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An Empirical Study on the Impact of Corporate Governance on the Corporate Social Responsibilities of the Life Insurance Companies in India

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Abstract

The present paper is an attempt to see the impact of Corporate Governance on the Corporate Social Responsibilities of the life insurance companies operating in India. The study is based purely on secondary data which was collected from the annual reports of the life insurance companies in India and the IRDAI. The data was analysed with the help of SPSS software by using multiple regression model. The results of the study established that the active and independent board does not affect the corporate social responsibility of the life insurance companies, but the p value in case of total directors and the age of the life insurance companies was found to be less at 0.05 level of significance and hence, these two variables were observed to be significant for the purpose of corporate social responsibility. A significant relationship was also revealed through the study in between CSR and the ownership structure of the life insurers including the operational experience i.e. age of the life insurance companies. The study exposed that the ICICI Prudential has the largest board size and it is also more than fifteen years old and it has also spent the maximum on the corporate social responsibility activities.

Keywords: Life Insurance, Corporate Governance, Corporate Social Responsibilities, Active and Independent Board, Ownership Structure.

Introduction

The financial sector is assumed to be very important for the economic development and growth of the country. The life insurance companies are exposed to fraud and risk due to the nature of business, poor internal control and various collusions between the vendors and employees. For protecting the interests of policyholders there is a need to follow good corporate governance practices by the life insurance companies, for maintaining solvency, for having the sound long term investment policy and assumptions of underwriting risk on a prudential basis. In this way the faith of policyholders, investors, shareholders and the public will not be broken. Corporate Governance is a system of financial, managerial, legislative and other controls in a corporate body. It broadly explains the relationship between the Board of Directors, senior management and the shareholders. The Corporate Governance framework clearly explains the roles, responsibilities and accountability with the built-in checks and balances within an organization. In the insurance sector, for protecting the interest of the policyholders, it is the responsibility of the insurers to install such mechanisms that there will be good corporate governance practices for maintaining the solvency, sound long term investment policy and the underwriting risks assumption on a prudential basis andthe regulatory bodies should ensure that the insurers are taking necessary steps for that.

The concept of corporate social responsibility (CSR) has attracted attention from the whole world and got a new meaning in the global scenario. With the arrival of globalisation and international trade, there was an increase in complexity in business and there were more demands for transparency and corporate citizenship, due to this more interest in corporate social responsibility has arisen. Corporate Social Responsibility is the corporate initiatives by the corporate sector to assess and take responsibility for the outcomes of the company on the environment and impact on social welfare. Corporate social responsibility is also known as 'Corporate Citizenship' and involves incurring short-term costs which will not provide an immediate financial benefit to the company, but will promote positive social and environmental benefits. It is the duty of the company to fulfil its corporate social responsibility because company and the society are not independent rather they are interdependent on each other. The companies should serve the society to give back at least something of what they have taken from it. Moreover, the awareness among the society is growing and the demand for the transparency force the companies to behave in a socially responsible manner. The public also favours the socially responsible companies and gives preference to their goods and services.

As per the Section 135 of the Indian Companies Act, 2013, it is mandatory for every company (net worth 500 crore or more; turnover 1000 crore or more; net profit 5 crore or more) to spend in every financial year at least 2 per cent of the average net profits of the company made during the three immediately preceding financial years on the corporate social responsibility activities as specified by the Companies Act, 2013. As per the provisions of the IRDAI, the Indian Insurance Companies are required to form a Corporate Social Responsibility (CSR) Committee, if the insurance company earns a net profit of 5 crores or more during the preceding financial year. These provisions have become mandatory from the financial year 2014-15. The companies are also required to give a detailed corporate social responsibility report in their annual report.

There are many opinions on the relation between Corporate Governance (CG) and Corporate Social Responsibility (CSR); one of the opinion is that there is positive relation between the CG and CSR; some people suggests that corporate governance mainly protects the interest of the outsiders by ensuring effective working of the firm, while CSR focuses on giving attention to various stakeholders of the firm. Corporate Governance and Corporate Social Responsibility are also viewed as complementary to each other; as an effective corporate governance system would not allow any kind of illegal action against the stakeholders and an effective corporate social responsibility code would also prevent actions which are legal but inappropriate because of their results on some of the stakeholders. The company must satisfy not only the financial needs of the shareholders but also the social, environmental and economic needs of the stakeholders. The corporate sector has always a pressure to disclose all the financial, social, economic and environmental policies to the stakeholders and this pressure makes the companies to fulfil their corporate social responsibility towards the stakeholders and assume it as a governance issue.

Review of Literature

Nathan, Samy et al (2007) studied the corporate governance of Islamic financial institutions and the concepts and relationships between intellectual capital, knowledge, wisdom and corporate responsibility. It was found by the author that there is a requirement in the organizations to update their knowledge by combining organizational wisdom with their decisions and actions and it was also concluded that the first step towards the organisational wisdom was the corporate social responsibility.

Jamali, Dima et al (2010) in their paper had found that the hospitals in Lebanon have to work hard for promoting a governance system that would be able to comply with the guidelines of best governance practices. It was found in the study that even the hospitals having good governance structures were either not complying or lacked the spirit of better governance. It was suggested that this sector should never compromise in fulfilling its ethical and social issues in the goal of maximising the economic profits. All the businesses are expected to fulfil their social responsibilities towards the society. The researcher said that the hospitals should focus on increasing the awareness, promoting prevention and should hold community events related to the medical problems.

Charumathi (2012) has studied the various parameters that determine the profitability of life insurance companies in India. In this study it was concluded that the size and liquidity of the firm are positively affecting the profitability but the leverage, growth in the premium and the equity capital have negative impact on the profitability.

Solomon,Fadun, Olajide (2013) in his paper has examined the opportunities and challenges of corporate governance and the growth of insurance companies in Nigeria. It was found in the paper that for insurance companies' good corporate governance is beneficial as it helps in the growth of the insurance industry. At the same point of time it also facilitates accountability, promotes transparency of operations and improves profitability of the firms. It indicates that by having good corporate governance practices, insurance companies in Nigeria would be able to generate more resources to create more employment opportunities and support the nation's economy through prompt claims settlement.

Kumar N.et al (2013) in their paper, observed that there is a negative relationship of the size of the board with the value of the firm. The ownership of the promoters was found to be positively associated with the performance and this association was significant also.

Rajasekar, D. et al. (2014) in their paper has observed that the private life insurers has begun increasing their market share and working very hard to increase their number of customers. The premium income, number of the new policies and the market share of private life insurers and the level of penetration has increased in the life insurance sector. It proves that the growth of the private life insurers has affected the performance of the LIC.

Mishra S. et al (2014) in their paper has concluded in their study that the performance of the firm is significantly influenced by the board and proactive indicators. All the main parameters of the corporate governance were observed to be the good predictor of the performance of the firm.

From the review of the existing literature it was observed that there is shortage of literature for the association of corporate governance with the corporate social responsibility of the life insurance industry in India. These research gaps prove that there is a need to make an attempt to identify those corporate governance variables,which affects the corporate social responsibility of the Indian Life Insurance Sector. Therefore, this study has been done to fill the abovementioned research gaps.

Objectives of the Study

The objective of the present paper is to study the impact of corporate governance on corporate social responsibilities of the Life Insurance Companies in India.

Research Methodology

Population, Sample and Time Period of the Study

In India there are twenty three life insurance companies in the private sector and only one in public sector i.e. Life Insurance Corporation of India (LIC). Hence, the population is twenty four but out of these twenty four the sample size is fifteen life insurance companies. As only fifteen companies are found to be fulfilling their corporate social responsibility and giving a detailed corporate social responsibility report in their annual report.

The data for all the corporate governance variables, and corporate social responsibility was taken for the financial year 2014-15 as from this financial year the CSR was made mandatory for the life insurance companies.

Data Collection

The study was conducted by collecting data through secondary data sources. Secondary data in relation to corporate social responsibility and the corporate governance information were gathered from the annual reports of the life insurance companies and IRDAI. Various journals, books, financial newspapers, magazines, dailies and weekly reports of various institutions and online journals like J Store, Sage publications etc. were also used.

Meaning and Measurement of Variables

The aim of the study is to explore the impact of corporate governance variables on the corporate social responsibility of the life insurance companies. The corporate governance variables were divided into two categories:

1. Active and Independent board;
2. Ownership Structure.

The dependent and independent variables are explained below:

Independent Variables

In the present study the corporate governance variables are the independent variables. The following independent variables were used in the present paper:

1. **Active and Independent Board:**
   a. TD: Total number of directors in the board.
   b. ID: Percentage of independent directors in the board.
   c. BIL: Percentage of directors having board interlocking .
   d. MR: Average total remuneration of each executive director in the board.
   e. BM: Number of Board Meetings held during a financial year.
   f. ACM: Number of Audit Committee meetings held in a financial year.
   g. ICM: Number of Investment Committee meetings held in a financial year.
2. **Ownership Structure:** Ownership structure variables included percentage of Indian Promoters' share-holdings, percentage of Foreign Promoters' sharehold-ings and percentage of Indian Banks and Financial Institutions shareholdings.
   a. IP: Percentage of shares held by Indian promoters in a company.
   b. FP: Percentage of shares held by foreign promoters in a company.

c. IB & FIs: Percentage of shares held by Indian Banks and Financial Institutions.

Dependent Variables

Corporate Social Responsibility: The actual expenditure incurred by the life insurance companies in the financial year 2014-15 was taken as the dependent variable. All the variables were taken only for the financial year 2014-15 as the CSR data was available only for the financial year 2014-15. Then, the impact of corporate governance was found on the CSR activities of the companies. In this study an attempt has been made to check whether the adherence of the corporate governance norms, leads to more expenditure on the corporate social responsibility activities or not.

Control Variables

Control variables are the variables which are kept constant to determine the relationship between the dependent and the independent variables. In the present study two control variables were used in the data analysis model for controlling the effect of these factors; size (represented by the total assets) and operational experience (represented by the age of the firm).

Methods of Data Analysis

On the basis of the cause and effect relationship the regression analysis was used to measure the impact of corporate governance variables on the corporate social responsibility of the life insurance companies. The regression models used in the study are given below:

$$CSR= \alpha+ \beta_1(TD)+\beta_2(ID)+\beta_3(BIL)+\beta_4(MR)+\beta_5(BM)+\beta_6(ACM)+\beta_7(ICM)+ \beta_8(TA)+ \beta_9(Age) +\varepsilon_{it}$$

Here ,CSR =Corporate Social Responsibility .

TD =Total Directors in the Board

ID =Proportion of Independent Directors in the Board

BIL =Percentage of Directors having Board Interlocking

MR =Average total remuneration of each executive director in the board .

BM =Number of Board Meetings held during a financial year .

ACM =Number of Audit Committee meetings held in a financial year .

ICM =Number of Investment Committee meetings held in a financial year

TA =Total Assets

Age = Operational Experience of the life insurance company

$$CSR= \alpha+\beta_1(IP)+ \beta_2(FP)+\beta_3(IB\&FI)+\beta_4(TA)+ \beta_5(Age)+ \varepsilon_{it}$$

Where IP :Percentage of shares held by Indian promoters in a company .

FP :Percentage of shares held by foreign promoters in a company .

IB &FIs :Percentage of shares held by Indian Banks and Financial Institutions .

Analysis and Interpretation

In the study the data for the financial year 2014 -15 was taken as from this financial year the life insurance companies have started giving corporate social responsibility report in their annual report ,as ,IRDAI has made it mandatory for them .

The table 1 is submitting the corporate social responsibility expenditure of the sampled life insurance companies for the financial year 2014 -15 .

Table 1: CSR Expenditure of the Life Insurance Companies

Company	CSR Expenditure (II)
Aviva Life Insurance	32,68,000
Bajaj Allianz	10,05,00,000
Canara HSBC Life	50,00,000
DHFL Pramerica	15,00,650
Exide Life Insurance	17,56,500
HDFC Life Insurance	4,49,00,000
ICICI Prudential	31,05,00,000
IDBI Federal	6,00,000
Kotak Mahindra	57,00,000
LIC of India	10,00,00,000

Max Life Insurance	8,61,00,000
PNB MetLife	2,69,00,000
Reliance Life	4,01,00,000
SBI Life Insurance	8,11,00,000
SUD Life Insurance	43,51,605
Average[i]	5,41,51,784
Standard Deviation	8,06,02,693

Source: Annual Reports of 2014-15 of the sampled companies.

The maximum expenditure on corporate social responsibility (Table 1) was incurred by the ICICI Prudential Life Insurance Company (31, 05, 00,000) and the minimum was found to be of the IDBI Federal Life Insurance Company (6,00,000). The mean score was observed to be 5, 41, 51,784; five sampled companies (Bajaj Allianz, ICICI Prudential, LIC of India, Max Life Insurance, SBI Life Insurance) have incurred more than the mean score on corporate social responsibility activities while ten have incurred less than the mean value. The standard deviation was noticed to be a very high value (8, 06, 02,693), which indicates a very high dispersion in the expenditure on the corporate social responsibility activities by the sampled companies.

Descriptive Statistics

The analytical table 2 is expressing the descriptive statistics of the different variables used to find the impact of corporate governance on corporate social responsibility.

Table 2: Descriptive Statistics of CSR and Corporate Governance Variables

Variables	Min	Max	Mean	Std. Dev.	Skewness	Kurtosis	Shapiro Wilk	Prob.
CSR	600000	310500000	54151784	80602693	-0.158	-1.305	0.934	0.311
TD	7	14	10.4	1.96	-0.124	-0.004	0.959	0.667
ID	18.18	42.86	31.81	9.13	-0.325	-1.431	0.9	0.096
BIL	30	100	68.93	21.84	-0.126	-0.957	0.963	0.751
MR	4244000	167238000	48002927	46741991	-0.142	-0.132	0.983	0.985
BM	4	7	4.87	0.92	0.602	-0.37	0.838	0.012
ACM	4	6	4.4	0.63	1.24	0.428	0.67	0
ICM	4	11	4.53	1.81	3.598	13.272	0.364	0
IP	0	100	40.02	37.86	0.066	-1.862	0.8	0.004
FP	0	26	20.79	10.76	-1.672	0.897	0.5	0
IB&FIs	0	74.1	32.52	33.98	0.28	-1.926	0.76	0.001
Age	7	59	15.6	12.47	1.396	4.408	0.737	0.001
TA	221336	201448321	16215723	51329949	1.328	2.971	0.906	0.118

Source: Researcher's Calculations through SPSS.

The maximum expenditure on CSR was incurred by the ICICI Prudential Life Insurance Company (31,05,00,000) while the lowest expenditure (6,00,000) was incurred by theIDBI Federal Life Insurance Company. The mean value for all the sampled companies was calculated at 5,41,51,784 for the Corporate Social Responsibility activities. Only five life insurance companies spent more than the average value, most of the life insurers (10) spent less than the average value and the remaining companies (9) did not participate at all in the activity as either they were running into losses or having very low profits to expand for the cause. The average of the number of total directors was found to be 10.4. Seven life insurance companies have more directors than the average size of the board. ICICI Prudential has paid the highest remuneration (16,72,38,000) and SBI has paid the lowest remuneration (42,44,000). It was also observed that all the life insurers were complying with the minimum number of meetings of the board and the various committees, as the average number of meetings is more than 4.

To check whether the distribution is normally distributed or not skewness, kurtosis and Shapiro-Wilk values are also given in the Table 2. The Corporate Social Responsibility expenditure, total directors, independent directors, board interlocking, total assets and managerial remuneration are normally distributed as the Shapiro-Wilk value is greater than 0.05 and their skewness and kurtosis value is lying in between -1 to +1 (except total assets).

Correlation Analysis

Karl Pearson's Correlation Coefficient was used to test the association of corporate governance norms with the CSR of the life insurance companies. Its value lies in between -1 to +1. -1 refers to perfect negative correlation and +1 refers to perfect positive correlation.

Table 3: Correlation Coefficients of CSR and Corporate Governance Variables

Variables	CSR	TD	ID	BIL	MR	BM	ACM
CSR	1						
TD	0.416	1					
ID	0.05	-0.249	1				
BIL	-0.189	0.246	0.087	1			
MR	0.149	0.312	-0.053	-0.013	1		
BM	0.077	-0.303	0.616*	-0.121	-0.465	1	
ACM	0.42	0.24	0.082	0.06	0.272	-0.132	1
ICM	0.299	-0.301	-0.215	-0.34	-0.291	-0.2	0.341
IP	-0.097	-0.282	0.155	-0.323	0.474	0.067	-0.274
FP	-0.129	0.281	0.101	0.388	-0.141	0.093	-0.242
IB&FIs	-0.057	0.376	0.016	0.473	-0.254	0.108	0.167
Age	0.582*	-0.128	-0.062	-0.162	-0.08	-0.17	0.314
TA	0.776**	0.152	0.017	-0.185	-0.095	-0.084	0.404

Table 3 cont.Correlation Coefficients

Variables	ICM	IP	FP	IB& FIs	Age	TA
ICM	1					
IP	-0.236	1				
FP	-0.501	-0.236	1			
IB&Fis	-0.32	-0.817**	0.352	1		
Age	0.790**	-0.012	-0.551*	-0.413	1	
TA	0.737**	-0.254	-0.411	-0.157	0.894**	1

Source: Researcher's Calculations through SPSS.
Note: *Correlation is significant at 5% level. **Correlation is significant at 1% level.

The Table 3 is showing that corporate social responsibility has a low degree of correlation with all the variables of the corporate governance. The Karl Pearson's Correlation coefficient of CSR with the total directors is 0.416, which can be termed as moderate. The value of r of CSR with the operational experience of the life insurers is 0.582 and this is significant at 5 per cent level of significance.The board interlocking and the ownership pattern variables (IP, FP and IB&FIs) have negative correlation with the CSR. All the explanatory variables were also found to have correlation less than 0.7 except in between ICM and age, IP and IB &FIs. There is no multicollinearity found among the independent variables.

The correlation analysis only tells about the direction of the relationship among the different variables. To know the impact of this association the regression analysis is required.

Regression Analysis

The impact of corporate governance on the corporate social responsibility can also be done with the help of regression analysis. In this section an attempt has been made to examine this association. The first regression equation which has been used is as following:

$$CSR= \alpha+ \beta_1(TD)+\beta_2(ID)+\beta_3(BIL)+\beta_4(MR)+\beta_5(BM)+ \beta_6(ACM)+\beta_7(ICM)+ \beta_8(TA)+\beta_9(Age) +\varepsilon_{it}$$

The following hypothesis was tested:

$H_0$1: Active and Independent Board does not affect the Corporate Social Responsibility activities of the Life Insurance Companies.

Table 4: Regression Statistics of CSR and Active & Independent Board

	Corporate Social Responsibility			Collinearity Statistics	
Variables	Coefficient	T value	Prob.	Tolerance	VIF
Constant	-6.425	-0.456	0.664		
TD	0.545	2.588	0.041	0.706	1.416
ID	-0.014	-0.263	0.801	0.505	1.979
BIL	-0.022	-1.063	0.328	0.609	1.643
MR	0.093	0.141	0.893	0.294	3.399
BM	3.741	0.969	0.37	0.259	3.855
ACM[iii]	2.252	0.664	0.532	0.604	1.655
Age[iv]	3.366	2.639	0.039	0.692	1.445
R^2			0.796		
Adjusted R^2			0.558		
F Statistics			3.341		
P Value			0.081		

Source: Researcher's Calculations by using SPSS.

The Table 4 exposed the statistics about the variables of active and independent board with r square value of 0.796, meaning thereby to thatapproximately 80 per cent of the variation in the dependent variable is explained by the independent variables. The p value 0.081 is more than the level of significance (0.05). Hence,the null hypothesis is accepted and the fact is established that active and independent board does not affect the corporate social responsibility of the life insurance companies working in India. The p value of total directors (0.041) and the age (0.039) of the life insurance companies are less than the significant value of 0.05, hence, these two variables are observed to be significant for the corporate social responsibility. The tolerance is less than 0.9 for all the variables and VIFs are also less than 2 (except for MR and BM) proving the absence of multi-collinearity.

The regression equation for the CSR is as following:

$$CSR = -6.425 + 0.545TD - 0.014ID - 0.022BIL + 0.093MR + 3.741BM + 2.252ACM + 3.366\ Age$$

The second regression model was for the variable Ownership Structure of the life insurance companies.

$$CSR = \alpha + \beta_1(IP) + \beta_2(FP) + \beta_3(IB\&FI) + \beta_4(TA)) + \beta_5(Age) + \varepsilon_{it}$$

ε_{it}=residual error of firm i in year t.

The hypothesis in this case is as following:

H02: Corporate Social Responsibility has no linear relationship with the ownership structure of the life insurance companies.

Table 5: Regression Statistics of CSR and Ownership Structure

	Corporate Social Responsibility			Collinearity Statistics	
Variables	**Coefficient**	**T value**	**Prob.**	**Tolerance**	**VIF**
Constant	645.079	1.500	0.172		
IP[i]	0	-0.030	0.977	0.739	1.353
FP	-24.497	-1.484	0.176	0.774	1.292
Age	3.301	2.424	0.042	0.778	1.285
R^2			0.611		
Adjusted R^2			0.465		
F Statistics			4.185		
P Value			0.047		

Source: Researcher's Calculations through SPSS.

It is clear from the analytical table 5 that 61.1 per cent of the variation in the dependent variable (CSR) is explained by the ownership structure of the life insurance companies which indicates that the CSR is affected by the ownership structure of the life insurance companies; the p value (0.047) is less than the critical value of 0.05 leading to the rejection of the null hypothesis; and a significant relationship was observed in between CSR and the ownership structure of the life insurers. The operational experience i.e. age of the life insurance companies is adjudged as an important variable with p value of 0.042 (less than the critical value). The value of all the VIFs were observed to be less than 2 and tolerance was also less than 0.9, through the analysis confirming the fact that the problem of multicollinearity problem in the independent variables of the regression model does not exist.

The regression equation is as following:

CSR= 645.079+ 0IP- 24.497FP+ 3.301Age.

On the basis of above results it can be said that the corporate social responsibility is affected by the size of the board, the operational experience of the firm and the ownership structure of the life insurance companies.

Conclusions

It was revealed through the study that only fifteen life insurance companies working in India are engaged in corporate social responsibility activities, while the remaining nine companies were not providing any information about their corporate social responsibility activities. The maximum expenditure on CSR was incurred by the ICICI Prudential Life Insurance Company Limited (31, 05, 00,000) while the IDBI Federal Life Insurance Company Limited has the lowest expenditure (6, 00,000) on the CSR activities. The mean value was 5, 41, 51,784 for the Corporate Social Responsibility activities; only five life insurance companies (ICICI Prudential, Bajaj Allianz, LIC of India, MAX Life, SBI Life Insurance) have spent more than the average value while ten have spent less than the average value. The average of the number of total directors for all the fifteen life insurers engaged in CSR activities, was found to be 10.4; seven life insurance companies have more directors than the average size of the board. It was also observed that the ICICI Prudential has paid the highest remuneration (16,72,38,000) and SBI has paid the lowest remuneration (42,44,000).

The study exposed that the corporate social responsibility has a low degree of correlation with all the variables of the corporate governance. The Karl Pearson's Correlation Coefficient of CSR with the total directors is 0.416, which can be termed as moderate. The value of r of CSR with the operational efficiency of the life insurers is 0.582 and this is significant at 5 per cent level of significance. The board interlocking and the ownership pattern variables (IP, FP and IB&FIs) have low negative correlation with the CSR. The explanatory variable age was significant as its p value was found to be less than 0.05 level of significance.

The results of the study established that the Active and Independent board does not affect the corporate social responsibility of the life insurance companies, but the p value in case of total directors and the age of the life insurance companies was found to be less at 0.05 level of significance and hence, these two variables were observed to be significant for the purpose of corporate social responsibility. A significant relationship was also revealed through the study in between CSR and the ownership structure of the life insurers including the operational experience i.e. age of the life insurance companies. The corporate social responsibility was concluded in the study as being affected by the size of the board, the operational efficiency of the firm and the ownership structure of the life insurance companies. It has been established in the study that the ICICI Prudential is one of the oldest firms in the area with largest size of the board and it had spent the highest amount on the corporate social responsibility, confirming further that, if the size of the board is increased and the life insurers comply with the corporate governance guidelines, it results into the increase in the expenditure on corporate social responsibility activities.

Suggestions

The life insurance companies not fulfilling their corporate social responsibility, are to be directed by the regulatory body IRDAI to either follow the practices imposed by the Indian Companies Act, 2013 or cite the reasons for not adopting the same. The number of directors should be increased in the board as the directors were reported to be a significant variable for the corporate social responsibility. It was also observed through the results of the study that as the company is having better corporate governance, it starts fulfilling its corporate social responsibilities. Hence, in order to compel the life insurers to do something for the society, the regulatory body IRDAI should take care of the corporate governance practices of these life insurers.

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Annual Reports of all life insurance companies of India from 2005-06 to 2014-15.

Websites of all Indian life insurance companies and IRDAI.

Endnotes:

i Board Interlocking is the phenomenon in which a director is board member in more than one company. In this way a link is established between all the companies in which he/she is a director.

ii Only fifteen life insurance companies have given the details of the corporate social responsibility expenditure incurred by them in the financial year 2014-15, while nine life insurers have not given any information about this in their annual report.

iii SPSS has not considered the variable ICM for the multiple regression analysis. Hence, ICM is not taken in the results.

iv Total assets and age were found to be correlated with each other. Hence, in the regression model only the variable age has been taken.

v The SPSS software was taking either Indian Promoters (IP) or Indian Banks & Financial Institutions (IB&FIs) in the multiple regression. Hence, in case of ownership structure only Indian Promoters (IP) and Foreign Promoters (FP) were taken as the corporate governance variables.