


Chapter 10

Greening the Future: Sustainability Practices in the Insurance Industry and the Rise of Green Insurance

Priyanka Malhotra

NIET Business School, Greater Noida, India

Sanjay Taneja

 <https://orcid.org/0000-0002-3632-4053>

Graphic Era University, India

Amar Johri

Saudi Electronic University, Saudi Arabia

Timilehin Olasoji Olubiyi

 <https://orcid.org/0000-0003-0690-7722>

West Midlands Open University, Nigeria

ABSTRACT

This study investigates the correlation between corporate sustainability practices and the adoption of green insurance products, utilizing a quantitative research design. Data were collected from 213 organizations via a structured survey, measuring perceptions of sustainability's impact on market reputation and insurance product adoption using a seven-point Likert scale. Statistical analyses, including regression and ANOVA, reveal a robust positive relationship between sustainability focus and the adoption of green insurance, with an R^2 value of 0.777, indicating that sustainability practices explain a significant proportion of variance in insurance adoption. The findings suggest that while many firms exhibit ambivalence towards green insurance, sustainability initiatives are a critical determinant of organizational behavior. This

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research contributes to the literature by providing empirical evidence on the strategic integration of environmental considerations in risk management, offering valuable implications for both policy and future studies in sustainable business practices.

INTRODUCTION

In an era increasingly characterized by the imperative for environmental stewardship, organizations across various sectors have come under heightened scrutiny to integrate sustainability into their operational paradigms. The confluence of corporate social responsibility (CSR) initiatives and the exigencies of a shifting regulatory and market landscape has propelled the adoption of green business practices, notably in sectors traditionally impervious to environmental considerations, such as insurance (Kumar, Malhotra, et al., 2023). Within this milieu, the conceptual nexus between sustainability and insurance products, specifically green insurance, has garnered significant academic attention, as firms seek to reconcile profitability with ecological responsibility. The empirical underpinnings of this study aim to elucidate the degree to which sustainability-focused corporate policies serve as a determinant for the adoption of environmentally inclined insurance products (Neha et al., 2023).

The growing body of literature attests to the influence of corporate sustainability on organizational behavior, with many studies documenting a positive correlation between a firm's sustainability orientation and its propensity to embrace green products or services. Green insurance, a relatively nascent domain within the broader insurance industry, has emerged as a key area where sustainability initiatives manifest in tangible financial products designed to mitigate environmental risks (Malhotra et al., 2024). However, while previous studies have illuminated the overarching relationship between sustainability and various green business practices, a gap persists in the specific exploration of how sustainability influences the adoption of such insurance products. This research aims to bridge this gap by analyzing the interaction between sustainability practices and the adoption of green insurance within corporate structures, offering a granular examination of how firms perceive and integrate these initiatives into their broader risk management and business strategies (Joshi et al., 2022).

This study's conceptual framework is predicated on the premise that a firm's focus on sustainability, often manifested through its environmental, social, and governance (ESG) strategies, may significantly shape its approach to risk management, including the uptake of green insurance. The analysis endeavors to provide both a quantitative and qualitative assessment of the extent to which sustainability practices influence the adoption of green insurance, drawing on a robust empirical dataset to offer insights into the dynamics at play (Kumar, Kathuria, et al., 2023).

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