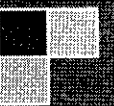




UNITED INDIA  
INSURANCE  
COMPANY LTD –  
CORPORATE SOCIAL  
RESPONSIBILITY  
POLICY- CSR (2014-15)





UNITED INDIA INSURANCE COMPANY LIMITED  
HEAD OFFICE 24, WHITES ROAD CHENNAI

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**UIIC -CORPORATE SOCIAL RESPONSIBILITY POLICY 2014-15**

**Background**

United India wishes to be a trusted brand admired by all stakeholders and an insurer with global footprints. Within the Country the Company has realized that the sustainable growth could be achieved only through serving its population who live in the hinterlands deprived of the benefits of insurance, especially non-life insurance. Insurance has been seen as an investment activity considering the tax sops provided for life insurance. Insurance is an economic activity providing the necessary compensation at the distress hour to those engaged in economic activities and pursue their business or profession without much difficulty.

Even though non-life insurance itself is doing good to the economy by compensating the insured for the loss suffered and property lost, and in itself treated as a Social Responsibility, insurance companies have realized the requirement to reach out to the population in the remote corners of the Country in order to extend the benefits of the non-life insurance to the population that remained deprived for years. Further, the insurance companies too realized the importance of serving these population through State sponsored insurance schemes like Rashtriya swasthiya Bima Yojana and micro insurance etc.,

In order to further the standard of life of this population, the companies have also embarked on innovative initiatives. United India embarked on various initiatives as provided below.

1. **Village adoption** – adopted so far 18 villages during the Platinum Jubilee year
2. **Insurance awareness among school children** – initial stages 75 schools were covered
3. **Crop insurance through portals** –delivering the insurance at the doorsteps of the farmers and also creating awareness among farmers about the benefits of crop insurance.
4. **Insurance through Agency portals** – delivery of insurance leveraging technology through Agency force.

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### **Companies Act 2013**

The above activities were undertaken by the Company on its own in enhancing the standard of living of the rural and the population that was deprived of the benefits of the insurance. The Companies Act 2013 has now mandated that companies should spend a certain amount on specified CSR activities every year and report to the Board. Section 135 of the companies Act 2013 provides the broad framework for CSR activities, whereas the nitty-gritties have been laid down in the Rules subsequently released by the Ministry of Corporate Affairs.

### **Applicability:**

CSR as per the rules will be applicable if anyone of the following conditions are satisfied by the Company.

- a. Turnover of Rs.1000 crores
- b. Net worth of Rs. 500 crores
- c. Net Profit of Rs. 5 crores

On all the three parameters United India will fall within the ambit of the provisions of the Act and Rules.

### **Prerequisites of the CSR Policy:**

1. The CSR Policy shall include:
  - a. A list of CSR projects or programs which the Company plans to undertake falling within the purview of Schedule VII of the Act, specifying the modalities of execution of such project or programs and implementation schedules for the same and
  - b. Monitoring process of such projects or programs.
2. The CSR Policy of the Company shall specify that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the Company.

### **CSR Projects and Programs:**

1. **CSR activities as Projects, Programs or Activities:** The CSR activities shall be undertaken by the Company, as per its stated CSR policy, as



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projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

2. **Formation of Trusts or a Registered Society or Company :** The Board of a Company may decide to undertake its CSR activities approved by the CSR Committee, through a registered Trust or a registered society or a Company established by the Company or its holding or subsidiary or associate Company under section 8 of the Act or otherwise:

Provided that –

- i. **Track record of such entities:** If such trust, society or Company is not established by the Company or its holding or subsidiary or associate Company, it shall have an established track record of three years in undertaking similar programs or projects.
  - ii. **Monitoring and Reporting:** The Company has specified the project or programs to be undertaken through these entities the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
3. **Collaboration with other entities:** A Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with the rules.
4. **Projects or Programs in India only are eligible:** Subject to the provisions of section 135(5) of the Act, the CSR Projects or programs or activities undertaken in India only shall amount to CSR Expenditure.
5. **Projects or programs for the benefit of employees not eligible:** The CSR Projects or programs or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.
6. **Building capacities for implementation:** Companies may build CSR capacities of their own personnel as well as those of their implementing agencies through institutions with established track records of at least three financial years but such expenditure shall not exceed 5% of total CSR expenditure of the Company in one financial year.
7. **Contribution to Political Parties not eligible:** Contribution of any amount directly or indirectly to any political party under section 182 of the Act shall not be considered as CSR activity.
8. **Surplus out of CSR Projects not part of Business Profits:** The Rules prescribe that the surplus arising out of the CSR Projects or Programs or activities shall not form part of the business profit of the company.

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**CSR Committee:**

As per section 135(1) of the Companies Act 2013, Companies falling under the purview of section 135 shall constitute a CSR Committee of the Board consisting of three or more directors out of which at least one director shall be an independent director.

However, as per Rule 5(1)(i) of CSR Rules dated 27.02.2014, an unlisted public Company which is not required to appoint an independent director pursuant to sub section (4) of section 149 of the Act, shall have its CSR Committee of the Board without such director.

**CSR Expenditure:**

As per Rule 7 of the CSR Rules, CSR expenditure shall include all expenditure including contribution to corpus for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

**CSR Policy of the Company**

Accordingly, the Company may adopt any of the following methods for deploying the funds:

1. **Own Project office/Department:** It may form its own project offices and take up projects on its own under a separate department carved out for the purpose and implement it on its own. However, the amount would be spent on those projects as would broadly fall within the provisions of the Schedule VII of the Companies Act 2013 read with the clarifications issued by MCA from time to time.
2. **Selection of Implementing Agency:** It may select NGOs, or other trusts that are in the field of CSR and have a rigorous process for implementing certain CSR activities which will fall within those prescribed in Schedule VII of the Companies Act 2013. While selecting such Implementing agencies (NGOs or Trusts) the following parameters would be considered.
  - a. Such NGOs should have proven record of having implemented the projects as mentioned in Schedule VII
  - b. Or they should demonstrate ability for implementing such projects mentioned in Schedule VII



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- c. Selection of projects is at the sole discretion of the Company.
  - d. The NGO should not have any outstanding litigation pending against it or any regulatory warnings or actions during the last three years period
  - e. The credentials of the persons who run the NGO or Trust should be provided to the Company for appraisal and to do back ground check.
  - f. NGOs and Trusts as selected by Public sector Banks, Insurance Companies, LIC or other PSU Enterprises would be given priority
  - g.** The selection shall be further subject to the approval of the CSR Committee of the Company.
  - h.** The total management expenses incurred by the NGO for its administrative purposes should not exceed 20% of the total corpus of the NGO.
3. **Projects where the amount will be spent:** The amount may be spent on the following projects as identified by the Company to bring benefits to the public:
- a. Education
  - b. Rural Infrastructure
  - c. School awareness campaign
  - d. Nationwide Awareness campaign
  - e. Mobile Ambulance services
  - f. Environmental Protection
  - g. Health camps
  - h. Women empowerment programs through NGOs
  - i. Empowerment of Marginal section of the society

#### 4. Procedure for implementation

The Rural Insurance Business department will implement and monitor the CSR activities of the Company.

- **Quarterly reports and Compliance:** The department is responsible for submitting quarterly statements to the CSR Committee as well as for filing the returns with the MCA periodically and report to the Board compliance in this respect through the Company Secretary.

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- **Annual Reports:** The department shall also be responsible to report the activities in the Annual Report under an exclusive heading.
- **Explanation for non compliance:** The department shall also explain in cases where the required amount is not spent in selected projects or the Company could not select any projects for implementation.
- **Register Maintenance:** The department shall be responsible for having the accounts maintained in this respect as provided in the extant rules in this respect.
- **Accounting:** The department shall render accounts to the CSR Committee every year taking into account the surplus for the year and fix the amount of CSR corpus appropriately.

### Reporting & Monitoring

As per Rule 8 of the CSR Rules, the Board's Report shall include an annual report on CSR containing particulars specified in the annexure to the Rules.

**Display on the Website:** Further, as per Rule 9 of the CSR Rules, the contents of the policy shall be disclosed in the Report and the same shall be displayed on the Company's website as per the particulars specified in the annexure to the Rules.

### Financial Authority:

The following Financial Authority shall apply for incurring CSR expenditure

All CSR initiatives shall be placed before the CMD for approval. Once approved by CMD, the payments shall be effected as per the table given below.

Authority	Amount Rs.
General Manager	Rs.5000000
Deputy General Manager	Rs.2500000
Chief Manager	Rs.1000000
Manager	Rs.250000

The above financial authority shall form part of the Financial Standing Order of the Company and incorporated therein.



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**Audit:**

The Internal audit department shall initiate an annual audit of the projects and payments and report to the Audit Committee and Board.

**Review:**

The CSR policy shall be reviewed by the CSR committee as and when required, but however, a mid- term review should be done every year.

**Effective Date:**

The CSR policy shall come into force immediately on its approval by the Board.

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GENERAL MANAGER

Dated: 22.07.2014

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