention, which are in line with Schedule VII of Companies Act 2013 and beyond business as usual.





- **Education**

HDFC Life believes that every individual is entitled to the Right to Education. In addition to educating masses by providing training as per prescribed curriculum, it is very essential to generate financial awareness among masses, which will help them manage their fund flow effectively and sustainably. HDFC Life wishes to accomplish this through initiatives designed around building financial literacy across various marginalized, poor, deprived & backward groups, spreading awareness on the need for saving and insurance to enable a life free of financial distress in unforeseen circumstances. HDFC Life also aims to undertake initiatives that will enhance the educational status of marginalized, poor, deprived & backward sections of society.

- **Health**

Being in the business of insuring lives, HDFC Life understands and cherishes the importance of health and considers it extremely important to make people value their own health and that of their people around them. By conducting awareness campaigns across various regions and stakeholder groups and undertaking relevant projects, HDFC Life aims to be the driver of health initiatives for diverse beneficiary groups.

- **Livelihood**

Unemployment and lack of a stable source of income very often result from skill-requirement mismatch that arises due to lack of adequate training facilities that the marginalized population can access. To reduce the resulting distress, HDFC Life endeavors to conduct skill-based and vocational trainings in various fields, including insurance, thus enabling marginalized, poor, deprived & backward sections of the population to be equipped to earn a stable livelihood.

- **Ensuring Environmental Sustainability**

HDFC Life has always advocated the 4 R's of Reduce, Recycle, Reuse and Recharge to reduce negative impacts on the environment. HDFC Life shall undertake the program/projects with specific beneficiaries in alignment to its 4 R philosophy for creating a positive impact on environmental sustainability.



- **Rural Development**

Being an insurance company, HDFC Life understands the importance of timely & effective support for people in times of emergency especially in rural areas. Incorporating this understanding in our CSR initiative, HDFC Life aims to set aside a part of its CSR budget for rehabilitation & relief of people affected by natural disaster (Earthquake, flood/flash flood, tsunami, cyclone, cloud burst or any other disaster caused by natural phenomenon) or any other unforeseen calamity (mass displacement caused by internal or external conflicts, industrial accidents, other manmade disasters or any other calamity/contingency caused due to human actions).

II Employment Opportunity to the Deceased Policyholder's Family

India's leading long-term insurance solutions provider has announced the launch of "Swabhimaan Careers" an initiative to build a long-term relationship with customers by offering employment opportunity to the deceased policyholder's family. Under this initiative, HDFC Life pro-actively reaches out to the policyholder's dependants post settlement of a claim and considers them for an employment opportunity at HDFC Life based on their calibre and fitment. As part of Corporate Social Responsibility (CSR), the company offers a fair chance to the dependant to become an HDFC Life employee and lead a financially independent life with dignity.

Under this CSR activity, once the claim is settled, HDFC life will meet the dependents of the deceased and offer them the opportunity to work with the company. This offer will depend on the education and capability of the individual. This will not only maintain a long term relationship with the customers but will also give a fair chance to the dependents of the dead to earn their livelihood and live an independent life.

SWABHIMAAN CAREERS

Swabhimaan Careers is one of HDFC Life's strategic initiatives to build long-term customer relationships. The overall objective of insurance is to compensate the financial loss caused due to untimely death of a bread winner. The emotional loss cannot be compensated. However, by providing a fair employment opportunity to the dependants, we will help secure their future in line with our brand philosophy Sar Utha Ke Jiyo thereby enabling them to live a life of dignity. Beginning March 2013, HDFC Life has started sending letters to the



claimants informing them about this initiative. This letter informs them about the process involved in applying for a job. A dedicated team in HDFC Life is working to support this cause.

THE GENESIS OF SWABHIMAAN: PART I

- The genesis of HDFC Life goes back to August 2010 when Housing Development Finance Corporation Limited (HDFC Ltd.) and Standard life plc. got into a joint venture.
- Being the first private insurance company incorporated under new financial environment, it was both natural and necessary that HDFC Life aims to be a market leader amongst the private sector insurance companies.
- Right from the very inception, we as a company believe that a market leader means much more than profits and revenues. It definitely involves earning the trust of customers and being admired as an ethical company in the insurance sector.
- This belief in business ethics has materialized into our vision statement and core values such as integrity, innovation, customer-centric, people-care, teamwork, joy and simplicity.
- This product are designed not just to save taxes or make investments, but to ensure that our customers do not have to compromise on self-respect even in the most adverse financial crisis.
- Ethics and customer service are the key driving forces of HDFC Life.
- With an endeavor to provide HDFC Life customers with the best service experience in the industry, HDFC life have laid down strict rules against misconduct and malpractices.
- HDFC Life religiously follows all the compliance norms of the industry and practice 'zero tolerance' in case of any malpractice.
- This effort of being an ethical and responsible corporate has not gone unnoticed by our customers.
- HDFC Life has amongst the highest Assets under Management (AUM) in the insurance industry.
- HDFC Life has achieved a market share of 17.5% amongst private players in FY 2013. The company ranked second amongst private players in FY 2013 on weighted



received premia (WRP) (Individual business) basis, with a growth of 15% over last year.

- The private sector grew by 2% over same period.
- HDFC Life commitment towards corporate responsibility has helped us to be amongst the best in the market even as HDFC Life has continued to earn the trust of our customers and society at large.
- HDFC Life has always believed that establishing a strong and ethical foundation is an essential prerequisite for long term sustainable growth.
- This is achievable by maintaining the quality of business and creating long term value for policy holders and stakeholders.
- HDFC Life also believes that business must go hand in hand with a sense of responsibility towards all stakeholders including employees and the society.
- For us, corporate responsibility comes first. HDFC Life's Corporate Social Responsibility (CSR) initiative aims to play a positive role by contributing towards the advancement of society and conservation of environment while engaging with our stakeholders.

THE GENESIS OF SWABHIMAAN: PART II

Everyone deserves to live with human dignity, and this core belief in HDFC Life's brand identity "Sar Utha Ke Jiyo" led to the birth of this CSR initiative.

- HDFC Life intends to create an impact on society not only in terms of business operations but also by developing industry practice of doing business with responsibility.
- With operational excellence and dedication for customer service, HDFC Life placed itself amongst the top private insurers of India.
- So, it was time to look beyond business operations and make a long-lasting impact on society.
- Hence, with the intention to stem a sustainable positive change in the society and to win the trust of our customers, HDFC Life launched the corporate social responsibility (CSR) wing Swabhimaan in 2011. Swabhimaan is a culmination of this belief in human dignity.



- This principle is further reinforced by our CSR team which follows the 'people empowerment approach'. HDFC Life believes in giving utmost importance to sustainability in this initiative, which can be attained by empowering people so that they can tackle their own issues.
- Going forward, HDFC Life want to leave long term impressions on the society with this sustainable approach.
- This brand identity is truly imbibed in Swabhimaan's operations through its emphasis on human dignity, empowerment and sustainability.
- The genesis of Swabhimaan was both ethically as well as strategically motivated. As a company operating in the country, it was an ethical step to focus this attention on social development and environmental activities.
- At HDFC Life, make out CSR as business-as-usual. Swabhimaan is more than just benevolence. It's also about creating lasting value for HDFC Life Company, stakeholders and for the society at large.
- This combination of strategy will not only enable growth in business, but will also develop a sustainable model for corporate social responsibility.

III INSURANCE AS A TAX SAVING INVESTMENT

Tax-saving or tax-planning is an important part of financial planning. If wisely done, it can serve a dual objective – help individuals meet their financial goals and save tax in the process. Life insurance is a critical part of any individual's financial portfolio. It offers financial cover to the individual's family in his absence. For this reason the breadwinner must aim to take life insurance at the earliest for the family's security. Life insurance products came in various forms with endowment plans, term plans, whole life plans, money back plans and unit-linked plans or ULIPs being the most important. From a tax saving perspective all insurance plans are 'equal' before the law. So regardless of the life insurance plan, tax-saving is assured. The premiums paid on these policies help avail tax deduction and hence they are some of the important tax saving plans that one must be sure to consider.

- Maximum deduction that can be claimed is Rs 1.5 lakhs
- Tax benefit under Section 80C*
- Tax-free proceeds on maturity/death under Section 10(D)*



HDFC Life provides the latest income tax rates in India for different age groups and tax benefits offered by various life insurance policies, for the current financial year 2014-15.

Table: 1 Tax Slab* For Financial Year 2014-15 (Assessment Year 2015-16)

For Men below 60 years of age		For Senior Citizens (Age 60 years or more but less than 80 years)		For Senior Citizens (Age 80 years or more)	
Income Level	Tax Rate	Income Level	Tax Rate	Income Level	Tax Rate
Rs.2,50,000	Nil	Upto Rs.3,00,000	Nil	Upto Rs. 5,00,000	Nil
RS.2,50,001- Rs.500,000	10%	RS.3,00,001- Rs.500,000	10%	Rs. 5,00,001 - Rs. 10,00,000	20%
Rs.500,001 – Rs.10,00,000	20%	Rs.500,001 – Rs.10,00,000	20%	Above Rs. 10,00,000	30%
Above Rs.10,00,000	30%	Above Rs.10,00,000	30%		

Source: Commercial Tax Department as on 2014-15

Table: 2 Income Tax Deductions and Exemptions

Income Tax Section	Gross Annual Salary	Tax Saving Investment	HDFC Standard Life Plans
Sec. 80C	Across all income slabs	Upto Rs. 46,350/- saved on investment of Rs. 1,50,000/-	Life Insurance Plans
Sec. 80CCC	Across all income slabs	Upto Rs. 30,900/- saved on Investment of Rs.1,00,000/-	Pension Plans
Sec. 10 (10) D	Under Sec. 10(10D), the benefits received by you are completely tax-free, subject to conditions specified there in		
Total Savings Possible ** Upto Rs. 10,815/- saved on investment of Rs.35,000/- <ul style="list-style-type: none"> Rs. 46,350/- under Sec. 80C and Sec. 80CCC and Rs. 10,815/- under Sec. 80D Above figures calculated for an individual with gross annual income exceeding Rs. 10,00,000/- 			

Source: Commercial Tax Department as on 2014-15



Table: 3 Save Income Tax with Insurance

HDFC Life Protect Plus	HDFC Life Invest - ULIP	HDFC Life Health Assure Plan	HDFC Life Super Income Plan
Affordable Term Plan. Coverage upto 75 years Tax Benefits Under Section 80 C*	Zero Premium allocation charge, 8 fund options. Get Tax Benefits Under Section 80 C*	Avail Instant Health Insurance Policy with Tax Benefits Under Section 80 D*	Investment Cum Insurance Plan with guaranteed benefits to meet him long term financial goals.

Source: *Commercial Tax Department as on 2014-15*

Life Insurance for Future Goal Planning

- **Certainty**

Once a goal has been identified and a value for it has been crystallized, an insurance policy is an excellent vehicle to fund the goal. This is because one can be rest assured that even in the unfortunate event of death or even critical illness, the sum assured will fund a future goal of the policyholder.

- **Tax efficient**

Maturity benefits of most insurance policies are tax free under Section 10 (10D) and the premium paid is eligible for deduction under Section 80C of the Income Tax Act, 1961.

- **Flexibility**

Insurance products, especially Unit Linked Plans, provide flexibility in terms of asset allocation to suit specific risk appetites, policy durations, premium payment terms and fund switching options.

- **Wider options**

Depending on the time horizon of the goal, the return required and the investor's risk appetite, a broad spectrum of asset allocations between equity and debt is possible in a Unit Linked Plan. An investor may tailor his policy to suit his requirement.

- **Liquidity**

Most Insurance products offer good liquidity after the lock-in period to take care of any emergency requirement of funds. But they do have inherent deterrents in the form of charges to discourage unnecessary encashment.

- **Earmarking**



Very often an insurance policy is taken for a specific goal. This therefore can become a deterrent against utilizing these funds for any other purpose and also encourages continued contributions.

CONCLUSION

HDFC Life Insurance Company is one of the best insurance companies in India. All members are striving towards even more betterment of the company wholeheartedly. The company intends to see its efficiency and quality through customer services and satisfaction. With the creative and innovative culture of the company it has been successful in creating a very good image in the minds of the customers. As a people think that insurance is a tool to protect their family and a tax saving device. They are aware of the fact and realizing its importance. The company should try to expand and build up its infrastructure because there is a large potential for insurance in India. Since HDFC Life insurance Ltd. is leading with several companies' policy it should be easy for them to penetrate to the market and secure a good position if they pay greater attention to the service part provided to their customer and thereby forming a long and trusted relationship. The general satisfaction levels among public with regards to policy and agents still requires improvement. But their lies the opportunities for a relative new comer like HDFC Life insurance company ltd. LIC has never been known for prompt service or customer oriented methods and HDFC Life can build on these factors.

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