



CORPORATE SOCIAL RESPONSIBILITY INITIATIVES OF LIC AND ICICI LIFE INSURANCE COMPANY

Azam Malik*

Abstract: *Corporate Social Responsibility is the arrangement of business operations with social qualities and it considers the hobbies of partners in the business approaches and activities. Corporate Social Responsibility is an overseeing idea whereby organizations acclimatize social and ecological worries in their business operations and associations with their partners. It is about overseeing organizations to accomplish both business and social advantage to improve brand esteem. The present study highlights the CSR initiatives of insurance companies operating in India. The study focused on the two big insurance companies operating in India i.e., LIC and ICICI prudential Life Insurance Company. The study found that both the Companies operating their businesses and simultaneously taking the society into their consideration. The study found that LIC were more focused on their CSR activities and working for the welfare of society as compared to ICICI Prudential Life Insurance Company. The study is an attempt to focus and highlights the activities undertaken by both the companies.*

Keywords: *Corporate Social Responsibility, Insurance Sector, LIC, ICICI Prudential Life.*

*Research Scholar, Department of Commerce, Aligarh Muslim University Aligarh



INTRODUCTION

Corporate Social Responsibility is a managing concept whereby companies assimilate social and environmental concerns in their business operations and interactions with their stakeholders. It is about managing businesses to achieve both commercial and social benefit to enhance brand value. In real meaning it is about managing social, community and environmental impacts to help in improving the results, reducing risks and enhance business reputation (**Basu and Palazzo, 2008**). It also becomes the password to not only overcome competition but to ensure sustainable growth. Corporate Social Responsibility is the alignment of business operations with social values and it takes into account the interests of stakeholders in the business policies and actions (**Bhattacharya and Sen, 2004**).

The word “responsibility” emphasizes that the business has some moral obligations towards the society. Corporate Social Responsibility is also about growing business in a way that has value for everyone associated to it. It is also referred as corporate conscience, corporate citizenship, social performance or sustainable responsible business. CSR has been predictable by the big corporations today with stepping up on the global front. Large corporations serve as global providers; these corporations have progressively recognized the benefits of providing CSR programs in their various locations. CSR activities are now being undertaken throughout the globe for sustainable growth of business. (**Knox, Maklan and French, 2005**)

OBJECTIVES OF THE STUDY

- To overview the Insurance company i.e., LIC and ICICI Prudential life
- To study the CSR initiatives of both the companies i.e., LIC and ICICI Prudential Life

INSURANCE IN INDIA

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 is 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 (**Balachandran, 2001**). Insurance industries in India has grown significantly over the past decade, and becoming a customer-



driven and customer-centric 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**).

LIFE INSURANCE MARKET IN INDIA

During the period of 1956 to 2000, Indian life insurance market was completely occupied by LIC of India. LIC was state monopoly and the largest player in the market. The private companies came out with products called ULIPs (Unit Linked Investment Plans) which offered both life cover as well as scope for savings or investment options for customer. In India, there are 24 life insurance companies operating successfully. Apart from Life Insurance Corporation, the public sector life insurer, there are 23 other private sector life insurers, most of them joint ventures between Indian groups and global insurance giants. The names of public and private life insurance companies are:

LIFE INSURANCE COMPANY IN PUBLIC SECTOR

1. Life Insurance Corporation of India

Life insurance Company in Public Sector

1. SBI Life Insurance
2. PNB Metlife India Life Insurance
3. ICICI Prudential Life Insurance
4. Bajaj Allianz Life
5. Max Life Insurance
6. Sahara Life Insurance
7. Tata AIG Life
8. HDFC Life
9. Birla Sun Life Insurance
10. Kotak Life Insurance
11. Life Insurance Corporation of India
12. Aviva Life Insurance
13. Reliance LIC Limited - Formerly known as AMP Sanmar LIC
14. ING Vysya Life Insurance
15. Shriram Life Insurance



16. Bharti AXA Life Insurance Co Ltd
17. Future Generali Life Insurance Co Ltd
18. IDBI Federal Life Insurance
19. AEGON Religare Life Insurance
20. DLF Pramerica Life Insurance
21. CANARA HSBC Oriental Bank of Commerce
22. Star Union Dia-ichi Life Insurance Co. Ltd
23. Edelweiss Tokio LIC Ltd

Source: - IRDA

The Study focused on the one Public and one Private Insurance company which are as follows

- **Life Insurance Corporation of India (LIC)**
- **ICICI Prudential Life Insurance Company**

PROFILE OF LIC

The Life Insurance Corporation of India (LIC) was established in 1956. The Parliament of India passed Life Insurance of India Act that nationalized the private insurance industry in India. Over 245 insurance companies and provident societies were merged to create the state owned LIC. Presently, LIC supporting with 2048 fully computerized branch offices, 105 divisional offices, 8 zonal offices, 992 satellite offices and corporate office in India.

LIC continues to be the dominant life insurer even in the liberalized scenario of Indian insurance and is moving fast on a new growth trajectory surpassing its own past records. LIC has crossed the milestone of issuing 1,01,32,955 new policies by 15th Oct, 2005, posting a healthy growth rate of 16.67% over the corresponding period of the previous year. It is the largest insurance company in India with an estimated asset value of Rs 1560481.84 Crore (US\$240 billion). As of 2013 it had total life fund of Rs.1433103.14 Crore with total value of policies sold of 367.82 lakh that year. LIC has crossed many milestones and has set unprecedented performance records in various aspects of life insurance business. The same motives which inspired our forefathers to bring insurance into existence in this country inspire us at LIC to take this message of protection to light the lamps of security in as many homes as possible and to help the people in providing security to their families.

(www.licindia.com)



CSR INITIATIVES BY LIC OF INDIA

The present economy of the country is more focusing on social responsibilities towards the nation and emphasizing more on fulfillment of these responsibilities. At the same time corporate houses are drawing their attentions towards corporate social responsibility. CSR is a continuous process by business firms to perform in an ethical manner to achieve organizational objectives and to contribute to economic development. CSR also monitor activities of the employees, improving the quality of the workforce, contributing to the local community and social at mass level.

LIC is one of the responsible corporate organizations towards the interest of the society. And hence has to fulfilling its social responsibilities on time. The Foundation has been registered with the Charity Commissioner Mumbai is also exempt under Section 80G of Income Tax. LIC Golden Jubilee Foundation was established on 20.10.2006 as a part of LIC's Corporate Social Responsibility.

For the development of the community in various different regions of the country LIC plays a very important role. It also donates in Rajiv Gandhi Foundation to help at the time of Natural calamities like Earthquakes, Tsunami etc...It is also contributing towards Prime Minister's National Relief Fund, Chief Minister's Relief Fund in various states. Public Trust named LIC Golden Jubilee Foundation (GJF) has been formed in order to give a formal shape to the work and to channelize it in proper ways.

The main objectives behind of this foundation are:

- 1. Relief of poverty or distress.**
- 2. Advancement of Education**
- 3. Medical Relief**
- 4. The advancement of any other object of general public utility.**

This concept is practicing by many other corporate that is why the concept of CSR is not new for the corporate. On the other hand it is quite a new ideology behind the direct involvement of employees to implement CSR projects is quite new for Indian corporate. The corporate funding to the projects in order to increase development and growth of the nation but only funding is not an issue, but the organizations are looking into doing much more and to get involved in more and more projects. CSR is always having a positive aspect in the corporate and involve so many benefits and advantage to corporate houses. CSR



activities of any organization involve many other advantages. It helps to earn the loyalty of the employee by encouraging them by give the right to participate in the social activities which further develops the feeling of commitment and dedication of employees for their organization.

With the so many advantages including mentioned above the CSR actives provide one of the greatest advantages that is it helps to generates the feeling of pride and good bonding among the employees, and employee are fascinating to having a feeling of contribution towards their corporate and ultimately to the nation. The Involvement in such type of activities brings the feeling that they are also a part of national growth and its development. When the employee feel himself as a part of the corporate it give him a relax that helps in creating feeling of consciousness in a person and regular involvement in these types of activities also removes stress too.

The Foundation has been created with an initial amount of Rs.50 Crore with the provision that Rs.10 crores be infused every year for the next five years taking the total corpus to Rs.100 crores. It has been registered with the Charity Commissioner Mumbai and has also got exemption under Section 80G of Income Tax. The activities in the selected areas are planned in a way that they can encourage maximum employee and involvement to get maximum returns.

LIC is one of the largest Insurance Corporation of India that dwell over 1 Lakh employees and 11 Lakh agents. The brands of it immediately bring to mind to the people and create a sense of trust. The Golden Jubilee Foundation would provide a great avenue of fulfilling social responsibility at the corporate level and philanthropic needs at the individual level.

The Foundation has supported projects ranging from construction of Hospitals, School buildings and classrooms, library, computer centre, Old age homes, Hostel buildings for children in tribal areas, Vocational training centers for differently disabled persons to provide infrastructural facilities to needy persons in different pockets of the country. It also provided funds for purchase of School buses for transportation of differently disabled children and Ambulances for transportation of patients to Hospitals. The Foundation has supported cochlear implant program for children from economically weaker sections of the society spread across the country through King Edward Memorial (KEM) Hospital, Pune. LIC Golden



Further than the numbers of objectives of the programmes the organization having these primary and important objectives are as follows:

- **Relief of Poverty or distress.**
- **Advancement of education.**
- **Medical relief.**

In order to achieve these above mentioned objectives NGO's work on the foundation works with people and available capital resources received from LIC. Numbers of programs has been announced in order to provide some benefit to the society and the needy people of the section. Numbers of Projects under the programs or scheme have been stone that have different range and nature, basically these project are based on the need of the people. The following table shows the total investment of LIC Golden jubilee Foundation in Indian Rupees. (www.licindia.in/GJF)

Table 1.1 Total Investment of LIC Golden Jubilee Foundation

Category	Number	Amount sanctioned in Rs.	Total lives touched by LIC GJF
Advancement of Education	150	22,16,30,562	67,020
Medical Relief	140	22,55,40,817	53,30,216
Objects of General Public Utility	35	5,68,60,755	21,37,710
TOTAL	325	50,40,32,134	75,34,946

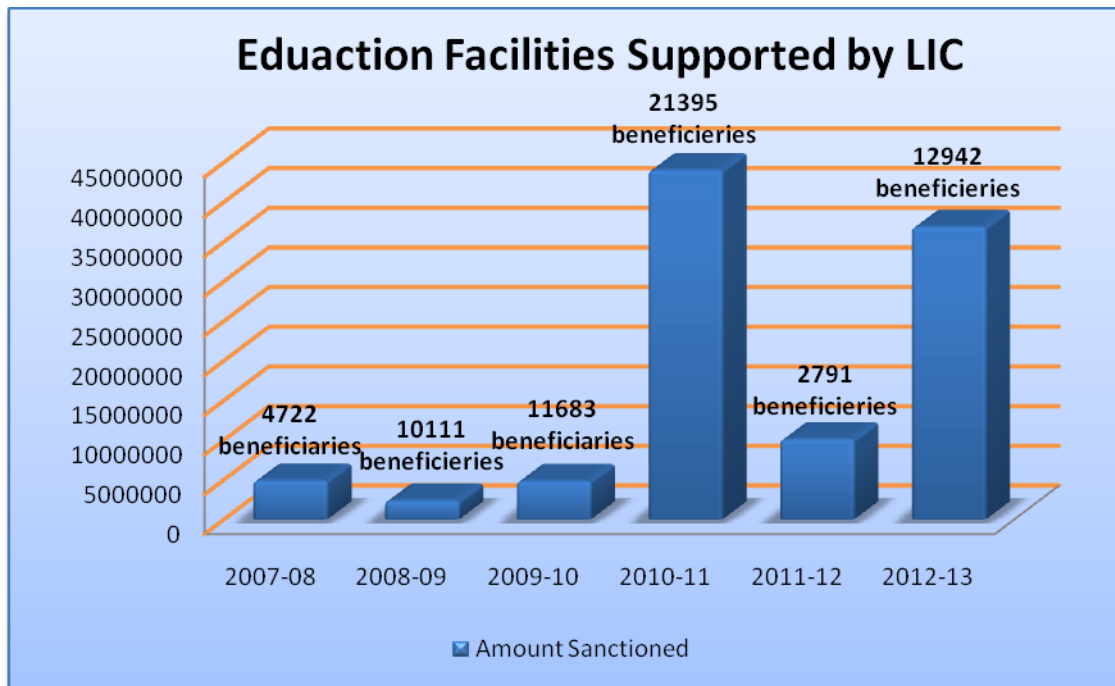
Source http://www.licindia.in/GJF_home.htm

CSR INITIATIVES FOR EDUCATION FROM 2007 TO 2013

The foundation laid down to provided infrastructure support to the NGO's/School to enhance the quality of education to the needy areas of the society. It works out on the children of the society specially that who doesn't have a mean to learn and get the basic education. The following Figure Shows the amount spend on CSR initiatives supported by LIC in education facilities from the year 2007-08 to 2012-2013 and the number of beneficiaries benefited from CSR spending.



Figure (1) Education Facilities Supported by LIC



Source: LIC

Projects supported by LIC Golden Jubilee Foundation in the Educational Infrastructure and its Development.

The LIC foundation has been conscientiously invested in the advancement of education in different states of India. The motive behind the regular investment on educational institutional to develop are achieving by investing into three areas of education society:

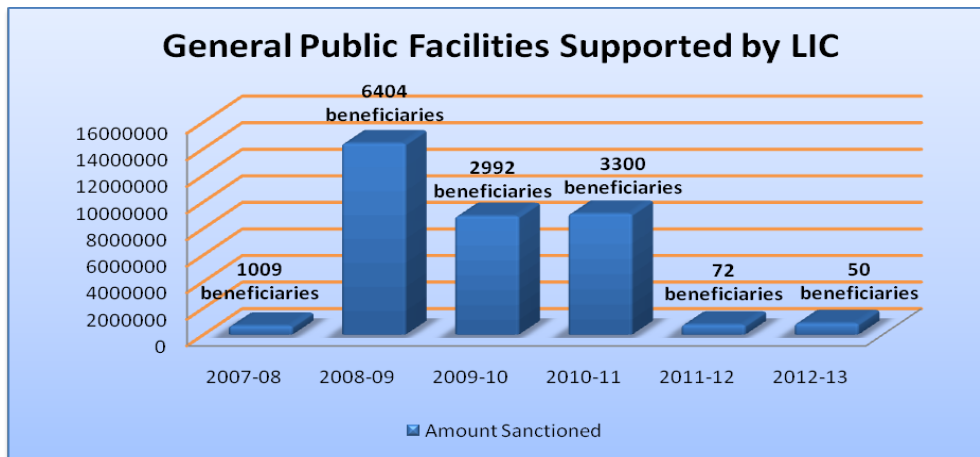
- ❖ *Infrastructure Support*
- ❖ *Transport*
- ❖ *Information Technology*

CSR INITIATIVES FOR GENERAL PUBLIC FROM 2007 TO 2013

The LIC Golden Jubilee foundation provided infrastructure support to the NGO's/School to enhance the quality of General Public Facilities to the needy areas of the society. The following Figure Shows the amount spend on CSR initiatives supported by LIC in general Public facilities from the year 2007-08 to 2012-2013 and the number of beneficiaries benefited from CSR spending.



Figure (2) General Public Facilities Supported by LIC



Source: LIC

Projects supported by GJF of LIC in the General Public Development

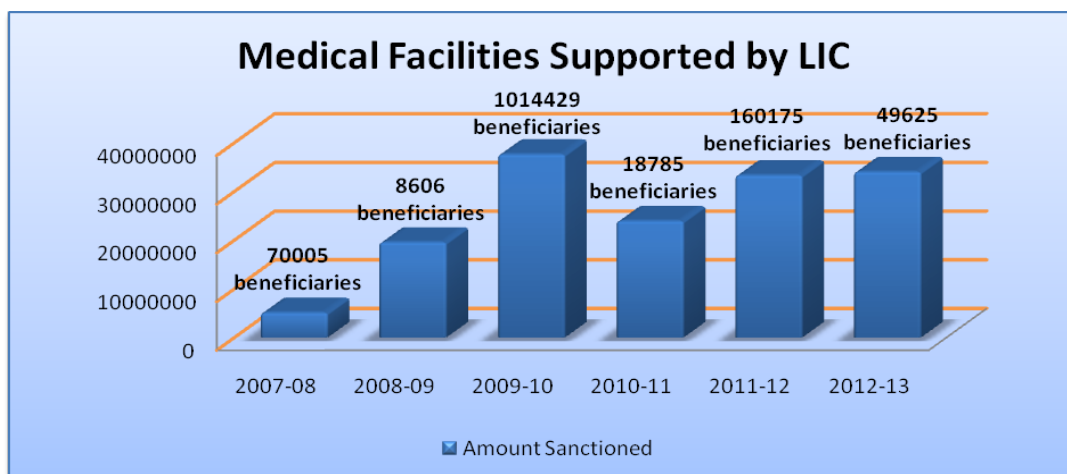
The LIC foundation is very responsible to invest in the General Public Facilities in different states of India to develop the society through investing into three areas of public facility:

- ❖ Infrastructure Support
- ❖ Transport
- ❖ Information Technology

CSR INITIATIVES FOR MEDICAL RELIEF FROM 2007 TO 2013

The LIC Golden Jubilee foundation provided medical facilities to the NGO's/School and general public to improve the quality of health in the society. The following Figure Shows the amount spend on CSR initiatives supported by LIC in Medical facilities from the year 2007-08 to 2012-2013 and the number of beneficiaries benefited from CSR spending.

Figure (2) Medical Facilities Supported by LIC



Source: LIC



CSR Initiatives for Medical Relief

(1) Projects supported by LIC Golden Jubilee Foundation in the Medical Relief

The LIC foundation has been responsibly invest in the Medical Facilities in different states of India to develop the society through investing into four areas of medical facility:

- ❖ *Medical Relief*
- ❖ *Transport*
- ❖ *Infrastructure*
- ❖ *Information Technology*

LIC'S Golden Jubilee Scholarship' For Students

The LIC Scheme of 'LIC Golden Jubilee Scholarship' for students belonging to the economically weaker families for pursuing higher studies

Objective of Golden Jubilee Scholarship

The objective of the scheme is to award scholarships to meritorious students belonging to economically weaker families so as to provide them better opportunities for higher education and thus enhance their employability. The scholarship is to be awarded for studies in India in a government or private college/university. It will also cover technical and vocational courses in Industrial Training Institutes/ Industrial Training Centre's affiliated with the National Council for Vocational Training (NCVT) of classes at Graduation level.

(www.licindia.in)

PROFILE OF ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD

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). ICICI Prudential Life's capital stands at Rs. 4,793 crores (as of March 31, 2013) with ICICI Bank and Prudential plc holding 74% and 26% stake respectively. For the FY 2013, the company has garnered total premium of Rs 13,538 crores and has underwritten over 13 million policies since inception. The company has assets held over Rs. 74,000 crores as on March 31, 2013. For the past decade, ICICI Prudential Life Insurance has maintained its dominant position amongst private life insurers in the country, with a wide

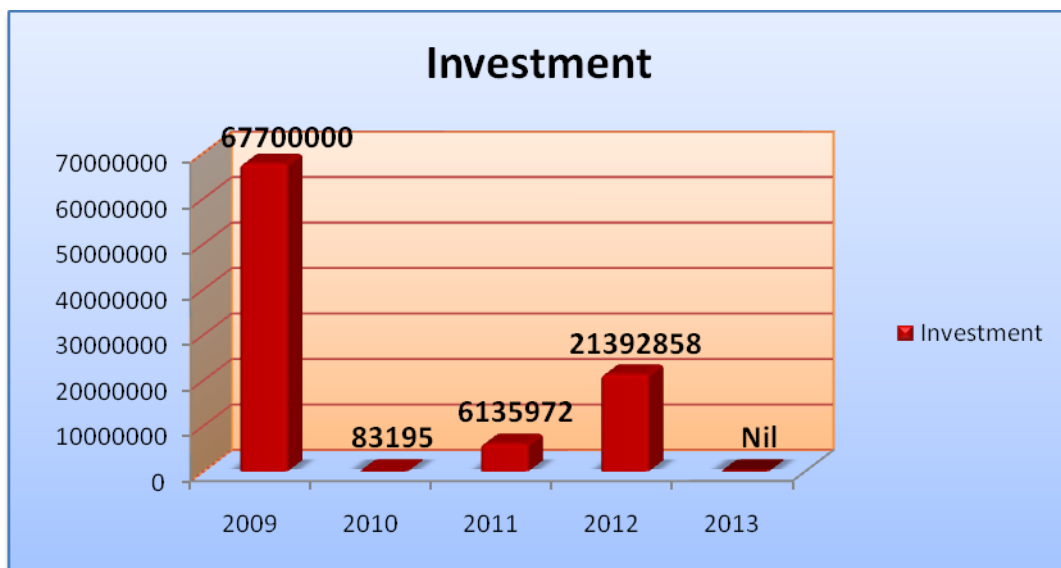


range of flexible products that meet the needs of the Indian customer at every step in life.
(www.iciciprulife.com)

CSR INITIATIVES BY ICICI PRUDENTIAL LIC

The ICICI Prudential Life Insurance Company's Corporate Social Responsibility (CSR) commitment aims to support worthy causes such as supporting children and the elderly, protection of communities for health, education, livelihoods, environment, etc. All ICICI Group Company, support ICICI Foundation in its mission of inclusive growth by contributing a significant part of our CSR funds. The following figure showed the Investment made by Prudential Life from the year 2009 to 2013.

Figure (4) CSR Investment of ICICI Prudential Life for the Year 2009 to 2013



Source: ICICI Prudential Life Annual Reports 2014

CSR ACTIVITIES OF ICICI PRUDENTIAL LIFE

➤ Financial Inclusion

The Company has taken forward the goal of financial inclusion through distribution of its micro insurance product Sarva Jana Suraksha. The product was distributed through a network of over 25 partners to more than 212,650 rural customers spread across 10 states.

➤ Children

In FY2014, the Company partnered with Catalysts for Social Action (CSA) to implement Government of India's Integrated Child Protection Scheme in the state of Madhya Pradesh. As part of this program, interventions for rehabilitation including registrations of homes



under Juvenile Justice Act, improving and enhancing living and hygiene conditions, providing support for development and facilitating adoptions has been planned.

In the first year, interventions as below were taken forward in six children homes:

- ❖ Medical camps to assess health levels of children.
 - Deworming was done for every child
 - Nutrition support has been provided to supplement regular intake of food
 - Treatment to children with medical conditions and dental issues
 - Spectacles given to children with problem of eyesight
- ❖ Hygiene workshops conducted in all homes, hygiene kits given to every child;
- ❖ Tuition support extended to children with unsatisfactory education performance;
- ❖ Training for livelihood initiated for older children.

Approximately 260 children benefited through this program. In Mumbai, the Company continued to support education of 500 underprivileged children through the Midday Meal Program.

➤ **Health**

In 2011, the Company had funded setup of a dialysis facility comprising of 5 dialysis machines at Raja Rajeshwari Medical College and Hospital at Mysore Road, Kambipura to provide subsidized/ free treatment for underprivileged patients. Approximately 8340 dialysis have been successfully conducted since inception of the facility.

➤ **Employee Volunteering**

The Company participated in the "Joy of Giving week" from October 2nd to 8th, by running "Donate a Wish" campaign through the online Wish Tree wherein employees donated gifts for about 1500 children. Funding for the Relief and Rehabilitation of the affected population of Uttarakhand was contributed by the employees through their payroll and the Company matched this contribution.

Additionally through the Payroll Giving Program, employees are encouraged to donate to causes of their choice and the Company makes a matching contribution in areas aligned to the Company's CSR focus areas. Additionally, the Company supports the Teach for India Fellowship program where selected employees are encouraged to take up teaching assignments for 2 years at the schools identified by Teach for India. During this period, the Teach for India Fellows continue to be on the Company payroll. **(ICICI Report, 2014)**



➤ **Skill development and sustainable livelihoods**

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 corporate in developing training modules in their respective domains. ICICI Foundation is also liaising with corporate and businesses to get the trained youth employed, through a job portal.

➤ **Capacity building for corporate social responsibility**

The Company and ICICI Foundation continue to promote incubation of expertise for implementing corporate social responsibility initiatives. It also work towards providing a platform for organizations engaged in social initiatives and discussion & thought leadership on critical challenges to inclusive growth. The Company and ICICI Foundation continue to support initiatives that promote individual and corporate philanthropy.
(www.iciciprulife.com)

FINDINGS, CONCLUSION AND SUGGESTION

The study found that LIC and ICICI took initiatives for the welfare of the society in their CSR spending. But the LIC is above the ICICI Prudential Life Insurance in CSR spending. The study also found that LIC has been working in different fields and funds were utilized properly and distributed in different fields for society welfare. ICICI must allocate more funds as per the guidelines given in companies Act, 2013.

REFERENCES

1. Basu K. & Palazzo G. (2008) Corporate Social Responsibility: A Process Model of Sense making *Academy of Management Review* 33(1), 122-36.
2. Knox, S., Maklan, S., & French, P. (2005) Corporate Social Responsibility: Exploring Stakeholder Relationships and Programme Reporting Across Leading FTSE Companies *Journal of Business Ethics* 61(1), 7-8.
3. Bhattacharya, C., & Sen, S. (2004) Doing Better at Doing Good: When, Why and How Consumers Respond to Corporate Social Initiatives *California Management Review* 47 (1), 9-25
4. Balachandran, S., (2001) "Customer Driven Services Management", Sage Publications, New Delhi.



5. Sharma, A., (2008) "Life Insurance Evaluation – Current Perspective", *IRDA Journal*. p.22
6. Vijayakumar, A. (2009) "Indian Insurance Sector in 21st Century: An Outlook" Kalpaz Publication, New Delhi. pp. 18.
7. www.icicprulife.com
8. www.licindia.in
9. www.licindia.in/GJF_home.htm
10. www.Irda.com